



# Chuang's Consortium International Limited

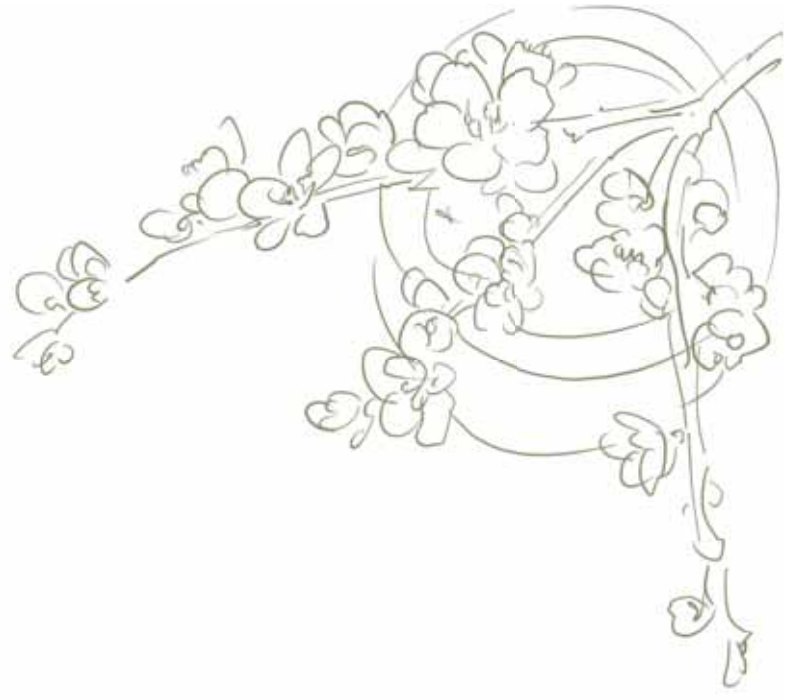
(Incorporated in Bermuda with limited liability)

Stock Code: 367



Annual Report  
2009





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# Corporate Information

## DIRECTORS

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

\* *Independent Non-Executive Directors*

## AUDIT COMMITTEE/ NOMINATION COMMITTEE/ REMUNERATION COMMITTEE

Peter Po Fun Chan, B.B.S., M.B.E., J.P.  
Abraham Shek Lai Him, S.B.S., J.P.  
Fong Shing Kwong

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

## PRINCIPAL BANKERS

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

## Corporate Information (continued)

**REGISTERED OFFICE**

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**PRINCIPAL OFFICE IN HONG KONG**

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Singapore 629144,  
Republic of Singapore

**MALAYSIA OFFICE**

29th Floor, Central Plaza,  
34 Jalan Sultan Ismail, 50250 Kuala Lumpur,  
Malaysia

**VIETNAM OFFICE**

4th Floor, Hoa Rang Building,  
32-34 Ngo Duc Ke Street, District 1,  
Ho Chi Minh City, Vietnam

**STOCK CODE**

367

# Biographical Details of Directors and Senior Management

## DIRECTORS

### **Mr. Alan Chuang Shaw Swee**

(aged 57), the chairman, has extensive experience in business development and investment in Hong Kong, the People's Republic of China (the "PRC") and Southeast Asia. With his substantial connections, he has been actively involved in development and management of investments in Hong Kong, the PRC and Southeast Asia. He is also the honorary chairman of Chuang's China Investments Limited ("Chuang's China"), a subsidiary of the Company, and Midas International Holdings Limited ("Midas"), an associated company of the Company, both companies are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was an Adviser of Hong Kong Affairs and a member of the Selection Committee for the Government of the Hong Kong Special Administrative Region. He is a member of the National Committee of The Chinese People's Political Consultative Conference, a 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.. He is the brother of Mrs. Alice Siu Chuang Siu Suen and the father of Mr. Albert Chuang Ka Pun. He joined the Group in 1970.

### **Mrs. Alice Siu Chuang Siu Suen**

(aged 60), the vice-chairman, has over 35 years of experience in managing investment businesses and in property development and investment. She is the sister of Mr. Alan Chuang Shaw Swee and the aunt of Mr. Albert Chuang Ka Pun. She joined the Group in 1971.

**Mr. Ko Sheung Chi** (aged 53), the managing director, has over 29 years of experience in general management. He is a non-executive director of CNT Group Limited, which is listed on the Stock Exchange. He holds a bachelor degree in science and a master degree in business administration and is an associate member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in 1988.

**Mr. Albert Chuang Ka Pun** (aged 29), an executive director and chief operating officer, has over 5 years of experience in property business and general management. He is an executive director of Chuang's China and Midas. He holds a bachelor degree of arts with major in economics. He is the son of Mr. Alan Chuang Shaw Swee and the nephew of Mrs. Alice Siu Chuang Siu Suen. He joined the Group in 2005.

**Mr. Lui Lop Kay** (aged 53), an executive director, is responsible for property division of the Group. He has over 27 years of experience in real estate in Hong Kong and the Asia Pacific region. He holds a bachelor degree of science in estate management and is a fellow member of the Hong Kong Institute of Surveyors and an associate member of the Royal Institution of Chartered Surveyors. He joined the Group in 1996.

**Mr. Wong Chung Wai** (aged 40), an executive director, is responsible for project management of the Group. He has over 17 years of experience in architecture, project management and contract administration. He holds a bachelor degree of science in building technology and management and is an associate member of both the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors. He joined the Group in 2001.

## Biographical Details of Directors and Senior Management (continued)

**Dr. Peter Po Fun Chan** B.B.S., M.B.E., J.P., FCCA (U.K.), ACA (England and Wales), FCPA (Australia), CPA (Singapore), FCPA (H.K.) (aged 87), was appointed as an independent non-executive director in 1997. He is an independent non-executive director of Chuang's China, 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.

**Mr. Abraham Shek Lai Him** S.B.S., J.P. (aged 64), was appointed as an independent non-executive director in 2004. He is currently a member of the Legislative Council for the Hong Kong Special Administrative Region, the 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 the chairman and an independent non-executive director of Chuang's China, an independent non-executive director of Midas, Paliburg Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, 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, 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. Fong Shing Kwong** (aged 61), was appointed as an independent non-executive director in 2008. Mr. Fong has over 31 years of experience in the hospitality industry and has extensive experience in property development, asset and facility management and investment business in the PRC. He is an executive director of New World China Land Limited, a company listed on the Stock Exchange.

## SENIOR MANAGEMENT

**Mr. Lee Yiu Sing** (aged 42), the senior property manager, is responsible for property leasing and management of the Group. He has over 16 years of experience in property leasing, marketing and management. He has a bachelor degree in science and is a member of the Chartered Institute of Housing. He joined the Group in 2005.

**Mr. Chan Chun Man** (aged 33), the financial controller, has over 10 years of experience in finance, accounting and auditing. He holds a bachelor degree in accountancy and a master degree in business administration. He is a fellow member of the Association of Chartered Certified Accountants

and an associate member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in 2003.

**Ms. Lee Wai Ching** (aged 48), the company secretary, is responsible for the Group's company secretarial matters. She 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.

**Mr. Cheung Loon Hoi** (aged 63), a director and the general manager of the Singapore Division, is responsible for the Group's operation in Singapore. He holds a higher diploma in textile technology and is a member of the Textile Institute of United Kingdom. He joined the Group in 1970.

**Mr. Teo Tee Way** (aged 43), a director of the Malaysia Division, is responsible for the Group's operation in Malaysia. He has over 19 years of experience in finance and management. He is a member of Malaysian Institute of Accountants, Chartered Institute of Management Accountants and Chartered Tax Institute of Malaysia. He joined the Group in 2008.

**Mr. Tong Kwok Lun** (aged 30), the chief representative of the Vietnam Division, is responsible for the Group's development projects in Vietnam. He has over 5 years of experience in property investment and development. He holds a bachelor degree in real estate. He joined the Group in 2007.



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 businesses of the Group have been adversely affected by the downturn of the property markets in Hong Kong and the People's Republic of China (the "PRC") caused by the global financial tsunami. As a result, the Group recorded a loss during this financial year after recording five consecutive years of profit growth.

Revenues of the Group during the year amounted to HK\$283.5 million (2008: HK\$472.5 million), representing a decrease of 40.0% from that of last year principally as a result of decrease in property sales. Revenues of the Group comprise income from property investment business of HK\$119.9 million (2008: HK\$102.7 million), income from property development business of HK\$76.7 million (2008: HK\$329.7 million), income from manufacturing and trading business of HK\$96.9 million (2008: HK\$126.1 million) and loss from securities investment and trading business of HK\$10.0 million (2008: loss of HK\$86.1 million).

Despite the decrease in profit contribution from property sales, gross profit during the year increased by 39.2% to HK\$128.3 million (2008: HK\$92.2 million) principally as a result of a reduction of loss from the securities investment and trading business of the Group. Other income decreased to HK\$32.8 million (2008: HK\$174.9 million) mainly due to the absence of certain non-recurring accounting profits and gains on disposal of investment properties 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 7.8% to HK\$24.7 million (2008: HK\$26.8 million) due to a decrease in sale revenues whereas administrative expenses increased by 9.4% to HK\$183.4 million (2008: HK\$167.7 million) due to a general increase in overhead. Other operating expenses increased to HK\$52.5 million (2008: HK\$23.7 million) mainly due to an impairment provision amounting to HK\$25.0 million on the Group's investment in CNT Group Limited. Reflecting a downturn of property markets in Hong Kong, the PRC and Malaysia as a result of the global financial crisis, the Group recorded a revaluation deficit of HK\$130.5 million for its investment properties (2008: revaluation surplus of HK\$554.8 million). Finance costs decreased by 24.0% to HK\$64.8 million (2008: HK\$85.3 million) due to lower interest rates prevailing during the year. Share of loss of associated companies amounted to HK\$33.5 million (2008: profit of HK\$75.1 million due to a one-off write back of provision of HK\$71.6 million) mainly due to the share of loss of Midas International Holdings Limited.

Taking into account the above, loss attributable to equity holders of the Company for the year ended 31st March, 2009 amounted to HK\$248.8 million (2008: profit of HK\$468.9 million). Loss per share was 16.63 HK cents (2008: earnings per share of 31.66 HK cents).

## DIVIDENDS

The Directors have resolved to recommend for the shareholders' approval at the forthcoming annual general meeting the payment of a final dividend of 0.5 HK cent (2008: 2.0 HK cents) per share for the year ended 31st March, 2009. The final dividend, if approved, will be paid on or before 23rd October, 2009 by allotment of new shares with a cash option to the shareholders whose names appear on the Company's register of members on 31st August, 2009.

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be issued pursuant to the scrip dividend scheme, new share entitlements will be calculated by reference to the par value of shares of the Company, being HK\$0.25, or the average of the closing prices on the Stock Exchange of the shares of the Company for the five consecutive trading days up to and including 31st August, 2009, whichever is the higher. A circular giving full details of the scrip dividend scheme and a form of election will be sent to the shareholders as soon as practicable.

An interim dividend of 1.0 HK cent (2008: 1.5 HK cents) per share has been paid in respect of the current financial year. Total dividends for the year, therefore, amounted to 1.5 HK cents (2008: 3.5 HK cents) per share with total amount of HK\$22.7 million (2008: HK\$52.0 million).



Chairman's Statement (continued)

## BUSINESS REVIEW

### (A) Chuang's Properties Limited (100% owned)

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

#### (i) Investment Properties

The Group owns Chuang's London Plaza in Tsim Sha Tsui, Chuang's Hung Hom Plaza in Hunghom, portion of Chuang's Enterprises Building in Wanchai and Chuang's Tower in Central (through Chuang's China Investments Limited) with a total gross floor area ("GFA") of approximately 374,000 sq. ft. of retail, office and carparking spaces for investment purposes. During the year, the Group continued to upgrade the quality of our

investment properties, create additional lettable area and signages in order to enhance rental, reshuffle the tenant mix to attract higher quality tenants and improve our management services. As a result of our efforts, occupancy rate of our investment properties remained at high level throughout the year and we are able to maintain, and in some cases, even increase rental rates on new leases and lease renewals despite the global financial crisis. Accordingly, rental and other income from investment properties in Hong Kong during the year increased by 16.3% from last year to HK\$103.5 million.



Chuang's Hung Hom Plaza



Chuang's Enterprises Building



Chuang's Tower

Chairman's Statement (continued)

# BUSINESS REVIEW

In order to enhance the rental, subsequent to the balance sheet date, the Group has leased out the property located at No. 15 Gough Hill Road, The Peak for a term of two years. Meanwhile, the Group has retained the flexibility that should the Group decide to redevelop the property, it can serve a six months notice to the tenant to vacate the property. Building plans for this redevelopment into a house with unique architectural design have been approved by the relevant authorities.



Chuang's London Plaza



Chairman's Statement (continued)

## BUSINESS REVIEW



No. 37 Island Road

### (ii) Properties Under Development/For Sale

During the year, property sales in Hong Kong amounted to HK\$107.6 million, of which HK\$82.4 million were conducted through an associated company. The property sales were mainly derived from the sales of the remaining units of The Notting Hill in Tung Shan Terrace and Midas Plaza in San Po Kong. Currently, the Group is undertaking various development projects in Hong Kong, a summary of which is as follows:

#### (a) *No. 37 Island Road, Deep Water Bay*

During the year, the redevelopment of the property into 4 houses, each with an outdoor swimming pool, spacious garden area and glamorous sea-view, is progressing satisfactorily with occupation permit issued subsequent to the balance sheet date on 20th April, 2009. At present, exterior landscaping works and internal decoration works are



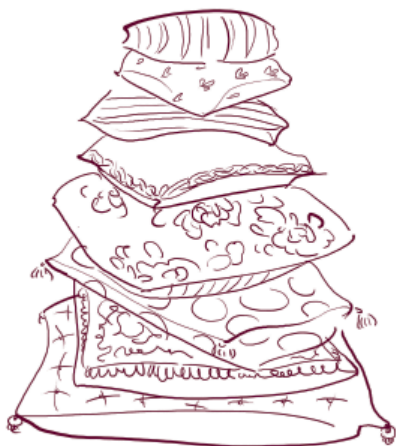
Chairman's Statement (continued)

## BUSINESS REVIEW

in progress and the property will be ready to be occupied soon. In view of the limited supply and the strong demand of this type of luxurious property in that area, the Group believes that rental yield and capital value of this property has been significantly enhanced upon completion. Marketing works for this project have commenced and an international property agent has been appointed as the sole marketing agent.



No. 37 Island Road





Chairman's Statement (continued)

## BUSINESS REVIEW



**(b) Wuhu Residence, No. 111  
Wuhu Street, Hunghom**

The property is located adjacent to Chuang's Hung Hom Plaza and will be redeveloped into a 22-storey unique building with modern architectural design of about 100 studio apartments with club house facilities and shopping space at the podium level (G/F to 1/F) with a total building area of about 47,000 sq. ft.. Demolition works are in progress and it is expected that the project will be completed in the first quarter of 2011. Marketing works of this project will commence in the fourth quarter of 2009.

**(c) Midas Plaza, No. 1 Tai Yau  
Street, San Po Kong**

The Group participated in a 30% interest in the development of Midas Plaza, a 22-storey high-class industrial/office building, of which the occupation permit was issued in December 2007. The Group's share of the development comprises six industrial/office floors with GFA of 59,813 sq. ft., one shopping unit with GFA of 2,924 sq. ft. and six carparking spaces. Up to the date of this report, all units, with the exception of two carparking spaces, have been sold. Sales completed during the year amounted to HK\$82.4 million, generating a profit of HK\$23.4 million which was included in share of results of associated companies. Sales to be completed in the first half of the next financial year amount to HK\$26.2 million. The Group is in the process of marketing the remaining two carparking spaces.



Chairman's Statement (continued)

## BUSINESS REVIEW

### (B) Chuang's Properties International Limited (100% owned)

All the Group's properties activities in Malaysia, Vietnam and Taiwan are conducted through this wholly-owned subsidiary.

#### (i) Malaysia

##### ***Central Plaza, Jalan Sultan Ismail, Kuala Lumpur***

The Group owns Central Plaza, which is located within the "Golden Triangle" of Kuala Lumpur, for investment purpose. The property has a total GFA of 380,000 sq. ft. of retail, office and carparking spaces. Due to its strategic location and the recently completed upgrading works, occupancy and rental rates of the property improved. As a result, rental income from this property during the year increased by 16.4% from last year to HK\$14.9 million. In order to further enhance rental, application has been made to the relevant authorities to convert one level of carpark with GFA of about 14,000 sq. ft. into office use.



Central Plaza

Chairman's Statement (continued)

## BUSINESS REVIEW



Greenview Garden

### (ii) Vietnam

#### (a) *Saigon Beverly Hills, Duc Hoa District, Long An Province*

The Group has participated in a 70% interest in this project for a commitment of US\$15 million. This project covers a site area of about 2,730,000 sq. m. and is located in Duc Hoa District of Long An Province, which is about 30 km from the city centre of Ho Chi Minh City. The site is for residential and commercial usage and it is intended that a new township with modern architectural design having a GFA of about 3,300,000 sq. m. will be developed. The Group is still negotiating with the relevant government authorities and the joint venture partner in relation to the amount of land conversion fee payable for the project in order to be granted the land use rights and the formation of joint venture company.

#### (b) *Greenview Garden, Thu Duc District, Ho Chi Minh City*

The Group has entered into an agreement to acquire a 70% interest in this project for US\$6.4 million, of which US\$1 million has been paid. This project covers a site area of about 20,300 sq. m. and will be developed into a high-class residential complex with apartments, villas and club house facilities having a total GFA of about 120,000 sq. m.. Application will be made to the relevant authorities in due course for the formation of joint venture company. The site is currently vacant and construction of initial phase of the development will commence after all necessary government approvals have been obtained.



Chairman's Statement (continued)

## BUSINESS REVIEW



### (iii) Taiwan

#### *Xinyi District, Taipei City*

The project, located nearby the city centre of Taipei City, is a residential development wholly-owned by the Group comprising a villa and apartments with a total GFA of about 18,000 sq. ft.. Building plans for the development are expected to be approved soon and demolition and site formation works will commence shortly.





Chairman's Statement (continued)

## BUSINESS REVIEW

### (C) Chuang's China Investments Limited ("Chuang's China") (Stock Code: 298 and 54.4% owned)

All the Group's property activities in the PRC are conducted through this listed subsidiary. As at 31st March, 2009, the Group owned a 54.4% interest in Chuang's China.

#### (i) 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
<b>Guangdong: Sub-total</b>	<b>1,210,000</b>
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
<b>Central China: Sub-total</b>	<b>2,386,500</b>
<b>Total</b>	<b>3,596,500</b>

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

Chairman's Statement (continued)

# BUSINESS REVIEW

*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
	<b>1,210,000</b>



Chairman's Statement (continued)

# BUSINESS REVIEW



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

**(a) *Chuang's Le Papillon,  
Guangzhou, Guangdong  
(100% owned by Chuang's  
China)***

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

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



Chairman's Statement (continued)

# BUSINESS REVIEW



*Chuang's Le Papillon – perspective*



*Chuang's Le Papillon – front view*



*Inner garden view*

Chairman's Statement (continued)

## BUSINESS REVIEW

out in preparation for the 2010 Asian Games to be hosted 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. About

80% 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.

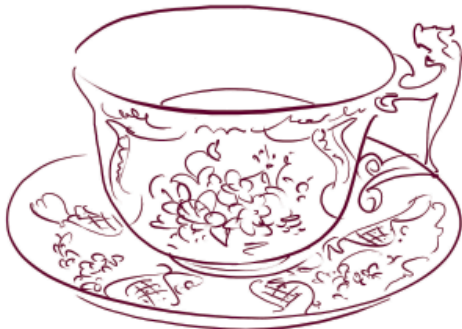


Living room – 127 sq.m.



Chairman's Statement (continued)

# BUSINESS REVIEW



# BUSINESS REVIEW



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



**(b) Imperial Garden, Chuang's New City, Dongguan, Guangdong (100% owned by Chuang's China)**

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..



Chairman's Statement (continued)

## BUSINESS REVIEW



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

It is 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-cities infrastructures, recently the local government of Dongguan has commenced on the construction of the Dongguan Light

Chairman's Statement (continued)

# BUSINESS REVIEW



Entrance lobby



Living room – 161 sq.m.

Rail (東莞市軌道), and a new station is designated within 1 minute's 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 RMB4,500 per sq. m. and about 58% of the 2 blocks have been sold. An additional block providing 75 apartments with total 9,600 sq. m. GFA has recently been launched. 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.



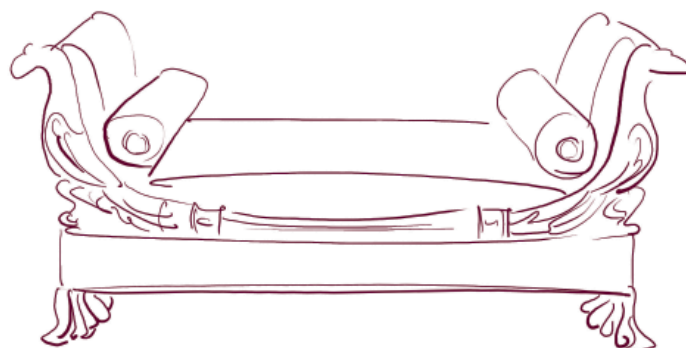


Chairman's Statement (continued)

## BUSINESS REVIEW

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

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



Semi-detached houses



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

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

Chairman's Statement (continued)

## BUSINESS REVIEW



*Bungalow (front yard)*



*Bungalow (swimming pool view)*

last financial year. Handover of high-rise 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 63 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



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

**(e) Chuang's Palazzo Caesar,  
Changsha, Hunan (100%  
owned by Chuang's China)**

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

### (f) *Chuang's Le Printemps, Chengdu, Sichuan (51% owned by Chuang's China)*



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.

### (g) *Xiamen Mingjia Binhai, Xiamen, Fujian (59.5% owned by Chuang's China)*

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

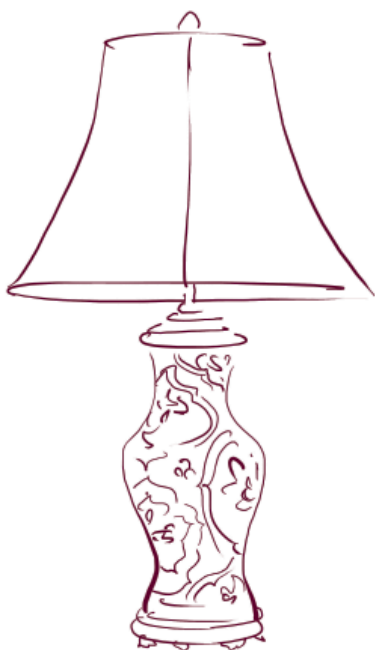
will be incorporated. The Group is in discussions with an international hotel management group regarding management and operation of this hotel. Master planning work for this villa and resort is progressing.



Chairman's Statement (continued)

# BUSINESS REVIEW

## Show Flats





Chairman's Statement (continued)

# BUSINESS REVIEW



Chairman's Statement (continued)

## BUSINESS REVIEW

### (ii) Property Sales

For the financial year ended 2009, total property sold in the PRC 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\$182.8 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

### (D) Midas International Holdings Limited ("Midas") (Stock code: 1172 and 48.4% owned)

The Group owns a 48.4% interest in Midas, a listed company in Hong Kong principally engaged in printing business and the operation of cemetery in the PRC. The continued deterioration in the global consumer market, in particular those in the United States and Europe, caused by the financial tsunami has adversely affected the operating results of Midas in 2008. For the year ended 31st December, 2008, the results of Midas have been very disappointing with turnover dropped by 27.6% to HK\$510.5 million and Midas reported a net loss attributable to equity holders of HK\$115.8 million.

As regards the printing business, the trading environment in 2009 will continue to be difficult. In order to alleviate this difficult trading environment and to restore the printing operation into profitability, Midas has taken a series of proactive measures including strengthening the marketing effort, developing higher margin products, tightening cost control and improving operation efficiency.

As regards the cemetery business, Midas has strengthened the marketing team and set up new sales offices and established new agency

arrangements in the PRC and Hong Kong. A number of familiarisation activities have been organised for the members of the funeral business and for the general public in order to expand its market presence. Furthermore, a new highway linking Guangzhou and Hezhou that bypasses Sihui is expected to be completed by the end of 2009. This highway will shorten the travelling time from Guangzhou to Sihui where the cemetery is located. This improvement in infrastructure will enhance the accessibility and demands of the graveyards, in particular, from the Guangzhou



Products of Midas



Chairman's Statement (continued)

## BUSINESS REVIEW

region. The Group believes that the cemetery business in the PRC has long-term growth potential and will provide stable recurrent income to Midas.

In April 2008, Midas announced a rights issue to raise approximately HK\$73 million to finance its expansion plans in the printing and cemetery businesses. The Group has subscribed its entitlement in full under the rights issue and maintained its shareholding percentage in Midas. In December 2008, the Group

converted HK\$12.6 million of the convertible note due 2011 of Midas into approximately 31.6 million new shares of Midas, thereby increasing the Group's shareholding interest in Midas from 46.6% to 48.4%.

After the conversion, the Group still holds HK\$16.65 million convertible note due 2011 of Midas capable of converting into approximately 41.7 million new shares of Midas.

On 23rd June, 2009, the Company and Midas jointly announced that the Company has conditionally agreed to

subscribe for a new convertible note due 2014 of Midas in the principal amount of HK\$60 million at an initial conversion price of HK\$0.25 per share. On the same date, Midas also announced the proposed amendments to the terms of the convertible note issued by Midas on 19th September, 2007. These proposals, which are still subject to relevant approvals, aim to strengthen the working capital position of Midas for the development of its ongoing businesses, which are beneficial to the long-term development of Midas.



Products of Midas

Chairman's Statement (continued)

## BUSINESS REVIEW

### (E) Other Businesses

The Group's other businesses include investments in Sintex Nylon and Cotton Products (Pte) Limited, a company incorporated in Singapore and engaged in the manufacture and sale of home finishing products under its own brand names, and Yuen Sang Hardware Company (1988) Limited, a company owned by Chuang's China and engaged in the manufacture and sale of metalware. During the year, the deterioration in the global consumer market caused by the financial tsunami had adversely affected these businesses. As a result, revenues generated from manufacturing and trading business during the year decreased by 23.2% to HK\$96.9 million and loss from these businesses during the year amounted to HK\$2.3 million.

Due to adverse stock market conditions during the year under review, the securities investment and trading business of the Group recorded a loss of HK\$10.0 million. As at the balance sheet date, quoted investments of the Group amounted to HK\$6.3 million. As at the balance sheet date and the date of this report, the Group does not hold any investment in derivative financial instruments.

### FINANCIAL POSITIONS

As at 31st March, 2009, net assets attributable to equity holders was HK\$3,421.2 million. Net asset value per share was approximately HK\$2.26, which is calculated based on the book costs of the Group's properties for/under development and properties for sale, before taking into account their appreciated values.

As at 31st March, 2009, the Group's cash and bank balances and other investments amounted to HK\$1,187.6 million (2008: HK\$1,280.1 million). Bank borrowings as at the same date amounted to HK\$2,361.6 million (2008: HK\$1,929.1 million). The Group's debt to equity ratio, expressed as a percentage of bank borrowings net of cash and bank balances and other investments over net assets attributable to equity holders of the Company, was 34.3% (2008: 17.4%). 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 Hong Kong and the PRC during the year. With the completion of these projects in the coming financial year, it is expected that the net debt to equity ratio will be reduced.

Approximately 81.8% of the Group's cash, bank balances and other investments were denominated in Hong Kong dollar or United States dollar, with the balance of 18.2% in Renminbi. Approximately 75.9% of the Group's bank borrowings were denominated in Hong Kong dollar, 16.8% in Renminbi, 7.2% in Malaysian Ringgit and the balance of 0.1% in Singapore dollar. Accordingly, risk in foreign currency exchange rate fluctuation would not be material.

Approximately 10.9% of the Group's bank borrowings was repayable within one year, 9.4% repayable within the second year, 73.1% repayable within the third to fifth years and the balance of 6.6% repayable after five years.

## Chairman's Statement (continued)

### PROSPECTS

Since the outbreak of global financial tsunami in 2008, which was originated from sub-prime mortgage crisis in the United States, the international communities, including various governments and monetary authorities, have taken a series of proactive measures, comprised mainly the introduction of stimulus packages and the substantially lowering of interest rates, aiming to restore confidence of the global credit markets and to stimulate the continual growth of the world economies. With the implementation of these measures, it becomes apparent that the economic situations in the United States and Europe have been stabilised. Whilst the PRC and Hong Kong are not immune to the global financial crisis, with the continuous economic growth of the PRC, the timely relaxation of monetary policy and the stimulation of domestic consumption by the PRC government, and Hong Kong being a gateway to the PRC, the economies of the PRC and Hong Kong will ultimately be least affected.

Despite the global financial crisis, the Group has during the year managed to increase rental income from our investment properties and actively developed our core properties such as No. 37 Island Road in Deep Water Bay, Wuhu Residence in Hunghom, Imperial Garden in Dongguan and Chuang's Le Papillon in Guangzhou. With the scheduled completion of these and other projects of the Group in the coming financial years, the Group is confident that its value will be further enhanced. Although it is generally believed that the worst situation of the global financial crisis has been over, the Group will continue to closely monitor such development and will appropriately adjust the magnitude, pace and mix of our investments in Hong Kong, the PRC, Malaysia, Vietnam and Taiwan so as to generate satisfactory return for our shareholders.

### STAFF

As at 31st March, 2009, the Group employed 961 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

### APPRECIATION

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

### Alan Chuang Shaw Swee

*Chairman*

Hong Kong, 8th July, 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. Alan Chuang Shaw Swee ("Mr. Alan Chuang")*	Chairman
Mrs. Alice Siu Chuang Siu Suen ("Mrs. Siu")*	Vice-Chairman
Mr. Ko Sheung Chi	Managing Director
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")*	Chief Operating Officer
Mr. Lui Lop Kay	Executive Director
Mr. Wong Chung Wai	Executive Director
Dr. Peter Po Fun Chan	Independent Non-Executive Director
Mr. Abraham Shek Lai Him	Independent Non-Executive Director
Mr. Fong Shing Kwong	Independent Non-Executive Director

\* *Mr. Alan Chuang is the brother of Mrs. Siu. Mr. Albert Chuang is the son of Mr. Alan Chuang and the nephew of Mrs. Siu. Mr. Albert Chuang 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.

## Corporate Governance Report (continued)

**REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)****(A) The Board (Continued)****(ii) Appointment, re-election and removal of Directors**

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

**(iii) Board meetings**

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

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

<b>Name</b>	<b>Position</b>	<b>No. of meetings attended/held</b>
Mr. Alan Chuang	Chairman	4/4
Mrs. Siu	Vice-Chairman	3/4
Mr. Ko Sheung Chi	Managing Director	4/4
Mr. Albert Chuang	Chief Operating Officer	4/4
Mr. Lui Lop Kay	Executive Director	4/4
Mr. Wong Chung Wai	Executive Director	4/4
Dr. Peter Po Fun Chan	Independent Non-Executive Director	4/4
Mr. Abraham Shek Lai Him	Independent Non-Executive Director	4/4
Mr. Fong Shing Kwong	Independent Non-Executive Director	3/4 (Note 1)
Mr. Chan Wai Dune	Independent Non-Executive Director	1/4 (Note 2)

Note 1: Mr. Fong Shing Kwong was appointed as an Independent Non-Executive Director on 28th August, 2008.

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

## Corporate Governance Report (continued)

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

A Nomination Committee was established with clear terms of reference to review the composition of the Board. The Nomination Committee currently comprises three Independent Non-Executive Directors, Dr. Peter Po Fun Chan, Mr. Abraham Shek Lai Him and Mr. Fong Shing Kwong. The committee met once during the year to review the structure, size and composition of the Board and to assess the independence of each Independent Non-Executive Director. The Committee also approved the recommended candidates to become Board members by resolutions in writing.

The attendance record of each committee member is as follows:

Name	No. of meeting attended/held
Dr. Peter Po Fun Chan *	1/1
Mr. Abraham Shek Lai Him	1/1
Mr. Fong Shing Kwong	1/1
Mr. Chan Wai Dune	0/1

\* *Chairman of the Nomination Committee*

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

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

**(vi) Responsibilities of Directors**

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

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

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

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

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



## Corporate Governance Report (continued)

**REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)****(B) Remuneration of Directors and senior management****(i) Remuneration policy of Executive Directors and senior management**

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

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

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

**(iii) Remuneration Committee**

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

The attendance record of each committee member is as follows:

Name	No. of meeting attended/held
Dr. Peter Po Fun Chan *	1/1
Mr. Abraham Shek Lai Him	1/1
Mr. Fong Shing Kwong	1/1
Mr. Chan Wai Dune	0/1

\* *Chairman of the Remuneration Committee*

**REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)****(C) Accountability and audit****(i) Financial reporting**

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

**(ii) Internal control**

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

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

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

**(iii) Audit Committee**

An Audit Committee was established with clear terms of reference to review and supervise the financial reporting process and internal controls of the Group. The Audit Committee currently comprises three Independent Non-Executive Directors, Dr. Peter Po Fun Chan, Mr. Abraham Shek Lai Him and Mr. Fong Shing Kwong. 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 Group 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. Peter Po Fun Chan *	2/2
Mr. Abraham Shek Lai Him	2/2
Mr. Fong Shing Kwong	1/2
Mr. Chan Wai Dune	0/2

\* *Chairman of the Audit Committee*

**(iv) Auditor's remuneration**

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

Services rendered	HK\$'000
Audit services	2,350
Non-audit services	20
	2,370



## REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)

### (D) Delegation by the Board

#### (i) **Board Committees**

The Company has established three committees, namely Audit Committee, Nomination Committee and Remuneration Committee. These committees were formed with specific written terms of reference which deal clearly with the committees' authorities and duties.

#### (ii) **Management function**

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

### (E) Communication with shareholders

#### (i) **Annual general meetings**

The Board regards annual general meetings as the principal opportunity to meet shareholders of the Company. The Chairman attended the annual general meeting of the Company held in August 2008 to answer questions raised by shareholders.

#### (ii) **Significant issues**

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

#### (iii) **Voting by poll**

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

Corporate Governance Report (continued)

**CONCLUSION**

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 Consortium International Limited**

**Ko Sheung Chi**  
*Managing Director*

Hong Kong, 8th July, 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 44 to the financial statements.

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

## **RESULTS AND DIVIDENDS**

The results of the Group for the year are set out in the consolidated income statement on page 61.

The Directors have resolved to recommend for the shareholders’ approval at the forthcoming annual general meeting the payment of a final dividend of 0.5 HK cent (2008: 2.0 HK cents) per share for the year ended 31st March, 2009. The final dividend, if approved, will be paid on or before 23rd October, 2009 by allotment of new shares with a cash option to the shareholders whose names appear on the Company’s register of members on 31st August, 2009.

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting listing of and permission to deal in the new shares to be issued pursuant to the scrip dividend scheme, new share entitlements will be calculated by reference to the par value of shares of the Company, being HK\$0.25, or the average of the closing prices on the Stock Exchange of the shares of the Company for the five consecutive trading days up to and including 31st August, 2009, whichever is the higher.

An interim dividend of 1.0 HK cent (2008: 1.5 HK cents) per share has been paid in respect of the current financial year. Total dividends for the year, therefore, amounted to 1.5 HK cents (2008: 3.5 HK cents) per share with total amount of HK\$22.7 million (2008: HK\$52.0 million).

## **SUBSIDIARIES**

Particulars regarding the principal subsidiaries of the Company are set out in note 44 to the financial statements.



Report of the Directors (continued)

## **PROPERTY, PLANT AND EQUIPMENT**

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

## **SHARE CAPITAL**

Details of share capital of the Company are set out in note 33 to the financial statements.

## **DONATIONS**

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

## **PRE-EMPTIVE RIGHTS**

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

## **RESERVES**

Movements in reserves during the year are set out in note 34 to the financial statements.

## **PARTICULARS OF PRINCIPAL PROPERTIES**

Particulars of principal properties held by the Group are set out on pages 128 to 133.

## **FINANCIAL SUMMARY**

A summary of the results, assets and liabilities, and net debt to equity ratio of the Group for the five years ended 31st March, 2009 is set out on page 134.

## Report of the Directors (continued)

### DIRECTORS

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

Mr. Alan Chuang Shaw Swee

Mrs. Alice Siu Chuang Siu Suen

Mr. Ko Sheung Chi

Mr. Albert Chuang Ka Pun

Mr. Lui Lop Kay

Mr. Wong Chung Wai

Dr. Peter Po Fun Chan

Mr. Abraham Shek Lai Him

Mr. Fong Shing Kwong

(appointed on 28th August, 2008)

Mr. Chan Wai Dune

(retired on 28th August, 2008)

At the forthcoming annual general meeting, Mrs. Alice Siu Chuang Siu Suen, Mr. Wong Chung Wai and Mr. Fong Shing Kwong will retire from office in accordance with the Company's Bye-law nos. 86(2) and 87(2) and Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and, being eligible, will offer themselves for re-election.

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

## 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:

**(a) Interests in the Company**

<b>Name of Director</b>	<b>Number of shares</b>	<b>Capacity</b>	<b>Percentage of shareholding</b>
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	777,420,849	Note 1	51.46
Mrs. Alice Siu Chuang Siu Suen ("Mrs. Siu")	242,900,158	Note 2	16.08
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,000,000	Beneficial owner	0.066
Mr. Lui Lop Kay ("Mr. Lui")	119,602	Beneficial owner	0.008
Dr. Peter Po Fun Chan ("Dr. Chan")	779,784	Beneficial owner	0.05

Note 1: Such interests comprised 602,991,243 shares in the Company owned by Evergain Holdings Limited ("Evergain"), a company beneficially owned by Mr. Alan Chuang, and the remaining interests arose as a result of Mr. Alan Chuang being a discretionary object of a discretionary trust, the trustee of which held 174,429,606 shares in the Company. Mr. Alan Chuang and Mr. Albert Chuang are directors of Evergain.

Note 2: Such interests comprised 68,470,552 shares in the Company owned by Hilltop Assets Limited, a company beneficially owned by Mrs. Siu, and the remaining interests arose as a result of Mrs. Siu being a discretionary object of a discretionary trust, the trustee of which held 174,429,606 shares in the Company.



## Report of the Directors (continued)

**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)****(b) Interests in Chuang's China Investments Limited ("Chuang's China")**

<b>Name of Director</b>	<b>Number of shares</b>	<b>Capacity</b>	<b>Percentage of shareholding</b>
Mr. Alan Chuang	831,877,218	Notes 3 & 6	54.61
Mrs. Siu	2,000,000	Beneficial owner	0.13
Mr. Albert Chuang	500,000	Beneficial owner	0.03
Mr. Lui	12,838	Beneficial owner	0.001
Dr. Chan	4,231	Interest in controlled corporation	0.0003

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

<b>Name of Director</b>	<b>Number of shares</b>	<b>Capacity</b>	<b>Percentage of shareholding</b>
Mr. Alan Chuang	499,008,270	Notes 4 & 6	52.78
Mr. Abraham Shek Lai Him	15,000	Beneficial owner	0.002

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

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

Note 3: Such interests comprised 829,277,218 shares in Chuang's China beneficially owned by Profit Stability Investments Limited, a wholly-owned subsidiary of the Company, and 2,600,000 shares in Chuang's China beneficially owned by Mr. Alan Chuang.

Note 4: Such interests comprised 457,278,947 ordinary shares in Midas and 41,729,323 ordinary shares to be issued by Midas upon the exercise of conversion rights attached to the 1.5% convertible note due 2011 held by Gold Throne Finance Limited, a wholly-owned subsidiary of the Company.

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

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

Report of the Directors (continued)

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

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

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

## **DIRECTORS' INTERESTS IN CONTRACTS**

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

## **DIRECTORS' SERVICE CONTRACTS**

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

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

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

## Report of the Directors (continued)

**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
Evergain	602,991,243	Beneficial owner, <i>Note 1</i>	39.92
Mrs. Chong Ho Pik Yu	602,991,243	<i>Note 2</i>	39.92
Madam Chuang Shau Har ("Madam Chuang")	175,152,830	<i>Note 3</i>	11.59
Mr. Lee Sai Wai ("Mr. Lee")	175,152,830	<i>Note 4</i>	11.59
Third Avenue Management LLC	151,428,000	Investment manager	10.02

*Note 1: Such interests have been mentioned in Note 1 to the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".*

*Note 2: Such interests arose by attribution through her spouse, Mr. Alan Chuang, whose interests have been mentioned in Note 1 to the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".*

*Note 3: Interests in 174,429,606 shares in the Company arose as a result of Madam Chuang being the trustee and a discretionary object of a discretionary trust which owned such shares in the Company. The remaining interests in 723,224 shares in the Company arose by attribution through her spouse, Mr. Lee.*

*Note 4: Interests in 174,429,606 shares in the Company arose by attribution through his spouse, Madam Chuang, whose interests have been mentioned in Note 3 above. The remaining interests in 723,224 shares in the Company are beneficially owned by Mr. Lee.*

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

Report of the Directors (continued)

## **CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS**

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

## **MANAGEMENT CONTRACTS**

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

## **BORROWINGS**

Bank borrowings of the Group are set out in note 35 to the financial statements.

## **PLEDGE OF ASSETS**

As at 31st March, 2009, the Group had pledged the shares and assets of certain subsidiaries, including property, plant and equipment, investment properties, leasehold land and land use rights, properties for/under development, properties for sale and bank deposits, with an aggregate net book value of HK\$4,064,966,000 (2008: HK\$3,817,292,000), to secure general banking and financial guarantee facilities granted to those subsidiaries. As at 31st March, 2008, the Group had also pledged certain other investments and bank deposits amounting to HK\$7,724,000 and HK\$241,659,000 respectively for the commitment of the purchase of listed equity securities.

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

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

## **MAJOR SUPPLIERS AND CUSTOMERS**

The five largest suppliers and customers of the Group accounted for less than 30% of the purchases and turnover of the Group for the year respectively.

## **RETIREMENT SCHEMES**

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



## Report of the Directors (continued)

**SHARE OPTION SCHEMES**

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

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

- |    |  |   |
|----|--|---|
| 1. | Purpose:   | To give incentive to Directors, employees or business consultants of the Group and any other party as approved under the Scheme   |
| 2. | Participants:  | Including, inter alia, Directors, employees or business consultants of the Group  |
| 3. | Total number of shares available for issue under the Scheme and percentage of the issued share capital that it represents as at the date of this report: | 132,800,615 shares are available for issue under the Scheme, representing approximately 8.79% of the issued share capital as at the date of this report   |
| 4. | Maximum entitlement of each participant:   | 1% of the maximum aggregate number of shares that may be issued within 12 months pursuant to the Scheme   |
| 5. | Period within which the shares must be taken up under an option:   | Not applicable. No share option has been granted since the date of adoption of the Scheme on 30th August, 2002  |
| 6. | Amount payable on acceptance of an option and the period within which payments shall be made:  | HK\$1.00 payable to the Company upon acceptance of option which should be taken up within 28 days from the date of offer for option ("Offer Date") (which must be a trading day)  |
| 7. | The basis of determining the exercise price:   | No less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the Offer Date (which must be a trading day); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share |
| 8. | The remaining life of the Scheme:  | Valid until 29th August, 2012 unless otherwise terminated under the terms of the Scheme   |

## Report of the Directors (continued)

**SHARE OPTION SCHEMES (Continued)**

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

- |    |   |   |
|----|---|---|
| 1. | Purpose:  | To give incentive to directors, employees or business consultants of Chuang's China and its subsidiaries (collectively as the "Chuang's China Group") and any other party as approved under the Chuang's China Scheme   |
| 2. | Participants:   | Including, inter alia, directors, employees or business consultants of the Chuang's China Group   |
| 3. | Total number of shares of Chuang's China available for issue under the Chuang's China Scheme and percentage of the issued share capital of Chuang's China that it represents as at the date of this report: | 102,443,969 shares of Chuang's China are available for issue under the Chuang's China Scheme, representing approximately 6.73% of the issued share capital of Chuang's China as at the date of this report  |
| 4. | Maximum entitlement of each participant:  | 1% of the maximum aggregate number of shares of Chuang's China that may be issued within 12 months pursuant to the Chuang's China Scheme  |
| 5. | Period within which the shares of Chuang's China must be taken up under an option:  | Not applicable. No share option has been granted by Chuang's China since the date of adoption of the Chuang's China Scheme on 26th August, 2002   |
| 6. | Amount payable on acceptance of an option and the period within which payments shall be made:   | HK\$1.00 payable to Chuang's China upon acceptance of option which should be taken up within 28 days from the date of offer for option ("Offer Date") (which must be a trading day)   |
| 7. | The basis of determining the exercise price:  | No less than the highest of (i) the closing price of the shares of Chuang's China as stated in the Stock Exchange's daily quotation sheet on the Offer Date (which must be a trading day); (ii) the average closing price of the shares of Chuang's China as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share of Chuang's China |
| 8. | The remaining life of the Chuang's China Scheme:  | Valid until 25th August, 2012 unless otherwise terminated under the terms of the Chuang's China Scheme  |

## Report of the Directors (continued)

**SUFFICIENCY OF PUBLIC FLOAT**

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

**CONNECTED TRANSACTIONS**

The followings are connected transactions of the Group conducted during the year and the Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules:

- (a) The Group has granted loans to Fantasy Development Limited ("Fantasy") for the purpose of financing Artiful Limited ("Artiful"), a company in which the Group and Fantasy hold 70% and 30% of its issued share capital respectively. The purpose of the loans was to allow Fantasy to on-lend such amounts to Artiful to meet its financing requirements for the development of a property project in Hong Kong. The parties agreed that the loans would bear interest at the prevailing market interest rates and that Fantasy would repay the loans from the sales proceeds of the property. As at 31st March, 2009, the total amount of the loans plus interest outstanding was approximately HK\$1,647,000. Details of the transaction were announced by the Company on 16th July, 2002.
- (b) On 1st July, 2009, Chuang's Development (Huiyang) Real Estate Company Limited, a wholly-owned subsidiary of Chuang's China, made an advance of RMB10,050,000 (equivalent to approximately HK\$11,396,700) to Chengdu Western Automobile City Company Limited (the "PRC Party"), a party which will become a substantial shareholder of a subsidiary of Chuang's China. The purpose of the advance is to enable the PRC Party to pay the relocation costs and certain indebtedness relating to a project located in Chengdu, the PRC (the "Project"). The advance carries interest at prevailing lending rate quoted by the People's Bank of China and is repayable on demand but not earlier than the date of grant of the first occupation permit of any buildings erected on the land for the Project. Details of the transaction were announced by the Company on 3rd July, 2009.

**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 Consortium International Limited**

**Ko Sheung Chi**  
*Managing Director*

Hong Kong, 8th July, 2009

# Independent Auditor's Report

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

We have audited the consolidated financial statements of Chuang's Consortium International Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 61 to 127, 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, 8th July, 2009



# Consolidated Income Statement

For the year ended 31st March, 2009

	Note	2009 HK\$'000	2008 HK\$'000
Revenues	5	<b>283,456</b>	472,453
Cost of sales		<b>(155,125)</b>	(380,213)
Gross profit		<b>128,331</b>	92,240
Other income	7	<b>32,833</b>	174,901
Selling and marketing expenses		<b>(24,726)</b>	(26,792)
Administrative expenses		<b>(183,404)</b>	(167,706)
Other operating expenses		<b>(52,512)</b>	(23,740)
Change in fair value of investment properties		<b>(130,486)</b>	554,837
Operating (loss)/profit	8	<b>(229,964)</b>	603,740
Finance costs	10	<b>(64,835)</b>	(85,295)
Share of results of associated companies	22	<b>(33,453)</b>	75,064
(Loss)/profit before taxation		<b>(328,252)</b>	593,509
Taxation credit/(charge)	12	<b>23,569</b>	(62,909)
(Loss)/profit for the year		<b>(304,683)</b>	530,600
Attributable to:			
Equity holders	13	<b>(248,844)</b>	468,889
Minority interests		<b>(55,839)</b>	61,711
		<b>(304,683)</b>	530,600
Dividends	14	<b>22,659</b>	51,985
(Loss)/earnings per share (basic and diluted)	15	<b>HK cents (16.63)</b>	HK cents 31.66

The notes on pages 68 to 127 are an integral part of these financial statements.

# Consolidated Balance Sheet

As at 31st March, 2009

	Note	2009 HK\$'000	2008 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	84,659	93,228
Investment properties	17	3,084,207	3,085,052
Leasehold land and land use rights	18	18,622	25,688
Properties for/under development	19	547,790	680,684
Associated companies	22	278,835	269,982
Available-for-sale financial assets	23	31,892	55,220
Loans and receivables	24	56,071	78,017
Derivative financial instruments	32	–	1,558
Deferred taxation assets	36	1,469	807
		<b>4,103,545</b>	4,290,236
<b>Current assets</b>			
Properties for sale	25	1,601,837	1,367,463
Inventories	26	96,422	94,829
Debtors and prepayments	27	287,281	323,159
Tax recoverable		298	284
Other investments	29	6,279	16,117
Cash and bank balances	30	1,181,285	1,264,027
		<b>3,173,402</b>	3,065,879
<b>Current liabilities</b>			
Creditors and accruals	31	209,214	189,498
Derivative financial instruments	32	–	134,000
Short-term borrowings	35	87,011	197,108
Current portion of long-term borrowings	35	171,831	85,869
Taxation payable		67,734	67,502
		<b>535,790</b>	673,977
<b>Net current assets</b>		<b>2,637,612</b>	2,391,902
<b>Total assets less current liabilities</b>		<b>6,741,157</b>	6,682,138

Consolidated Balance Sheet (continued)  
As at 31st March, 2009

	Note	2009 HK\$'000	2008 HK\$'000
<b>Equity</b>			
Share capital	33	<b>377,647</b>	371,322
Reserves	34	<b>3,035,987</b>	3,333,608
Proposed final dividend	34	<b>7,553</b>	29,706
Shareholders' funds		<b>3,421,187</b>	3,734,636
Minority interests		<b>814,741</b>	865,767
<b>Total equity</b>		<b>4,235,928</b>	4,600,403
<b>Non-current liabilities</b>			
Long-term borrowings	35	<b>2,102,711</b>	1,646,103
Derivative financial instruments	32	<b>1,442</b>	–
Deferred taxation liabilities	36	<b>364,892</b>	392,150
Loans from minority interests	37	<b>36,184</b>	43,482
		<b>2,505,229</b>	2,081,735
		<b>6,741,157</b>	6,682,138

**Ko Sheung Chi**  
*Director*

**Albert Chuang Ka Pun**  
*Director*

The notes on pages 68 to 127 are an integral part of these financial statements.

# Balance Sheet

As at 31st March, 2009

	Note	2009 HK\$'000	2008 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	266	205
Subsidiaries	20	888,708	888,708
Loan to a subsidiary	28	56,225	56,225
		<b>945,199</b>	945,138
<b>Current assets</b>			
Debtors and prepayments	27	773	181
Amounts due from subsidiaries	28	773,262	736,287
Cash and bank balances	30	724,381	802,797
		<b>1,498,416</b>	1,539,265
<b>Current liabilities</b>			
Creditors and accruals	31	1,843	2,042
<b>Net current assets</b>		<b>1,496,573</b>	1,537,223
<b>Total assets less current liabilities</b>		<b>2,441,772</b>	2,482,361
<b>Equity</b>			
Share capital	33	377,647	371,322
Reserves	34	2,056,572	2,061,333
Proposed final dividend	34	7,553	29,706
<b>Total equity</b>		<b>2,441,772</b>	2,462,361
<b>Non-current liabilities</b>			
Long-term borrowings	35	–	20,000
		<b>2,441,772</b>	2,482,361

**Ko Sheung Chi**  
Director

**Albert Chuang Ka Pun**  
Director

The notes on pages 68 to 127 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
<b>Cash flows from operating activities</b>			
Cash used in operations	40(a)	(444,655)	(454,596)
Interest paid		(74,743)	(88,740)
Hong Kong profits tax paid		(6)	(289)
Overseas tax paid		(3,740)	(6,086)
Net cash used in operating activities		(523,144)	(549,711)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(7,923)	(27,625)
Purchase of investment properties		(733)	(14,346)
Purchase of leasehold land and land use rights		–	(23,023)
Purchase of available-for-sale financial assets		(3,895)	(10,895)
Proceeds from disposal of property, plant and equipment		306	890
Proceeds from disposal of investment properties, net		–	130,473
Proceeds from disposal of available-for-sale financial assets		4,024	2,579
Purchase of additional interests in subsidiaries		–	(76,524)
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	40(b)	265	(8,507)
Decrease in net amounts with associated companies		61,028	65,128
Subscription of rights issue of an associated company		(35,475)	–
Subscription of convertible note of an associated company		–	(49,500)
Advance to joint venture partner		–	(21,793)
Decrease/(increase) in pledged bank deposits		23,061	(145,975)
Increase in bank deposits maturing more than three months from date of placement		(345,330)	(171)
Interest income received		16,424	35,418
Dividend income received		2,086	5,886
Net cash used in investing activities		(286,162)	(137,985)
<b>Cash flows from financing activities</b>			
New bank borrowings		686,075	767,558
Repayment of bank borrowings		(251,661)	(208,982)
Capital injection by minority interests		330	310,520
Decrease in net amounts with minority interests		(584)	(6,603)
Dividends paid to shareholders		(29,088)	(26,720)
Dividends paid to minority interests		(6,931)	(10,628)
Net cash from financing activities		398,141	825,145
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		1,112,187	964,766
Exchange difference on cash and cash equivalents		6,627	9,972
<b>Cash and cash equivalents at the end of the year</b>	40(c)	<b>707,649</b>	<b>1,112,187</b>

The notes on pages 68 to 127 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	Retained profits HK\$'000	Shareholders' funds HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st April, 2007	369,502	1,005,532	1,867,127	3,242,161	615,952	3,858,113
Changes in exchange rates	–	36,635	–	36,635	13,778	50,413
Share of reserves of an associated company	–	15,980	–	15,980	–	15,980
Change in fair value of available-for-sale financial assets	–	(2,305)	–	(2,305)	(1,977)	(4,282)
Net income recognised directly in equity	–	50,310	–	50,310	11,801	62,111
Release upon disposal of available-for-sale financial assets	–	(4)	–	(4)	(4)	(8)
Profit for the year	–	–	468,889	468,889	61,711	530,600
Total income recognised for the year	–	50,306	468,889	519,195	73,508	592,703
Dividends	1,820	8,519	(37,059)	(26,720)	–	(26,720)
Dividends paid to minority interests	–	–	–	–	(10,628)	(10,628)
Capital injection by minority interests	–	–	–	–	310,520	310,520
Release upon disposal of a subsidiary	–	(1,724)	1,724	–	–	–
Purchase of additional interests in subsidiaries	–	–	–	–	(93,935)	(93,935)
Partial disposal of a subsidiary	–	–	–	–	(29,650)	(29,650)
At 31st March, 2008	371,322	1,062,633	2,300,681	3,734,636	865,767	4,600,403

Consolidated Statement of Changes in Equity (continued)  
For the year ended 31st March, 2009

	Share capital HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Shareholders' funds HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st April, 2008	371,322	1,062,633	2,300,681	3,734,636	865,767	4,600,403
Changes in exchange rates	–	(33,958)	–	(33,958)	8,501	(25,457)
Share of reserves of an associated company	–	(3,248)	–	(3,248)	–	(3,248)
Change in fair value of available-for-sale financial assets	–	(14,911)	–	(14,911)	(9,273)	(24,184)
Impairment of available- for-sale financial assets	–	16,600	–	16,600	11,400	28,000
Net (expense)/income recognised directly in equity	–	(35,517)	–	(35,517)	10,628	(24,889)
Loss for the year	–	–	(248,844)	(248,844)	(55,839)	(304,683)
Total expense recognised for the year	–	(35,517)	(248,844)	(284,361)	(45,211)	(329,572)
Dividends	6,325	9,399	(44,812)	(29,088)	–	(29,088)
Dividends paid to minority interests	–	–	–	–	(6,931)	(6,931)
Capital injection by minority interests	–	–	–	–	4,977	4,977
Purchase of additional interests in a subsidiary	–	–	–	–	(3,861)	(3,861)
<b>At 31st March, 2009</b>	<b>377,647</b>	<b>1,036,515</b>	<b>2,007,025</b>	<b>3,421,187</b>	<b>814,741</b>	<b>4,235,928</b>

The notes on pages 68 to 127 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 Consortium International Limited (the "Company") is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is Clarendon House, Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is 25th Floor, Alexandra House, 18 Chater Road, Central.

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property investment and development, manufacturing and sale of watch components, merchandise, bonded polyester fabrics and home finishing products, securities investment and trading, and the provision of information technology services.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, derivative financial instruments and other investments 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 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

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 operation 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.

## 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)****(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)

**(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 indirect shareholding of more than half of the voting power, or holds more than half of the issued equity capital. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (c) Subsidiaries (Continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the 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.

### (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.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (e) Associated companies (Continued)

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the interest in the associated companies held by the Group. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the 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, while the Group's share of expenses in respect of jointly controlled assets is recognised as incurred.

### (g) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets of the acquired subsidiaries 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.



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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Property, plant and equipment (Continued)

Freehold land is not amortised. Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives at the following annual rates:

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

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

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

### (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 investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Subsequent expenditure is charged to the carrying amount of the property only when it is probable that future economic benefits associated with the property will flow to the Group and the cost can be measured reliably. All other repairs and maintenance 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 properties 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.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (j) Leasehold land and land use rights

Leasehold land and land use rights represent non-refundable rental payments for lease of land. The up-front prepayments made for leasehold land and land use rights are 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 leasehold land and land use rights is capitalised under the relevant assets when the properties on the land are under construction. In all other cases, the amortisation is recognised in the income statement.

### (k) Properties for/under development

Properties for/under development are stated at cost less impairment losses. Costs include land cost, amortisation of leasehold land and 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, or future uses of the completed properties have not yet been determined.

### (l) Properties for sale

Properties for sale which include completed properties and leasehold land 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 financial assets at fair value through profit or loss (including other investments), loans and receivables and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition according to the purpose for which the financial assets are acquired and re-evaluates this designation at every balance sheet date.

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Financial assets (Continued)

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months from the balance sheet date. Available-for-sale financial assets are initially recognised at fair value plus transaction cost, and subsequently carried at fair value.

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

Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss, including interest and dividend income, are included in the income statement in the financial period in which they arise. Unrealised gains and losses arising from the change in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are recognised in the income statement as gains or losses.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value below its cost is considered 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.

### (n) Derivative financial instruments

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

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

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (o) Inventories

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

### (p) 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.

### (q) 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.

### (r) Provisions

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

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)

### (s) 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.

### (t) Current and deferred taxation

The tax expenses for the year comprise 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.



Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (u) 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.

### (v) Revenue and income 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 are upon the completion of the 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 coincide with the time when goods are delivered to the customers and legal title has been 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 fee 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.

### (w) 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)

### (x) 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 leave 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.

### (y) 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.

### (z) 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.

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 the transactions; and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (z) Translation of foreign currencies (Continued)

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.

### (aa) 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.

### (ab) 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 as applicable.

## 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 and other investments) 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.

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

### 3 FINANCIAL RISK MANAGEMENT (Continued)

(a) **Financial risk factors** (Continued)

(i) **Credit risk** (Continued)

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. As at 31st March, 2009, the deposits placed in Hong Kong listed banks and the People's Republic of China state-owned banks amounted to approximately HK\$869 million (2008: HK\$1,077 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. Rentals 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. Loans and receivables are generally supported by the respective underlying assets.

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

(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.

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** (Continued)

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

	Within one year HK\$'000	Second year HK\$'000	Third to fifth years HK\$'000	After five years HK\$'000
<b>Group</b>				
<b>2009</b>				
Creditors and accruals	209,214	–	–	–
Derivative financial instruments	–	–	1,442	–
Borrowings	305,790	262,755	1,790,271	172,959
Loans from minority interests	–	26,048	–	10,136
2008				
Creditors and accruals	189,498	–	–	–
Derivative financial instruments	134,000	–	–	–
Borrowings	337,406	394,703	1,127,784	223,940
Loans from minority interests	–	33,362	–	10,120
<b>Company</b>				
<b>2009</b>				
Creditors and accruals	1,843	–	–	–
2008				
Creditors and accruals	2,042	–	–	–
Borrowings	750	750	20,750	–

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

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

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

As at 31st March, 2009, if interest rates had been 0.5% higher/lower with all other variables held constant, the pre-tax result of the Group would have decreased/increased by approximately HK\$3,671,000 (2008: HK\$2,274,000).



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

### 3 FINANCIAL RISK MANAGEMENT (Continued)

(a) **Financial risk factors** (Continued)

(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, the Mainland China, Singapore, Malaysia and Vietnam. The Group has no significant foreign exchange risk due to limited foreign currency transactions other than the functional currencies of the respective entities.

(v) **Price risk**

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

The Group's equity instruments in equity of other entities are primarily publicly traded. The table below summarises the impact of increase/decrease of the market price of the Group's equity investments publicly-traded by 5% with all other variables held constant:

	Impact on result for the year		Impact on investment revaluation reserve	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
5% change in market price	912	805	–	1,160

(b) **Capital risk management**

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including short-term and long-term borrowings as shown in the consolidated balance sheet) less cash and bank balances and other investments. Total capital represents shareholders' funds as shown in the consolidated balance sheet. The gearing ratio at 31st March, 2009 is 34.3% (2008: 17.4%).

Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (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.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

#### (a) Fair values of investment properties

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

Should the capitalisation rates or market rates increase/decrease by 0.1% with all other variables held constant, the fair value loss of investment properties of the Group would be increased/decreased by approximately HK\$96 million or HK\$106 million (2008: fair value gain would be decreased/increased by approximately HK\$104 million or HK\$112 million) respectively.

#### (b) Fair values of derivative financial instruments

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

In 2008, the carrying amount of the derivative financial instruments would be approximately HK\$1,344,000 lower or higher were the rate used in the valuation to differ by 1% from the current estimates with all other variables held constant.

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

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

**(c) Fair values of financial assets**

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, and for unlisted investments, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the specific circumstances of the issuer.

**(d) 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.

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

The Group assesses the carrying amounts of properties for/under development and properties for sale according to their estimated recoverable amounts or 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.

**(f) 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 for/under development and 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.

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 cost. It recognised impairment based on estimates of the extent and timing of future cash flows using applicable discount rates.

The Group assesses whether there is objective evidence that the receivables are impaired. It recognises 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.

**(g) 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.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)****(h) Capitalisation of borrowing costs and amortisation of leasehold land and land use rights**

Borrowing costs directly attributable to the construction of properties under development, and amortisation of leasehold land and 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 leasehold land and land use rights should commence on a project-by-project basis. Key indicators used by the management to identify a standalone development include that all properties in the development are:

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

**5 REVENUES**

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

	2009 HK\$'000	2008 HK\$'000
Sale of properties <sup>#</sup>	76,683	329,708
Sale of goods	96,883	126,139
Rental income and management fees	119,879	102,699
Securities trading	(12,025)	(89,687)
Dividend income from listed investments	2,036	3,582
Service fees	–	12
	<b>283,456</b>	<b>472,453</b>

<sup>#</sup> Sale of properties include sale of completed properties and leasehold land 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 the operating activities of the Group, the primary segment reporting is business segments and the secondary segment reporting is geographical segments. The main business segments of the Group are property investment and development, sale of goods and services, and securities investment and 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, leasehold land and land use rights, properties, loans and receivables, available-for-sale financial assets, derivative financial instruments, other investments, inventories, debtors and prepayments. Unallocated assets mainly represent cash and bank balances, taxation assets and assets for corporate use. Segment liabilities mainly comprise creditors and accruals, derivative financial instruments and loans from minority interests, and mainly exclude short-term and long-term borrowings and taxation liabilities. Capital expenditure comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights, and capitalised expenditures for properties.

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	Securities investment and trading HK\$'000	Others, corporate and elimination HK\$'000	2009 Total HK\$'000
Revenues	198,076	96,883	(9,989)	(1,514)	283,456
Other income	8,713	1,042	–	23,078	32,833
Segment results	(94,806)	(2,329)	(10,127)	(122,702)	(229,964)
Finance costs					(64,835)
Share of results of associated companies	16,513	(54,191)	–	4,225	(33,453)
Loss before taxation					(328,252)
Taxation credit					23,569
Loss for the year					(304,683)
Segment assets	5,574,646	163,228	6,279	94	5,744,247
Associated companies	31,950	243,686	–	3,199	278,835
Unallocated assets					1,253,865
Total assets					7,276,947
Segment liabilities	219,143	15,410	–	921	235,474
Unallocated liabilities					2,805,545
Total liabilities					3,041,019
Other segment items are as follows:					
Capital expenditure	302,151	1,229	–	2,695	306,075
Depreciation	5,263	2,202	–	4,700	12,165
Amortisation of leasehold land and land use rights					
– charged to income statement	932	308	–	–	1,240
– capitalised into properties	29,299	–	–	–	29,299
Write off of trade and other debtors	1,706	–	–	–	1,706
Impairment of available-for-sale financial assets	–	–	–	28,000	28,000



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	Securities investment and trading HK\$'000	Others, corporate and elimination HK\$'000	2008 Total HK\$'000
Revenues	432,689	126,139	(86,105)	(270)	472,453
Other income	93,616	2,151	–	79,134	174,901
Segment results	737,822	(502)	(86,618)	(46,962)	603,740
Finance costs					(85,295)
Share of results of associated companies	87,941	(13,111)	–	234	75,064
Profit before taxation					593,509
Taxation charge					(62,909)
Profit for the year					530,600
Segment assets	5,523,122	182,321	19,841	969	5,726,253
Associated companies	15,487	251,556	–	2,939	269,982
Unallocated assets					1,359,880
Total assets					7,356,115
Segment liabilities	210,308	11,249	134,130	849	356,536
Unallocated liabilities					2,399,176
Total liabilities					2,755,712
Other segment items are as follows:					
Capital expenditure	377,685	872	–	8,992	387,549
Depreciation	4,408	2,157	–	9,733	16,298
Amortisation of leasehold land and land use rights					
– charged to income statement	1,956	302	–	–	2,258
– capitalised into properties	25,559	–	–	–	25,559
Write off of trade and other debtors	4,835	–	–	–	4,835

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
<b>2009</b>			
Hong Kong	<b>149,325</b>	<b>4,601,350</b>	<b>43,968</b>
Mainland China	<b>52,829</b>	<b>2,115,540</b>	<b>259,298</b>
Other countries	<b>81,302</b>	<b>560,057</b>	<b>2,809</b>
	<b>283,456</b>	<b>7,276,947</b>	<b>306,075</b>
<b>2008</b>			
Hong Kong	122,861	5,005,436	165,631
Mainland China	259,614	1,739,856	197,953
Other countries	89,978	610,823	23,965
	472,453	7,356,115	387,549

## 7 OTHER INCOME

	2009 HK\$'000	2008 HK\$'000
Interest income from		
Bank deposits	<b>16,291</b>	33,179
Loans and receivables	<b>2,400</b>	2,820
Overdue receivables	<b>148</b>	315
Negative goodwill arising from the acquisition of additional interests in a subsidiary	<b>3,861</b>	–
Sale of scrapped material	<b>1,033</b>	2,110
Deemed profit on partial disposal of a subsidiary	–	29,650
Write back of provisions for tax liabilities undertakings (note)	–	21,019
Excess of fair value of net assets acquired over cost of acquisition of minority interests in a subsidiary	–	20,976
Deferred profit realised on disposal of properties (note 22) (note)	–	4,566
Gain on disposal of available-for-sale financial assets	<b>985</b>	1,147
Net gains on disposal of investment properties	–	38,421
Fair value gain on derivative financial instruments	–	11,969
Sundries	<b>8,115</b>	8,729
	<b>32,833</b>	174,901

Note: In December 2001, Chuang's China Investments Limited ("Chuang's China") (together with its subsidiaries as the "Chuang's China Group"), a listed subsidiary of the Group, disposed of certain properties to its then associated company, Midas International Holdings Limited ("Midas"), a listed associated company of the Group, and accordingly a portion of the profit from such disposal had been deferred. In addition, Chuang's China had provided undertakings to Midas 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 deferred profit had been recognised by the Group (note 22) and the related provisions for the undertakings had been written back by Chuang's China.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

**8 OPERATING (LOSS)/PROFIT**

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Operating (loss)/profit is stated after crediting:		
Gross rental income from investment properties	<b>101,578</b>	86,376
Gain on disposal of property, plant and equipment <sup>#</sup>	–	408
and after charging:		
Cost of properties sold	<b>47,029</b>	243,366
Cost of inventories sold	<b>70,089</b>	101,437
Depreciation	<b>12,165</b>	16,298
Amortisation of leasehold land and land use rights	<b>1,240</b>	2,258
Impairment on:		
– property, plant and equipment <sup>#</sup>	<b>273</b>	–
– leasehold land and land use rights <sup>#</sup>	<b>4,070</b>	–
– available-for-sale financial assets <sup>#</sup>	<b>28,000</b>	–
Loss on disposal of property, plant and equipment	<b>688</b>	–
Net realised loss on other investments	<b>10,648</b>	–
Net unrealised loss on other investments	<b>1,377</b>	3,919
Net fair value loss on derivative financial instruments	<b>4,165</b>	109,000
Net loss on partial disposal of a subsidiary <sup>#</sup>	–	12,672
Operating lease rental on land and buildings	<b>12,583</b>	6,828
Outgoings in respect of investment properties	<b>33,605</b>	33,123
Write off of trade and other debtors	<b>1,706</b>	4,835
Net exchange loss <sup>#</sup>	<b>3,662</b>	5,745
Staff costs, including Directors' emoluments		
Wages and salaries	<b>76,756</b>	69,806
Retirement benefit costs (note 9)	<b>3,343</b>	2,624
Auditors' remuneration		
Current	<b>2,725</b>	2,751
Under-provision in prior year	–	220

<sup>#</sup> Included in other operating expenses

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

## 9 EMPLOYEE RETIREMENT BENEFITS

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

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

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

## 10 FINANCE COSTS

	2009 HK\$'000	2008 HK\$'000
Interest expenses		
Bank borrowings wholly repayable within five years	<b>66,676</b>	72,739
Bank borrowings wholly repayable after five years	<b>3,649</b>	15,002
Bank overdrafts wholly repayable within five years	<b>456</b>	309
	<b>70,781</b>	88,050
Amount capitalised into		
Properties for/under development	<b>(424)</b>	(490)
Properties for sale	<b>(5,522)</b>	(2,265)
	<b>64,835</b>	85,295

The capitalisation rates applied to funds borrowed generally and used for the development of properties range from 0.90% to 8.32% (2008: 2.79% to 8.32%) per annum.

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

## 11 DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

### (a) Directors' emoluments

Name of Director	Fees HK\$'000	Salaries and bonuses HK\$'000	Other benefits HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>2009</b>					
Mr. Alan Chuang Shaw Swee	30	1,600	2,400	150	4,180
Mrs. Alice Siu Chuang Siu Suen	20	600	–	45	665
Mr. Ko Sheung Chi	20	1,788	696	12	2,516
Mr. Albert Chuang Ka Pun	20	960	–	12	992
Mr. Lui Lop Kay	20	1,440	–	108	1,568
Mr. Wong Chung Wai	20	1,080	–	12	1,112
Dr. Peter Po Fun Chan	100	–	–	–	100
Mr. Abraham Shek Lai Him	100	–	–	–	100
Mr. Fong Shing Kwong <sup>1</sup>	100	–	–	–	100
Mr. Chan Wai Dune <sup>2</sup>	–	–	–	–	–
	<b>430</b>	<b>7,468</b>	<b>3,096</b>	<b>339</b>	<b>11,333</b>
<b>2008</b>					
Mr. Alan Chuang Shaw Swee	30	2,450	2,400	150	5,030
Mrs. Alice Siu Chuang Siu Suen	20	600	–	45	665
Mr. Ko Sheung Chi	20	1,995	696	12	2,723
Mr. Albert Chuang Ka Pun	20	655	–	12	687
Mr. Lui Lop Kay	20	1,300	–	80	1,400
Mr. Wong Chung Wai	20	1,070	–	12	1,102
Ms. Cathy Chan Chung Shan <sup>3</sup>	–	106	–	1	107
Dr. Peter Po Fun Chan	100	–	–	–	100
Mr. Abraham Shek Lai Him	100	–	–	–	100
Mr. Chan Wai Dune <sup>2</sup>	100	–	–	–	100
	<b>430</b>	<b>8,176</b>	<b>3,096</b>	<b>312</b>	<b>12,014</b>

<sup>1</sup> Appointed on 28th August, 2008

<sup>2</sup> Retired on 28th August, 2008

<sup>3</sup> Resigned on 30th April, 2007

The emoluments paid to Independent Non-Executive Directors amounted to HK\$300,000 (2008: HK\$300,000).



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

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

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

The five highest paid individuals in the Group include three (2008: three) Directors. Details of the aggregate emoluments paid to the two (2008: two) individuals, whose emoluments were the highest in the Group and who are not Directors, are set out below:

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Salaries, bonuses and other benefits	<b>3,016</b>	3,183
Retirement scheme contributions	<b>179</b>	167
	<b>3,195</b>	3,350

The emoluments of the individuals fall within the following bands:

<b>Emoluments bands</b>	<b>Number of individuals</b>	
	<b>2009</b>	2008
HK\$1,000,001 to HK\$1,500,000	<b>1</b>	1
HK\$1,500,001 to HK\$2,000,000	<b>1</b>	1
	<b>2</b>	2

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

During the year, the Group did not pay to the Directors or the five highest paid individuals any inducement to join or upon joining the Group, or as compensation for loss of office. No Directors waived or agreed to waive any emoluments during the year.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

**12 TAXATION (CREDIT)/CHARGE**

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Current		
Hong Kong profits tax – under-provision in previous years	<b>6</b>	289
Overseas profits tax	<b>(51)</b>	244
Mainland China corporate income tax	<b>1,948</b>	7,382
Mainland China land appreciation tax	<b>1,936</b>	19,660
Deferred (note 36)		
Current year	<b>(15,810)</b>	35,334
Effect of change in taxation rate	<b>(11,598)</b>	–
	<b>(23,569)</b>	62,909

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit 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 ended 31st March, 2009 amounting to HK\$3,122,000 (2008: HK\$2,016,000) 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:

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
(Loss)/profit before taxation	<b>(328,252)</b>	593,509
Share of results of associated companies	<b>33,453</b>	(75,064)
	<b>(294,799)</b>	518,445
Tax (credit)/charge at the rate of 16.5% (2008: 17.5%)	<b>(48,642)</b>	90,728
Effect of different taxation rates in other countries	<b>179</b>	19,388
Income not subject to taxation	<b>(3,432)</b>	(40,090)
Expenses not deductible for taxation purposes	<b>16,485</b>	9,818
Utilisation of previously unrecognised tax losses	<b>(6,371)</b>	(29,245)
Other temporary difference and tax losses not recognised	<b>27,095</b>	19,990
Provision/(write back) of deferred taxation in previous years and others	<b>2,715</b>	(7,680)
Effect of change in taxation rate	<b>(11,598)</b>	–
Taxation (credit)/charge	<b>(23,569)</b>	62,909

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

### 13 (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

(Loss)/profit attributable to equity holders includes profit of HK\$8,499,000 (2008: HK\$20,799,000) which is dealt with in the financial statements of the Company.

### 14 DIVIDENDS

	2009 HK\$'000	2008 HK\$'000
Interim cash dividend paid of 1.0 HK cent (2008: 1.5 HK cents) per share	15,106	22,279
Proposed final scrip dividend with a cash option of 0.5 HK cent (2008: 2.0 HK cents) per share	7,553	29,706
	<b>22,659</b>	51,985

On 8th July, 2009, the Board of Directors proposed a final scrip dividend with a cash option of 0.5 HK cent (2008: 2.0 HK cents) per share amounting to HK\$7,553,000 (2008: HK\$29,706,000). This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected and accounted for as an appropriation of reserves in the year ending 31st March, 2010 upon the approval by the shareholders.

### 15 (LOSS)/EARNINGS PER SHARE

The calculation of the (loss)/earnings per share is based on the loss attributable to equity holders of HK\$248,844,000 (2008: profit of HK\$468,889,000) and the weighted average number of 1,496,447,333 (2008: 1,481,228,371) 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 current year and the prior year and the convertible notes issued by an associated company are anti-dilutive.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

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

	<b>Freehold land and buildings</b>	<b>Plant and machinery</b>	<b>Furniture and fixtures</b>	<b>Other assets</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cost</b>					
At 1st April, 2007	60,237	40,549	38,560	98,523	237,869
Changes in exchange rates	3,308	987	664	400	5,359
Additions	10,248	49	12,390	4,938	27,625
Transfer from properties for sale	6,180	–	–	–	6,180
Transfer to properties for/under development	(12,960)	–	–	–	(12,960)
Disposals	–	–	(687)	(26,223)	(26,910)
Disposal of a subsidiary	–	–	(422)	–	(422)
At 31st March, 2008	67,013	41,585	50,505	77,638	236,741
Changes in exchange rates	(3,627)	(1,161)	(1,114)	(398)	(6,300)
Additions	1,217	71	2,983	3,652	7,923
Disposals	–	(5,907)	(2,486)	(363)	(8,756)
<b>At 31st March, 2009</b>	<b>64,603</b>	<b>34,588</b>	<b>49,888</b>	<b>80,529</b>	<b>229,608</b>
<b>Accumulated depreciation and impairment</b>					
At 1st April, 2007	14,917	37,479	24,454	78,525	155,375
Changes in exchange rates	982	956	420	318	2,676
Charge for the year	1,156	683	4,291	10,168	16,298
Transfer to properties for/under development	(4,040)	–	–	–	(4,040)
Disposals	–	–	(532)	(25,896)	(26,428)
Disposal of a subsidiary	–	–	(368)	–	(368)
At 31st March, 2008	13,015	39,118	28,265	63,115	143,513
Changes in exchange rates	(1,237)	(1,132)	(523)	(348)	(3,240)
Charge for the year	1,440	636	5,390	4,699	12,165
Disposals	–	(5,907)	(1,652)	(203)	(7,762)
Impairment	210	–	63	–	273
<b>At 31st March, 2009</b>	<b>13,428</b>	<b>32,715</b>	<b>31,543</b>	<b>67,263</b>	<b>144,949</b>
<b>Net book value</b>					
<b>At 31st March, 2009</b>	<b>51,175</b>	<b>1,873</b>	<b>18,345</b>	<b>13,266</b>	<b>84,659</b>
At 31st March, 2008	53,998	2,467	22,240	14,523	93,228

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

## 16 PROPERTY, PLANT AND EQUIPMENT (Continued)

### Company

	Other assets	
	2009 HK\$'000	2008 HK\$'000
<b>Cost</b>		
At the beginning of the year	375	375
Additions	157	–
At the end of the year	532	375
<b>Accumulated depreciation</b>		
At the beginning of the year	170	95
Charge for the year	96	75
At the end of the year	266	170
<b>Net book value</b>		
At the end of the year	266	205

- (a) Other assets comprise computer equipment, motor vehicles and yacht.
- (b) Freehold land and buildings with net book value of HK\$24,513,000 (2008: HK\$28,045,000) have been pledged as securities for the borrowing facilities granted to the Group (note 35).
- (c) Buildings of the Group are situated on land with the following lease terms:

	2009 HK\$'000	2008 HK\$'000
Outside Hong Kong		
Long-term leases	26,662	25,953
Medium-term leases	24,513	28,045
	51,175	53,998

- (d) Depreciation of HK\$1,078,000 (2008: HK\$1,092,000), HK\$492,000 (2008: HK\$306,000) and HK\$10,595,000 (2008: HK\$14,900,000) 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	3,085,052	2,552,428
Changes in exchange rates	(43,069)	28,020
Additions	733	41,819
Transfer from properties for/under development	171,977	–
Disposals	–	(92,052)
Change in fair value	(130,486)	554,837
At the end of the year	<b>3,084,207</b>	3,085,052

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

	2009 HK\$'000	2008 HK\$'000
In Hong Kong		
Long-term leases	773,760	809,560
Medium-term leases	1,965,300	1,885,300
	<b>2,739,060</b>	2,694,860
Outside Hong Kong		
Freehold	296,520	340,704
Long-term leases	48,627	49,488
	<b>345,147</b>	390,192
	<b>3,084,207</b>	3,085,052

(b) Investment properties in Hong Kong, Malaysia and the Mainland China were revalued at 31st March, 2009 on an open market value basis by Vigers Appraisal And Consulting Limited, VPC Alliance (KL) Sendirian Berhad and DTZ Debenham Tie Leung Limited, independent professional property valuers, respectively.

(c) Investment properties with net book value of HK\$3,028,819,000 (2008: HK\$3,028,404,000) have been pledged as securities for the borrowing facilities granted to the Group (note 35).

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

## 18 LEASEHOLD LAND AND LAND USE RIGHTS

	Group	
	2009 HK\$'000	2008 HK\$'000
At the beginning of the year	25,688	1,076,888
Changes in exchange rates	(2,492)	7,827
Additions	–	159,664
Transfer to properties for/under development	–	(171,977)
Transfer to properties for sale	–	(1,044,456)
Amortisation	(484)	(2,258)
Disposals	(20)	–
Impairment	(4,070)	–
At the end of the year	<b>18,622</b>	25,688

- (a) Leasehold land and land use rights of the Group are held outside Hong Kong under the following lease terms:

	2009 HK\$'000	2008 HK\$'000
Long-term leases	10,081	15,915
Medium-term leases	8,541	9,773
	<b>18,622</b>	25,688

- (b) The interests in leasehold land and land use rights represent prepaid operating lease payments, and leasehold land and land use rights of HK\$8,541,000 (2008: HK\$9,773,000) are pledged as securities for the borrowing facilities granted to the Group (note 35).
- (c) Amounts of HK\$144,000 (2008: HK\$142,000) and HK\$1,096,000 (2008: HK\$2,116,000) of amortisation charged to income statement from leasehold land and land use rights and properties for sale (note 25) have been included in cost of sales and administrative expenses respectively.
- (d) In view of the current economic downturn, management assessed the impairment on the leasehold land and land use rights and an impairment of HK\$4,070,000 (2008: Nil) was recorded as at 31st March, 2009. The recoverable amounts were determined based on the valuations performed by VPC Alliance (KL) Sendirian Berhad and DTZ Debenham Tie Leung Limited, independent professional property valuers respectively.

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

## 19 PROPERTIES FOR/UNDER DEVELOPMENT

	Group	
	2009 HK\$'000	2008 HK\$'000
At the beginning of the year	680,684	362,882
Changes in exchange rates	(2,923)	1,409
Property development expenditure	41,582	15,645
Interest expenses capitalised	424	490
Additions	–	142,796
Transfer from property, plant and equipment	–	8,920
Transfer from leasehold land and land use rights	–	171,977
Transfer to investment properties	(171,977)	–
Transfer to properties for sale	–	(23,435)
At the end of the year	547,790	680,684

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

	2009 HK\$'000	2008 HK\$'000
In Hong Kong		
Medium-term leases	502,367	633,459
Outside Hong Kong		
Freehold	28,531	28,153
Long-term leases	16,892	19,072
	45,423	47,225
	547,790	680,684

Properties for/under development amounting to HK\$502,367,000 (2008: HK\$591,254,000) are pledged as securities for the borrowing facilities granted to the Group (note 35).

During the year, amortisation of leasehold land and land use rights classified under properties for/under development of HK\$12,520,000 (2008: HK\$9,083,000) was capitalised therein.

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

## 20 SUBSIDIARIES

	Company	
	2009 HK\$'000	2008 HK\$'000
Unlisted shares, at cost	<b>888,708</b>	888,708

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 44 to the financial statements.

## 21 INVESTMENT IN JOINTLY CONTROLLED ASSETS

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

For the year ended 31st March, 2009, the Chuang's China Group's interest in the jointly controlled assets was 51% (2008: 51%). The Chuang's China 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 Chuang's China Group had made an advance to joint venture partner amounting to HK\$22,727,000 (2008: HK\$21,793,000) (note 24). The proportionate interest in joint venture's commitment was HK\$4,109,000 (2008: HK\$4,237,000).

## 22 ASSOCIATED COMPANIES

	Group	
	2009 HK\$'000	2008 HK\$'000
Share of net assets	<b>278,835</b>	269,982
Investments, at cost		
Listed shares in Hong Kong	<b>196,527</b>	149,758
Unlisted shares	<b>75,532</b>	81,387
	<b>272,059</b>	231,145
Market value of listed shares in Hong Kong	<b>45,728</b>	114,939

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

**22 ASSOCIATED COMPANIES (Continued)**

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

	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
At the beginning of the year	<b>269,982</b>	213,867
Changes in exchange rates	–	(61)
Additions from rights issue of an associated company	<b>35,475</b>	–
Additions from conversion of convertible note	<b>11,294</b>	33,818
Share of (loss)/profit before taxation	<b>(34,295)</b>	5,480
Share of taxation	<b>(3,122)</b>	(2,016)
Negative goodwill from conversion of convertible note	<b>3,964</b>	–
Share of reserves (note 34)	<b>(3,248)</b>	15,980
Share of convertible note equity reserve of an associated company upon conversion of convertible note (note 32)	<b>(1,165)</b>	2,607
Dividend income received	<b>(50)</b>	(4,259)
Deferred profit realised on disposal of properties (note 7)	–	4,566
At the end of the year	<b>278,835</b>	269,982

Particulars of principal associated companies which, in the opinion of the Directors, materially affect the results or net assets of the Group are set out in note 45 to the financial statements.

In 2009, share of results of associated companies in the income statement includes a negative goodwill of HK\$3,964,000 (2008: Nil) arising from the conversion of convertible note of an associated company. In 2008, it included the write back of provision of HK\$71,600,000 for an amount receivable from an associated company which was included in debtors and prepayments (note 27).

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

	<b>Group</b>	
	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
Revenues	<b>340,778</b>	423,260
(Loss)/profit for the year	<b>(37,417)</b>	3,464
Assets	<b>541,985</b>	661,100
Liabilities	<b>(263,150)</b>	(391,118)
Net assets	<b>278,835</b>	269,982



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

## 22 ASSOCIATED COMPANIES (Continued)

In April 2008, Midas announced a rights issue and the Group had subscribed its entitlement in full under the rights issue and maintained its shareholding percentage in Midas.

On 29th June, 2007, the Group subscribed for a 1.5% convertible note due 2011 of Midas in the principal amount of HK\$49.5 million. A one-off fair value gain on inception of HK\$22.8 million was recorded as a fair value change on derivative financial instruments in the income statement as a result of the difference between the principal amount of subscription and the fair value of the convertible note of HK\$72.3 million on the same date. During the year, the Group converted part of the convertible note into 31.6 million (2008: 45.0 million) new shares of Midas, resulting in an increase of the shareholding of the Group in Midas to 48.4% (2008: 46.6%). The remaining portion of the convertible note was recorded as loans and receivables (note 24) and derivative financial instruments (note 32) as at 31st March, 2008 and 2009.

## 23 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
Unlisted shares, at fair value	9,923	12,067
	<b>31,892</b>	55,220

The movements of available-for-sale financial assets of the Group are analysed as follows:

	2009 HK\$'000	2008 HK\$'000
At the beginning of the year	55,220	48,092
Additions	3,895	12,850
Disposal	(3,039)	(1,440)
Change in fair value	(24,184)	(4,282)
At the end of the year	<b>31,892</b>	55,220

The unlisted shares represent the Group's interest in an investment fund established and managed by an investment bank for investments in various long-term projects.

In view of the significant change in fair value of the available-for-sale financial assets during the year, an amount of HK\$28,000,000 (2008: Nil), including portion of the cumulative loss, is removed from the reserve and recognised as impairment in the income statement.

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

## 24 LOANS AND RECEIVABLES

	Group	
	2009 HK\$'000	2008 HK\$'000
Mortgage loans (note a)	19,543	25,415
Convertible note of an associated company (note 22)	14,500	24,683
Advance to joint venture partner (note b)	22,727	21,793
Amount receivable from minority interest (note c)	–	6,730
	<b>56,770</b>	78,621
Current portions included in debtors and prepayments (note 27)		
Mortgage loans (note a)	(699)	(604)
	<b>56,071</b>	78,017

- (a) Mortgage loans are provided to purchasers of the Group's properties at the prevailing market rates.
- (b) Advance to joint venture partner by the Chuang's China Group is provided for financing the property development in Chengdu, the Mainland China (note 21) 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.
- (c) The amount receivable from minority interest in 2008 was unsecured, not receivable within the next twelve months from the balance sheet date and carried interest at prevailing market rates.

## 25 PROPERTIES FOR SALE

	Group	
	2009 HK\$'000	2008 HK\$'000
Completed properties	105,571	129,208
Leasehold land and land use rights for sale	41,301	42,057
Properties under development	1,454,965	1,196,198
	<b>1,601,837</b>	1,367,463

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

## 25 PROPERTIES FOR SALE (Continued)

The movements of properties under development of the Group are analysed as follows:

	2009 HK\$'000	2008 HK\$'000
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
Transfer from leasehold land and land use rights	–	967,364
Transfer from properties for/under development	–	23,435
Transfer to property, plant and equipment	–	(6,180)
Transfer to completed properties	(17,147)	(110,920)
At the end of the year	1,454,965	1,196,198

The Group's interests in properties for sale at their net book values are held under the following lease terms:

	2009 HK\$'000	2008 HK\$'000
In Hong Kong		
Long-term leases	2,957	17,537
Outside Hong Kong		
Long-term leases	1,560,165	1,311,211
Medium-term leases	38,715	38,715
	1,598,880	1,349,926
	1,601,837	1,367,463

Completed properties amounting to HK\$2,957,000 (2008: HK\$17,537,000) are carried at net realisable value. Properties for sale amounting to HK\$374,589,000 (2008: HK\$10,618,000) are pledged as securities for the borrowing facilities granted to the Group (note 35).

During the year, amortisation of leasehold land and land use rights classified under properties 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

## 26 INVENTORIES

	Group	
	2009 HK\$'000	2008 HK\$'000
Raw materials	2,834	4,359
Work in progress	1,661	3,606
Finished goods and merchandise	92,927	87,864
	<b>97,422</b>	95,829
Impairment	<b>(1,000)</b>	(1,000)
	<b>96,422</b>	94,829

As at 31st March, 2009, finished goods of HK\$2,619,000 (2008: HK\$2,619,000) were carried at net realisable value.

## 27 DEBTORS AND PREPAYMENTS

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade debtors	20,389	27,091	–	–
Other debtors and prepayments	38,376	59,782	773	181
Utility and other deposits	228,516	236,286	–	–
	<b>287,281</b>	323,159	<b>773</b>	181

Rental income and management fees 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	11,512	14,702
31 to 60 days	3,774	6,530
61 to 90 days	1,898	2,728
Over 90 days	3,205	3,131
	<b>20,389</b>	27,091

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

## 27 DEBTORS AND PREPAYMENTS (Continued)

As at 31st March, 2009, trade debtors of HK\$10,453,000 (2008: HK\$10,499,000) of the Group were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debtors is as follows:

	2009 HK\$'000	2008 HK\$'000
Below 30 days	5,557	5,209
31 to 60 days	172	388
61 to 90 days	1,519	1,771
Over 90 days	3,205	3,131
	<b>10,453</b>	10,499

Other deposits include deposits of HK\$200,807,000 (2008: HK\$196,773,000) for property development projects and acquisition of leasehold land and land use rights in Chengdu and Xiamen, the Mainland China, and Vietnam.

Other debtors and prepayments include amounts receivable from associated companies amounting to HK\$1,609,000 (2008: HK\$41,637,000) which were fully provided for at the balance sheet date (2008: HK\$1,609,000). Provision of HK\$71,600,000 was written back during the year ended 31st March, 2008 (note 22) after substantial settlement was received. The amounts receivable are unsecured, interest free and receivable on demand.

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

## 28 LOAN AND AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2009 HK\$'000	2008 HK\$'000
Loan receivable	56,225	56,225
Amounts receivable	2,183,498	2,146,523
Impairment	<b>(1,410,236)</b>	(1,410,236)
	<b>773,262</b>	736,287

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

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



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

## 29 OTHER INVESTMENTS

	Group	
	2009 HK\$'000	2008 HK\$'000
Listed equity securities in Hong Kong, at market value	6,279	16,117

In 2008, other investments amounting to HK\$7,724,000 were pledged as securities for the commitment of the purchase of listed equity securities (note 32).

## 30 CASH AND BANK BALANCES

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Cash at bank and in hand	240,351	164,962	6,094	24,238
Short-term deposits	940,934	1,099,065	718,287	778,559
	<b>1,181,285</b>	1,264,027	<b>724,381</b>	802,797

The effective interest rates on short-term deposits range from 0.01% to 4.14% (2008: 0.65% to 2.79%) per annum and these deposits have maturities ranged from 1 to 365 days (2008: 1 to 365 days).

Cash and bank balances amounting to HK\$125,000,000 (2008: HK\$146,000,000) and HK\$1,137,000 (2008: HK\$3,198,000) are pledged as securities for certain borrowing facilities (note 35) and guarantee facilities (note 39) granted to the Group respectively. As at 31st March, 2008, the Group had also pledged certain bank deposits amounting to HK\$241,659,000 as securities for the commitment of the purchase of listed equity securities (note 32).

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

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

### 31 CREDITORS AND ACCRUALS

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade creditors	<b>13,031</b>	16,476	–	–
Other creditors	<b>108,770</b>	101,620	–	–
Amounts payable to minority interests	<b>416</b>	416	–	–
Tenant and other deposits	<b>78,428</b>	65,760	–	–
Accrued expenses	<b>8,569</b>	5,226	<b>1,843</b>	2,042
	<b>209,214</b>	189,498	<b>1,843</b>	2,042

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

	2009 HK\$'000	2008 HK\$'000
Below 30 days	<b>3,914</b>	7,002
31 to 60 days	<b>2,400</b>	1,923
Over 60 days	<b>6,717</b>	7,551
	<b>13,031</b>	16,476

Other creditors include an amount payable to an associated company amounting to HK\$21,000,000 (2008: Nil). Both the amounts payable to the associated company and minority interests are unsecured, interest free and repayable on demand.

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

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

## 32 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2009 HK\$'000	2008 HK\$'000
<b>Non-current assets</b>		
Derivative financial instruments for the convertible note of an associated company, at fair value (note 22)	–	4,165
Less: Share of convertible note equity reserve of an associated company (note 22)	–	(2,607)
	–	1,558
<b>Current liabilities</b>		
Derivative financial instruments for purchase of listed equity securities, at fair value	–	134,000
<b>Non-current liabilities</b>		
Share of convertible note equity reserve of an associated company (note 22)	1,442	–

## 33 SHARE CAPITAL

	2009 HK\$'000	2008 HK\$'000
Authorised:		
2,500,000,000 shares of HK\$0.25 each	625,000	625,000
Issued and fully paid:		
1,510,589,673 (2008: 1,485,285,977) shares of HK\$0.25 each	377,647	371,322

During the year, 25,303,696 (2008: 7,279,822) shares were issued as scrip dividends for 2008 final dividend (2008: scrip dividends for 2007 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 30th August, 2002, which is valid and effective for a term of ten years from the date of its adoption. Under the Scheme, the Directors of the Company may grant options to the eligible persons as defined in the Scheme, inter alia, any employees, Directors or business consultants of the Company and its subsidiaries, to subscribe for shares in the Company under the terms and conditions stipulated therein. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company as at 30th August, 2002. No options have been granted under the Scheme since its adoption.

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

### 34 RESERVES

Group

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Investment revaluation reserve HK\$'000	Convertible note equity reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2007	658,331	4,462	417,686	2,073	507	–	(77,527)	1,867,127	2,872,659
Changes in exchange rates	–	–	–	–	–	–	36,635	–	36,635
Share of reserves of an associated company	–	–	–	–	–	16,569	(589)	–	15,980
Change in fair value of available-for-sale financial assets	–	–	–	–	(2,305)	–	–	–	(2,305)
Release upon disposal of available-for-sale financial assets	–	–	–	–	(4)	–	–	–	(4)
Profit for the year	–	–	–	–	–	–	–	468,889	468,889
Release upon disposal of a subsidiary	–	–	–	(1,724)	–	–	–	1,724	–
2007 final scrip dividend	8,519	–	–	–	–	–	–	(14,780)	(6,261)
2008 interim dividend	–	–	–	–	–	–	–	(22,279)	(22,279)
<b>At 31st March, 2008</b>	<b>666,850</b>	<b>4,462</b>	<b>417,686</b>	<b>349</b>	<b>(1,802)</b>	<b>16,569</b>	<b>(41,481)</b>	<b>2,300,681</b>	<b>3,363,314</b>
Representing:									
Reserves	666,850	4,462	417,686	349	(1,802)	16,569	(41,481)	2,270,975	3,333,608
2008 proposed final scrip dividend	–	–	–	–	–	–	–	29,706	29,706
	666,850	4,462	417,686	349	(1,802)	16,569	(41,481)	2,300,681	3,363,314
At 1st April, 2008	666,850	4,462	417,686	349	(1,802)	16,569	(41,481)	2,300,681	3,363,314
Changes in exchange rates	–	–	–	–	–	–	(33,958)	–	(33,958)
Share of reserves of an associated company	–	–	(1,291)	–	–	–	(1,957)	–	(3,248)
Change in fair value of available-for-sale financial assets	–	–	–	–	(14,911)	–	–	–	(14,911)
Impairment of available-for-sale financial assets	–	–	–	–	16,600	–	–	–	16,600
Loss for the year	–	–	–	–	–	–	–	(248,844)	(248,844)
2008 final scrip dividend	9,399	–	–	–	–	–	–	(29,706)	(20,307)
2009 interim dividend	–	–	–	–	–	–	–	(15,106)	(15,106)
<b>At 31st March, 2009</b>	<b>676,249</b>	<b>4,462</b>	<b>416,395</b>	<b>349</b>	<b>(113)</b>	<b>16,569</b>	<b>(77,396)</b>	<b>2,007,025</b>	<b>3,043,540</b>
Representing:									
Reserves	676,249	4,462	416,395	349	(113)	16,569	(77,396)	1,999,472	3,035,987
2009 proposed final scrip dividend	–	–	–	–	–	–	–	7,553	7,553
	676,249	4,462	416,395	349	(113)	16,569	(77,396)	2,007,025	3,043,540

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

### 34 RESERVES (Continued)

Company

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2007	658,331	4,462	331,495	1,104,492	2,098,780
Profit for the year	–	–	–	20,799	20,799
2007 final scrip dividend	8,519	–	(14,780)	–	(6,261)
2008 interim dividend	–	–	(22,279)	–	(22,279)
<b>At 31st March, 2008</b>	<b>666,850</b>	<b>4,462</b>	<b>294,436</b>	<b>1,125,291</b>	<b>2,091,039</b>
Representing:					
Reserves	666,850	4,462	264,730	1,125,291	2,061,333
2008 proposed final scrip dividend	–	–	29,706	–	29,706
	666,850	4,462	294,436	1,125,291	2,091,039
At 1st April, 2008	666,850	4,462	294,436	1,125,291	2,091,039
Profit for the year	–	–	–	8,499	8,499
2008 final scrip dividend	9,399	–	(29,706)	–	(20,307)
2009 interim dividend	–	–	(15,106)	–	(15,106)
<b>At 31st March, 2009</b>	<b>676,249</b>	<b>4,462</b>	<b>249,624</b>	<b>1,133,790</b>	<b>2,064,125</b>
Representing:					
Reserves	676,249	4,462	242,071	1,133,790	2,056,572
2009 proposed final scrip dividend	–	–	7,553	–	7,553
	676,249	4,462	249,624	1,133,790	2,064,125

Under the Companies Act 1981 of Bermuda and the Bye-laws of the Company, the contributed surplus which arose as a result of a group reorganisation in 1991 is also distributable to shareholders of the Company. Total distributable reserves of the Company amounted to HK\$1,383,414,000 (2008: HK\$1,419,727,000) as at 31st March, 2009.

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

### 35 BORROWINGS

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Secured bank borrowings				
Bank overdraft	1,998	2,471	–	–
Short-term bank loans	85,013	194,637	–	–
Short-term borrowings	87,011	197,108	–	–
Long-term borrowings	2,274,542	1,711,972	–	–
	2,361,553	1,909,080	–	–
Unsecured bank borrowings				
Long-term borrowings	–	20,000	–	20,000
Total borrowings	2,361,553	1,929,080	–	20,000

The long-term borrowings are analysed as follows:

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Long-term bank loans				
Wholly repayable within five years	2,085,428	1,411,267	–	20,000
Wholly repayable after five years	189,114	320,705	–	–
Current portion included in current liabilities	(171,831)	(85,869)	–	–
	2,102,711	1,646,103	–	20,000

The bank borrowings of the Group are secured by certain property, plant and equipment, investment properties, leasehold land and land use rights, properties for/under development, properties for sale and bank deposits with an aggregate carrying amount of HK\$4,063,829,000 (2008: HK\$3,814,094,000), shares of certain subsidiaries and guaranteed by the Company and Chuang's China, and borrowings of HK\$1,459,428,000 (2008: HK\$1,320,868,000) are also secured by the assignment of rental income.



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

**35 BORROWINGS (Continued)**

The bank borrowings are repayable in the following periods:

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Within one year	258,842	282,977	–	–
Second year	222,056	346,955	–	–
Third to fifth years	1,725,839	1,078,367	–	20,000
After five years	154,816	220,781	–	–
	<b>2,361,553</b>	1,929,080	–	20,000

The effective interest rates of the bank borrowings at the balance sheet date are ranging from 0.90% to 8.32% (2008: 2.45% to 8.32%) per annum. The fair values of the borrowings, based on cash flows discounted at the borrowing rates of 0.90% to 8.32% (2008: 2.45% to 8.32%) per annum, are approximate to their carrying amounts.

The bank borrowings are denominated in the following currencies:

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Hong Kong dollar	1,793,889	1,682,504	–	20,000
Renminbi	396,226	185,942	–	–
Malaysian Ringgit	169,440	58,163	–	–
Singapore dollar	1,998	2,471	–	–
	<b>2,361,553</b>	1,929,080	–	20,000

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

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
6 months or less	2,191,528	1,898,645	–	20,000
6 to 12 months	170,025	30,435	–	–
	<b>2,361,553</b>	1,929,080	–	20,000

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

### 36 DEFERRED TAXATION

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 the deferred taxation of the Group are as follows:

	<b>Deferred taxation liabilities</b>	<b>Deferred taxation assets</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
<b>Group</b>			
At 1st April, 2007	355,805	(837)	354,968
Changes in exchange rates	1,041	–	1,041
Charged to income statement (note 12)	35,304	30	35,334
At 31st March, 2008	392,150	(807)	391,343
Changes in exchange rates	(512)	–	(512)
(Credited)/charged to income statement (note 12)			
Current year	(15,102)	(708)	(15,810)
Effect of change in taxation rate	(11,644)	46	(11,598)
<b>At 31st March, 2009</b>	<b>364,892</b>	<b>(1,469)</b>	<b>363,423</b>

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

#### Deferred taxation assets

	<b>Revaluation of investment properties</b>	<b>Tax losses</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2007	(837)	(45,086)	(45,923)
Charged/(credited) to income statement	30	(39,439)	(39,409)
At 31st March, 2008	(807)	(84,525)	(85,332)
(Credited)/charged to income statement			
Current year	(708)	3,639	2,931
Effect of change in taxation rate	46	4,873	4,919
<b>At 31st March, 2009</b>	<b>(1,469)</b>	<b>(76,013)</b>	<b>(77,482)</b>

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

### 36 DEFERRED TAXATION (Continued)

#### Deferred taxation liabilities

	Fair value gains HK\$'000	Revaluation of investment properties HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1st April, 2007	191,503	192,618	16,770	400,891
Changes in exchange rates (Credited)/charged to income statement	– (7,944)	985 82,649	56 38	1,041 74,743
At 31st March, 2008	183,559	276,252	16,864	476,675
Changes in exchange rates (Credited)/charged to income statement	–	(443)	(69)	(512)
Current year	–	(20,284)	1,543	(18,741)
Effect of change in taxation rate	–	(15,589)	(928)	(16,517)
<b>At 31st March, 2009</b>	<b>183,559</b>	<b>239,936</b>	<b>17,410</b>	<b>440,905</b>

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

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\$196 million (2008: HK\$190 million) arising from unused tax losses of HK\$1,188 million (2008: HK\$1,086 million) and HK\$2.3 million (2008: HK\$1.8 million) on temporary differences in respect of depreciation allowances of HK\$14 million (2008: HK\$10 million) have not been recognised in the financial statements respectively. The tax losses have no expiry dates.

### 37 LOANS FROM MINORITY INTERESTS

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

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

### 38 COMMITMENTS

#### (a) Capital commitments

	Group	
	2009	2008
	HK\$'000	HK\$'000
Contracted but not provided for		
Property development expenditure	433,263	577,702
Available-for-sale financial assets	26,065	26,910
	<b>459,328</b>	604,612

#### (b) Operating lease rental payable

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

	Group	
	2009	2008
	HK\$'000	HK\$'000
Within one year	12,319	12,243
Second to fifth years	45,580	45,875
After five years	–	12,093
	<b>57,899</b>	70,211

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

**38 COMMITMENTS (Continued)****(c) Operating lease rental receivable**

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

	Group	
	2009 HK\$'000	2008 HK\$'000
Investment properties		
Within one year	71,368	66,276
Second to fifth years	36,340	51,993
	<b>107,708</b>	118,269
Properties for sale		
Within one year	–	194
	<b>107,708</b>	118,463

The Group leases properties under various agreements which will terminate between 2009 to 2012 (2008: 2008 to 2012).

**39 FINANCIAL GUARANTEES**

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Guarantees for bank borrowings of subsidiaries	–	–	1,602,328	1,392,505
Guarantees for mortgage bank loans to purchasers of properties of the Group	33,447	69,157	–	–
	<b>33,447</b>	69,157	<b>1,602,328</b>	1,392,505

Bank deposits of HK\$1,137,000 (2008: HK\$3,198,000) are pledged for the financial guarantees provided by the Group (note 30).

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

## 40 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	<b>(229,964)</b>	603,740
Interest income	<b>(18,839)</b>	(36,314)
Dividend income from listed investments	<b>(2,036)</b>	(3,582)
Depreciation	<b>12,165</b>	16,298
Amortisation of leasehold land and land use rights	<b>1,240</b>	2,258
Change in fair value of investment properties	<b>130,486</b>	(554,837)
Net gains on disposal of investment properties	–	(38,421)
Loss/(gain) on disposal of property, plant and equipment	<b>688</b>	(408)
Gain on disposal of available-for-sale financial assets	<b>(985)</b>	(1,147)
Impairment on property, plant and equipment	<b>273</b>	–
Impairment on leasehold land and land use rights	<b>4,070</b>	–
Impairment on available-for-sale financial assets	<b>28,000</b>	–
Net fair value loss on derivative financial instruments	<b>4,165</b>	97,031
Deemed profit on partial disposal of a subsidiary	–	(29,650)
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)
Deferred profit realised on disposal of properties	–	(4,566)
Gain on disposal of subsidiaries	<b>(252)</b>	(1,020)
Net loss on partial disposal of a subsidiary	–	12,672
Negative goodwill arising from the acquisition of additional interests in a subsidiary	<b>(3,861)</b>	–
Operating (loss)/profit before working capital changes	<b>(74,850)</b>	20,059
Decrease/(increase) in loans and receivables	<b>5,871</b>	(1,298)
Increase in properties for/under development and properties for sale	<b>(254,482)</b>	(192,970)
Increase in inventories	<b>(1,593)</b>	(10,204)
Increase in debtors and prepayments	<b>(1,773)</b>	(218,258)
Decrease in other investments	<b>9,838</b>	8,183
Increase/(decrease) in creditors and accruals	<b>6,334</b>	(60,108)
Decrease in derivative financial instruments	<b>(134,000)</b>	–
Cash used in operations	<b>(444,655)</b>	(454,596)



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

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

### (b) 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)
	<b>11,685</b>	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 the disposal of subsidiaries	<b>265</b>	(8,507)

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

	2009 HK\$'000	2008 HK\$'000
Cash and bank balances	1,181,285	1,264,027
Pledged bank deposits	(126,137)	(149,198)
Bank deposits maturing more than three months from date of placement	(345,501)	(171)
Bank overdraft	(1,998)	(2,471)
	<b>707,649</b>	1,112,187

### (d) Non-cash transaction

The principal non-cash transaction was the acquisition of an investment property by Chuang's China under a conditional transfer agreement with Midas during the year ended 31st March, 2008. Details of the transaction are set out in note 41.

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

#### 41 RELATED PARTY TRANSACTION

During the year ended 31st March, 2008, Chuang's China, a listed subsidiary of the Group, entered into a conditional transfer agreement with Midas, a listed associated company of the Group, to dispose of the entire equity interests in, and shareholder's loan to Success Gain Investment Limited, a wholly-owned subsidiary of Chuang's China whose sole asset is the holding of a piece of industrial land in Dongguan, the Mainland China. The consideration of the transfer 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.

#### 42 SUBSEQUENT EVENTS

- (a) On 23rd June, 2009, the Company and Midas, a listed associated company of the Group, jointly announced that the Company has conditionally agreed to subscribe for a new convertible note due 2014 of Midas in the principal amount of HK\$60 million at an initial conversion price of HK\$0.25 per share. This proposal is still subject to relevant approvals. Details of the subscription are set out in the announcement of the Company on 23rd June, 2009.
- (b) On 3rd July, 2009, the Company and Chuang's China jointly announced that a joint venture company ("JVC") will be established solely for the purpose of executing the development of a project located in Chengdu, the Mainland China (the "Project"), being the investment in jointly controlled assets as at 31st March, 2009 (note 21). In this respect, a joint venture agreement (the "Joint Venture Agreement") was entered into between the wholly-owned subsidiaries of Chuang's China and the joint venture partner on 1st July, 2009.

In addition, a wholly-owned subsidiary of Chuang's China made an advance of RMB20.1 million (equivalent to approximately HK\$22.7 million) (note 24) to the joint venture partner at the date of announcement of the Company dated 3rd July, 2009. Pursuant to the Joint Venture Agreement, RMB10 million (equivalent to approximately HK\$11.3 million) of this advance has been novated to the JVC as it relates to the development costs already spent on the Project and such amount will be payable by the JVC to the wholly-owned subsidiary of Chuang's China. The remaining advance of RMB10.1 million (equivalent to approximately HK\$11.4 million) will remain to be payable to the wholly-owned subsidiary of Chuang's China by the joint venture partner.

Details of the arrangement are set out in the announcement of the Company on 3rd July, 2009.

#### 43 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 8th July, 2009.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

**44 PRINCIPAL SUBSIDIARIES**

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2009	2008	
Artful Limited	Hong Kong	100 shares of HK\$1 each	<b>70.0</b>	70.0	Property development and investment
# Changsha Chuang's Property Development Limited	Mainland China	US\$20,000,000	<b>54.4</b>	53.8	Property development and investment
China Charm Company Limited	Hong Kong	2 shares of HK\$1 each	<b>54.4</b>	53.8	Property development and investment
China Cyberworld Limited	Hong Kong	2 shares of HK\$1 each	<b>54.4</b>	53.8	Investment holding
China Policy Limited	British Virgin Islands/ Vietnam	1 share of US\$1	<b>100.0</b>	100.0	Investment holding
Chinaculture.com Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	<b>54.4</b>	53.8	Investment holding
Chuang's China Commercial Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	<b>54.4</b>	53.8	Investment holding
Chuang's China Enterprises Limited	Hong Kong	458,310,965 shares of HK\$0.20 each	<b>54.4</b>	53.8	Securities trading and investment holding
* Chuang's China Investments Limited	Bermuda/Hong Kong	1,523,328,700 (2008: 1,500,549,612) shares of HK\$0.05 each	<b>54.4</b>	53.8	Investment holding
Chuang's China Realty Limited	Bermuda/Hong Kong	2,000,000 shares of HK\$0.05 each	<b>54.4</b>	53.8	Investment holding
Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	1 share of US\$1	<b>54.4</b>	53.8	Investment holding
@ Chuang's Consortium Limited	Hong Kong	4,000 shares of HK\$0.25 each	<b>100.0</b>	100.0	Investment holding

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

#### 44 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2009	2008	
Chuang's Corporate Services Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Securities trading
Chuang's Credit Limited	Hong Kong	10,300,000 shares of HK\$1 each	100.0	100.0	Money lending
Chuang's Development (Chengdu) Limited	Hong Kong	2 shares of HK\$10 each 100,000 non-voting deferred shares of HK\$10 each	54.4	53.8	Property investment
Chuang's Development (China) Limited	Hong Kong	2 shares of HK\$10 each	54.4	53.8	Property development and investment
Chuang's Development (Dong Guan) Limited	Hong Kong	2 shares of HK\$1 each	54.4	53.8	Investment holding
Chuang's Development (Hunan) Limited	Hong Kong	2 shares of HK\$100 each	54.4	53.8	Investment holding
# Chuang's Development (Huiyang) Real Estate Company Limited	Mainland China	HK\$50,000,000	54.4	53.8	Investment holding
Chuang's Development (Nanning) Limited	Hong Kong	2 shares of HK\$1 each	54.4	53.8	Investment holding
Chuang's Finance & Investments Limited	Hong Kong	110,000 shares of HK\$10 each	100.0	100.0	Property development and investment
Chuang's Industrial (Holdings) Limited	Hong Kong	189,231,936 shares of HK\$1 each	100.0	100.0	Investment holding, hire of equipment and trading of merchandise
# Chuang's Properties (Central Plaza) Sdn. Bhd.	Malaysia	5,000,000 shares of MYR1 each	100.0	100.0	Property investment

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

**44 PRINCIPAL SUBSIDIARIES (Continued)**

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2009	2008	
@ Chuang's Properties International Limited	British Virgin Islands/ Hong Kong	10 shares of US\$1 each	100.0	100.0	Investment holding, property development and investment
Chuang's Properties Limited	Hong Kong	300,000,000 shares of HK\$1 each	100.0	100.0	Investment holding
Chuang's Properties Vietnam Limited	British Virgin Islands/ Vietnam	10 shares of US\$1 each	100.0	100.0	Investment holding
Chuang's Real Estate Agency Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property agency services
Distinguished Properties Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	54.4	53.8	Investment holding
Double Wealthy Company Limited	Hong Kong	160 shares of HK\$1 each	54.4	53.8	Investment holding
Dragon Rich Investments Limited	Hong Kong	100 shares of HK\$1 each	46.2	53.8	Investment holding
Easy Success Enterprises Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment
Equity King Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Securities trading
Fanus Limited	British Virgin Islands/ Hong Kong	100 shares of US\$1 each	100.0	100.0	Investment holding
# Farmtec (Malaysia) Sdn. Bhd.	Malaysia	1,000,000 shares of MYR1 each	100.0	100.0	Property development
General Nominees Limited	Hong Kong	500 shares of HK\$10 each	100.0	100.0	Nominee and secretarial services
Gold Capital Profits Limited	British Virgin Islands/ Hong Kong	100 shares of US\$1 each	40.8	40.4	Investment holding

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

#### 44 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2009	2008	
@ Gold Throne Finance Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100.0	100.0	Investment holding
# Guangzhou Panyu Chuang's Real Estate Development Company Limited	Mainland China	RMB60,000,000	54.4	53.8	Property development and investment
# Hui Zhou Yuen Sang Hardware Company Limited	Mainland China	HK\$10,000,000	54.4	53.8	Manufacture and sale of watch components
# Hunan Han Ye Real Estate Development Company Limited	Mainland China	RMB25,000,000	29.4	29.1	Property development and investment
# Ilham Kencana Sdn. Bhd.	Malaysia	10,000 shares of MYR1 each	100.0	100.0	Property development
Jannerson Limited	Hong Kong	5,000 shares of HK\$1 each	100.0	100.0	Property investment and securities trading
Koledo Company Limited	Hong Kong	2 shares of HK\$100 each 2 non-voting deferred shares of HK\$100 each	54.4	53.8	Property investment
Ladona Limited	British Virgin Islands/ Vietnam	10 shares of US\$1 each	100.0	100.0	Investment holding
Lambda Industrial Limited	Hong Kong	3,000,000 shares of HK\$1 each	100.0	100.0	Property development and investment
MD Limited	Hong Kong	1,000,000 shares of HK\$1 each	54.4	53.8	Project management
Mega Well Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment and securities trading



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2009

**44 PRINCIPAL SUBSIDIARIES (Continued)**

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2009	2008	
Noble Century Investment Limited	Hong Kong	1,000,000 shares of HK\$1 each	32.6	32.3	Investment holding
On Profit Investment Limited	Hong Kong	2 shares of HK\$1 each	54.4	53.8	Property development and investment
@ Profit Stability Investments Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100.0	100.0	Investment holding
Rapid Grow Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Investment holding
Silver Chase Investment Limited	Hong Kong	2 shares of HK\$1 each	54.4	53.8	Property development and investment
Silver Dragon Investment Limited	Hong Kong	2 shares of HK\$1 each	54.4	53.8	Property development and investment
# Sintex Nylon and Cotton Products (Pte) Limited	Singapore	8,500 shares of S\$100 each	88.2	88.2	Manufacture and sale of bonded polyester fabrics and home finishing products
Tian Shi Company Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property development and investment
Uniworld Property Management Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property management and car-parking services
Winfred Investment Limited	Republic of Liberia/ Hong Kong	2 shares of no par value	100.0	100.0	Investment holding
# Xiamen Mingjia Binhai Resort Company Limited	Mainland China	RMB75,000,000	32.4	N/A	Property development and investment

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

#### 44 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2009	2008	
Yuen Sang Hardware Company (1988) Limited	Hong Kong	1,000,000 shares of HK\$1 each	54.4	53.8	Manufacture and sale of watch components
Yuen Sang International Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property development and investment and securities trading
3build.com Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment
*	Listed in Hong Kong				
@	Directly held by the Company				
#	Not audited by PricewaterhouseCoopers				

#### 45 PRINCIPAL ASSOCIATED COMPANIES

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2009	2008	
# Dragon Pacific Development Limited	Hong Kong	10 shares of HK\$1 each	30.0	30.0	Property development
*# Midas International Holdings Limited	Cayman Islands/ Hong Kong	945,514,049 (2008: 609,290,068) ordinary shares of HK\$0.10 each	48.4	46.6	Books printing, paper products printing, property investment and cemetery operation
# Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	1,000,000 shares of US\$1 each	13.6	13.5	Auction services
Yuen Sang Property Management Company Limited	Hong Kong	2 shares of HK\$1 each	50.0	50.0	Property management
*	Listed in Hong Kong				
#	Not audited by PricewaterhouseCoopers				

# Particulars of Principal Properties

The following list contains only properties held by the Group which are material to the Group as at 31st March, 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
<b>Hong Kong</b>			
Chuang's London Plaza, No. 219 Nathan Road, Tsim Sha Tsui, K.I.L. No. 6345	Medium lease	Commercial	100.0%
Chuang's Hung Hom Plaza, No. 83 Wuhu Street, Hung Hom, H.H.I.L. Nos. 428, 440 S.A., 440 R.P., 304, 305, 394, 462, 443, 456, 455, 470, 466 and 452	Medium lease	Commercial/Offices/ Carparking spaces	100.0%
5th, 15th-23rd Floors and Penthouse, Chuang's Enterprises Building, No. 382 Lockhart Road, Wanchai, 16745/46437th shares of and in S.B.S.S.1, S.B.R.P. and S.A.R.P. of I.L. No. 2618	Long lease	Offices	100.0%
No. 15 Gough Hill Road, The Peak, R.B.L. No. 723	Medium lease	Residential	100.0%
Chuang's Tower, Nos. 30-32 Connaught Road Central, Central, M.L. Nos. 410, 375 and 376	Long lease	Commercial/Offices	54.4%
<b>Malaysia</b>			
Central Plaza, No. 34 Jalan Sultan Ismail, 50250 Kuala Lumpur, Lot No. 1221, Section 57, Kuala Lumpur, Federal Territory	Freehold	Commercial/Offices/ Carparking spaces	100.0%

## Particulars of Principal Properties (continued)

**1. INVESTMENT PROPERTIES (Continued)**

<b>Location</b>	<b>Term</b>	<b>Usage</b>	<b>Group's interest</b>
<b>The People's Republic of China</b> 6th Floor, Chengdu Chuang's Centre, No. 1 Renmin South Road, Section 4, Wuhou District, Chengdu, Sichuan Province	Long lease	Commercial	54.4%
Club house of Gold Coast, Phase II Chuang's New City, Dongguan, Guangdong	Long lease	Commercial	54.4%

**2. BUILDINGS**

<b>Location</b>	<b>Term</b>	<b>Usage</b>	<b>Group's interest</b>
<b>Singapore</b> 245 Jalan Ahmad Ibrahim, Jurong Town, Singapore 629144, Lots 508 and 715 of Mukim 6	Medium lease	Industrial	88.2%
<b>The People's Republic of China</b> Chuang's New City Administrative Centre, Dongguan, Guangdong	Long lease	Office	54.4%
Quarters 1 to 3, Chuang's New Town, Huizhou, Guangdong	Long lease	Staff quarters	54.4%
Beverly Hills Administrative Centre, No. 145 Zhongyier Road, Muyun, Changsha, Hunan	Long lease	Office	29.4%

## Particulars of Principal Properties (continued)

**3. PROPERTY PROJECTS**

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
<b>Hong Kong</b>					
No. 37 Island Road, Deep Water Bay, R.B.L. No. 599	Completed	Occupation permit issued on 20th April, 2009	Residential	Site area – about 23,100 sq. ft. Gross building area – about 34,700 sq. ft.	100.0%
Wuhu Residence, No. 111 Wuhu Street, Hungghom, H.H.I.L. Nos. 402, 475, 395, 410 and 459	Demolition works in progress	2011	Commercial/ Residential	Site area – about 4,000 sq. ft. Gross building area – about 47,000 sq. ft.	100.0%
<b>Malaysia</b>					
Taman Sri Amber, Lot 2148 Pekan Setul, District of Seremban	Planning stage	N/A	Commercial/ Residential	Site area – about 1,032,000 sq. ft. Gross floor area – about 596,000 sq. ft.	100.0%
<b>Vietnam</b>					
Saigon Beverly Hills, Duc Hoa District, Long An Province	Planning stage	N/A	Comprehensive development area	Site area – about 2,730,000 sq. m. Gross floor area – about 3,300,000 sq. m.	70.0%
Greenview Garden, Thu Duc District, Ho Chi Minh City	Planning stage	N/A	Commercial/ Residential	Site area – about 20,300 sq. m. Gross floor area – about 120,000 sq. m.	70.0%

## Particulars of Principal Properties (continued)

**3. PROPERTY PROJECTS (Continued)**

<b>Location</b>	<b>Stage of completion</b>	<b>Expected completion date</b>	<b>Usage</b>	<b>Approximate area</b>	<b>Group's interest</b>
<b>Taiwan</b> Xinyi District, Taipei City	Planning stage	N/A	Residential	Site area – about 12,500 sq. ft. Gross floor area – about 18,000 sq. ft.	100.0%
<b>The People's Republic of China</b>					
Chuang's Le Papillon, Guangzhou, Guangdong					
— Phase I	Superstructure works in progress	2010	Comprehensive development area	Site area – about 26,600 sq. m. Gross floor area – about 70,000 sq. m.	54.4%
— Remaining phase	Master planning completed	Beyond 2009	Comprehensive development area	Site area – about 177,400 sq. m. Gross floor area – about 380,000 sq. m.	54.4%



## Particulars of Principal Properties (continued)

**3. PROPERTY PROJECTS (Continued)**

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
<b>The People's Republic of China</b>					
Chuang's New City, Dongguan, Guangdong					
— Phase II, Gold Coast	Completed	Completed	Residential	Site area – about 30,242 sq. m. Unsold gross floor area – about 5,009 sq. m. (and 262 carparking spaces)	54.4%
— Phase III, Imperial Garden	Superstructure works in progress	2009	Comprehensive development area	Site area – about 50,000 sq. m. Gross floor area – about 89,000 sq. m.	54.4%
	Foundation works completed	Beyond 2009	Comprehensive development area	Gross floor area – about 57,000 sq. m.	54.4%
— Remaining phase	Master planning completed	Beyond 2009	Comprehensive development area	Site area – about 186,000 sq. m. Gross floor area – about 384,000 sq. m.	54.4%
Chuang's New Town, Huizhou, Guangdong					
— Chuang's Garden, Phases I, II and III	Completed	Completed	Residential	Site area – about 16,400 sq. m. Unsold gross floor area – about 2,689 sq. m.	54.4%
— Remaining phase	Planning stage	N/A	Comprehensive development area	Site area – about 55,355 sq. m. Gross floor area – about 230,000 sq. m.	54.4%

## Particulars of Principal Properties (continued)

**3. PROPERTY PROJECTS (Continued)**

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
<b>The People's Republic of China</b>					
Beverly Hills, Changsha, Hunan					
— Phase I	Completed	Completed	Residential	Site area – about 95,948 sq. m. Unsold gross floor area – about 19,865 sq. m.	29.4%
	Construction works in progress	End of 2009	Commercial/ Residential	Gross floor area – about 27,253 sq. m.	29.4%
— Remaining phase	Planning stage	N/A	Comprehensive development area	Site area – about 900,000 sq. m. Gross floor area – about 1,530,000 sq. m.	29.4%
Chuang's Palazzo Caesar, Changsha, Hunan	Master planning in progress	Beyond 2009	Comprehensive development area	Site area – about 280,000 sq. m. Gross floor area – about 640,000 sq. m.	54.4%
Chuang's Le Printemps, Chengdu, Sichuan	Master planning in progress	Beyond 2009	Commercial/ Residential	Site area – about 30,000 sq. m. Gross floor area – about 130,000 sq. m.	27.7%
Xiamen Mingjia Binhai, Xiamen, Fujian	Master planning in progress	Beyond 2009	Service apartments/ Hotel	Site area – about 27,500 sq. m. Gross floor area – about 16,500 sq. m.	32.4%

# Summary of Results, Assets and Liabilities

## RESULTS

	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000
Revenues	500,405	798,314	719,873	472,453	<b>283,456</b>
Profit/(loss) attributable to equity holders	187,200	198,572	214,866	468,889	<b>(248,844)</b>
Earnings/(loss) per share (HK cents)	12.67	13.44	14.47	31.66	<b>(16.63)</b>
Dividend per share (HK cents)					
Interim	0.50	0.50	0.75	1.50	<b>1.00</b>
Special interim	–	–	0.50	–	–
Final	1.00	1.00	1.00	2.00	<b>0.50</b>
Total	1.50	1.50	2.25	3.50	<b>1.50</b>

## ASSETS AND LIABILITIES

	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000
Non-current assets	4,255,711	4,243,701	4,370,287	4,290,236	<b>4,103,545</b>
Current assets	823,588	1,245,514	1,592,367	3,065,879	<b>3,173,402</b>
Total assets	5,079,299	5,489,215	5,962,654	7,356,115	<b>7,276,947</b>
Total liabilities	(1,658,343)	(1,843,710)	(2,104,541)	(2,755,712)	<b>(3,041,019)</b>
Minority interests	(602,484)	(623,443)	(615,952)	(865,767)	<b>(814,741)</b>
Shareholders' funds	2,818,472	3,022,062	3,242,161	3,734,636	<b>3,421,187</b>
Net asset value per share (HK\$)	1.91	2.04	2.19	2.51	<b>2.26</b>

## NET DEBT TO EQUITY RATIO

	2005 HK\$'M	2006 HK\$'M	2007 HK\$'M	2008 HK\$'M	2009 HK\$'M
Cash, bank balances and other investments	449.1	847.5	1,039.9	1,280.1	<b>1,187.6</b>
Bank borrowings	1,058.3	1,236.4	1,353.8	1,929.1	<b>2,361.6</b>
Net debt to equity ratio (%)	21.6	12.9	9.7	17.4	<b>34.3</b>

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Chuang's Consortium International Limited (the "Company") will be held at Chater Room, 2nd Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Monday, 31st August, 2009 at 12:00 noon 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 declare a final dividend.
3. To re-elect retiring Directors as Directors of the Company and to authorise the board of Directors to fix the remuneration of the Directors.
4. To re-appoint auditor and to authorise the board of Directors to fix its remuneration.
5. To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

## Ordinary Resolutions

- (1) **"THAT:**
  - (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares of HK\$0.25 each (the "Shares") in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as amended from time to time, be and is hereby generally and unconditionally approved;
  - (b) the aggregate nominal amount of Shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and
  - (c) for the purpose of this Resolution, "**Relevant Period**" means the period from the date of the passing of this Resolution until whichever is the earliest of:
    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; or
    - (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors of the Company by this Resolution."

Notice of Annual General Meeting (continued)

(2) "THAT:

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

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

- (d) for the purpose of this Resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; or

## Notice of Annual General Meeting (continued)

- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors of the Company by this Resolution; and

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

- (3) “**THAT** subject to the passing of Resolutions numbered 5(1) and 5(2), the general mandate granted to the Directors of the Company to allot, issue and deal with unissued Shares in the capital of the Company pursuant to Resolution numbered 5(2) be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of Shares in the capital of the Company repurchased by the Company under the authority granted pursuant to the general mandate to repurchase Shares (as referred to in Resolution numbered 5(1) set out in the notice convening this Meeting), provided that such amount of securities so repurchased shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of the ordinary resolution approving the said general mandate to repurchase Shares.”
6. 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 “head office” 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 “clear days’ notice” in the eighth line and the last line, respectively, of Bye-law no. 2(h); and



Notice of Annual General Meeting (continued)

- (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”;
- (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) deleting the words “who is untraceable” after the words “a Member” in the second line of Bye-law no. 55(2) and substituting therefor the words “or any shares to which a person is entitled by transmission”;
- (f) adding the following words immediately after the words “clear days” in the third line and the sixth line, respectively, of Bye-law no. 59(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 “decided on a show of hands unless” in the ninth line of Bye-law no. 66;
- (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. 67;

## Notice of Annual General Meeting (continued)

- (i) deleting Bye-law no. 84A in its entirety and substituting therefor the following new Bye-law no. 84A:
- “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.”;
- (j) deleting the words “special resolution” in the third line of Bye-law no. 86(4) and substituting therefor the words “ordinary resolution”;
- (k) 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”; and
- (l) deleting Bye-law no. 161(b) in its entirety and substituting therefor the following new Bye-law no. 161 (b)(i) and new 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;

Notice of Annual General Meeting (continued)

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;". "

7. To transact any other business.

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

Hong Kong, 23rd 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. The board of Directors has recommended a final scrip dividend (with a cash option) of 0.5 HK cent per share.
4. The register of members of the Company will be closed from Tuesday, 25th August, 2009 to Monday, 31st August, 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrars in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Monday, 24th August, 2009.
5. Concerning the Resolutions numbered 3, 5 and 6 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 Consortium International Limited**

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