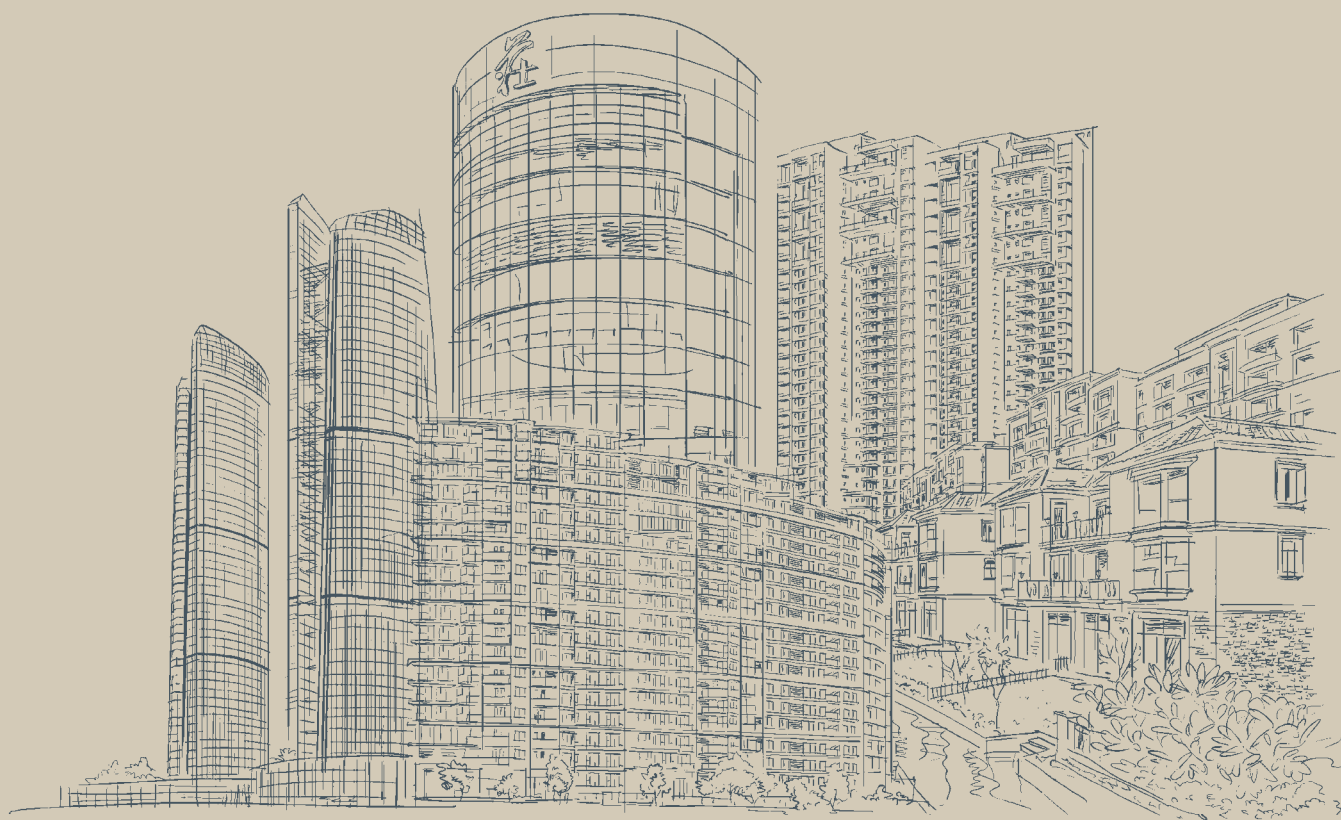




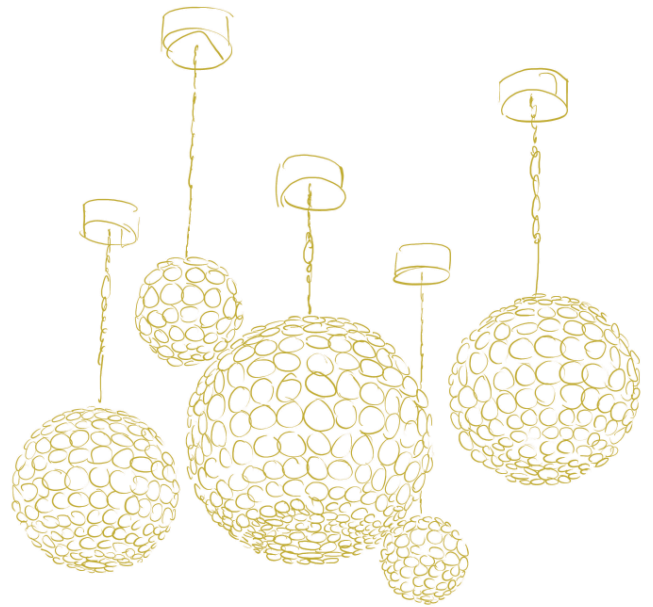
Chuang's China Investments Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 298



Annual Report
2009



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Corporate Information

HONORARY CHAIRMAN

Alan Chuang Shaw Swee

DIRECTORS

Abraham Shek Lai Him, S.B.S., J.P.* (*Chairman*)
Lee Sai Wai (*Deputy Chairman*)
Ann Li Mee Sum (*Managing Director*)
Candy Chuang Ka Wai (*Chief Operating Officer*)
Sunny Pang Chun Kit
Albert Chuang Ka Pun
Hwang Jen*
David Chu Yu Lin, S.B.S., J.P.*
Peter Po Fun Chan, B.B.S., M.B.E., J.P.*

* *Independent non-executive directors*

AUDIT COMMITTEE/ NOMINATION COMMITTEE/ REMUNERATION COMMITTEE

Hwang Jen
David Chu Yu Lin, S.B.S., J.P.
Peter Po Fun Chan, B.B.S., M.B.E., J.P.

COMPANY SECRETARY

Lee Wai Ching

AUDITOR

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

REGISTRARS

Bermuda:

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre, 11 Bermudiana Road, Pembroke, HM 08, Bermuda

Hong Kong:

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

PRINCIPAL BANKERS

Bank of China Limited
China Construction Bank Corporation
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited

REGISTERED OFFICE

Clarendon House, Church Street, Hamilton HM 11, Bermuda

Corporate Information (continued)

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-china.com>

OTHER OFFICES IN HONG KONG AND IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")**Tsuen Wan Office**

Yuen Sang Hardware Company (1988) Limited
1st Floor, 100 Texaco Road,
Tsuen Wan, New Territories, Hong Kong

Guangzhou Office

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

Dongguan Office

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

Huizhou Office

Chuang's Development (Huiyang) Real Estate Company Limited
Ground Floor, Block 15, Chuang's Garden,
Chuang's New Town,
Kai Cheng Road, Huizhou,
Guangdong, the PRC

Changsha Office

Hunan Han Ye Real Estate Development Company Limited
1st Floor, Beverly Hills Administrative Centre,
No. 145 Zhongyier Road,
Muyun, Changsha,
Hunan, the PRC

Chengdu Office

Chengdu Chuang's Investment Services Limited
Unit B3 & B5, 20th Floor,
Times Digital Building,
No. 1 of Section 4 Renmin South Road,
Chengdu, Sichuan, the PRC

Corporate Information (continued)

SALES OFFICES IN THE PRC

Chuang's Le Papillon Sales Office

Liangang Road, Guangzhou,
Guangdong, the PRC

Gold Coast and Imperial Garden Sales Office

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

Beverly Hills Sales Office

Ground Floor, Beverly Hills Administrative Centre,
No. 145 Zhongyier Road,
Muyun, Changsha,
Hunan, the PRC

STOCK CODE

298

Biographical Details of Honorary Chairman, Directors and Senior Management

HONORARY CHAIRMAN

Mr. Alan Chuang Shaw Swee (aged 57), the honorary chairman of the Company, the chairman of Chuang's Consortium International Limited ("Chuang's Consortium") and the honorary chairman of Midas International Holdings Limited ("Midas"). He has extensive experience in business development and investment in Hong Kong, the People's Republic of China (the "PRC") and Southeast Asia. With his substantial connections, he has been actively involved in 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, the Honorary member of Guangzhou Panyu Overseas Exchanges Association, the Vice President of China Federation of Overseas Chinese Entrepreneurs, the Vice President of Hunan Overseas Friendship Association, 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 Digestive Foundation Limited and the Friends of Hong Kong Associated Ltd.

DIRECTORS

Mr. Abraham Shek Lai Him S.B.S., J.P., (aged 64), was appointed as the chairman and an independent non-executive director of the Company in April 2008. He is currently a member of the Legislative Council for the Hong Kong Special Administrative Region, the Council of The Hong Kong University of Science & Technology and the Court of The University of Hong Kong and the vice chairman of Independent Police Complaints Council. He holds a bachelor degree of arts. He is also an independent non-executive director of Chuang's Consortium, which is the controlling shareholder of the Company, Midas, Paliburg Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, Titan Petrochemicals Group Limited, ITC Corporation Limited, Country Garden Holdings Company Limited, Hop Hing Group Holdings Limited, MTR Corporation Limited, Hsin Chong Construction Group Ltd. and SJM Holdings Limited, all are listed on The Stock Exchange

of Hong Kong Limited (the "Stock Exchange"), and a director of The Hong Kong Mortgage Corporation Limited. Mr. Shek is also an independent non-executive director of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust, and Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust, both trusts are listed on the Stock Exchange.

Mr. Lee Sai Wai (aged 72), the deputy chairman, has over 24 years of experience in the manufacturing and property sectors. He is a graduate of Shanghai Fudan University. Mr. Lee was a member of The Seventh and The Eighth Sichuan Committee of The Chinese People's Political Consultative Conference. He is an executive council of Sichuan Overseas Friendship Association, Hunan Overseas Friendship Association, Guangzhou Panyu Overseas Friendship Association and Sichuan Provincial Overseas Exchanges Association, and the vice president of Sichuan Association of Chinese Entrepreneurs, Chengdu Overseas Exchanges Association and Changsha Overseas Friendship Association. He is also the vice president of the Hong Kong Sichuan Friendship Association Company Limited and an executive council of the Hong Kong Factory Owners Association. He is the brother-in-law of Mr. Alan Chuang Shaw Swee, the controlling shareholder and an executive director of Chuang's Consortium, and the uncle of Miss Candy Chuang Ka Wai and Mr. Albert Chuang Ka Pun, both are executive directors of the Company. He joined the Group in 1992.

Biographical Details of Honorary Chairman, Directors and Senior Management (continued)

Miss Ann Li Mee Sum (aged 48), the managing director, has over 23 years of experience in finance and investment banking. She holds a master degree in business administration and is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Chartered Institute of Management Accountants. She joined the Group in 1999.

Miss Candy Chuang Ka Wai (aged 27), an executive director and chief operating officer, has 5 years of experience in general management and property development in the PRC. She is a member of The Chinese People's Political Consultative Conference, Xiamen Committee, Beijing Youth Federation, Fujian Youth Federation, Hong Kong United Youth Association, The Y. Elites Association Limited and Xiamen Overseas Friendship Association. Miss Chuang is the daughter of Mr. Alan Chuang Shaw Swee. She is also the niece of Mr. Lee Sai Wai and the sister of Mr. Albert Chuang Ka Pun, both are executive directors of the Company. She joined the Group in 2005.

Mr. Sunny Pang Chun Kit (aged 51), an executive director, has over 31 years of experience in construction and real estate development business and is responsible for the property projects of the Group in the PRC. He holds a master of science degree in construction and project management and is a member of the Chartered Institute of Building and the Architects and Surveyors Institute, United Kingdom and an associate member of the Hong Kong Institution of Engineers. He joined the Group in 1992.

Mr. Albert Chuang Ka Pun (aged 29), an executive director, has 5 years of experience in property business and general management. He holds a bachelor degree of arts with major in economics. He is also an executive director of Chuang's Consortium and Midas, both are listed on the Stock Exchange. Mr. Chuang is the son of Mr. Alan Chuang Shaw Swee. He is also the nephew of Mr. Lee Sai Wai and the brother of Miss Candy Chuang Ka Wai, both are executive directors of the Company. He joined the Group in 2008.

Dr. Hwang Jen (aged 77), was appointed as an independent non-executive director in 1987. Dr. Hwang is the president of the Hong Kong Factory Owners Association and the Hong Kong Printers and Dyers Association. He is also the principal councillor to the Advisory Board on Enterprise Reformation and Economic Promotion of Tianjin Government, the PRC, the president (1994-2005) and the honorary president of China Peasants' University, an honorary member of China Overseas Friendship Association, the PRC, and a member of The Ninth National Committee of The Chinese People's Political Consultative Conference. He has extensive management experience particularly regarding trading in the PRC.

Mr. David Chu Yu Lin S.B.S., J.P., (aged 65), was appointed as an independent non-executive director in 1997. Mr. Chu has extensive experience in finance, banking and property investment. He has a bachelor of science degree and a master of science degree both from Northeastern University and a master of business administration degree from Harvard University. He is also an independent non-executive director of Catic International Holdings Limited and Jiuzhou Development Company Limited, both are listed on the Stock Exchange. In 2001, Mr. Chu was conferred with an Honorary Doctorate Degree in Public Service by the Northeastern University and also appointed as an Unofficial Justice of Peace by the HKSAR Government. In 2003, Mr. Chu was elected as a deputy of the Hong Kong Special Administrative Region to the 10th National Congress of the People's Republic of China.

Dr. Peter Po Fun Chan B.B.S., M.B.E., J.P., FCPA, FCPA (Australia), (aged 87), was appointed as an independent non-executive director in 2004. He is an independent non-executive director of Chuang's Consortium, China Resources Enterprise, Limited and VST Holdings 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.

Biographical Details of Honorary Chairman, Directors and Senior Management (continued)

SENIOR MANAGEMENT

Mr. Huang Shi Zhao (aged 53), the general manager of the Group's operation in Guangdong, the PRC. He has over 35 years of experience in legal field, electrical engineering, property development, administration and management. He is a university graduate in PRC laws and is a National Constructor (Class II) in the PRC. He is an executive council of Dongguan City Association of Enterprises with Foreign Investment and the vice president of The Association of Foreign Investment Enterprises of Shatian, Dongguan. He joined the Group in 1993.

Mr. Liu Hua (aged 42), the regional chief commander of the Group's development projects in Dongguan, Panyu and Huiyang, the PRC. He has over 16 years of experience in construction and project management. He joined the Group in 2003.

Mr. Tao Jun (aged 45), the chief commander of the Group's development project in Panyu, the PRC. He has over 23 years of experience in construction project management. He is a university graduate with major in industrial and civil construction. He joined the Group in 2004.

Mr. Zhuang Xue Nong (aged 35), the deputy general manager of the Group's development projects in Changsha, Hunan, the PRC. He has over 14 years of experience in real estate and project management, construction, administration, marketing and finance. He joined the Group in 2003.

Ms. Lee Wai Ching (aged 48), the company secretary, has over 25 years of experience in corporate services and office administration. She holds a master degree in business administration and a master degree in laws. She is a fellow of both the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Chartered Secretaries. She joined the Group in 1998.

Chuang's place strong emphasis on providing
quality living environment,
enriching home values and
enhancing investment appreciation





Chairman's Statement

FINANCIAL REVIEW

During the year under review, the economic situation and property market in the People's Republic of China (the "PRC") faced stiff challenges caused by the global financial tsunami. Businesses of the Group had been adversely affected by the downturn of the property markets in the PRC and in Hong Kong, resulting in a loss recorded by the Group during this financial year.

Revenues of the Group during the year amounted to HK\$107.6 million (2008: HK\$314.5 million), representing a drop of 65.8% from that of last year principally as a result of decrease in property sales. Revenues of the Group comprise income from property development business of HK\$51.4 million (2008: HK\$258.7 million), rental income of HK\$24.1 million (2008: HK\$20.9 million) and income from manufacturing business of HK\$32.1 million (2008: HK\$32.8 million).

As a result of drop in revenues, gross profit decreased by 58.0% to HK\$42.4 million (2008: HK\$101.0 million). Other income decreased to HK\$8.9 million (2008: HK\$61.0 million) mainly due to the absence of certain non-recurring accounting profits of the Group recorded in the last corresponding year, details of which are shown in note 7 to the financial statements.

Selling and marketing expenses decreased by 17.1% to HK\$12.6 million (2008: HK\$15.2 million) due to the drop in sales whereas administrative expenses increased by 6.0% to HK\$81.9 million (2008: HK\$77.3 million) due to a general increase in overhead. Other operating expenses increased to HK\$39.6 million (2008: HK\$8.3 million) mainly due to provision of an impairment loss amounting to HK\$25.0 million on the Group's investment in CNT Group Limited ("CNT"). Reflecting a downturn of property markets in Hong Kong and the PRC, the Group recorded a

revaluation deficit of HK\$21.9 million for its investments properties (2008: revaluation surplus of HK\$104.4 million). Finance costs slightly increased by 6.4% to HK\$20.0 million (2008: HK\$18.8 million) due to increase in bank borrowings in the PRC.

Taking into account the above, loss attributable to equity holders of the Company for the year ended 31st March, 2009 amounted to HK\$123.0 million (2008: profit of HK\$110.2 million). Loss per share was 8.14 HK cents (2008: earnings per share of 7.74 HK cents).

DIVIDENDS

In order to maintain a stronger cash position to finance ongoing property development projects, the Board has resolved not to recommend a final dividend for the year ended 31st March, 2009 (2008: 1.0 HK cent per share). No interim dividend (2008: 0.5 HK cent per share) has been paid in respect of the current financial year.

Chairman's Statement (continued)

BUSINESS REVIEW

Property Development

In this financial year, the Group has slowed down its pace of property development in the PRC in light of the correction in the property market and the tight credit policy prevailing

at that time. Since March 2009, the economy and property market of the PRC are reviving progressively, particularly in major first tier cities. Transaction volumes have shown

upward trends which are indicators of the demand that has been held back when buyers were adopting the "wait and see" attitude during weak market sentiment.

Currently, the Group's property projects are as follows:–

	Total developable GFA (sq. m.)
Chuang's Le Papillon, Guangzhou	450,000
Imperial Garden, Chuang's New City, Dongguan	530,000
Chuang's New Town, Huizhou	230,000
Guangdong: Sub-total	1,210,000
Beverly Hills, Changsha	1,600,000*
Chuang's Palazzo Caesar, Changsha	640,000
Chuang's Le Printemps, Chengdu	130,000
Xiamen Mingjia Binhai, Xiamen	16,500
Central China: Sub-total	2,386,500
Total	3,596,500

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



Chairman's Statement (continued)

BUSINESS REVIEW

Property Development (continued)

Enjoy the spectacular lifestyle of the Pearl River Delta region all within an hour's distance



	Total developable GFA (sq. m.)
Chuang's Le Papillon, Guangzhou	450,000
Imperial Garden, Chuang's New City, Dongguan	530,000
Chuang's New Town, Huizhou	230,000
	1,210,000



Chairman's Statement (continued)

BUSINESS REVIEW

Property Development (continued)

Progress of the Group's development projects is as follows:

Chuang's Le Papillon, Guangzhou, Guangdong (100% owned)



Chuang's Le Papillon has total GFA of over 450,000 sq. m. and the average land cost is about RMB820 per sq. m.. It is located within 1 km from the Lianhuashan Port (蓮花山港) that provides ferry services to Hong Kong, and is close to the station of Guangzhou Metro route number 4. Major improvements on city planning and infrastructures are being carried out in preparation for the 2010 Asian Games to be hosted

	(sq. m.)
Site Area	204,000
Total Gross Floor Area	450,000

Chairman's Statement (continued)

BUSINESS REVIEW

Property Development (continued)

Chuang's Le Papillon, Guangzhou, Guangdong (100% owned)



Chuang's Le Papillon – perspective



Chuang's Le Papillon – front view



Inner garden view

Chairman's Statement (continued)

BUSINESS REVIEW

Property Development (continued)

Chuang's Le Papillon, Guangzhou, Guangdong (100% owned)

in Guangzhou, and there will be athlete and games complex located some 3 km from Chuang's Le Papillon. Furthermore, the new Guangzhou-Shenzhen-Hong Kong Express Rail Link (廣深港高速鐵路) that is now under construction will shorten travelling time to less than 50 minutes from Guangzhou to West Kowloon of Hong Kong and will greatly stimulate demand from property buyers.

Phase I of Chuang's Le Papillon comprising 60,000 sq. m. residential GFA and 10,000 sq. m. commercial, carparking spaces and club house is under development. It will provide 11 residential blocks of over 350 apartments with typical flats ranging from 93 sq. m. to 202 sq. m. and executive duplex units of 343 sq. m..

External finishing works on 3 residential blocks with GFA of 15,000 sq. m. providing 135 apartments ranging from 93 sq. m. to 133 sq. m. have been completed. Construction works on the other 8 blocks with GFA of 45,000 sq. m. providing deluxe apartments ranging from 175 sq. m. to 343 sq. m. are in progress. Superstructures works of the commercial podium have been completed. Landscaping, carparking spaces and club house construction are in progress and will be completed in the third quarter of this year. It is intended that handover of properties for phase I will be within the financial year ending 31st March, 2010.

In May 2009, marketing and presales for 3 blocks of phase I have

commenced and have received good response from the market. Over 70% of the initial 135 apartments launched are sold at average selling price of about RMB5,200. Marketing and show flats for the other 8 blocks of phase I will commence shortly and pre-sales will be launched during this year. On the basis of average selling price of RMB6,500, total sales proceeds of phase I will be about RMB390 million.

To capture the positive market response and the strong demand of properties buyers of Guangzhou, the Group will focus on further development of Chuang's Le Papillon. The Group will speed up phase II of Chuang's Le Papillon, providing 25,000 sq. m. GFA for pre-sales before the end of June 2010.



Bedroom – 93 sq.m.



Living room – 127 sq.m.

Chairman's Statement (continued)

BUSINESS REVIEW

Property Development (continued)

Chuang's Le Papillon, Guangzhou, Guangdong (100% owned)



Chairman's Statement (continued)

BUSINESS REVIEW

Property Development (continued)

Imperial Garden, Chuang's New City, Dongguan, Guangdong (100% owned)



	(sq. m.)
Site Area	236,000
Total Gross Floor Area	530,000



Dongguan, being a major export-oriented economy, has been adversely affected by the downturn in the manufacturing businesses in view of the drop in orders from overseas countries during the global financial crisis. The spill-over effect has resulted in weak market sentiment and has in turn affected confidences of local property buyers. Since last year, the local government has implemented a series of stimulus

measures to speed up infrastructural development, encourage new investments and reduce reliance on manufacturing business. These stimulus measures have shown positive results and the Dongguan economy is steadily improving since March 2009.

Chuang's New City has 530,000 sq. m. GFA and the average land cost is about RMB650 per sq. m.. It is

Chairman's Statement (continued)

BUSINESS REVIEW

Property Development (continued)

Imperial Garden, Chuang's New City, Dongguan, Guangdong (100% owned)



Imperial Garden – perspective (above); under construction (below)

located 4 km from Humen Port (虎門港) which is a major strategic infrastructural development. In addition, Chuang's New City is located 18 km from the new Humen Station (虎門站) of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (廣深港高速鐵路). Construction of the section connecting

Guangzhou via Dongguan (Humen Station) to Shenzhen is scheduled to be completed before the end of 2010. By then, travelling time will be greatly reduced to just 15 minutes from Humen Station to either Guangzhou or Shenzhen. Furthermore, our development is only 3 minutes away from the exit of

the new coastal highway (沿江高速) under construction serving Guangzhou to Shekou, and in turn linking to Hong Kong by way of the Hong Kong-Shenzhen Western Corridor. Apart from these inter-city infrastructures, recently the local government of Dongguan has commenced on the construction of

Chairman's Statement (continued)

BUSINESS REVIEW

Property Development (continued)

Imperial Garden, Chuang's New City, Dongguan, Guangdong (100% owned)



Entrance lobby



Living room – 161 sq.m.

the Dongguan Light Rail (東莞市軌道), and a new station is designated within 1 minute' drive from Chuang's New City. Situated along these exciting infrastructures which will be in operation in the next 2 to 3 years, the development potential of Chuang's New City will be greatly enhanced.

Construction works of Imperial Garden, the Phase III of Chuang's New City, providing 8 residential blocks with total GFA of 89,000 sq. m. is in progress. It provides over 600 apartments with typical flats ranging from 80 sq. m. to 160 sq. m., executive duplex units of about 280 sq. m. and unique simplex units of 445 sq. m.. External finishing works on 3 blocks have been completed and the other 5 blocks will be completed by the end of this year. It is expected that handover of properties will be before the end of December 2009.

Marketing and pre-sales of Imperial Garden have commenced at end of 2008, initially with the launch of 2 blocks providing 161 typical apartments with total 18,700 sq. m. GFA. The average selling price is about RMB4,300 per sq. m. and about 47% of the 2 blocks have been sold. In the short term, sales progress is affected by the economic challenges in Dongguan, however,

the Group believes that in the medium term, with the stimulus measures and the infrastructural improvements in place, property prices and transaction volumes in Dongguan will be improved. Based on the average selling price of RMB5,000 per sq. m., total sales proceeds of Phase III of Imperial Garden will amount to RMB450 million.



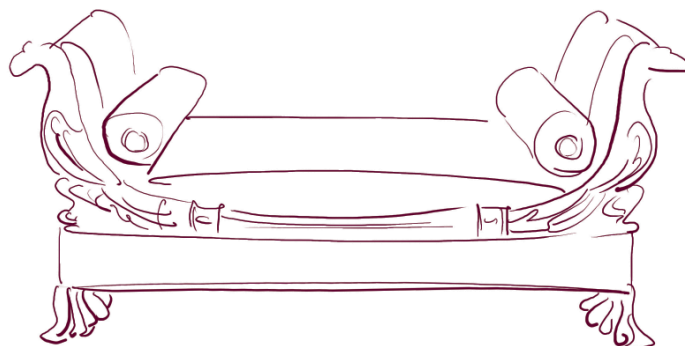
Chairman's Statement (continued)

BUSINESS REVIEW

Property Development (continued)

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

In January 2008, the Group entered into an agreement with 大亞灣經濟技術開發集團公司 (Daya Bay Economic & Technological Development Group), a state-owned enterprise, to dispose of the Group's interest in a site of 55,355 sq. m. at Huizhou for about RMB195 million with original completion date before the end of April 2008. Deposit of about RMB15 million had been received. As affected by the macro economic measures in the PRC, 大亞灣經濟技術開發區國有資產管理中心 (Daya Bay State-owned Assets Supervision and Administration Commission) had deferred the completion of the transaction. In view of the lengthy delay in over one year, we are seeking legal advice on forfeiture of the deposit. In the event the disposal is not completed, the Group will undertake the development of this site providing GFA of 230,000 sq. m., on a plot ratio of 4. Apart from this, the Group's remaining site with an area of 11,236 sq. m. will be resumed by the government to facilitate the construction of 廈深鐵路 (Shenzhen Xiamen Railway). It is expected that negotiation on the compensation for the resumption of land will commence in the coming months.



Chairman's Statement (continued)

BUSINESS REVIEW

Property Development (continued)

Beverly Hills, Changsha, Hunan (54% owned)



Semi-detached houses



Construction works of phase I of the project for 70,000 sq. m. GFA are in progress. Land cost is about RMB200 per sq. m.. Phase I of the project is the low density development comprising 172 bungalows, link houses and semi-detached houses and 144 units of high rise apartments. Development of link houses and semi-detached houses have been completed in the last financial year. Handover of high-rise

Chairman's Statement (continued)

BUSINESS REVIEW

Property Development (continued)

Beverly Hills, Changsha, Hunan (54% owned)



Bungalow (front yard)



Bungalow (swimming pool view)

apartments has commenced by the end of December 2008. Up to the date of this report, about 59% of the development has been sold. The Group will market the remaining 41% of the GFA, namely 11 link houses, 36 semi-detached houses and 65 high rise apartments as well as the 8 bungalows in the financial year ending 2010 and the total sales proceeds is estimated to amount to RMB150 million.



Chairman's Statement (continued)

BUSINESS REVIEW

Property Development (continued)

Beverly Hills, Changsha, Hunan (54% owned)



Within Phase I, the Group will also construct a boutique residence. It occupies a site area of about 7,800 sq. m. and total GFA is about 10,600 sq. m.. Superstructure works for the development have been completed. External finishing works and the landscaping work will be completed within this year.

The Group is planning for the phase II of the project and is negotiating with the local government for a favourable land cost under the current market condition.

Chairman's Statement (continued)

BUSINESS REVIEW

Property Development (continued)

Chuang's Palazzo Caesar, Changsha, Hunan (100% owned)

The Group acquired the site with a total developable GFA of 640,000 sq. m. in December 2006 at the average land cost of RMB230 per sq. m. and the Group had fully paid the land cost in early 2007. However, delivery of the site to the Group by the local government was delayed by one year until April 2008. As a result of such delay, the Group had missed the opportunity of launching the project during the booming property market in 2007. At present, the master layout plan of the development has been approved. The development will comprise low density link houses, semi-detached houses and bungalows with about 166,000 sq. m. GFA, as well as apartments with 464,000 sq. m. GFA and commercial facilities of about 10,000 sq. m. GFA. Site formation works have commenced on Phase I of the project comprising 55,000 sq. m. GFA.



Bungalow



Link House

Chairman's Statement (continued)

BUSINESS REVIEW

Property Development (continued)

Chuang's Le Printemps, Chengdu, Sichuan (51% owned)



The site, having an area of about 30,000 sq. m., is situated in the prime area within the second ring road, in the region of 武侯區 (Wu Hou Qu). Land cost of this project is about RMB1,800 per sq. m.. Based

on a plot ratio of 4, the development with GFA of about 130,000 sq. m. will comprise residential, commercial and carparking spaces. Land conversion fee has recently been determined at about RMB20 million,

of which RMB10 million has been paid. Master planning is in progress. The project will be developed by stages providing residential, commercial GFA as well as carparking spaces.

Xiamen Mingjia Binhai, Xiamen, Fujian (59.5% owned)

The site, having an area of about 27,574 sq. m., is located in 思明區 (Siming Qu) of Xiamen. Land cost of this project is about RMB5,200 per sq. m.. It will be developed into high-end villas and resort with GFA of about 16,500 sq. m.. On the site, the

Group will develop about 30 villas with a plot ratio of just 0.3, aiming to create a secluded elegant lifestyle. A deluxe boutique hotel with about 100 keys will be built and water features including waterfalls, cascades and infinity pool concept

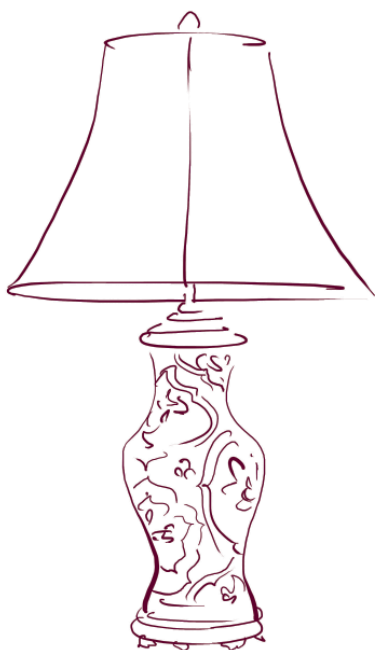
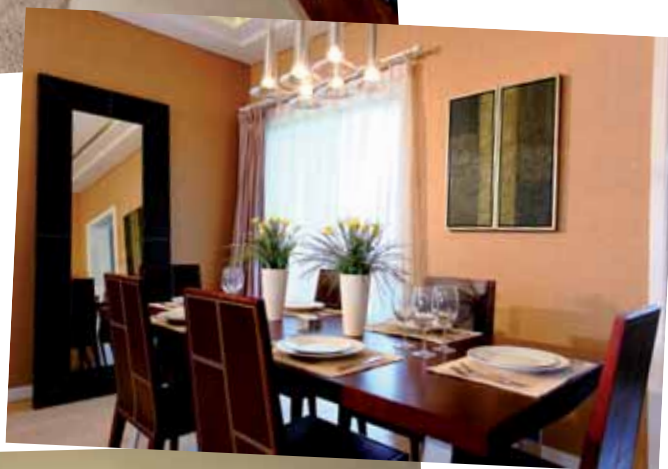
will be incorporated. The Group is in discussions with an international hotel management group regarding management and operation of this hotel. Master planning work for this villa and resort is progressing.

Chairman's Statement (continued)

BUSINESS REVIEW

Property Sales

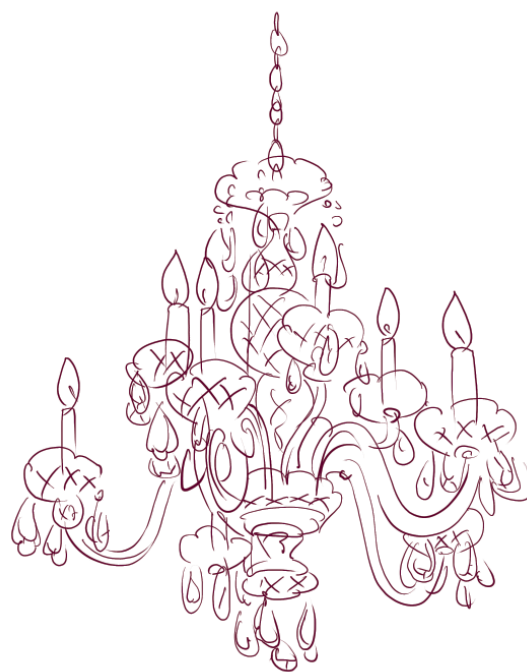
Show Flats



Chairman's Statement (continued)

BUSINESS REVIEW

Property Sales (continued)



Chairman's Statement (continued)

BUSINESS REVIEW

Property Sales (continued)

For the financial year ended 2009, total property sold and recognised as revenue was about HK\$51.4 million, representing 80.1% decrease when compared to that of the last corresponding year. The sales are principally related to completed properties of Gold Coast in Dongguan and Beverly Hills in Changsha.

In the financial year ending 2010, the Group will market about 178,770 sq. m. GFA relating to projects in Guangzhou, Dongguan and Changsha, 270 carparking spaces in Guangzhou and 255 carparking spaces in Dongguan, with details as follows:



	Completed properties (sq. m.)	Properties under development (sq. m.)	Total GFA (sq. m.)
Gold Coast, Chuang's New City, Dongguan	1,400	–	1,400
Imperial Garden, Chuang's New City, Dongguan	–	89,000	89,000
Chuang's Le Papillon, Guangzhou, Phase I	–	60,000	60,000
Beverly Hills, Changsha	28,370	–	28,370
	29,770	149,000	178,770

Up to the date of this report, the Group has contracted sales of about HK\$157.6 million relating to Gold Coast, Imperial Garden, Chuang's Le Papillon and Beverly Hills which have not yet been recorded as revenues.

Chairman's Statement (continued)

BUSINESS REVIEW

Property Management



Supreme Homes



The Group places strong emphasis on providing comprehensive property management services to meet customers' needs, which is one factor enhancing the quality of living environment. The Group believes that sustaining our quality and continuously upgrading our services will attract loyal customers.

The Company strives to provide premium property management services to property owners. Residents of our development will automatically become club members of the Group's Supreme Homes, which enables them to enjoy facilities within the club houses of all our property development in the PRC.



Chairman's Statement (continued)

BUSINESS REVIEW

Other Investments



Chuang's Tower

During the period, the Group's rental property in Hong Kong, Chuang's Tower in Central, maintained high occupancy rate. Rental and other income during the year amounted to HK\$22.7 million, representing a 13.5% increase over that of last year.

The Group's other assets include Yuen Sang Hardware Company (1988) Limited which engaged in the manufacture and sale of metalware for exports, approximately 12.5% interests in a quoted investment in CNT and 25% interests in Treasure Auctioneer International Limited.

The aggregate book values of these property and other investments amounted to over HK\$666 million as at 31st March, 2009. During the year under review, the Group contemplated the sale of these other investments at the right prices and will continue to identify suitable opportunities for such disposal so as to generate additional capital for our property development business in the PRC.



Chairman's Statement (continued)

FINANCIAL POSITIONS

As at 31st March, 2009, the Group's cash and bank balances amounted to HK\$446.1 million (2008: HK\$453.9 million). Bank borrowings of the Group as at the same date amounted to HK\$757.2 million (2008: HK\$455.9 million). Approximately 22.1% of the Group's bank borrowings were repayable within one year, 8.9% repayable within second year and 69.0% repayable within third to fifth years.

The net debt to equity ratio of the Group (expressed as a percentage of bank borrowings net of cash and bank balances over total net assets value attributable to the equity holders of the Company) was 17.5% (2008: 0.1%). The net debt to equity ratio of the Group has increased when compared with that of last year mainly due to the Group's capital expenditures on various development projects in the PRC during the year.

Approximately 51% of the Group's cash and bank balances were in Hong Kong dollar and United States dollar with the remaining 49% in Renminbi. Risk in exchange rate fluctuation would not be material.

About HK\$361.0 million (being 48%) of the Group's bank borrowings were in Hong Kong dollar and HK\$396.2 million (equivalent to RMB349.6 million) (being 52%) in Renminbi.

As majority of the Group's assets are located in the PRC, in the future, the Group will pursue the strategy of

increasing its borrowings in Renminbi in order to cope with the project developments in the PRC whilst the borrowings in Hong Kong dollars will be reduced.

As at 31st March, 2009, the net asset value attributable to equity holders of the Company was HK\$1,783.0 million. Net asset value per share amounted to HK\$1.17, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value.

PROSPECTS

The financial year ended 31st March, 2009 was a year full of difficulties and challenges. The drastic downturn in the property market, as heightened by the global financial crisis, has interrupted the development plan of our projects. However, with its strong domestic supports in the PRC, the global financial crisis has not changed its underlying fundamentals.

The prime mission of the central government of the PRC is to sustain growth. With the active fiscal policy, relaxed monetary policy and the series of stimulus strategies implemented by the central government since the fourth quarter of 2008, positive effect has gradually been unfolded, and more importantly, market confidence has been restored. In general, the economy and property market of the PRC is reviving progressively. With the continuous demand to improve living standards and the acceleration

of urbanization, we are confident of the long term development of our property projects in the PRC.

In the current financial year, the Group will focus on speeding up the development in Guangzhou, where market support and prospects are bright. With the 2010 Asian Games to be hosted in Guangzhou, the Group believes that the improved transport accessibility will further boost the steady development of the property market in the region.

STAFF

As at 31st March, 2009, the Group employed 304 staff. In addition, the subcontracting factories of the Group have 429 workers. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

APPRECIATION

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

Abraham Shek Lai Him
Chairman

Hong Kong, 25th June, 2009

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. Abraham Shek Lai Him	Chairman and Independent Non-Executive Director
Mr. Lee Sai Wai*	Deputy Chairman
Miss Ann Li Mee Sum	Managing Director
Miss Candy Chuang Ka Wai*	Chief Operating Officer
Mr. Sunny Pang Chun Kit	Executive Director
Mr. Albert Chuang Ka Pun*	Executive Director
Dr. Hwang Jen	Independent Non-Executive Director
Mr. David Chu Yu Lin	Independent Non-Executive Director
Dr. Peter Po Fun Chan	Independent Non-Executive Director

* *Mr. Lee Sai Wai is the uncle of Mr. Albert Chuang Ka Pun and Miss Candy Chuang Ka Wai. Mr. Albert Chuang Ka Pun is the brother of Miss Candy Chuang Ka Wai. Miss Candy Chuang Ka Wai was appointed as the Chief Operating Officer on 19th June, 2009.*

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.

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

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

Corporate Governance Report (continued)

REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)**(A) The Board (Continued)****(iii) Nomination Committee**

A Nomination Committee was established with clear terms of reference to review the composition of the Board. The Nomination Committee comprises three Independent Non-Executive Directors, Dr. Hwang Jen, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan. During the year, the committee met once to review the structure, size and composition of the Board and to assess the independency 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. Hwang Jen *	1/1
Mr. David Chu Yu Lin	1/1
Dr. Peter Po Fun Chan	1/1

* *Chairman of the Nomination Committee*

(iv) 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 were invited to include items in the agenda. Minutes of Board meetings were kept in sufficient details to reflect the decisions made in the relevant meetings.

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

Name	Position	No. of meetings attended/held
Mr. Abraham Shek Lai Him	Chairman and Independent Non-Executive Director	4/4
Mr. Lee Sai Wai	Deputy Chairman	4/4
Miss Ann Li Mee Sum	Managing Director	4/4
Miss Candy Chuang Ka Wai	Chief Operating Officer	4/4
Mr. Sunny Pang Chun Kit	Executive Director	3/4
Mr. Albert Chuang Ka Pun	Executive Director	3/4 (Note 1)
Dr. Hwang Jen	Independent Non-Executive Director	4/4
Mr. David Chu Yu Lin	Independent Non-Executive Director	4/4
Dr. Peter Po Fun Chan	Independent Non-Executive Director	4/4
Mr. Chan Wai Dune	Independent Non-Executive Director	0/4 (Note 2)

Note 1: Mr. Albert Chuang Ka Pun was appointed as an Executive Director on 9th September, 2008.

Note 2: Mr. Chan Wai Dune retired as an Independent Non-Executive Director on 28th August, 2008.

REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)

(A) The Board (Continued)

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

The roles of Chairman and Chief Executive Officer are separated. Currently, Mr. Abraham Shek Lai Him is the Chairman and Miss Ann Li Mee Sum, 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) **Independency 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.

(B) Remuneration of Directors and senior management

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

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

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

The Chairman, being an Independent Non-Executive Director, received an annual fee of HK\$300,000. Each of other Independent Non-Executive Directors 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 comprises three Independent Non-Executive Directors, Dr. Hwang Jen, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan. During the year, the committee met once to review the remuneration policy of the Group. The committee also approved the remuneration packages of the Executive Directors or senior management of the Group by resolutions in writing.

Corporate Governance Report (continued)

REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)**(B) Remuneration of Directors and senior management (Continued)****(iii) Remuneration Committee (Continued)**

The attendance record of each committee member is as follows:

Name	No. of meeting attended/held
Dr. Hwang Jen *	1/1
Mr. David Chu Yu Lin	1/1
Dr. Peter Po Fun Chan	1/1

* *Chairman of the Remuneration Committee*

(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' investments.

In this respect, the Group has adopted internal control procedures relating to financial, operational, compliance and risk management. The objectives are to provide reasonable assurance that assets are safeguarded against 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 comprises three Independent Non-Executive Directors, Dr. Hwang Jen, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan. The committee held two meetings during the year to discuss the relationship with the external auditor, to review the interim and annual financial statements of the Company and to evaluate the system of internal controls of the Group.

Corporate Governance Report (continued)

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. Hwang Jen *	2/2
Mr. David Chu Yu Lin	2/2
Dr. Peter Po Fun Chan	2/2

* *Chairman of the Audit Committee*

(iv) Auditor's remuneration

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

Services rendered	HK\$'000
Audit services	1,130
Non-audit services	20
	1,150

(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, due to his personal commitments, had not attended the annual general meeting of the Company held on 28th August, 2008. However, the Deputy Chairman and members of respective Board Committee had attended the meeting and answered questions raised by shareholders.

Corporate Governance Report (continued)

REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)**(E) Communication with shareholders** *(Continued)***(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

Save as disclosed, the Company has complied with the code provisions of the CG Code for the year ended 31st March, 2009.

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

Ann Li Mee Sum

Managing Director

Hong Kong, 25th June, 2009

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, 2009.

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 40 to the financial statements.

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

RESULTS AND DIVIDEND

The results of the Group for the year are set out in the consolidated income statement on page 49.

In order to maintain a stronger cash position to finance ongoing property development projects, the Board has resolved not to recommend a final dividend for the year ended 31st March, 2009 (2008: 1.0 HK cent per share). No interim dividend (2008: 0.5 HK cent per share) has been paid in respect of the current financial year.

SUBSIDIARIES

Particulars regarding the principal subsidiaries of the Company are set out in note 40 to the financial statements.

RESERVES

Movements in reserves during the year are set out in note 31 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.

PARTICULARS OF PROPERTIES

Particulars of investment properties, buildings and property projects in the People's Republic of China (the "PRC") held by the Group are set out on page 105 to page 107.

SHARE CAPITAL

Movements in share capital during the year are set out in note 30 to the financial statements.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$2,896,000.

Report of the Directors (continued)

PRE-EMPTIVE RIGHTS

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

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the five years ended 31st March, 2009 is shown on page 108.

DIRECTORS

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

Mr. Abraham Shek Lai Him	(appointed on 24th April, 2008)
Mr. Lee Sai Wai	
Miss Ann Li Mee Sum	
Miss Candy Chuang Ka Wai	
Mr. Sunny Pang Chun Kit	
Mr. Albert Chuang Ka Pun	(appointed on 9th September, 2008)
Dr. Hwang Jen	
Mr. David Chu Yu Lin	
Dr. Peter Po Fun Chan	
Mr. Chan Wai Dune	(retired on 28th August, 2008)
Mr. Ko Sheung Chi	(resigned on 24th April, 2008)

In accordance with the Company's Bye-law nos. 85(2), 86(2) and 86(3), and Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Mr. Lee Sai Wai, Miss Ann Li Mee Sum and Mr. Albert Chuang Ka Pun will retire from the Board at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election at the annual general meeting.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme adopted by the Company as disclosed in the section headed "Share Option Scheme" below, at no time during the year was the Company, any of its holding companies or its subsidiaries and fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Report of the Directors (continued)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March, 2009, 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:

Name of Director	Interests in the Company		
	Number of shares	Capacity	Percentage of shareholding
Dr. Hwang Jen	1,197,139	Beneficial owner	0.08
Mr. Lee Sai Wai	808,000	Beneficial owner	0.05
Miss Candy Chuang Ka Wai ("Miss Candy Chuang")	1,027,100	Beneficial owner	0.07
Mr. Sunny Pang Chun Kit	620,000	Beneficial owner	0.04
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	500,000	Beneficial owner	0.03
Dr. Peter Po Fun Chan	4,231	Interest of controlled corporation	0.0003

Interests in Chuang's Consortium International Limited ("CCIL")

Name of Director	Interests in Chuang's Consortium International Limited ("CCIL")		
	Number of shares	Capacity	Percentage of shareholding
Mr. Lee Sai Wai	175,152,830	Note	11.59
Dr. Peter Po Fun Chan	779,784	Beneficial owner	0.05
Mr. Albert Chuang	1,000,000	Beneficial owner	0.066

Note: Interests in 174,429,606 shares in CCIL arose by attribution through his spouse who is a discretionary object and the trustee of a discretionary trust which owned such shares. The remaining interests in 723,224 shares in CCIL is beneficially owned by the Director.

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

Other than as disclosed herein, as at 31st March, 2009, 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.

Report of the Directors (continued)

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

Miss Ann Li Mee Sum ("Miss Li") (the Managing Director of the Company and an Executive Director) was a former executive director of Midas International Holdings Limited ("Midas"). Mr. Albert Chuang is an executive director of CCIL and Midas. The principal activities of CCIL include property investments in Hong Kong whereas the principal activities of Midas include property investments in the PRC. Both CCIL and Midas are companies listed on the Stock Exchange. As the properties owned by CCIL and Midas are of different types and/or in different locations from those of the Group, the Group operates its businesses independently of, and at arm's length from the businesses of CCIL and Midas. Miss Li resigned her directorship in Midas on 15th January, 2009.

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, 2009, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of Shareholder	Number of shares of the Company	Capacity	Percentage of shareholding
Profit Stability Investments Limited ("PSI")	829,277,218	Beneficial Owner	54.44
CCIL	829,277,218	Note 1	54.44
Evergain Holdings Limited ("Evergain")	829,277,218	Note 1	54.44
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	831,877,218	Note 1	54.61
Mrs. Chong Ho Pik Yu	831,877,218	Note 2	54.61

Note 1: Interests in 829,277,218 shares of the Company arose through the interests in the relevant shares owned by PSI, a wholly owned subsidiary of CCIL. Mr. Alan Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of CCIL through Evergain, a company beneficially owned by Mr. Alan Chuang. Miss Candy Chuang and Mr. Albert Chuang are directors of Evergain. The remaining 2,600,000 shares of the Company are beneficially owned by Mr. Alan Chuang.

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

Save as disclosed above, as at 31st March, 2009, there was no other person who was recorded in the register of the Company as having interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

Report of the Directors (continued)

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

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

BORROWINGS

Bank loans of the Group are set out in note 32 to the financial statements.

PLEDGE OF ASSETS

As at 31st March, 2009, the Group has pledged the shares and assets of certain subsidiaries, including bank deposits, investment properties and properties for sale, with an aggregate net book value of HK\$1,130,726,000 (2008: HK\$809,816,000), to secure banking and financial guarantee facilities granted to those subsidiaries.

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

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

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate purchases attributable to the largest supplier and five largest suppliers of the Group accounted for 61% and 75% respectively of the total purchases of the Group for the year.

The aggregate sales attributable to the largest customer and five largest customers of the Group accounted for 19% and 32% respectively of the total turnover of the Group for the year.

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

RETIREMENT SCHEMES

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

Report of the Directors (continued)

SHARE OPTION SCHEME

Pursuant to the ordinary resolution passed in the annual general meeting held on 26th August, 2002, a share option scheme (the "Scheme") has been adopted.

Summary of the Scheme is set out as follows:

- | | |
|---|--|
| 1. Purpose: | To give incentive to Directors, employees or business consultants of the Group and any other party as approved under the Scheme |
| 2. Participants: | Including, inter alia, Directors, employees or business consultants of the Group |
| 3. Total number of shares available for issue under the Scheme and percentage of the issued share capital that it represents as at the date of the annual report: | 102,443,969 shares are available for issue under the Scheme, representing 6.73% 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 securities must be taken up under an option: | Not applicable. No share option has been granted since the adoption of the 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 the Company upon acceptance of the option which should be taken up within 28 days from the date of offer for option ("Offer Date") (which must be a trading day) |
| 7. The basis of determining the exercise price: | No less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the Offer Date (which must be a trading day); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five (5) trading days immediately preceding the Offer Date; and (iii) the nominal value of a share |
| 8. The remaining life of the Scheme: | Valid until 25th August, 2012 unless otherwise terminated under the terms of the Scheme |

Report of the Directors (continued)

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31st March, 2009.

CONTINUING CONNECTED TRANSACTION

On 1st November, 2007, the Group entered into a tenancy agreement with Jannerson Limited, a wholly owned subsidiary of CCIL, for the lease of a property for a term of two years from 1st November, 2007 to 31st October, 2009. The Group has the right to terminate the tenancy agreement by giving one month's notice to Jannerson Limited on or after 1st November, 2008. Details of the continuing connected transaction were announced by the Company on 1st November, 2007. The tenancy agreement was terminated on 1st December, 2008.

The Independent Non-Executive Directors have reviewed and confirmed that the continuing connected transaction has been entered into in the ordinary and usual course of business of the Group, on normal commercial terms and in accordance with the relevant agreement governing such transaction on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the auditor of the Company has performed certain agreed-upon procedures on the above continuing connected transaction in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants and reported that the continuing connected transaction has been approved by the Board, has been entered into in accordance with the terms of the relevant agreement governing such transaction and has not exceeded the cap disclosed in the announcement dated 1st November, 2007.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

1. The Group has entered into a loan agreement, which still subsists as at the date of this report, with a bank for a seven-year term loan facility of up to HK\$273 million. Pursuant to the loan agreement, CCIL is required to beneficially own 45% or more of the issued share capital of the Company at all times during the subsistence of the term loan facility. As at 31st March, 2009, the loan outstanding was HK\$264 million and the last instalment of the loan is repayable on 30th September, 2013.
2. The Group has entered into a loan agreement, which still subsists as at the date of this report, with a bank for a five-year term loan facility of up to HK\$100 million. Pursuant to the loan agreement, CCIL is required to beneficially own 45% or more of the issued share capital of the Company at all times during the subsistence of the term loan facility. As at 31st March, 2009, the loan outstanding was HK\$97 million and the last instalment of the loan is repayable on 30th September, 2013.

Report of the Directors (continued)

AUDITOR

The financial statements for the year have been audited by PricewaterhouseCoopers who retires and, being eligible, offers itself for re-appointment.

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

Ann Li Mee Sum
Managing Director

Hong Kong, 25th June, 2009

Independent Auditor's Report

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

We have audited the consolidated financial statements of Chuang's China Investments Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 49 to 104, which comprise the consolidated and company balance sheets as at 31st March, 2009 and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated 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.

AUDITOR'S RESPONSIBILITY

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditor's judgment, 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 auditor considers internal control relevant to the entity's 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the 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 consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March, 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25th June, 2009

Consolidated Income Statement

For the year ended 31st March, 2009

	Note	2009 HK\$'000	2008 HK\$'000
Revenues	5	107,592	314,525
Cost of sales		(65,223)	(213,508)
Gross profit		42,369	101,017
Other income	7	8,902	61,043
Selling and marketing expenses		(12,634)	(15,246)
Administrative expenses		(81,933)	(77,320)
Other operating expenses		(39,585)	(8,302)
Change in fair value of investment properties		(21,927)	104,435
Operating (loss)/profit	8	(104,808)	165,627
Finance costs	10	(19,970)	(18,840)
Share of results of associated companies		261	234
(Loss)/profit before taxation		(124,517)	147,021
Taxation credit/(charge)	12	1,302	(28,177)
(Loss)/profit for the year		(123,215)	118,844
Attributable to:			
Equity holders	13	(122,966)	110,244
Minority interests		(249)	8,600
		(123,215)	118,844
Dividends	14	–	22,508
		HK cents	HK cents
(Loss)/earnings per share (basic and diluted)	15	(8.14)	7.74

The notes on pages 56 to 104 are an integral part of these financial statements.

Consolidated Balance Sheet

As at 31st March, 2009

	Note	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Property, plant and equipment	16	38,986	41,480
Investment properties	17	678,627	699,488
Land use rights	18	1,739	1,771
Associated companies	21	3,199	2,938
Available-for-sale financial assets	22	21,969	43,153
Loans and receivables	23	22,727	21,793
		767,247	810,623
Current assets			
Properties for sale	24	1,597,662	1,348,333
Inventories	25	4,366	7,260
Debtors and prepayments	26	132,592	123,751
Cash and bank balances	28	446,056	453,930
		2,180,676	1,933,274
Current liabilities			
Creditors and accruals	29	140,330	131,503
Short-term borrowings	32	85,013	144,638
Current portion of long-term borrowings	32	82,419	6,000
Taxation payable		57,478	56,663
		365,240	338,804
Net current assets		1,815,436	1,594,470
Total assets less current liabilities		2,582,683	2,405,093

Consolidated Balance Sheet (continued)

As at 31st March, 2009

	Note	2009 HK\$'000	2008 HK\$'000
Equity			
Share capital	30	76,166	75,027
Reserves	31	1,706,856	1,799,748
Proposed final dividend		–	15,005
Shareholders' funds		1,783,022	1,889,780
Minority interests		11,507	6,502
Total equity		1,794,529	1,896,282
Non-current liabilities			
Long-term borrowings	32	589,794	305,304
Deferred taxation liabilities	33	188,224	193,387
Loans from minority shareholders	34	10,136	10,120
		788,154	508,811
		2,582,683	2,405,093

Lee Sai Wai
Director

Ann Li Mee Sum
Director

The notes on pages 56 to 104 are an integral part of these financial statements.

Balance Sheet

As at 31st March, 2009

	Note	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Subsidiaries	19	65,036	80,036
Current assets			
Debtors and prepayments	26	355	352
Amounts due from subsidiaries	27	1,926,840	1,869,359
Cash and bank balances	28	113,374	178,656
		2,040,569	2,048,367
Current liabilities			
Creditors and accruals	29	927	919
Net current assets		2,039,642	2,047,448
Total assets less current liabilities		2,104,678	2,127,484
Equity			
Share capital	30	76,166	75,027
Reserves	31	2,028,512	2,037,452
Proposed final dividend		–	15,005
Total equity		2,104,678	2,127,484

Lee Sai Wai
Director

Ann Li Mee Sum
Director

The notes on pages 56 to 104 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31st March, 2009

	Note	2009 HK\$'000	2008 HK\$'000
Cash flows from operating activities			
Cash used in operations	37(a)	(274,396)	(206,241)
Interest paid		(26,685)	(20,161)
Overseas tax paid		(3,580)	(4,640)
Net cash used in operating activities		(304,661)	(231,042)
Cash flows from investing activities			
Interest received		5,050	12,001
Purchase of property, plant and equipment		(4,113)	(17,597)
Acquisition of minority interests in a subsidiary		–	(38,235)
Advance to joint venture partner		–	(21,793)
Proceeds from disposal of property, plant and equipment		–	220
Disposal of subsidiaries (net of cash and cash equivalents)	37(c)	265	(8,507)
Proceeds from disposal of available-for-sale financial assets		–	2,579
Decrease/(increase) in pledged bank deposits and bank deposits maturing more than three months from date of placement		23,053	(146,146)
Net cash from/(used in) investing activities		24,255	(217,478)
Cash flows from financing activities			
Dividend paid to shareholders		(6,600)	(22,508)
Issue of new shares		–	310,520
New bank loans		399,936	158,768
Repayment of bank loans		(104,724)	(50,021)
Repayment of loan from minority shareholder		–	(6,603)
Net cash from financing activities		288,612	390,156
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		304,561	350,938
Exchange difference on cash and cash equivalents		6,973	11,987
Cash and cash equivalents at the end of the year	37(b)	319,740	304,561

The notes on pages 56 to 104 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2009

	Share capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Shareholders' funds HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st April, 2007	64,027	1,755,169	(350,198)	1,468,998	65,495	1,534,493
Changes in exchange rates	–	26,816	–	26,816	726	27,542
Change in fair value of available-for-sale financial assets	–	(4,282)	–	(4,282)	–	(4,282)
Release upon disposal of a subsidiary	–	(3,204)	3,204	–	–	–
Net income recognised directly in equity	–	19,330	3,204	22,534	726	23,260
Release upon disposal of available-for-sale financial assets	–	(8)	–	(8)	–	(8)
Profit for the year	–	–	110,244	110,244	8,600	118,844
Total income recognised for the year	–	19,322	113,448	132,770	9,326	142,096
Placing of new shares	11,000	308,000	–	319,000	–	319,000
Placing expenses	–	(8,480)	–	(8,480)	–	(8,480)
Dividends paid	–	–	(22,508)	(22,508)	–	(22,508)
Capital injection by minority shareholders	–	–	–	–	35	35
Reduction of interest by minority shareholders	–	–	–	–	(68,354)	(68,354)
At 31st March, 2008	75,027	2,074,011	(259,258)	1,889,780	6,502	1,896,282

Consolidated Statement of Changes in Equity (continued)

For the year ended 31st March, 2009

	Share capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Shareholders' funds HK\$'000	Minority interests HK\$'000	Total HK\$'000
As at 1st April, 2008	75,027	2,074,011	(259,258)	1,889,780	6,502	1,896,282
Changes in exchange rates	–	18,992	–	18,992	607	19,599
Change in fair value of available-for-sale financial assets	–	(21,184)	–	(21,184)	–	(21,184)
Impairment of available-for-sale financial assets recognised in income statement	–	25,000	–	25,000	–	25,000
Net income recognised directly in equity	–	22,808	–	22,808	607	23,415
Loss for the year	–	–	(122,966)	(122,966)	(249)	(123,215)
Total income/(expenses) recognised for the year	–	22,808	(122,966)	(100,158)	358	(99,800)
Dividend paid	1,139	7,266	(15,005)	(6,600)	–	(6,600)
Capital injection by a minority shareholder	–	–	–	–	4,647	4,647
At 31st March, 2009	76,166	2,104,085	(397,229)	1,783,022	11,507	1,794,529

The notes on pages 56 to 104 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31st March, 2009

1 GENERAL INFORMATION

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

As at 31st March, 2009, the Company was a 54.44% owned subsidiary of Profit Stability Investments Limited, incorporated in the British Virgin Islands, which is a wholly owned subsidiary of Chuang's Consortium International Limited ("Chuang's Consortium"), incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Directors regard Chuang's Consortium as being the ultimate holding company.

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property investment and development, manufacturing and sale of watch components, 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 continuously 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 and available-for-sale financial assets at fair values, and in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants.

The preparation of financial statements in conformity with HKFRS 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.

(i) Amendments that are effective in 2008

For the financial year ended 31st March, 2009, the Group adopted the following amendments that are effective for the Group's accounting periods beginning on 1st April, 2008 and relevant to the operations of the Group:

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
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The Group has assessed the impact of the adoption of these amendments and considered that there were neither significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(a) Basis of preparation (Continued)****(ii) Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group**

The following standards, amendments and interpretations have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1st April, 2009, but have not yet been adopted by the Group:

HKAS 1 (Revised)	Presentation of Financial Statements (effective from 1st January, 2009)
HKAS 23 (Revised)	Borrowing Costs (effective from 1st January, 2009)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements (effective from 1st July, 2009)
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation (effective from 1st January, 2009)
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective from 1st July, 2009)
HKFRSs (Amendments)	Improvements to HKFRSs (effective from 1st January, 2009, except for the amendments to HKFRS 5 which are effective from 1st July, 2009)
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards (effective from 1st July, 2009)
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment In a Subsidiary, Jointly Controlled Entity or Associate (effective from 1st January, 2009)
HKFRS 2 (Amendment)	Share-based Payment: Vesting Conditions and Cancellations (effective from 1st January, 2009)
HKFRS 3 (Revised)	Business Combinations (effective from 1st July, 2009)
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments (effective from 1st January, 2009)
HKFRS 8	Operating Segments (effective from 1st January, 2009)
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives (effective for annual periods ending on or after 30th June, 2009)
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate (effective from 1st January, 2009)
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation (effective from 1st October, 2008)

The Group will apply the above standards, amendments and interpretations as and when they become effective. The Group has already commenced an assessment of the related impact to the Group and is not yet in a position to state whether any substantial changes to the Group's results of operations and financial position will be resulted.

(iii) Interpretations to existing standards that are not yet effective and not relevant for the Group's operation

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1st April, 2009, but are not relevant for the Group's operations:

HK(IFRIC) – Int 13	Customer Loyalty Programmes (effective from 1st July, 2008)
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners (effective from 1st July, 2009)
HK(IFRIC) – Int 18	Transfers of Assets from Customers (effective from 1st July, 2009)

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Group accounting

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 income statement from the date of acquisition or up to the date of disposal as applicable.

The gain 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 one 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 are de-consolidated from the date that control ceases.

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 Group's 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 income statement.

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 accounting 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.

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 or losses for the Group that are recorded in the income statement. 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 income statement, 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 receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

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 accounting policies adopted by the Group.

(f) Joint ventures

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

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(g) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets of the acquired subsidiaries or 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 acquisitions of subsidiaries is included in intangible assets while goodwill on acquisitions of associated companies is included in investments in associated companies. Goodwill is tested for impairment at least annually and whenever there is an indication for impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

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 income statement.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the carrying amount of the asset or 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 are expensed in the income statement during the financial period in which they are incurred.

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

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

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

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

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. Investment properties 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 income statement. The fair value of an investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

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 are expensed in the income statement 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 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.

(j) Land use rights

Land use rights represent non-refundable rental payments for lease of land. The up-front prepayments made for land use rights are amortised on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. The amortisation of the 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 income statement.

(k) Properties for/under development

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

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

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Properties for sale

Properties for sale which represent completed properties and land use rights 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.

(m) Financial assets

The Group classifies its financial assets in the categories of loans and receivables and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition according to the purpose for which the financial assets are acquired and re-evaluates this designation at every balance sheet date.

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 and 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. 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 income statement as gains or losses.

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.

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

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Inventories

Inventories, which mainly comprise watch components and merchandise, are stated at the lower of cost and net realisable value. Costs, calculated on the 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.

(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 the receivables. 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 recognised in the income statement.

(p) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is 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 only when the reimbursement is virtually certain.

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

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 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 income statement over the period of the borrowings using the effective interest method.

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

(s) Current and deferred taxation

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

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

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively 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) Operating leases

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

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue recognition

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. Revenue is shown net of sales tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors. The Group recognised its revenue and income on the following basis:

- (i) Sales of properties are recognised when the risks and rewards of the properties have been passed to the purchasers, which is upon the completion of relevant sale and purchase contracts. Deposits and instalments received on properties sold prior to the transfer of the significant risks and rewards of the properties are included under current liabilities.
- (ii) Rental income, net of incentives given to lessees, is recognised on a straight-line basis over the period of the respective leases.
- (iii) 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.
- (iv) Gain or loss from securities is recognised on the transaction date when the relevant sale and purchase contracts are entered into.
- (v) Service and management income are recognised when the services are rendered.
- (vi) 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.
- (vii) 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 income statement in the financial period in which they are incurred.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Employee benefits

Contributions to defined contribution retirement schemes are charged to the income statement in the financial period to which the contributions relate.

Employee entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual 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 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. Such bonuses are payable within twelve months from the balance sheet date.

(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 income statement.

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Translation of foreign currencies (Continued)

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

- (i) assets and liabilities for each balance sheet presented are translated at the rate of exchange ruling at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of transactions; 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 income statement 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 dividends are approved by the Company's shareholders or directors.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The activities of the Group expose it to a variety of financial risks including credit risk, liquidity risk, cash flow and fair value interest rate risk, foreign exchange risk and price risk. The overall risk management programme of the Group focuses on the unpredictability of financial markets and seeks to 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 written policies covering specific areas.

(i) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial assets (other than available-for-sale financial assets) in the balance sheet.

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

The Group manages its deposits with banks and financial institutions by monitoring credit ratings and only places deposits to banks with no history of defaults. At 31st March, 2009, the deposits placed in Hong Kong listed banks and the PRC state-owned banks amounting to HK\$141 million (2008: HK\$270 million) and HK\$304 million (2008: HK\$183 million) respectively.

In respect of credit exposures to customers, the Group normally receives deposits or progress payments from customers prior to the completion of sale of property transactions. Customers are assessed and rated individually based on the credit quality by taking into account their financial position, credit history and other factors. Rental in respect of investment properties are payable in advance by tenants in accordance with the lease agreements. It has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases. The details of the advance to joint venture partner are mentioned in note 23.

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

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group measures and monitors its liquidity through the maintenance of prudent ratios regarding the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. The Group 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.

The table below analyses the financial liabilities of the Group that will be settled on a net basis into relevant maturity grouping based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	Within one year HK\$'000	Second year HK\$'000	Third to fifth years HK\$'000	After five years HK\$'000
2009				
Bank borrowings	191,060	86,466	547,477	–
Creditors and accruals	140,330	–	–	–
Loans from minority shareholders	–	–	–	10,136
2008				
Bank borrowings	161,877	62,807	69,037	202,621
Creditors and accruals	131,503	–	–	–
Loans from minority shareholders	–	–	–	10,120

As at 31st March, 2009 and 2008, the contractual maturity dates of all financial liabilities of the Company are within one year.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the position of the Group may be adversely affected by the changes in market interest rate. The Group has allowed a policy of obtaining long-term banking facilities to match its long-term investments in Hong Kong and the Mainland China. The policy also involves close monitoring of interest rate movements and replacing and entering into new banking facilities when favourable pricing opportunities arise.

The interest rate risk of the Group arises from interest-bearing bank deposits and borrowings. Bank deposits and borrowing issued at variable rates expose the Group to cash flow interest rate risk. The Group has not hedged its cash flow interest rate risk.

At 31st March, 2009, if interest rates had been 0.5% higher/lower with all other variables held constant, the pre-tax loss of the Group would have decreased/increased by approximately HK\$207,000 (2008: the pre-tax profit of the Group would have increased/decreased by approximately HK\$263,000).

(iv) Foreign exchange risk

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

The Group mainly operates in Hong Kong and the Mainland China. The Group has no significant exchange risk due to limited foreign currency transaction other than the functional currency of the entities.

(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. 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 impaired, the accumulated fair value adjustments are recognised in the income statement as losses.

The available-for-sale financial assets of the Group are publicly traded. If the equity price at the reporting date had been 5% higher/lower with all other variables held constant, the loss of the Group would have decreased/increased by approximately HK\$1.1 million (2008: investment revaluation reserve would have increased/decreased by approximately HK\$2.2 million) as a result of change in fair value of available-for-sale financial assets.

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

3 FINANCIAL RISK MANAGEMENT (Continued)

(b) Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and bank balances. Total capital represents shareholders' funds as shown in the consolidated balance sheet.

The gearing ratios at 31st March, 2009 and 2008 were as follows:

	2009 HK\$'000	2008 HK\$'000
Total borrowings	757,226	455,942
Less: cash and bank balances	(446,056)	(453,930)
Net debt	311,170	2,012
Total capital	1,783,022	1,889,780
Gearing ratio	17.5%	0.1%

(c) Fair value estimation

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

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

The carrying 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 to their fair values.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

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 value 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.

Should the capitalisation rates or market rates increase/decrease by 0.1% with all other variables held constant, the fair value loss of the Group would be increased/decreased by approximately HK\$17 million or HK\$18 million (2008: fair value gain would be decreased/increased by approximately HK\$21 million or HK\$23 million) respectively.

(b) Impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(c) Impairment of properties under development for sale and completed properties for sale

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

(d) Impairment of other assets

The Group tests at least annually whether assets that have indefinite useful lives have suffered any impairment. Other than available-for-sale financial assets, properties under development for sale and completed properties for sale, other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets exceed their recoverable amounts. 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, 2009

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(d) **Impairment of other assets** *(Continued)*

The Group determines whether an investment is impaired by evaluating the duration and extent to which the fair value of an investment is less than its costs. It recognised impairment based on estimates of the extent and timing of future cash flows using applicable discount rates. The final outcome of the recoverability and cash flows of these receivables will impact the amount of impairment required.

(e) **Taxation**

The Group is subject to taxation mainly in Hong Kong and the 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.

(f) **Capitalisation of borrowing costs and amortisation of land use rights**

Borrowing costs directly attributable to the construction of properties under development, and amortisation of land use rights, are capitalised from the date that expenditure is incurred and development activities on the qualifying asset commence. As part of this assessment, judgment is required in determining the unit of account in circumstances where development will be performed in phases. Management assesses the date from which capitalisation of borrowing costs and amortisation of land use rights should commence on a project-by-project basis. Key indicators used by the management to identify a standalone development include that all properties in the development are:

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

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

5 REVENUES

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

	2009	2008
	HK\$'000	HK\$'000
Sale of properties [#]	51,352	258,727
Sale of goods	32,104	32,821
Rental and management fees	24,136	20,874
Dividend from listed investments	–	1,955
Services fee	–	148
	107,592	314,525

[#] Sale of properties include sale of completed properties and land use rights for sale in the Group's ordinary course of business.

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 others (representing information technology and securities trading). The business of the Group operates in three geographical areas of Hong Kong, the Mainland China and other countries.

Segment assets consist primarily of property, plant and equipment, investment properties, properties for sale, land use rights, available-for-sale financial assets, loans and receivables, inventories, debtors and prepayments. Unallocated assets mainly represent cash and bank balances and assets for corporate use. Segment liabilities mainly comprise creditors and accruals, loans from minority shareholders and mainly exclude short-term and long-term borrowings and taxation liabilities. Capital expenditures comprises additions to property, plant and equipment, land use rights and capitalised expenditures for properties under development for sale.

In respect of geographical segments, revenues are 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, 2009

6 SEGMENT INFORMATION (Continued)

(a) Business segments

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Others, corporate and elimination HK\$'000	2009 Total HK\$'000
Revenues	75,810	32,104	(322)	107,592
Other income	702	1,032	7,168	8,902
Segment results	(46,767)	(251)	(57,790)	(104,808)
Finance costs				(19,970)
Share of results of associated companies	–	–	261	261
Loss before taxation				(124,517)
Taxation credit				1,302
Loss for the year				(123,215)
Segment assets	2,440,741	9,453	54	2,450,248
Associated companies	–	–	3,199	3,199
Unallocated assets				494,476
Total assets				2,947,923
Segment liabilities	141,737	3,073	921	145,731
Unallocated liabilities				1,007,663
Total liabilities				1,153,394
Other segment items are as follows:				
Capital expenditure	259,399	216	335	259,950
Depreciation	3,251	679	2,090	6,020
Amortisation of land use rights				
– charged to income statement	788	–	–	788
– capitalised into properties				
under development for sale	16,779	–	–	16,779
Write off of trade and other debtors	1,393	–	–	1,393
Impairment of available-for-sale financial assets	–	–	25,000	25,000

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

6 SEGMENT INFORMATION (Continued)**(a) Business segments (Continued)**

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Others, corporate and elimination HK\$'000	2008 Total HK\$'000
Revenues	279,763	32,821	1,941	314,525
Other income	44,101	2,110	14,832	61,043
Segment results	195,820	(2,152)	(28,041)	165,627
Finance costs				(18,840)
Share of results of associated companies	–	–	234	234
Profit before taxation				147,021
Taxation charge				(28,177)
Profit for the year				118,844
Segment assets	2,201,714	13,039	969	2,215,722
Associated companies	–	–	2,938	2,938
Unallocated assets				525,237
Total assets				2,743,897
Segment liabilities	132,253	6,182	849	139,284
Unallocated liabilities				708,331
Total liabilities				847,615
Other segment items are as follows:				
Capital expenditure	172,706	12	4,543	177,261
Depreciation	2,525	695	7,738	10,958
Amortisation of land use rights				
– charged to income statement	1,808	–	–	1,808
– capitalised into properties under development for sale	16,476	–	–	16,476
Write off of trade and other debtors	2,745	–	–	2,745

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

6 SEGMENT INFORMATION (Continued)

(b) Geographical segments

	Revenues HK\$'000	Total assets HK\$'000	Capital expenditure HK\$'000
2009			
Hong Kong	53,350	832,023	652
Mainland China	52,829	2,115,540	259,298
Other countries	1,413	360	–
	107,592	2,947,923	259,950
2008			
Hong Kong	52,913	1,002,888	6,781
Mainland China	259,614	1,739,856	170,480
Other countries	1,998	1,153	–
	314,525	2,743,897	177,261

7 OTHER INCOME

	2009 HK\$'000	2008 HK\$'000
Excess of fair value of net assets acquired over cost of acquisition of minority interests in a subsidiary	–	20,976
Write back of provisions for tax liabilities undertakings (note)	–	21,019
Sale of scrapped material	1,033	2,110
Gain on disposal of available-for-sale financial assets	–	1,147
Interest income from		
Bank deposits	5,142	12,049
Loans and receivables	1,742	611
Overdue receivables	14	4
Sundries	971	3,127
	8,902	61,043

Note: In December 2001, the Group disposed of certain properties and provided undertakings to the purchaser, Midas International Holdings Limited ("Midas"), formerly an associated company, for the tax liabilities in relation to these properties. During the financial year ended 31st March, 2008, these properties were disposed of by Midas to third parties and therefore the related provisions for the undertakings had been written back by the Group.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

8 OPERATING (LOSS)/PROFIT

	2009	2008
	HK\$'000	HK\$'000
Operating (loss)/profit is stated after crediting:		
Gross rental income from investment properties	20,709	16,890
Gain on disposal of property, plant and equipment	–	220
and after charging:		
Amortisation of land use rights	788	1,808
Cost of properties sold	31,712	177,390
Cost of inventories sold	28,394	31,702
Depreciation	6,020	10,958
Impairment of available-for-sale financial assets [#]	25,000	–
Impairment of property, plant and equipment [#]	273	–
Loss on disposal of property, plant and equipment	668	–
Net exchange loss [#]	3,031	5,499
Operating lease rental on land and buildings	7,669	3,267
Outgoings in respect of investment properties	4,275	3,280
Staff costs, including Directors' emoluments		
Wages and salaries	34,867	30,332
Retirement benefit costs (note 9)	1,028	940
Write off of trade and other debtors	1,393	2,745
Auditors' remuneration		
Current	1,317	1,351
Under-provision of prior years	–	170

[#] included in other operating expenses

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 of 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 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 Mainland China. The government is responsible for the entire retirement benefit obligations payable to the retired employees. The Group has no other obligations apart from making ongoing contributions under the schemes.

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

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

10 FINANCE COSTS

	2009 HK\$'000	2008 HK\$'000
Interest expenses		
Bank loans wholly repayable within five years	25,492	7,582
Bank loans wholly repayable after five years	–	13,322
Overdraft wholly repayable within five years	–	201
	25,492	21,105
Amount capitalised into properties under development for sale	(5,522)	(2,265)
	19,970	18,840

The capitalisation rate applied to funds borrowed generally and used for the development of properties ranged from 5.40% to 8.32% (2008: 5.83% to 8.32%) per annum.

11 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' emoluments

Name of Director	Fees HK\$'000	Salaries HK\$'000	Retirement		Total HK\$'000
			Other benefits HK\$'000	scheme contributions HK\$'000	
2009					
Mr. Abraham Shek Lai Him ⁽¹⁾	300	–	–	–	300
Mr. Lee Sai Wai	20	870	210	81	1,181
Miss Ann Li Mee Sum	20	1,380	396	89	1,885
Miss Candy Chuang Ka Wai	20	960	–	12	992
Mr. Sunny Pang Chun Kit	20	1,200	–	90	1,310
Mr. Albert Chuang Ka Pun ⁽²⁾	20	–	–	–	20
Dr. Hwang Jen	100	–	–	–	100
Mr. David Chu Yu Lin	100	–	–	–	100
Dr. Peter Po Fun Chan	100	–	–	–	100
	700	4,410	606	272	5,988

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

11 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)**(a) Directors' emoluments (Continued)**

Name of Director	Fees HK\$'000	Salaries HK\$'000	Other benefits HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
2008					
Mr. Ko Sheung Chi ⁽³⁾	30	–	–	–	30
Mr. Lee Sai Wai	20	1,060	210	81	1,371
Miss Ann Li Mee Sum	20	1,522	346	86	1,974
Miss Candy Chuang Ka Wai	20	627	–	12	659
Mr. Sunny Pang Chun Kit	20	1,275	–	81	1,376
Ms. So Kan Yiu ⁽⁴⁾	–	240	–	3	243
Dr. Hwang Jen	100	–	–	–	100
Mr. David Chu Yu Lin	100	–	–	–	100
Dr. Peter Po Fun Chan	100	–	–	–	100
Mr. Chan Wai Dune ⁽⁵⁾	100	–	–	–	100
	510	4,724	556	263	6,053

⁽¹⁾ Appointed on 24th April, 2008.⁽²⁾ Appointed on 9th September, 2008.⁽³⁾ Resigned on 24th April, 2008.⁽⁴⁾ Resigned on 3rd July, 2007.⁽⁵⁾ Retired on 28th August, 2008.

The emoluments paid to Independent Non-Executive Directors amounted to HK\$600,000 (2008: HK\$400,000).

(b) Five highest paid individuals' emoluments

The five highest paid individuals in the Group include four (2008: four) Directors. Details of the aggregate emoluments paid to the one (2008: one) individual, whose emolument was the highest in the Group and who is not a Director, is set out below:

	2009 HK\$'000	2008 HK\$'000
Salaries and other benefits	690	624
Retirement scheme contributions	9	12
	699	636

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, 2009

12 TAXATION (CREDIT)/CHARGE

	2009 HK\$'000	2008 HK\$'000
Current		
Mainland China corporate income tax	1,948	7,382
Mainland China land appreciation tax	1,936	19,660
Deferred (note 33)	(5,186)	1,135
	(1,302)	28,177

No provision for Hong Kong profits tax has been made as the Group does not have any estimated assessable profits for the year (2008: Nil). 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 charge of associated companies for the year amounting to HK\$57,000 (2008: HK\$203,000) is included in the income statement as share of results of associated companies.

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

	2009 HK\$'000	2008 HK\$'000
(Loss)/profit before taxation	(124,517)	147,021
Share of results of associated companies	(261)	(234)
	(124,778)	146,787
Tax (credit)/charge at the rate of 16.5% (2008: 17.5%)	(20,588)	25,688
Effect of different taxation rates in other countries	1,275	13,710
Income not subject to taxation	(484)	(10,184)
Expenses not deductible for taxation purposes	11,323	5,666
Utilisation of previously unrecognised tax losses	–	(7,076)
Other temporary difference and tax losses not recognised	7,691	8,317
Write back of deferred taxation in previous years	–	(7,944)
Effect of change in taxation rate	(519)	–
Taxation (credit)/charge	(1,302)	28,177

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

13 LOSS ATTRIBUTABLE TO EQUITY HOLDERS

Loss attributable to equity holders includes HK\$16,206,000 (2008: profit of HK\$1,144,000) which is dealt with in the financial statements of the Company.

14 DIVIDENDS

	2009 HK\$'000	2008 HK\$'000
Interim dividend of Nil (2008: 0.5 HK cent) per share	–	7,503
Final dividend of Nil (2008: scrip dividend with a cash option of 1.0 HK cent) per share	–	15,005
	–	22,508

The Board has resolved not to recommend a final dividend for the year ended 31st March, 2009 (2008: scrip dividend with a cash option of 1.0 HK cent per share).

15 (LOSS)/EARNINGS PER SHARE

The calculation of the (loss)/earnings per share is based on the loss attributable to equity holders of HK\$122,966,000 (2008: profit of HK\$110,244,000) and the weighted average number of 1,510,597,374 (2008: 1,424,210,814) shares in issue during the year.

The dilutive (loss)/earnings per share are equal to the basic (loss)/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, 2009

16 PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Other assets HK\$'000	Total HK\$'000
Cost					
At 31st March, 2007	10,257	19,040	14,590	49,054	92,941
Changes in exchange rates	–	–	50	92	142
Additions	10,248	49	3,299	4,001	17,597
Transferred from properties for sale	6,180	–	–	–	6,180
Disposals	–	–	–	(740)	(740)
Disposal of a subsidiary	–	–	(422)	–	(422)
At 31st March, 2008	26,685	19,089	17,517	52,407	115,698
Changes in exchange rates	265	–	45	91	401
Additions	1,217	71	975	1,850	4,113
Disposals	–	–	(1,458)	(117)	(1,575)
At 31st March, 2009	28,167	19,160	17,079	54,231	118,637
Accumulated depreciation and impairment					
At 31st March, 2007	442	16,366	8,685	38,812	64,305
Changes in exchange rates	–	–	23	40	63
Charge for the year	290	601	2,387	7,680	10,958
Disposals	–	–	–	(740)	(740)
Disposal of a subsidiary	–	–	(368)	–	(368)
At 31st March, 2008	732	16,967	10,727	45,792	74,218
Changes in exchange rates	–	–	17	30	47
Charge for the year	563	570	2,744	2,143	6,020
Disposals	–	–	(790)	(117)	(907)
Impairment	210	–	63	–	273
At 31st March, 2009	1,505	17,537	12,761	47,848	79,651
Net book value					
At 31st March, 2009	26,662	1,623	4,318	6,383	38,986
At 31st March, 2008	25,953	2,122	6,790	6,615	41,480

The buildings are situated in the Mainland China under long-term leases. Other assets comprise computer equipment, motor vessels and motor vehicles.

Depreciation of HK\$598,000 (2008: HK\$604,000), HK\$492,000 (2008: HK\$306,000) and HK\$4,930,000 (2008: HK\$10,048,000) have been included in cost of sales, selling and marketing expenses, and administrative expenses, respectively.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

17 INVESTMENT PROPERTIES

	Group	
	2009 HK\$'000	2008 HK\$'000
At the beginning of the year	699,488	567,800
Changes in exchange rates	1,066	2,479
Additions	–	27,473
Disposals	–	(2,699)
Change in fair value	(21,927)	104,435
At the end of the year	678,627	699,488

- (a) Investment properties held under long-term leases in Hong Kong of HK\$630,000,000 (2008: HK\$650,000,000) were revalued at 31st March, 2009 on an open market value basis by Vigers Appraisal & Consulting Limited, independent professional property valuer.
- (b) Investment properties held under long-term leases in the Mainland China of HK\$48,627,000 (2008: HK\$49,488,000) were revalued at 31st March, 2009 on an open market value basis by DTZ Debenham Tie Leung Limited, independent professional property valuer.
- (c) Investment properties with net book value of HK\$630,000,000 (2008: HK\$650,000,000) have been pledged as securities for bank loans (note 32).

18 LAND USE RIGHTS

	Group	
	2009 HK\$'000	2008 HK\$'000
At the beginning of the year	1,771	882,319
Changes in exchange rates	–	6,052
Additions	–	159,664
Transferred to properties for sale	–	(1,044,456)
Amortisation	(32)	(1,808)
At the end of the year	1,739	1,771
Held outside Hong Kong under: Long-term leases	1,739	1,771

The interest in land use rights represent prepaid operating lease payments.

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

19 SUBSIDIARIES

	Company	
	2009 HK\$'000	2008 HK\$'000
Unlisted shares, at cost	150,036	150,036
Impairment	(85,000)	(70,000)
	65,036	80,036

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 40 to the financial statements.

20 INVESTMENT IN JOINTLY CONTROLLED ASSETS

Certain subsidiaries of the Group entered into a jointly controlled assets arrangement with Chengdu Western Automobile City Company Limited, an independent third party, under which each of the Group companies and Chengdu Western Automobile City Company Limited contributed land and other assets for the development of properties located in Chengdu, the Mainland China.

During the year ended 31st March, 2009, the Group's interest in the jointly controlled assets was 51% (2008: 51%). The Group's share of the net loss of the jointly controlled assets for the year amounted to HK\$852,000 (2008: HK\$402,000) and the net assets of the jointly controlled assets as at 31st March, 2009 amounted to HK\$62,763,000 (2008: HK\$61,003,000).

As at 31st March, 2009, the Group had made an advance to joint venture partner amounting to HK\$22,727,000 (2008: HK\$21,793,000) (note 23). The proportionate interest in joint venture's commitment was HK\$4,109,000 (2008: HK\$4,237,000).

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

21 ASSOCIATED COMPANIES

	Group	
	2009	2008
	HK\$'000	HK\$'000
Share of net assets	3,199	2,938

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

	Group	
	2009	2008
	HK\$'000	HK\$'000
At the beginning of the year	2,938	2,651
Changes in exchange rates	–	53
Share of profit before taxation	318	437
Share of taxation	(57)	(203)
At the end of the year	3,199	2,938

All the associated companies held by the Group as at 31st March, 2009 are unlisted.

Particulars of principal associated company which, in the opinion of the Directors, materially affects the results or net assets of the Group are set out in note 41 to the financial statements.

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

	Group	
	2009	2008
	HK\$'000	HK\$'000
Revenues	3,662	3,742
Profit for the year	261	234
Assets	5,874	5,055
Liabilities	(2,675)	(2,117)
Net assets	3,199	2,938

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2009 HK\$'000	2008 HK\$'000
Listed equity securities in Hong Kong, at market value	21,969	43,153
At the beginning of the year	43,153	46,920
Addition	–	1,955
Disposal	–	(1,440)
Change in fair value	(21,184)	(4,282)
At the end of the year	21,969	43,153

In view of the significant change in fair value of the available-for-sale financial assets during the year, an amount of HK\$25,000,000 (2008: Nil), including portion of the cumulative loss, is removed from the reserve and recognised as impairment in the income statement.

23 LOANS AND RECEIVABLES

	Group	
	2009 HK\$'000	2008 HK\$'000
Advance to joint venture partner	22,727	21,793

Advance to joint venture partner is provided for financing the property development in Chengdu, the Mainland China (note 20) and carries interest at prevailing lending rate quoted by the People's Bank of China. According to the agreement, the advance and interests accrued thereon will be repaid from the proceeds upon the sale of completed properties.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

24 PROPERTIES FOR SALE

	Group	
	2009	2008
	HK\$'000	HK\$'000
Completed properties	101,396	110,078
Land use rights for sale	41,301	42,057
Properties under development	1,454,965	1,196,198
	1,597,662	1,348,333
Properties under development		
At the beginning of the year	1,196,198	62,949
Changes in exchange rates	14,555	4,890
Property development expenditure	255,837	252,395
Interest expenses capitalised	5,522	2,265
Transferred from land use rights	–	967,364
Transferred from properties for/under development	–	23,435
Transferred to buildings	–	(6,180)
Transferred to completed properties	(17,147)	(110,920)
At the end of the year	1,454,965	1,196,198

The Group's interest in properties for sale at their net book values are analysed as follows:

	Group	
	2009	2008
	HK\$'000	HK\$'000
Held outside Hong Kong under:		
Long-term leases	1,558,947	1,309,618
Medium-term leases	38,715	38,715
	1,597,662	1,348,333

Properties for sale with net book value of HK\$374,589,000 (2008: HK\$10,618,000) have been pledged as securities for bank loans (note 32).

During the year, amortisation of land use rights classified under properties under development for sale of HK\$16,779,000 (2008: HK\$16,476,000) was capitalised therein.

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

25 INVENTORIES

	Group	
	2009 HK\$'000	2008 HK\$'000
Raw materials	1,096	1,673
Work in progress	808	3,087
Finished goods	2,462	2,500
	4,366	7,260

26 DEBTORS AND PREPAYMENTS

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade debtors	7,774	6,803	–	–
Other debtors and prepayments	28,338	23,715	355	352
Utility and other deposits	96,480	93,233	–	–
	132,592	123,751	355	352

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:

	2009 HK\$'000	2008 HK\$'000
Below 30 days	3,893	3,151
31 to 60 days	1,508	849
61 to 90 days	478	990
Over 90 days	1,895	1,813
	7,774	6,803

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

26 DEBTORS AND PREPAYMENTS (Continued)

As at 31st March, 2009, trade debtors of HK\$3,153,000 (2008: HK\$2,507,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debtors is as follows:

	2009 HK\$'000	2008 HK\$'000
Below 30 days	1,096	576
31 to 60 days	62	84
61 to 90 days	100	34
Over 90 days	1,895	1,813
	3,153	2,507

Other deposits include deposits of HK\$75,357,000 (2008: HK\$72,643,000) for property development projects in Chengdu and Xiamen, the Mainland China.

Other debtors and prepayments include amounts receivable from associated companies amounting to HK\$1,609,000 (2008: HK\$1,609,000) which were fully provided for at the balance sheet date.

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

27 AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2009 HK\$'000	2008 HK\$'000
Amounts receivable	2,266,840	2,209,359
Impairment	(340,000)	(340,000)
	1,926,840	1,869,359

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

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

28 CASH AND BANK BALANCES

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Cash at bank and in hand	228,916	133,424	412	5,338
Short-term bank deposits	217,140	320,506	112,962	173,318
	446,056	453,930	113,374	178,656

The effective interest rate on short-term bank deposits ranges from 0.01% to 4.14% (2008: 0.85% to 2.79%) per annum and these deposits have maturity ranged from 1 to 365 days (2008: 1 to 365 days).

Bank deposits amounting to HK\$126,137,000 (2008: HK\$149,198,000) are pledged as securities for certain bank loans and guarantee facilities granted to the Group (notes 32 and 36).

Cash and bank balances are mainly denominated in Hong Kong dollar, Renminbi and United States dollar.

29 CREDITORS AND ACCRUALS

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade creditors	1,923	3,939	–	–
Other creditors	76,016	79,582	927	919
Amounts payable to minority shareholders	416	416	–	–
Tenant and other deposits	56,015	43,921	–	–
Accrued expenses	5,960	3,645	–	–
	140,330	131,503	927	919

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

29 CREDITORS AND ACCRUALS (Continued)

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

	2009 HK\$'000	2008 HK\$'000
Below 30 days	553	1,691
31 to 60 days	731	736
61 to 90 days	496	1,098
Over 90 days	143	414
	1,923	3,939

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

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

30 SHARE CAPITAL

	2009 HK\$'000	2008 HK\$'000
Authorised:		
18,000,000,000 shares of HK\$0.05 each	900,000	900,000
Issued and fully paid:		
1,523,328,700 (2008: 1,500,549,612) shares of HK\$0.05 each	76,166	75,027

During the year, 22,779,088 shares were issued as scrip dividends for 2008 final dividend (note 14). All new shares rank pari passu to the existing shares.

The Group adopted a share option scheme (the "Scheme") pursuant to the annual general meeting held on 26th 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 26th 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, 2009

31 RESERVES

Group

	Share premium HK\$'000	Capital reserve on consolidation HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st April, 2007	1,193,214	97,703	457,792	3,277	268	2,915	(350,198)	1,404,971
Changes in exchange rates	-	-	-	-	-	26,816	-	26,816
Change in fair value of available-for-sale financial assets	-	-	-	-	(4,282)	-	-	(4,282)
Placing of new shares	299,520	-	-	-	-	-	-	299,520
Release upon disposal of a subsidiary	-	-	-	(3,204)	-	-	3,204	-
Release upon disposal of available-for-sale financial assets	-	-	-	-	(8)	-	-	(8)
Profit for the year	-	-	-	-	-	-	110,244	110,244
2007 final dividend	-	-	-	-	-	-	(15,005)	(15,005)
2008 interim dividend	-	-	-	-	-	-	(7,503)	(7,503)
At 31st March, 2008	1,492,734	97,703	457,792	73	(4,022)	29,731	(259,258)	1,814,753
Representing:								
Reserves	1,492,734	97,703	457,792	73	(4,022)	29,731	(274,263)	1,799,748
2008 proposed final dividend	-	-	-	-	-	-	15,005	15,005
	1,492,734	97,703	457,792	73	(4,022)	29,731	(259,258)	1,814,753
At 1st April, 2008	1,492,734	97,703	457,792	73	(4,022)	29,731	(259,258)	1,814,753
Changes in exchange rates	-	-	-	-	-	18,992	-	18,992
Change in fair value of available-for-sale financial assets	-	-	-	-	(21,184)	-	-	(21,184)
Impairment of available-for-sale financial assets	-	-	-	-	25,000	-	-	25,000
Loss for the year	-	-	-	-	-	-	(122,966)	(122,966)
2008 final scrip dividend	7,266	-	-	-	-	-	(15,005)	(7,739)
At 31st March, 2009	1,500,000	97,703	457,792	73	(206)	48,723	(397,229)	1,706,856

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, 2009

31 RESERVES (Continued)

Company

	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2007	1,193,214	457,792	123,295	1,774,301
Placing of new shares	299,520	–	–	299,520
Profit for the year	–	–	1,144	1,144
2007 final dividend	–	–	(15,005)	(15,005)
2008 interim dividend	–	–	(7,503)	(7,503)
At 31st March, 2008	1,492,734	457,792	101,931	2,052,457
Representing:				
Reserves	1,492,734	457,792	86,926	2,037,452
2008 proposed final dividend	–	–	15,005	15,005
	1,492,734	457,792	101,931	2,052,457
At 1st April, 2008	1,492,734	457,792	101,931	2,052,457
Loss for the year	–	–	(16,206)	(16,206)
2008 final scrip dividend	7,266	–	(15,005)	(7,739)
At 31st March, 2009	1,500,000	457,792	70,720	2,028,512

Total distributable reserves of the Company amounted to HK\$70,720,000 (2008: HK\$101,931,000) as at 31st March, 2009.

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

32 BORROWINGS

	Group	
	2009 HK\$'000	2008 HK\$'000
Secured bank loans		
Short-term borrowings	85,013	144,638
Long-term borrowings	672,213	311,304
	757,226	455,942
Long-term borrowings		
Wholly repayable within five years	672,213	41,304
Wholly repayable after five years	–	270,000
	672,213	311,304
Current portion included in current liabilities	(82,419)	(6,000)
	589,794	305,304

The bank loans are secured by bank deposits, investment properties and properties for sale with an aggregate carrying amount of HK\$1,129,589,000 (2008: HK\$806,618,000), shares of a subsidiary and guaranteed by the Company. The bank loans are repayable in the following periods:

	2009 HK\$'000	2008 HK\$'000
Within one year	167,432	150,638
Second year	67,340	54,304
Third to fifth years	522,454	51,000
After five years	–	200,000
	757,226	455,942

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

32 BORROWINGS (Continued)

The effective interest rate of the loans at the balance sheet date is ranging from 0.95% to 8.32% (2008: 2.60% to 8.32%) per annum. The fair values of the loans, based on cash flows discounted using a rate based on the borrowing rates of 0.95% to 8.32% (2008: 2.60% to 8.32%) per annum, are approximate to their carrying amounts, which are denominated in the following currencies:

	2009 HK\$'000	2008 HK\$'000
Hong Kong dollar	361,000	270,000
Renminbi	396,226	185,942
	757,226	455,942

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

	2009 HK\$'000	2008 HK\$'000
6 months or less	587,201	425,507
6 to 12 months	170,025	30,435
	757,226	455,942

33 DEFERRED TAXATION LIABILITIES

Deferred taxation assets and liabilities are offset when there is a legal enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

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

	2009 HK\$'000	2008 HK\$'000
At the beginning of the year	193,387	191,503
Changes in exchange rates	23	749
(Credited)/charged to income statement (note 12)	(5,186)	1,135
At the end of the year	188,224	193,387

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

33 DEFERRED TAXATION LIABILITIES (Continued)

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

	Deferred taxation liabilities			Total HK\$'000	Deferred taxation assets
	Fair value gains HK\$'000	Revaluation of investment properties HK\$'000	Accelerated tax depreciation HK\$'000		Tax losses HK\$'000
At 1st April, 2007	191,503	11,550	2,913	205,966	(14,463)
Changes in exchange rates (Credited)/charged to income statement (note 12)	– (7,944)	749 18,200	– 329	749 10,585	– (9,450)
At 31st March, 2008	183,559	30,499	3,242	217,300	(23,913)
Changes in exchange rates (Credited)/charged to income statement (note 12)	–	23	–	23	–
Effect of change in taxation rate	–	(1,700)	(185)	(1,885)	1,366
Current year	–	(3,569)	335	(3,234)	(1,433)
At 31st March, 2009	183,559	25,253	3,392	212,204	(23,980)

Deferred taxation liabilities have been provided for the fair value gains which represent the deferred taxation on the differences between the carrying amounts of the properties under development for sale as included in the consolidated financial statements and the relevant subsidiaries. The amounts were based on the date of acquisition of those subsidiaries by the Group in prior years.

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 Group operates.

Deferred taxation assets of HK\$64 million (2008: HK\$60 million) arising from unused tax losses of HK\$388 million (2008: HK\$344 million) have not been recognised in the financial statements. These tax losses have no expiry dates.

34 LOANS FROM MINORITY SHAREHOLDERS

Loans from minority shareholders are unsecured, interest free and not repayable within twelve months from the balance sheet date.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

35 COMMITMENTS**(a) Capital commitments**

	2009	Group
	HK\$'000	2008 HK\$'000
Contracted but not provided for property development expenditure	337,276	492,573

(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:

	2009	Group
	HK\$'000	2008 HK\$'000
Within one year	1,157	3,802
Second to fifth years	–	2,541
	1,157	6,343

Of the above operating lease commitment payable at 31st March, 2008, HK\$3,572,000 was payable to a fellow subsidiary which was a wholly owned subsidiary of Chuang's Consortium. The lease was terminated on 1st December, 2008.

(c) Operating lease rental receivable

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

	2009	Group
	HK\$'000	2008 HK\$'000
Within one year	20,861	16,399
Second to fifth years	12,751	15,454
	33,612	31,853

The Group leases properties under various agreements which terminate between 2009 to 2012.

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

36 FINANCIAL GUARANTEES

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Guarantees for mortgage bank loans to purchasers of properties of the Group	33,447	69,157	–	–
Guarantees for bank loan of a subsidiary	–	–	361,000	270,000
	33,447	69,157	361,000	270,000

Bank deposits with carrying amount of HK\$1,137,000 (2008: HK\$3,198,000) were pledged for the financial guarantees provided by the Group as disclosed above.

37 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2009 HK\$'000	2008 HK\$'000
Operating (loss)/profit	(104,808)	165,627
Interest income	(6,898)	(12,664)
Amortisation of land use rights	788	1,808
Depreciation	6,020	10,958
Change in fair value of investment properties	21,927	(104,435)
Dividend income from available-for-sale financial assets	–	(1,955)
Write back of provisions for tax liabilities undertakings	–	(21,019)
Excess of fair value of net assets acquired over cost of acquisition of minority interests in a subsidiary	–	(20,976)
Gain on disposal of subsidiaries	(252)	(1,020)
Gain on disposal of available-for-sale financial assets	–	(1,147)
Impairment of available-for-sale financial assets	25,000	–
Impairment of property, plant and equipment	273	–
Loss/(gain) on disposal of property, plant and equipment	668	(220)
Operating (loss)/profit before working capital changes	(57,282)	14,957
Increase in properties for sale	(227,668)	(101,992)
Decrease in inventories	2,894	642
Increase in debtors and prepayments	(5,464)	(92,304)
Increase/(decrease) in creditors and accruals	13,124	(27,544)
Cash used in operations	(274,396)	(206,241)

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

37 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)**(b) Analysis of cash and cash equivalents**

	2009 HK\$'000	2008 HK\$'000
Cash and bank balances	446,056	453,930
Pledged bank deposits and bank deposits maturing more than three months from date of placement	(126,316)	(149,369)
	319,740	304,561

(c) Disposal of subsidiaries

	2009 HK\$'000	2008 HK\$'000
Net assets disposed of		
Property, plant and equipment	–	54
Debtors and prepayments	13	19
Cash and bank balances	11,672	19,041
Creditors and accruals	–	(455)
Minority interests	–	(9,143)
	11,685	9,516
Gain on disposal of subsidiaries	252	1,020
Changes in exchange rates	–	(2)
Proceed on disposal of subsidiaries	11,937	10,534
Cash and bank balances disposed of	(11,672)	(19,041)
Net cash inflow/(outflow) on disposal of subsidiaries	265	(8,507)

(d) Non-cash transaction

The principal non-cash transaction was the acquisition of an investment property under a conditional transfer agreement with Midas during the year ended 31st March, 2008. Details of the transaction are set in note 38.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

38 RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the financial statements, during the year, the Group has entered into the following related party transactions on mutually agreed terms.

	2009	2008
	HK\$'000	HK\$'000
Rental expenses payable to a fellow subsidiary [#]	1,504	752

[#] The fellow subsidiary is a wholly owned subsidiary of Chuang's Consortium.

The lease was terminated on 1st December, 2008.

During the year ended 31st March, 2008, the Company entered into a conditional transfer agreement with Midas, an associated company of Chuang's Consortium, to dispose of the entire equity interests in, and shareholder's loan to Success Gain Investment Limited, a wholly owned subsidiary whose sole asset is the holding of a piece of industrial land in Dongguan, the Mainland China. The consideration of the transfer was 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. The transfer was arrived at after arm's length negotiations between the parties to the transfer agreement with reference to the market value of the industrial land of RMB38 million and the market value of the investment property of RMB25 million.

39 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 25th June, 2009.

40 PRINCIPAL SUBSIDIARIES

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2009	2008	
[#] Changsha Chuang's Property Development Limited	Mainland China	US\$20,000,000	100	100	Property development and investment
China Charm Company Limited	Hong Kong	2 shares of HK\$1 each	100	100	Property development and investment
@ China Cyberworld Limited	Hong Kong	2 shares of HK\$1 each	100	100	Investment holding
@ Chinaculture.com Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100	100	Investment holding

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

40 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2009	2008	
Chuang's China Commercial Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100	100	Investment holding
@ Chuang's China Enterprises Limited	Hong Kong	458,310,965 shares of HK\$0.2 each	100	100	Securities trading and investment holding
@ Chuang's China Realty Limited	Bermuda/Hong Kong	2,000,000 shares of HK\$0.05 each	100	100	Investment holding
@ Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	1 share of US\$1	100	100	Investment holding
Chuang's Development (Chengdu) Limited	Hong Kong	2 shares of HK\$10 each 100,000 non-voting deferred shares of HK\$10 each	100	100	Property investment
Chuang's Development (China) Limited	Hong Kong	2 shares of HK\$10 each	100	100	Property development and investment
Chuang's Development (Dong Guan) Limited	Hong Kong	2 shares of HK\$1 each	100	100	Investment holding
Chuang's Development (Hunan) Limited	Hong Kong	2 shares of HK\$100 each	100	100	Investment holding
Chuang's Development (Nanning) Limited	Hong Kong	2 shares of HK\$1 each	100	100	Investment holding
Distinguished Properties Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100	100	Investment holding
Double Wealthy Company Limited	Hong Kong	160 shares of HK\$1 each	100	100	Investment holding

Notes to the Financial Statements (continued)
For the year ended 31st March, 2009

40 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2009	2008	
Dragon Rich Investments Limited	Hong Kong	100 shares of HK\$1 each	85	100	Investment holding
Gold Capital Profits Limited	British Virgin Islands/ Hong Kong	100 shares of US\$1 each	75	75	Investment holding
# Guangzhou Panyu Chuang's Real Estate Development Company Limited	Mainland China	RMB60,000,000	100	100	Property development and investment
# Hui Zhou Yuen Sang Hardware Company Limited	Mainland China	HK\$10,000,000	100	100	Manufacture and sale of watch components
# Hunan Han Ye Real Estate Development Company Limited	Mainland China	RMB25,000,000	54	54	Property development and investment
Koledo Company Limited	Hong Kong	2 shares of HK\$100 each 2 non-voting deferred shares of HK\$100 each	100	100	Property investment
MD Limited	Hong Kong	1,000,000 shares of HK\$1 each	100	100	Project management
Noble Century Investment Limited	Hong Kong	1,000,000 shares of HK\$1 each	60	60	Investment holding
On Profit Investment Limited	Hong Kong	2 shares of HK\$1 each	100	100	Property development and investment
Silver Chase Investment Limited	Hong Kong	2 shares of HK\$1 each	100	100	Property development and investment
Silver Dragon Investment Limited	Hong Kong	2 shares of HK\$1 each	100	100	Property development and investment

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

40 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2009	2008	
# Xiamen Mingjia Binhai Resort Company Limited	Mainland China	RMB75,000,000	59.5	N/A	Property development and investment
Yuen Sang Hardware Company (1988) Limited	Hong Kong	1,000,000 shares of HK\$1 each	100	100	Manufacture and sale of watch components
@	Directly held by the Company				
#	Not audited by PricewaterhouseCoopers				

41 PRINCIPAL ASSOCIATED COMPANY

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2009	2008	
# Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	1,000,000 shares of US\$1 each	25	25	Auction services
#	Not audited by PricewaterhouseCoopers				

Particulars of Properties

The following list contains properties held by the Group which are material to the Group at 31st March, 2009 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
Chuang's Tower Nos. 30-32 Connaught Road Central, Central, Hong Kong	Long lease	Commercial/ office	100%
6th Floor, Chengdu Chuang's Centre No. 1 Renmin South Road, Section 4, Wuhou District, Chengdu, Sichuan Province, The People's Republic of China (the "PRC")	Long lease	Commercial	100%
Club house of Gold Coast, Phase II Chuang's New City, Dongguan, Guangdong, The PRC	Long lease	Commercial	100%

2. BUILDINGS

Location	Term	Usage	Group's interest
Chuang's New City Administrative Centre Dongguan, Guangdong, The PRC	Long lease	Office	100%
Quarters 1 to 3, Chuang's New Town, Huizhou, Guangdong, The PRC	Long lease	Staff quarter	100%
Beverly Hills Administrative Centre No. 145 Zhongyier Road, Muyun, Changsha, Hunan, The PRC	Long lease	Office	54%

Particulars of Properties (continued)

3. PROPERTY PROJECTS IN THE PRC

Location	Stage of completion	Expected completion date	Usage	Site area (sq. m.)	Available gross floor area	Group's interest
Chuang's Le Papillon, Guangzhou, Guangdong						
— Phase I	Superstructure in progress	2010	Comprehensive development area	26,600	70,000	100%
— Remaining phase	Master planning completed	Beyond 2009	Comprehensive development area	177,400	380,000	100%
Chuang's New City, Dongguan, Guangdong						
— Phase II, Gold Coast	Completed	Completed	Residential	30,242	5,009 (and 262 carparking spaces)	100%
— Phase III, Imperial Garden	Superstructure in progress	2009	Comprehensive development area	50,000	89,000	100%
	Foundation works completed	Beyond 2009	Comprehensive development area		57,000	100%
— Remaining phase	Master planning completed	Beyond 2009	Comprehensive development area	186,000	384,000	100%
Chuang's New Town, Huizhou, Guangdong						
— Chuang's Garden, Phases I, II and III	Completed	Completed	Residential	16,400	2,689	100%
— Remaining phase	Planning stage	N/A	Comprehensive development area	55,355	230,000	100%

Particulars of Properties (continued)

3. PROPERTY PROJECTS IN THE PRC (Continued)

Location	Stage of completion	Expected completion date	Usage	Site area (sq. m.)	Available gross floor area	Group's interest
Beverly Hills, Changsha, Hunan						
— Phase I	Completed	Completed	Residential	95,948	19,865	54%
	Construction works in progress	End of 2009	Residential/ commercial		27,253	54%
— Remaining phase	Planning stage	N/A	Comprehensive development area	900,000	1,530,000	54%
Chuang's Palazzo Caesar, Changsha, Hunan	Master planning in progress	Beyond 2009	Comprehensive development area	280,000	640,000	100%
Chuang's Le Printemps, Chengdu, Sichuan	Master planning in progress	Beyond 2009	Residential/ commercial	30,000	130,000	51%
Xiamen Mingjia Binhai, Xiamen, Fujian	Master planning in progress	Beyond 2009	Service apartments/hotel	27,500	16,500	59.5%

Summary of Results, Assets and Liabilities

RESULTS

	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000
Revenues	54,857	77,228	230,292	314,525	107,592
Profit/(loss) attributable to equity holders	11,818	36,023	31,625*	110,244	(122,966)
Earning/(loss) per share (HK cents)	1.16	3.34	2.48*	7.74	(8.14)
Dividend per share (HK cents)					
Interim	–	–	–	0.50	–
Final	1.00	1.00	1.00	1.00	–
Total	1.00	1.00	1.00	1.50	–

* Excluded one-off accounting loss of HK\$93.6 million

ASSETS AND LIABILITIES

	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000
Non-current assets	1,688,607	1,740,201	1,551,610	810,623	767,247
Current assets	324,063	375,088	695,536	1,933,274	2,180,676
Total assets	2,012,670	2,115,289	2,247,146	2,743,897	2,947,923
Total liabilities	(576,852)	(628,460)	(712,653)	(847,615)	(1,153,394)
Minority interests	(72,536)	(72,693)	(65,495)	(6,502)	(11,507)
Shareholders' funds	1,363,282	1,414,136	1,468,998	1,889,780	1,783,022

NET DEBT TO EQUITY RATIO

	2005 HK\$'M	2006 HK\$'M	2007 HK\$'M	2008 HK\$'M	2009 HK\$'M
Cash and bank balances	157.9	147.7	354.2	453.9	446.1
Bank borrowings	239.0	281.3	337.5	455.9	757.2
Net debt to equity ratio (%)	5.95	9.50	N/A	0.11	17.45

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Chuang's China Investments Limited (the "Company") will be held at Chater Room, 2nd Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Monday, 31st August, 2009 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the Directors and the auditor for the year ended 31st March, 2009.
2. To re-elect retiring Directors as directors of the Company and to authorise the board of Directors to fix the remuneration of the Directors.
3. To re-appoint auditor and to authorise the board of Directors to fix its remuneration.
4. 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\$0.05 each (the "Shares") in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and
- (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

Notice of Annual General Meeting (continued)

(d) for the purpose of this Resolution:

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

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

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

- (3) **“THAT** subject to the passing of Resolutions numbered (1) and (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 (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 (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.”

Notice of Annual General Meeting (continued)

5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as a Special Resolution:

“THAT the Bye-laws of the Company be and are hereby amended by:

- (a) adding the following new definition immediately after the definition of “dollars” and “\$” in Bye-law no. 1:
- ““Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.”;
- (b) amending Bye-law no. 2 as follows:
- (i) adding the following words immediately after the words “in a visible form” at the end of Bye-law no. 2(e):
- “, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and the Member’s election comply with all applicable Statutes, rules and regulations”;
- (ii) adding “(or such other minimum notice period as may be specified in the Listing Rules from time to time)” immediately after the words “days’ notice” in the eighth line and the second last line, respectively, of Bye-law no. 2(h); and
- (iii) adding the following new Bye-law no. 2(k) immediately after Bye-law no. 2(j):
- “(k) references to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not.”;
- (c) amending Bye-law no. 44 as follows:
- (i) adding the following words immediately after the words “in an appointed newspaper” in the eighth line and the ninth line:
- “and where applicable, by any means in such manner as may be accepted by the Designated Stock Exchange”; and
- (ii) adding the following words at the end:
- “as the Board may determine and either generally or in respect of any class of shares”;

Notice of Annual General Meeting (continued)

- (d) deleting Bye-law no. 51 in its entirety and substituting therefor the following new Bye-law no. 51:

“51. The registration of transfers of shares or of any class of shares may, after notice has been given in accordance with the requirements of any Designated Stock Exchange by any means in such manner as may be accepted by the Designated Stock Exchange to that effect, be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.”

- (e) adding the following new Bye-law no. 54A and its heading immediately after Bye-law no. 54:

“UNTRACEABLE MEMBERS

- 54A. (1) Without prejudice to the rights of the Company under paragraph (2) of this Bye-law, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.
- (2) The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member or any shares to which a person is entitled by transmission, but no such sale shall be made unless:
- (a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Bye-laws have remained uncashed;
 - (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
 - (c) the Company, if so required by the rules governing the listing of shares on the Designated Stock Exchange, has given notice to, and caused advertisement in newspapers in accordance with the requirements of, the Designated Stock Exchange to be made of its intention to sell such shares in the manner required by the Designated Stock Exchange, and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the “relevant period” means the period commencing twelve (12) years before the date of publication of the advertisement referred to in paragraph (c) of this Bye-law and ending at the expiry of the period referred to in that paragraph.

Notice of Annual General Meeting (continued)

- (3) To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Bye-law shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.”;
- (f) adding the following words immediately after the words “days’ Notice” in the fourth line and the fifth line, respectively, of Bye-law no. 58(1):
- “or such other minimum notice period as may be specified in the Listing Rules from time to time”;
- (g) adding the words “a poll is required under the Listing Rules or” immediately after the words “show of hands unless” in the sixteenth line of Bye-law no. 65;
- (h) adding the words “required under the Listing Rules or is” immediately after the words “Unless a poll is” in the first line of Bye-law no. 66;
- (i) adding the words “(provided that this shall not preclude the use of the two-way form)” immediately after the words “as the Board may approve” in the second line of Bye-law no. 80;
- (j) deleting Bye-law no. 83A in its entirety and substituting therefor the following new Bye-law no. 83A:
- “Where a Member is a recognised clearing house (or its nominee(s) and, in each case, being a corporation), it may authorise such person(s) as it thinks fit to act as its representative(s) or proxy(ies) at any meeting of the Company or at any meeting of any class of Members provided that the authorisation or proxy form shall specify the number and class of shares in respect of which each such person is so authorised. Each person so authorised under the provisions of this Bye-law shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation.”;

Notice of Annual General Meeting (continued)

- (k) deleting the words “special resolution” in the third line of Bye-law no. 85(4) and substituting therefor the words “ordinary resolution”;
- (l) amending Bye-law no. 160 as follows:
- (i) adding the following words immediately after the words “other document” in the first line:
- “(including any “corporate communication” within the meaning ascribed thereto under the rules of the Designated Stock Exchange)”;
- (ii) deleting the words “or by publication on the Company’s computer network” in the fifth line; and
- (iii) adding the following words immediately after the words “from time to time” in the twentieth line:
- “or, to the extent permitted by the applicable laws, by placing it on the Company’s website or the website of the Designated Stock Exchange, and giving to the Member a notice stating that the notice or other document is available there (a “notice of availability”). The notice of availability may be given to the Member by any of the means set out above”;
- (m) amending Bye-law no. 161 as follows:
- (i) deleting the existing Bye-law no. 161(b) in its entirety and substituting therefor the following new Bye-law no. 161 (b)(i) and Bye-law no. 161 (b)(ii);
- “161(b)(i). if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A Notice or document placed on the Company’s website or the website of the Designated Stock Exchange is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member;
- 161(b)(ii). if served or delivered in any other manner contemplated by these Bye-laws, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch, transmission or publication; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the fact and time of such service, delivery, despatch, transmission or publication shall be conclusive evidence thereof;”.

Notice of Annual General Meeting (continued)

6. To transact any other business.

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

Hong Kong, 15th July, 2009

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. Concerning Resolutions numbered 2, 4 and 5 above, the information necessary to enable the shareholders to make decisions on whether to vote for or against the resolutions, as required by the Listing Rules, will be set out in a separate document from the Company to be enclosed with the 2009 Annual Report.

Chuang's China Investments Limited

25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong