Annual Report 2010

Build Your Home From our Heart

CHUANG'S CHINA INVESTMENTS LIMITED

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

This Annual Report is printed by Midas International Holdings Limited

Contents

Corporate Information

HONORARY CHAIRMAN

Alan Chuang Shaw Swee

DIRECTORS

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

* *Independent Non-Executive Directors*

AUDIT COMMITTEE/ NOMINATION COMMITTEE/ REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Lee Wai Ching

AUDITOR

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

REGISTRARS

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

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

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

PRINCIPAL OFFICE IN HONG KONG

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

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

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

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

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

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

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

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

OTHER OFFICES IN HONG KONG AND IN THE PRC (Continued)

Anshan Office
Anshan Chuang's Property Development Co., Ltd.
Anshan Chuang's Real Estate Development Co., Ltd.
Room 187, 11th Floor,
Tower C, Wealth Centre,
No. 40 Qingnian Street, Tiedong District,
Anshan, Liaoning, the PRC

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

SALES OFFICES IN THE PRC

Chuang's Le Papillon Sales Office
Liangang Road, Guangzhou,
Guangdong, the PRC

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

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

STOCK CODE

298

Biographical Details of Honorary Chairman, Directors and Senior Management

HONORARY CHAIRMAN

Mr. Alan Chuang Shaw Swee (aged 58), the honorary chairman of the Company, the chairman of Chuang's Consortium International Limited ("Chuang's Consortium") and the honorary chairman of Midas International Holdings Limited ("Midas"). He has extensive experience in business development and investment in Hong Kong, the People's Republic of China (the "PRC") and Southeast Asia. With his substantial connections, he has been actively involved in the development and management of investments in Hong Kong, the PRC and Southeast Asia. He was an Adviser of Hong Kong Affairs and a member of the Selection Committee for the Government of the Hong Kong Special Administrative Region. He is a member of the National Committee of The Chinese People's Political Consultative Conference, a 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 of the General Association of Xiamen (Hong Kong) Limited, the Permanent President of Hong Kong Hui An Natives Association, the Life Honorary President of Chuang & Yen Clansmen's General Association and a director of the Hong Kong Digestive Foundation Limited and the Friends of Hong Kong Associated Ltd..

DIRECTORS

Mr. Abraham Shek Lai Him S.B.S., J.P., (aged 65), was appointed as the chairman and an independent non-executive director of the Company in April 2008. He is currently a member of the Legislative Council for the Hong Kong Special Administrative Region, the Council of The Hong Kong University of Science & Technology and the Court of The University of Hong Kong and the vice chairman of Independent Police Complaints Council. He holds a Bachelor degree of Arts. He is also an independent non-executive director of Chuang's Consortium, which is the controlling shareholder of the Company, Midas, Paliburg Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, Titan Petrochemicals Group Limited, ITC Corporation Limited, Country Garden Holdings Company Limited, Hop Hing Group Holdings Limited, MTR Corporation Limited, Hsin Chong Construction Group Ltd. and SJM Holdings Limited, all are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and a director of The Hong Kong Mortgage Corporation Limited. Mr. Shek is also an independent non-executive director of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust, and Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust, both trusts are listed on the Stock Exchange.

Mr. Lee Sai Wai (aged 73), the deputy chairman, has over 25 years of experience in the manufacturing and property sectors. He is a graduate of Shanghai Fudan University. Mr. Lee was a member of The Seventh and The Eighth Sichuan Committee of The Chinese People's Political Consultative Conference. He is an executive council of Sichuan Overseas Friendship Association, Hunan Overseas Friendship Association, Guangzhou Pauyu Overseas Friendship Association and Sichuan Provincial Overseas Exchanges Association, and the vice president of Sichuan Association of Chinese Entrepreneurs, Chengdu Overseas Exchanges Association and Changsha Overseas Friendship Association. He is also the vice president of the Hong Kong Sichuan Friendship Association Company Limited and an executive council of the Hong Kong Factory Owners Association. He is the brother-in-law of Mr. Alan Chuang Shaw Swee, the controlling shareholder and an executive director of Chuang's Consortium, and the uncle of Miss Candy Chuang Ka Wai and Mr. Albert Chuang Ka Pun, both are executive directors of the Company. He joined the Group in 1992.

Miss Ann Li Mee Sum (aged 49), the managing director, has over 24 years of experience in finance and investment banking. She holds a Master degree in Business Administration and is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Chartered Institute of Management Accountants. She joined the Group in 1999.

Miss Candy Chuang Ka Wai (aged 28), an executive director and the chief operating officer, has 6 years of experience in general management and property development in the PRC. She is a member of The Chinese People's Political Consultative Conference, Xiamen Committee, Beijing Youth Federation, Fujian Youth Federation, Hong Kong United Youth Association, The Y. Elites Association Limited and Xiamen Overseas Friendship Association. Miss Chuang is the daughter of Mr. Alan Chuang Shaw Swee. She is also the niece of Mr. Lee Sai Wai and the sister of Mr. Albert Chuang Ka Pun, both are executive directors of the Company. She joined the Group in 2005.

Mr. Albert Chuang Ka Pun (aged 30), an executive director, has 6 years of experience in property business and general management. He is also an executive director of Chuang's Consortium and Midas, both are listed on the Stock Exchange. He holds a Bachelor degree of Arts with major in Economics. He is a committee member of the Tenth All-China Youth Federation. Mr. Chuang is the son of Mr. Alan Chuang Shaw Swee. He is also the nephew of Mr. Lee Sai Wai and the brother of Miss Candy Chuang Ka Wai, both are executive directors of the Company. He joined the Group in 2008.

Mr. Sunny Pang Chun Kit (aged 52), an executive director, has over 32 years of experience in construction and real estate development business and is responsible for the property projects of the Group in the PRC. He holds a Master of Science degree in Construction and Project Management and is a member of the Chartered Institute of Building and the Architects and Surveyors Institute, United Kingdom and an associate member of the Hong Kong Institution of Engineers. He joined the Group in 1992.

Mr. Wong Chung Wai (aged 41), an executive director, is responsible for project management of the Group. He has over 18 years of experience in architecture, project management and contract administration. He is also an executive director of Chuang's Consortium. He holds a Bachelor degree of Science in Building Technology and Management and is an associate member of both the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors. He joined the Group in 2009.

Dr. Hwang Jen (aged 78), was appointed as an independent non-executive director in 1987. Dr. Hwang is the president of the Hong Kong Factory Owners Association and the Hong Kong Printers and Dyers Association. He is also the principal councillor to the Advisory Board on Enterprise Reformation and Economic Promotion of Tianjin Government, the PRC, the president (1994-2005) and the honorary president of China Peasants' University, an honorary member of China Overseas Friendship Association, the PRC, and a member of The Ninth National Committee of The Chinese People's Political Consultative Conference. He has extensive management experience particularly regarding trading in the PRC.

Mr. David Chu Yu Lin S.B.S., J.P., (aged 66), was appointed as an independent non-executive director in 1997. Mr. Chu has extensive experience in finance, banking and property investment. He has a Bachelor of Science degree and a Master of Science degree both from Northeastern University and a Master of Business Administration degree from Harvard University. He is also an independent non-executive director of AVIC International Holding (HK) Limited and Jiuzhou Development Company Limited, both are listed on the Stock Exchange. In 2001, Mr. Chu was conferred with an Honorary Doctorate Degree in Public Service by the Northeastern University and also appointed as an Unofficial Justice of Peace by the HKSAR Government. In 2003, Mr. Chu was elected as a deputy of the Hong Kong Special Administrative Region to the 10th National Congress of the People's Republic of China.

Dr. Peter Po Fun Chan B.B.S., M.B.E., J.P., FCCA (U.K.), ACA (England and Wales), FCPA (Australia), CPA (Singapore), FCPA (H.K.), (aged 88), was appointed as an independent non-executive director in 2004. He is an independent non-executive director of Chuang's Consortium, China Resources Enterprise, Limited and VST Holdings Limited, 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.

SENIOR MANAGEMENT

Mr. Huang Shi Zhao (aged 54), the general manager of the Group's operation in Guangdong, the PRC. He has over 36 years of experience in legal field, electrical engineering, property development, administration and management. He is a university graduate in PRC laws and is a National Constructor (Class II) in the PRC. He is an executive council of Dongguan City Association of Enterprises with Foreign Investment and the vice president of The Association of Foreign Investment Enterprises of Shatian, Dongguan. He joined the Group in 1993.

Mr. Chao Wai Ming (aged 45), the senior project manager, overseeing the Group's property division in the PRC. He has 20 years of experience in architectural design and real estate business. He holds a Bachelor of Arts (Hons) degree in Architecture and a Post-Graduate Diploma in Architecture. He is a member of the Royal Institute of British Architects, a Chartered Architect of Architects Registration Board of the United Kingdom, a Registered Architect of Architects Registration Board of Hong Kong, a member of Hong Kong Institute of Architects, an Authorized Person (Architect) of Hong Kong and a qualified Registered Architect (Class I) in the PRC. He joined the Group in 2009.

Mr. Wang Qingwu (aged 40), the assistant director of the Group's PRC property division. He has 19 years of experience in land acquisition, business development, project management and general management. He holds a Bachelor degree in Architectural Engineering. He joined the Group in 2006.

Mr. Tao Jun (aged 46), the deputy general manager of the Group's development project in Panyu, the PRC. He has over 24 years of experience in construction project management. He is a university graduate with major in Industrial and Civil Construction. He joined the Group in 2004.

Mr. Michael Chan Wing Ho (aged 38), the project manager of the Group's PRC property division. He has 12 years of experience in urban planning, building construction and project management. He holds a Master degree in Urban Planning. He is a member of the American Institute of Certified Planners. He joined the Group in 2010.

Mr. Cheng Ka Hung (aged 28), the project manager of the Group's PRC property division. He has 7 years of experience in architecture and property development. He holds a Bachelor of Arts degree in Architectural Studies and a Graduate Diploma in Architecture. He is a member of the Royal Institute of British Architects and is qualified as a LEED Accredited Professional (AP) for New Construction. He joined the Group in 2010.

Mr. Tse Shui Kong (aged 55), the project manager of the Group's PRC property division. He has 30 years of experience in property development and project management. He holds a Bachelor of Science degree in Architectural Engineering. He joined the Group in 2007.

Mr. Hon Wai (aged 40), the project manager of the Group's PRC property division. He has 18 years of experience in building construction and property development. He holds a Bachelor of Engineering (Hons) degree in Building Engineering (Construction Engineering and Management). He joined the Group in 2007.

Mr. Ooi Wing Chiek (aged 35), the project manager of the Group's PRC property division. He has 10 years of experience in civil and structural construction and management. He holds a Bachelor of Engineering (Hons) degree in Civil Engineering. He joined the Group in 2008.

Mr. Lai Hoi Sang (aged 36), the quantity surveyor of the Group's PRC property division. He has 15 years of experience in quantity surveying. He holds a Bachelor of Science (Hons) degree in Quantity Surveying. He joined the Group in 2008.

Mr. Liu Hua (aged 36), the regional chief commander of the Group's development projects in Dongguan, Panyu and Huiyang, the PRC. He has over 17 years of experience in construction and project management. He joined the Group in 2003.

Mr. Zhuang Xue Nong (aged 36), the deputy general manager of the Group's development projects in Changsha, Hunan, the PRC. He has over 15 years of experience in real estate and project management, construction, administration, marketing and finance. He joined the Group in 2003.

Mr. Guo Caihong (aged 40), the deputy general manager and chief representative of the Group's operation in Chengdu, the PRC. He has 18 years of experience in project planning, design and management. He joined the Group in 1992.

Ms. Lee Wai Ching (aged 49), the company secretary, has over 26 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.

Chairman's Statement

Chairman's Statement

FINANCIAL REVIEW

Revenues of the Group during the year amounted to HK$381.9 million (2009: HK$107.6 million), representing an increase of 255% from that of last year principally as a result of increase in sale of properties in the People's Republic of China (the "PRC"). Revenues of the Group comprise income from property development business of HK$337.4 million (2009: HK$51.4 million), rental income of HK$27.2 million (2009: HK$24.1 million) and income from manufacturing business of HK$17.3 million (2009: HK$32.1 million).

As a result of increase in revenues, gross profit increased by 106.4% to HK$87.5 million (2009: HK$42.4 million). Other income increased to HK$31.0 million (2009: HK$8.9 million) mainly due to net gain on disposal of property, plant and equipment. A detailed analysis of other income is shown in note 7 to the financial statements. Reflecting the improvement in market prices of properties in Hong Kong and the PRC during the year under review, the Group recorded an upward revaluation surplus of HK$101.9 million for its investments properties (2009: revaluation deficit of HK$21.9 million).

On the costs side, selling and marketing expenses increased to HK$33.9 million (2009: HK$12.6 million) to cope with the Group's property development business in the PRC. Administrative expenses slightly decreased to HK$81.6 million (2009: HK$81.9 million) and other operating expenses decreased to HK$7.7 million (2009: HK$39.6 million) mainly due to absence of impairment loss of the Group's investment in CNT Group Limited ("CNT") as recorded during the last corresponding year. Finance costs decreased to HK$8.9 million (2009: HK$20.0 million) as a result of refinanced bank borrowings with lower interests costs. Taxation charge increased to HK$31.3 million (2009: taxation credit of HK$1.3 million) due to increase in taxation provision relating to properties sold in the PRC and the deferred taxation provision for revaluation surplus of investment properties in Hong Kong.

Taking into account the above, profit attributable to equity holders of the Company for the year ended 31st March, 2010 amounted to HK$53.8 million (2009: loss of HK$123.0 million). Earnings per share were 3.53 HK cents (2009: loss per share of 8.14 HK cents).

DIVIDEND

In order to maintain a stronger cash position to finance ongoing property development projects, the Board has resolved not to recommend a final dividend for the year ended 31st March, 2010 (2009: Nil). No interim dividend (2009: Nil) has been paid in respect of the current financial year.

BUSINESS REVIEW

Land Replenishment

As the urbanisation process in the PRC accelerates the economic growth, the Group is actively assessing opportunities for land acquisitions. In the past year, the Group has actively reached out for opportunities in Guangzhou, Beijing, Chengdu, Changsha, Anshan and Yantai.

The Group adopts a flexible approach in continuance in our strategy of expansion of land reserves at low cost while keeping pace with the trend of urbanisation development and explores opportunities in potential regions especially in the second or third tier cities. Further to the agreement by the Group to dispose of the development sites in Huizhou for a consideration of RMB192 million *(equivalent to about RMB1,000 per developable sq. m.)*, in April 2010 the Group acquired two prime developable sites in Anshan for a consideration of RMB202 million *(equivalent to about RMB400 per developable sq. m.)*.

Property Development

The property market in the PRC experienced a strong rebound since early 2009 with active property transactions and an increase in property prices. This recovery was attributable to the strong liquidity and the pent-up demand released in 2009. However, such drastic rebound and public land auctions in certain cities have continuously hit new highs, lead to concerns of possible overheating. To ensure the healthy development of the property market, since early 2010 the PRC government has introduced a series of macro control policies which include the tightening of liquidity and mortgage policies for home buyers. With the impacts of these factors, in the short term, property transaction volumes will slow down, though, such temporary adjustment will not affect the long term growth trend of the property market.

At present, major completed property projects as well as developable projects of the Group are as follows:

Major completed property projects	**Type**	**Total GFA completed** ***(sq. m.)***
Chuang's Le Papillon, Guangzhou	Residential/commercial	**63,400**
Imperial Garden, Chuang's New City, Dongguan	Residential/commercial	**96,000**
Beverly Hills, Changsha	Residential/commercial	**70,000**
Total		**229,400**

BUSINESS REVIEW

Property Development (continued)

Developable property projects	Total developable GFA *(sq. m.)*
Chuang's Le Papillon, Guangzhou	**386,600**
Imperial Garden, Chuang's New City, Dongguan	**434,000**
Guangdong: Sub-total	**820,600**
Chuang's Palazzo Caesar, Changsha	**535,000**
Beverly Hills, Changsha	**10,600**
Anshan Cyber Mall, Anshan	**110,000**
Chuang's Plaza, Anshan	**390,000**
Chuang's Le Printemps, Chengdu	**120,000**
Xiamen Mingjia Binhai, Xiamen	**18,000**
Other region : Sub-total	**1,183,600**
Total	**2,004,200**

Chuang's Le Papillon – Master Layout Plan

BUSINESS REVIEW

Property Development (continued)

BUSINESS REVIEW

Property Development (continued)

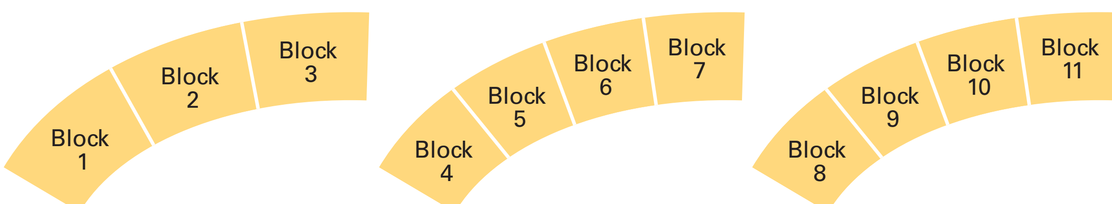
Progress of the Group's development projects is as follows:

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

Chuang's Le Papillon has a total GFA of over 450,000 *sq. m.*, comprising the first phase of 63,400 *sq. m.* of completed properties and 386,600 *sq. m.* for development. The average land cost of this project is about RMB820 per *sq. m.*. It is located within 1 km from the Lianhuashan Port (蓮花山港) that provides

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

Chuang's Le Papillon, Phase I (perspective)



BUSINESS REVIEW

Property Development (continued)

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

Chuang's Le Papillon, Phase I (completed properties)

ferry services to Hong Kong, and is within 5 km to the station of Guangzhou Metro route number 4. Furthermore, the station of Guangzhou Express Rail Link (廣州高速鐵路) is located within 23 km, and is now providing express train services from Guangzhou to Wuhan. By the end of this year, the express train service will extend from Guangzhou to Shenzhen, thus reducing travelling time to just 20 minutes. Once the cross border express train (廣深港高速鐵路) connecting to West Kowloon of Hong Kong is completed, travelling from Guangzhou to Hong Kong is estimated to be within 50 minutes.

Phase I of Chuang's Le Papillon has been completed. It comprises residential GFA of about 60,000 *sq. m.*,

BUSINESS REVIEW

Property Development (continued)

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

Living / Dining room

commercial and club house facilities of about 3,400 *sq. m.* and about 254 carparking spaces. It provides 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.*.

Blocks 1 to 3 with flat sizes ranging from 93 *sq. m.* to 120 *sq. m.* have virtually been sold out at an average selling price of about RMB5,200 per *sq. m.*. These sold units were delivered to buyers in March 2010, and the sales are accounted as the Group's revenue in the financial year under review.

In January 2010, presales commenced for blocks 8 to 11 providing 4 bed-room apartments of 175 *sq. m.*. Up to now, about 32% of these 124 apartments are sold at an average selling price of about RMB7,000 per *sq. m.*. These sold units are scheduled to be delivered to buyers in

BUSINESS REVIEW

Property Development (continued)

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

Living room

Bedroom

Guest washroom

early September 2010 and the sales will be accounted as the Group's revenue in the financial year ending 31st March, 2011.

In view of the recent tightening of the mortgage policies for buyers of second property per household, the progress of the sales of blocks 8 to 11 which mainly provide larger flat size has been adversely affected. However, the Group believes that the fundamental demand for properties in Guangzhou remains strong, and the popular flat sizes are of 90-120 *sq. m.*. To replenish the supply of these flat sizes, the Group has embarked on phase II of Chuang's Le Papillon which comprises 6 blocks with 50,000 *sq. m.* GFA providing units from 90 *sq. m.* to 120 *sq. m.*. Foundation works have been completed and superstructure works are now in progress. It is expected that presales of these 6 blocks will commence before the end of September 2010.

BUSINESS REVIEW

Property Development (continued)

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

Imperial Garden has a total GFA of 530,000 *sq. m.*, comprising 96,000 *sq. m.* of completed properties and 434,000 *sq. m.* for development. The average land cost of this project is about RMB660 per *sq. m.*. It is located at 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). The express train from Shenzhen to Guangzhou will be in service before the end of 2010, and travelling time will then be greatly reduced to just 10 minutes from Humen Station to either Guangzhou or Shenzhen. Furthermore, Chuang's New

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

BUSINESS REVIEW

Property Development (continued)

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

City is only 3 minutes away from the exit of the new coastal highway (沿江高速), now under construction serving Guangzhou to Shekou, and in turn linking to Hong Kong by way of the Hong Kong–Shenzhen Western Corridor. The construction of the Dongguan Light Rail (東莞市軌道) is in progress, and the nearest rail station is designated just within 1 minute' drive from Chuang's New City.

Construction works of Imperial Garden providing residential GFA of about 89,000 *sq. m.*, commercial complex of about 7,000 *sq. m.* and 184 carparking spaces have been completed, providing 8 residential blocks 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.*.

◀ *Imperial Garden – Master Layout Plan*

BUSINESS REVIEW

Property Development (continued)

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

Imperial Garden (above – perspective)
(below – completed properties)

Block 8 | Block 7 | Block 6 | Block 5 | Block 4 | Block 3 | Block 2 | Block 1

BUSINESS REVIEW

Property Development (continued)

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

Entrance Lobby

Bedroom

Living room

Sales of Imperial Garden are still in progress. As of now, a total of 5 blocks providing 372 typical units with total GFA of 46,780 *sq. m.* have been launched, of which 78% has been sold at an average selling price of RMB4,700 per *sq. m.*. The Group will shortly launch the other 3 blocks with flat sizes ranging from 96 *sq. m.* to 161 *sq. m.*. Handover of sold units to buyers has commenced in December 2009 and about 90% of these sales are completed and accounted as the Group's revenue in the financial year under review.

BUSINESS REVIEW

Property Development (continued)

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

Imperial Garden – Shopping Mall

BUSINESS REVIEW

Property Development (continued)

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

In January 2008, the Group entered into an agreement with Daya Bay Economic & Technological Development Group (大亞灣經濟技術開發集團公司), a state-owned enterprise, to dispose of the Group's development sites in Huizhou. The sites have a total developable area of about 190,000 *sq. m.* and the disposal consideration is about RMB192 million, representing about RMB1,000 per *sq. m.* of developable GFA. Deposit of about RMB15 million had been received upon signing of the agreement and the original completion date was April 2008. After signing the agreement, as affected by the macro economic measures in the PRC in 2008, Daya Bay State-owned Assets Supervision and Administration Commission (大亞灣經濟技術開發區國有資產管理中心) had requested for an extension in the completion of the transaction.

With successful negotiation in February 2010, the Group entered into the supplemental agreement with Daya Bay Economic & Technological Development Group (大亞灣經濟技術開發集團公司), and received further deposits of RMB20 million. From April 2010 to the date of this report, the Group has further received deposits of RMB90 million. It is expected that a further RMB51 million will be paid to the Group upon delivery of the sites and the disposal will be completed in the financial year ending 31st March, 2011, whereas the balance of RMB16 million will be paid to the Group on the first anniversary of delivery of the sites.

Furthermore, in May 2010, the Group agreed with the local authority of Huizhou for the resumption of the Group's remaining site in Huizhou to facilitate the construction of Shenzhen Xiamen Railway (廈深鐵路). The net cash compensation of about RMB18.5 million was received by the Group. As a result of the land resumption, it is expected that a net gain of about RMB10.5 million will be recorded as other income of the Group in the first half of the financial year ending 31st March, 2011.

BUSINESS REVIEW

Property Development (continued)

Beverly Hills, Changsha, Hunan (54% owned)

Semi-detached House

Phase I of the project comprises completed properties of about 70,000 *sq. m.* and properties under construction of about 10,600 *sq. m.*. Land cost is about RMB200 per *sq. m.*.

Within phase I, development of the 70,000 *sq. m.* residential area has been completed, comprising 172 bungalows, link houses and semi-detached houses and 144 units of high rise apartments. Up to the date of this report, about 71% of the development has been sold. The Group will market the remaining 12 link houses, 31 semi-detached houses and 20 high rise apartments as well as the 7 bungalows in

BUSINESS REVIEW

Property Development (continued)

Beverly Hills, Changsha, Hunan (54% owned)

the financial year ending 2011. The Group is also constructing a boutique residence, occupying a site area of about 7,800 *sq. m.* and a total GFA of about 10,600 *sq. m.*. Superstructure works for the development have been completed and the rest of the external finishing works and the landscaping works are to be completed within 2010.

The Group is planning for further phases of the project and will negotiate with the local government for supply of land with total site area up to 900,000 *sq. m.* at favourable land cost under the current market condition.

BUSINESS REVIEW

Property Development (continued)

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

The Group acquired the site with a total developable GFA of 535,000 *sq. m.* at the average land cost of RMB270 per *sq. m.*. 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 of about 135,000 *sq. m.*, mid-rise and high-rise apartments of about 390,000 *sq. m.* and commercial facilities of about 10,000 *sq. m.*. Site formation works have commenced on phase I of the project comprising link houses and semi-detached houses of about 50,000 *sq. m.*.

Bungalow

Link House

BUSINESS REVIEW

Property Development (continued)

Anshan Cyber Mall, Anshan, Liaoning (100% owned)

In April 2010, the Group participated in a government land auction and had successfully bid for the development site in Anshan, Liaoning province. With a population of 3.6 million, Anshan is the important steel production base of the PRC, and is also known as the "Steel Capital". Land cost for the site is RMB44.5 million *(equivalent to about HK$51 million)* and had been fully paid in May 2010. With a total of 110,000 developable *sq. m.*, the average land cost is about RMB400 per *sq. m.*. According to the terms of the land auction, the site will be delivered to the Group before 30th July, 2010.

The site, tentatively named as Anshan Cyber Mall, is located in the prime city centre of Tie Dong Qu (鐵東區) of Anshan, right next to the Anshan rail station and the nearby popular outdoor mall. It will be developed into a comprehensive complex for residential and commercial purposes and on the basis of a plot ratio of 10 times, residential GFA will be 90,000 *sq. m.* and commercial GFA will be 20,000 *sq. m.*. The Group has commenced on the master layout plan for the project and will commence on ground investigation works once the site is delivered by the local government.

Anshan Cyber Mall (perspective)

BUSINESS REVIEW

Property Development (continued)

Chuang's Plaza, Anshan, Liaoning (100% owned)

During the government land auction in April 2010, the Group had successfully bid for the second development site in Anshan, Liaoning province. Land cost for the site is RMB157.5 million *(equivalent to about HK$180 million)* and had been fully paid in May 2010. With a total of 390,000 developable *sq. m.*, the average land cost is about RMB400 per *sq. m.*. According to the terms of the land auction, the site will be delivered to the Group before 30th July, 2010.

Situated within 1 km from Anshan Cyber Mall, the second site acquired by the Group, tentatively named as Chuang's Plaza, is located in the prime city centre of Tie Dong Qu (鐵東區) and is within walking distance to the Anshan rail station and the popular local marketplace as well as the local government offices. It will be developed into a comprehensive complex for residential and commercial purposes with developable GFA of 390,000 *sq. m.* based on a plot ratio of 10 times. The Group has commenced on the master layout plan for the project and will commence on ground investigation works once the site is delivered by the local government.

BUSINESS REVIEW

Property Development (continued)

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

The site, having an area of about 27,574 *sq. m.*, is located in Siming Qu (思明區) of Xiamen. Land cost of this project is about RMB4,800 per *sq. m.*. It will be developed into a luxurious high end villas and resort with GFA of about 18,000 *sq. m.*. On the site, about 30 villas will be developed 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. Master planning work is in progress.

Xiamen Mingjia Binhai – Master Layout Plan

BUSINESS REVIEW

Property Development (continued)

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

Xiamen Mingjia Binhai – perspective (above); under construction (below)

BUSINESS REVIEW

Property Development (continued)

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

Beach nearby Xiamen Mingjia Binhai

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

The site, having an area of about 30,000 *sq. m.*, is situated in the prime area within the second ring road, in the region of Wu Hou Qu (武侯區). Conversion of the site to residential/commercial use has been obtained. Based on a plot ratio of 4, the development with GFA of about 120,000 *sq. m.* will comprise residential, commercial and carparking spaces. Master planning work is in progress.

Show Flats

BUSINESS REVIEW

Property Sales (continued)

BUSINESS REVIEW

Property Sales (continued)

Bedroom ensuite

Master bedroom ensuite

For the financial year ended 2010, property sales of the Group which were recognised as revenues were about HK$337.4 million, representing a 557% increase compared to that of the last corresponding year. The sales are principally related to phase I of Chuang's Le Papillon in Guangzhou, Imperial Garden in Dongguan and Beverly Hills in Changsha.

As at the date of this report, the Group has contracted sales of about HK$307 million which have not yet been recorded as revenues, including the sale of the development sites in Huizhou as mentioned hereinabove, as well as property sales related to phase I of Chuang's Le Papillon in Guangzhou, Imperial Garden in Dongguan and Beverly Hills in Changsha. It is expected that handover of these properties will be in the financial year ending 2011.

In the remaining financial year ending 2011, the Group targets to market an aggregate of about 159,000 *sq. m.* of GFA, including 88,000 *sq. m.* of phases I and II of Chuang's Le Papillon in Guangzhou, 51,000 *sq. m.* of Imperial Garden in Dongguan and 20,000 *sq. m.* of Beverly Hills in Changsha, the total value of which, based on estimated current market prices of the properties, amounts to about RMB1.1 billion *(equivalent to HK$1.25 billion).*

BUSINESS REVIEW

Other Investments

During the year, the Group's rental property in Hong Kong, Chuang's Tower in Central, maintained high occupancy rate. Rental and other income during the year amounted to HK$25.7 million, representing a 13% increase over that of last year.

The Group's other assets include Yuen Sang Hardware Company (1988) Limited ("Yuen Sang") which engaged in the manufacturing and sales of metalware for exports. To facilitate the construction of Shenzhen Xiamen Railway (廈深鐵路) in Huizhou, the Group agreed with the local government in May 2010 for relocating from the leased factory building of Yuen Sang. The net compensation of RMB14.5 million was received by the Group. At the end of June 2010, Yuen Sang's manufacturing operation is relocated to a newly leased factory premises with about 4,000 *sq. m.* in Huizhou. Taking into account the relocation expenses, it is expected that a net gain of about RMB13.9 million will be recorded as other income in the first half of the financial year ending 31st March, 2011.

Furthermore the Group's other assets also include approximately 10.4% interests in a quoted investment in CNT and 25% interests in Treasure Auctioneer International Limited. The aggregate book values of these other investments amounted to over HK$804 million as at 31st March, 2010. During the year under review, the Group contemplated the sale of these other investments at the right prices and will continue to identify suitable opportunities for such disposal so as to generate additional capital for our property development business in the PRC.

Chuang's Tower

FINANCIAL POSITIONS

As at 31st March, 2010, the Group's cash and bank balances amounted to HK$293.9 million (2009: HK$446.1 million). Bank borrowings of the Group as at the same date amounted to HK$711.8 million (2009: HK$757.2 million). Approximately 17% of the Group's bank borrowings were repayable within one year, 19% repayable within second year and 64% repayable within third to fifth years.

The net debt to equity ratio of the Group (expressed as a percentage of bank borrowings net of cash and bank balances over total net asset value attributable to the equity holders of the Company) was 22.0% (2009: 17.5%). The net debt to equity ratio of the Group has increased when compared with that of last year mainly due to the Group's capital expenditures on various development projects in the PRC during the year.

Approximately 57% of the Group's cash and bank balances were in Hong Kong dollar and United States dollar with the remaining 43% in Renminbi. Risk in exchange rate fluctuation would not be material.

About HK$391.0 million (being 55%) of the Group's bank borrowings were in Hong Kong dollar and HK$320.8 million *(equivalent to RMB281 million)* (being 45%) in Renminbi.

As majority of the Group's assets are located in the PRC, in the future, the Group will pursue the strategy of increasing its borrowings in Renminbi in order to cope with the project developments in the PRC whilst the borrowings in Hong Kong dollar will be reduced.

Subsequent to the balance sheet date, the Group obtained unsecured short-term facilities from its ultimate holding company, Chuang's Consortium International Limited, to finance the acquisition of two development sites in Anshan, the PRC. The facilities bear interests at prevailing market rates and amounted to about HK$100 million as at the date of this report.

As at 31st March, 2010, the net asset value attributable to equity holders of the Company was HK$1,900.5 million. Net asset value per share amounted to HK$1.25, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value.

PROSPECTS

With the introduction of macro control policies to regulate the property market in the PRC, the credit market and liquidity will be tightened and will inevitably affect the market sentiment in the short term. However, these measures are to maintain the steady and healthy growth of the property market in the PRC rather than suppressing the market. The rapid urbanisation in the PRC will remain a strong impetus to the growth of the property market. The strong demand for better standards of housing and living is an irreversible trend, and with increasing disposable income, pent-up demand for properties would be unleashed in the coming years.

Looking ahead, the Group is optimistic about the prospects of the projects in the cities where we are located. The Group will continue to focus on enhancing our existing development projects providing modern residential properties at an affordable average selling price. With the relatively low land cost of these projects, there is ample room for remarkable growth in revenues and profits for the Group in the coming years.

STAFF

As at 31st March, 2010, the Group employed 654 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

APPRECIATION

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

Abraham Shek Lai Him
Chairman

Hong Kong, 12th July, 2010

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

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

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

The Board has on a regular basis reviewed the composition of the Board and the skills and experience required for both the Executive and Independent Non-Executive Directors of the Board, in the context of the business and strategies of the Company. If the Board identifies a suitable qualified candidate to become a Board member, it will make recommendation to the Nomination Committee for him/her to be elected as a Director of the Company.

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

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

REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)

(A) The Board *(Continued)*

(iii) Nomination Committee

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

* *Chairman of the Nomination Committee*

(iv) Board meetings

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

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

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

Note: Mr. Wong Chung Wai was appointed as an Executive Director on 1st September, 2009.

(v) Chairman and Chief Executive Officer

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

REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)

(A) The Board *(Continued)*

(vi) Responsibilities of Directors

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

(B) Remuneration of Directors and senior management

(i) Remuneration policy of Executive Directors and senior management

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

(ii) Fees paid to Independent Non-Executive Directors

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

(iii) Remuneration Committee

A Remuneration Committee was established with clear terms of reference to review the remuneration of the Executive Directors and senior management. The Remuneration Committee comprises three Independent Non-Executive Directors, Dr. Hwang Jen, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan. During the year, the committee met once to review the remuneration policy of the Group. The committee also approved the remuneration packages of the Executive Directors 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. Hwang Jen *	1/1
Mr. David Chu Yu Lin	1/1
Dr. Peter Po Fun Chan	1/1

* *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' investments.

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

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

(iii) Audit Committee

An Audit Committee was established with clear terms of reference to review and supervise the financial reporting process and internal controls of the Group. The Audit Committee comprises three Independent Non-Executive Directors, Dr. Hwang Jen, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan. The committee held two meetings during the year to discuss the relationship with the external auditor, to review the interim and annual financial statements of the Group and to evaluate the system of internal controls of the Group.

The attendance record of each committee member is as follows:

Name	**No. of meetings attended/held**
Dr. Hwang Jen *	2/2
Mr. David Chu Yu Lin	2/2
Dr. Peter Po Fun Chan	2/2

* *Chairman of the Audit Committee*

(iv) Auditor's remuneration

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

Services rendered	**HK$'000**
Audit and audit related services	1,200

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 and members of respective Board Committee had attended the annual general meeting of the Company held on 31st August, 2009 and answered 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

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

CONCLUSION

The Company has complied with the code provisions of the CG Code for the year ended 31st March, 2010.

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

Ann Li Mee Sum
Managing Director

Hong Kong, 12th July, 2010

Report of the Directors

The Board of Directors (the "Board") presents the audited financial statements of the Company and its subsidiaries (together as the "Group") for the year ended 31st March, 2010.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out in note 40 to the financial statements.

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

RESULTS AND DIVIDEND

The results of the Group for the year are set out in the consolidated income statement on page 50.

In order to maintain a stronger cash position to finance ongoing property development projects, the Board has resolved not to recommend a final dividend for the year ended 31st March, 2010 (2009: Nil). No interim dividend (2009: Nil) has been paid in respect of the current financial year.

SUBSIDIARIES

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

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 15 to the financial statements.

SHARE CAPITAL

Movements in share capital during the year are set out in note 29 to the financial statements.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$1,530,000.

PRE-EMPTIVE RIGHTS

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

RESERVES

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

PARTICULARS OF PRINCIPAL PROPERTIES

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

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, 2010 is set out on page 108.

DIRECTORS

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

Mr. Abraham Shek Lai Him
Mr. Lee Sai Wai
Miss Ann Li Mee Sum
Miss Candy Chuang Ka Wai
Mr. Albert Chuang Ka Pun
Mr. Sunny Pang Chun Kit
Mr. Wong Chung Wai (appointed on 1st September, 2009)
Dr. Hwang Jen
Mr. David Chu Yu Lin
Dr. Peter Po Fun Chan

In accordance with the Company's Bye-law nos. 85(2), 86(2) and 86(3), and Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Miss Candy Chuang Ka Wai, Mr. Wong Chung Wai, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan will retire from the Board at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election at the annual general meeting.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 31st March, 2010, 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:

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

	Interests in Chuang's Consortium International Limited ("CCIL")		
Name of Director	**Number of shares**	**Capacity**	**Percentage of shareholding**
Mr. Lee Sai Wai	178,745,619	*Note*	11.69
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,020,597	Beneficial owner	0.067
Dr. Peter Po Fun Chan	795,844	Beneficial owner	0.05

Note: Interests in 178,022,395 shares in CCIL arose by attribution through his spouse who is a discretionary object and the trustee of a discretionary trust which owned such shares. The remaining interests in 723,224 shares in CCIL is beneficially owned by the Director.

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

Other than as disclosed herein, as at 31st March, 2010, 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. Albert Chuang (an executive Director) is an executive director of CCIL and Midas International Holdings Limited ("Midas"). Mr. Wong Chung Wai (an executive Director) is an executive director of CCIL. The principal activities of CCIL include property investments and development in Hong Kong whereas the principal activities of Midas include property investments in the PRC. Both CCIL and Midas are companies listed on the Stock Exchange. As the properties owned by CCIL and Midas are of different types and/or in different locations from those of the Group, the Group operates its businesses independently of the businesses of, and at arm's length from, the businesses of CCIL and Midas.

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, 2010, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of Shareholder	Number of shares of the Company	Capacity	Percentage of shareholding
Profit Stability Investments Limited ("PSI")	868,975,218	Beneficial Owner	57.04
CCIL	868,975,218	*Note 1*	57.04
Evergain Holdings Limited ("Evergain")	868,975,218	*Note 1*	57.04
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	871,575,218	*Note 1*	57.22
Mrs. Chong Ho Pik Yu	871,575,218	*Note 2*	57.22

Note 1: Interests in 868,975,218 shares of the Company arose through the interests in the relevant shares owned by PSI, a wholly owned subsidiary of CCIL. Mr. Alan Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of CCIL through Evergain, a company beneficially owned by Mr. Alan Chuang. Miss Candy Chuang and Mr. Albert Chuang are directors of Evergain. The remaining 2,600,000 shares of the Company are beneficially owned by Mr. Alan Chuang.

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

Save as disclosed above, as at 31st March, 2010, there was no other person who was recorded in the register of the Company as having interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

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

BORROWINGS

Bank borrowings of the Group are set out in note 31 to the financial statements.

PLEDGE OF ASSETS

As at 31st March, 2010, the Group had pledged the shares and assets of certain subsidiaries, including bank deposits, investment properties and properties for sale, with an aggregate net book value of HK$1,128,103,000 (2009: HK$1,130,726,000), to secure general banking and financial guarantee facilities granted to those subsidiaries.

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

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

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate purchases attributable to the largest supplier and five largest suppliers of the Group accounted for approximately 66% and 78% respectively of the total purchases of the Group for the year.

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

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

RETIREMENT SCHEMES

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

SHARE OPTION SCHEME

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

Summary of the Scheme is set out as follows:

1.	Purpose:	To give incentive to Directors, employees or business consultants of the Group and any other party as approved under the Scheme
2.	Participants:	Including, inter alia, Directors, employees or business consultants of the Group
3.	Total number of shares available for issue under the Scheme and percentage of the issued share capital that it represents as at the date of the annual report:	102,443,969 shares are available for issue under the Scheme, representing approximately 6.73% of the issued share capital as at the date of this report
4.	Maximum entitlement of each participant:	1% of the maximum aggregate number of shares that may be issued within 12 months pursuant to the Scheme
5.	Period within which the 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 26th August, 2002
6.	Amount payable on acceptance of an option and the period within which payments shall be made:	HK$1.00 payable to the Company upon acceptance of the option which should be taken up within 28 days from the date of offer for option ("Offer Date") (which must be a trading day)
7.	The basis of determining the exercise price:	No less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the Offer Date (which must be a trading day); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five (5) trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share
8.	The remaining life of the Scheme:	Valid until 25th August, 2012 unless otherwise terminated under the terms of the Scheme

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31st March, 2010.

CONNECTED TRANSACTION

The following is the connected transaction 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:

On 1st July, 2009, Chuang's Development (Huiyang) Real Estate Company Limited, a wholly-owned subsidiary of the Company, made an advance to Chengdu Western Automobile City Company Limited (the "PRC Party"), a party which will become a substantial shareholder of a subsidiary of the Company. 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. As at 31st March, 2010, the advance made by the Group was approximately HK$11,474,000.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

1. The Group entered into a loan agreement on 29th September, 2006, which still subsists as at the date of this report, with a bank for a term loan facility of up to HK$273 million. Pursuant to the loan agreement, CCIL is required to beneficially own 45% or more of the issued share capital of the Company at all times during the subsistence of the term loan facility. As at the date of this report, the loan outstanding was HK$251 million and the last instalment of the loan is repayable on 30th September, 2013.

2. The Group entered into a loan agreement on 27th June, 2008, which still subsists as at the date of this report, with a bank for a term loan facility of up to HK$100 million. Pursuant to the loan agreement, CCIL is required to beneficially own 45% or more of the issued share capital of the Company at all times during the subsistence of the term loan facility. As at the date of this report, the loan outstanding was HK$91 million and the last instalment of the loan is repayable on 30th September, 2013.

3. The Group entered into a loan agreement on 11th November, 2009, which still subsists as at the date of this report, with a bank for a term loan facility of up to HK$50 million. Pursuant to the loan agreement, CCIL is required to beneficially own 45% or more of the issued share capital of the Company at all times during the subsistence of the term loan facility. As at the date of this report, the loan outstanding was HK$49 million and the last instalment of the loan is repayable on 30th September, 2013.

AUDITOR

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

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

Ann Li Mee Sum
Managing Director

Hong Kong, 12th July, 2010

Independent Auditor's Report

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

We have audited the consolidated financial statements of Chuang's China Investments Limited (the "Company") and its subsidiaries (together, as the "Group") set out on pages 50 to 104, which comprise the consolidated and company balance sheets as at 31st March, 2010 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory 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, 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 12th July, 2010

Consolidated Income Statement

For the year ended 31st March, 2010

	Note	2010 HK$'000	2009 HK$'000
Revenues	5	**381,951**	107,592
Cost of sales		**(294,403)**	(65,223)
Gross profit		**87,548**	42,369
Other income	7	**30,974**	8,902
Selling and marketing expenses		**(33,871)**	(12,634)
Administrative expenses		**(81,612)**	(81,933)
Other operating expenses		**(7,737)**	(39,585)
Change in fair value of investment properties		**101,941**	(21,927)
Operating profit/(loss)	8	**97,243**	(104,808)
Finance costs	10	**(8,878)**	(19,970)
Share of results of an associated company		**17**	261
Profit/(loss) before taxation		**88,382**	(124,517)
Taxation (charge)/credit	12	**(31,340)**	1,302
Profit/(loss) for the year		**57,042**	(123,215)
Attributable to:			
Equity holders	13	**53,834**	(122,966)
Minority interests		**3,208**	(249)
		57,042	(123,215)
		HK cents	HK cents
Earnings/(loss) per share (basic and diluted)	14	**3.53**	(8.14)

The notes on pages 57 to 104 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2010

	2010 HK$'000	2009 HK$'000
Profit/(loss) for the year	**57,042**	(123,215)
Other comprehensive income:		
Changes in exchange rates	**21,024**	19,599
Change in fair value of available-for-sale financial assets	**42,760**	(21,184)
Impairment of available-for-sale financial assets	**–**	25,000
Other comprehensive income for the year	**63,784**	23,415
Total comprehensive income/(loss) for the year	**120,826**	(99,800)
Total comprehensive income/(loss) attributable to:		
Equity holders	**117,470**	(100,158)
Minority interests	**3,356**	358
	120,826	(99,800)

The notes on pages 57 to 104 are an integral part of these financial statements.

Consolidated Balance Sheet

As at 31st March, 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	15	**38,367**	38,986
Investment properties	16	**780,920**	678,627
Land use rights	17	**1,740**	1,739
Associated company	20	**3,221**	3,199
Available-for-sale financial assets	21	**64,729**	21,969
Loans and receivables	22	**11,474**	22,727
		900,451	767,247
Current assets			
Properties for sale	23	**1,771,148**	1,597,662
Inventories	24	**3,920**	4,366
Debtors and prepayments	25	**159,396**	132,592
Cash and bank balances	27	**293,917**	446,056
		2,228,381	2,180,676
Current liabilities			
Creditors and accruals	28	**210,453**	140,330
Short-term borrowings	31	**18,267**	85,013
Current portion of long-term borrowings	31	**102,778**	82,419
Taxation payable		**74,402**	57,478
		405,900	365,240
Net current assets		**1,822,481**	1,815,436
Total assets less current liabilities		**2,722,932**	2,582,683

	Note	2010 HK$'000	2009 HK$'000
Equity			
Share capital	29	**76,166**	76,166
Reserves	30	**1,824,326**	1,706,856
Shareholders' funds		**1,900,492**	1,783,022
Minority interests		**18,869**	11,507
Total equity		**1,919,361**	1,794,529
Non-current liabilities			
Long-term borrowings	31	**590,773**	589,794
Deferred taxation liabilities	32	**202,660**	188,224
Loans from minority interests	33	**10,138**	10,136
		803,571	788,154
		2,722,932	2,582,683

Lee Sai Wai
Director

Ann Li Mee Sum
Director

The notes on pages 57 to 104 are an integral part of these financial statements.

Balance Sheet

As at 31st March, 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Subsidiaries	18	**65,036**	65,036
Current assets			
Debtors and prepayments	25	**314**	355
Amounts due from subsidiaries	26	**1,919,061**	1,926,840
Cash and bank balances	27	**124,302**	113,374
		2,043,677	2,040,569
Current liabilities			
Creditors and accruals	28	**998**	927
Amount due to a subsidiary	26	**4,040**	–
		5,038	927
Net current assets		**2,038,639**	2,039,642
Net assets		**2,103,675**	2,104,678
Equity			
Share capital	29	**76,166**	76,166
Reserves	30	**2,027,509**	2,028,512
Total equity		**2,103,675**	2,104,678

Lee Sai Wai
Director

Ann Li Mee Sum
Director

The notes on pages 57 to 104 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31st March, 2010

	Note	2010 HK$'000	2009 HK$'000
Cash flows from operating activities			
Cash used in operations	36 (a)	**(96,215)**	(274,396)
Interest paid		**(30,112)**	(26,685)
Overseas tax paid		**(6,070)**	(3,580)
Net cash used in operating activities		**(132,397)**	(304,661)
Cash flows from investing activities			
Interest received		**1,663**	5,050
Purchase of property, plant and equipment		**(2,904)**	(4,113)
Proceeds from disposal of property, plant and equipment		**28,172**	–
Disposal of a subsidiary (net of cash and cash equivalents disposed of)	36 (c)	**–**	265
Decrease in pledged bank deposits and bank deposits maturing more than three months from date of placement		**105,210**	23,053
Net cash from investing activities		**132,141**	24,255
Cash flows from financing activities			
Dividend paid to shareholders		**–**	(6,600)
New bank borrowings		**205,271**	399,936
Repayment of bank borrowings		**(253,546)**	(104,724)
Net cash (used in)/from financing activities		**(48,275)**	288,612
Net (decrease)/increase in cash and cash equivalents		**(48,531)**	8,206
Cash and cash equivalents at the beginning of the year		**319,740**	304,561
Exchange difference on cash and cash equivalents		**1,602**	6,973
Cash and cash equivalents at the end of the year	36 (b)	**272,811**	319,740

The notes on pages 57 to 104 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2010

	Share capital HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Shareholders' funds HK$'000	Minority interests HK$'000	Total HK$'000
At 1st April, 2008	75,027	2,074,011	(259,258)	1,889,780	6,502	1,896,282
Loss for the year	–	–	(122,966)	(122,966)	(249)	(123,215)
Other comprehensive income:						
Changes in exchange rates	–	18,992	–	18,992	607	19,599
Change in fair value of available-for-sale financial assets	–	(21,184)	–	(21,184)	–	(21,184)
Impairment of available-for-sale financial assets	–	25,000	–	25,000	–	25,000
Total comprehensive income/(loss) for the year	–	22,808	(122,966)	(100,158)	358	(99,800)
Dividend paid	1,139	7,266	(15,005)	(6,600)	–	(6,600)
Capital injection by a minority interest	–	–	–	–	4,647	4,647
At 31st March, 2009	76,166	2,104,085	(397,229)	1,783,022	11,507	1,794,529
Profit for the year	–	–	53,834	53,834	3,208	57,042
Other comprehensive income:						
Changes in exchange rates	–	20,876	–	20,876	148	21,024
Change in fair value of available-for-sale financial assets	–	42,760	–	42,760	–	42,760
Total comprehensive income for the year	–	63,636	53,834	117,470	3,356	120,826
Capital injection by a minority interest	–	–	–	–	4,006	4,006
At 31st March, 2010	**76,166**	**2,167,721**	**(343,395)**	**1,900,492**	**18,869**	**1,919,361**

The notes on pages 57 to 104 are an integral part of these financial statements.

1 GENERAL INFORMATION

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

As at 31st March, 2010, the Company was a 57.04% owned subsidiary of Profit Stability Investments Limited, incorporated in the British Virgin Islands, which is a wholly owned subsidiary of Chuang's Consortium International Limited ("CCIL"), incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Directors regard CCIL as being the ultimate holding company.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation *(Continued)*

For the financial year ended 31st March, 2010, the Group adopted the following new and revised standards, amendments and interpretations that are effective for the Group's accounting periods beginning on 1st April, 2009 and relevant to the Group's operation:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 40 (Amendment)	Investment Property
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

The Group has assessed the impact of the adoption of these new and revised standards, amendments and interpretations 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 and presentation of the financial statements, except for the followings:

(i) HKAS 1 (Revised) – Presentation of Financial Statements: The standard required all non-owner changes in equity (i.e. comprehensive income) to be presented in a single statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The Group has chosen to adopt the two statements approach and a new consolidated statement of comprehensive income is included after the consolidated income statement.

(ii) HKFRS 7 (Amendment) – Improving Disclosures above Financial Instruments: The amendment requires enhanced disclosures about fair value measurement and liquidity risk, in particular the disclosures of fair value measurement by level of fair value measurement hierarchy. The adoption of this amendment results in additional disclosures.

(iii) HKFRS 8 – Operating Segments: HKFRS 8 replaces HKAS 14 – Segment Reporting. The new standard uses a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. There is no change in the business lines or geographical classification.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation *(Continued)*

The following new and revised 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, 2010, but have not yet been adopted by the Group:

HKAS 7 (Amendment)	Statement of Cash Flows (effective from 1st January, 2010)
HKAS 17 (Amendment)	Leases (effective from 1st January, 2010)
HKAS 24 (Revised)	Related Party Disclosures (effective from 1st January, 2011)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements (effective from 1st July, 2009)
HKAS 32 (Amendment)	Classification of Rights Issues (effective from 1st February, 2010)
HKAS 36 (Amendment)	Impairment of Assets (effective from 1st January, 2010)
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective from 1st July, 2009)
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 (effective from 1st July, 2009)
HKFRSs (Amendments)	Improvements to HKFRSs 2009 (effective from 1st July, 2009 and 1st January, 2010, as appropriate)
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards (effective from 1st July, 2009)
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters (effective from 1st January, 2010)
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters (effective from 1st July, 2010)
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions (effective from 1st January, 2010)
HKFRS 3 (Revised)	Business Combinations (effective from 1st July, 2009)
HKFRS 8 (Amendment)	Operating Segments (effective from 1st January, 2010)
HKFRS 9	Financial Instruments (effective from 1st January, 2013)
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement (effective from 1st January, 2011)
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments (effective from 1st July, 2010)

The Group will apply the above new and revised 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Group accounting

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

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

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

(c) Subsidiaries

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Minority interests

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

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

(e) Associated companies

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

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

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

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

(f) Joint ventures

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets of the acquired subsidiaries, associated companies or joint ventures attributable to the Group at the effective date of acquisition, and in respect of an increase in holding in a subsidiary, 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 or joint ventures is included in investments in associated companies or joint ventures respectively. Goodwill is tested for impairment at least annually and whenever there is an indication for impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

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

(h) Property, plant and equipment

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. As from 1st April, 2009, investment properties also include properties that are being constructed or developed for future use as investment properties.

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investment properties *(Continued)*

Subsequent expenditure is capitalised 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.

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

Investment properties under construction have been fair valued at the reporting date. All fair value gains or losses, including those unrecognised fair value gains and losses (if the losses have not already been recognised through impairment) arose have been recognised in the profit or loss for the year as fair value gains or losses.

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

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

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

(j) Land use rights

Land use rights represent non-refundable rental payments for lease of land. The up-front prepayments made for land use rights are amortised on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. The amortisation of the land use rights is capitalised under the relevant assets when the properties on the land are under construction. In all other cases, the amortisation is recognised in the income statement.

(k) Properties under development

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Properties for sale

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

(m) Financial assets

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

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

Available-for-sale financial assets are non-derivatives 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. Unrealised gains and losses arising from the change in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are recognised in the income statement as gains or losses.

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

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

(n) Inventories

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Trade and other debtors

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

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

(p) Impairment of non-financial assets

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

(q) Provisions

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

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.

(r) Borrowings

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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, its associated companies and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be payable to the tax authorities.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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.

(t) Operating leases

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

(u) Revenue recognition

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue recognition *(Continued)*

(iv) Gain or loss from securities trading 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.

(v) Borrowing costs

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

(w) Employee benefits

Contributions to defined contribution retirement schemes such as the Mandatory Provident Fund Scheme in Hong Kong and the respective government employee retirement benefit schemes are charged to the 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.

(x) Cash and cash equivalents

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

(y) Translation of foreign currencies

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Translation of foreign currencies *(Continued)*

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

(i) assets and liabilities for each balance sheet presented are translated at the rate of exchange ruling at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

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

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

(z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

(aa) Dividend distribution

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

(ab) Financial guarantee liabilities

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

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

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

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

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

(i) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset (other than available-for-sale financial assets) after deducting any impairment provision in the balance sheet. The Group's exposure to credit risk arising from debtors and prepayments is set out in note 25.

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

The Group manages its deposits with banks and financial institutions by monitoring credit ratings and only places deposits to banks with no history of defaults. As at 31st March, 2010, the monies placed in Hong Kong listed banks and the PRC state-owned banks amounted to approximately HK$128 million (2009: HK$141 million) and HK$166 million (2009: HK$304 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.

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors *(Continued)*

(i) Credit risk (Continued)

The Group has provided guarantees in respect of mortgage loans made by certain banks to certain purchasers of the Group's properties in the PRC. Since the Group is able to retain the purchasers' deposits and sells the properties to recover any amounts paid by the Group to the banks, the Directors of the Company consider that the Group's credit risk is minimal (see also note 35).

(ii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group measures and monitors its liquidity through the maintenance of prudent ratios regarding the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. The Group has allowed a policy of obtaining long-term banking facilities to match its long-term investments in Hong Kong, the PRC and other countries. The Group also maintains a conservative level of liquid assets to ensure the availability of sufficient cash flows to meet any unexpected and material cash requirements in the ordinary course of business. In addition, standby banking facilities are established to provide contingency liquidity support.

The table below analyses the Group'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.

Group	**Within one year** HK$'000	**Second year** HK$'000	**Third to fifth years** HK$'000	**After five years** HK$'000	**Total** HK$'000
2010					
Borrowings	**139,636**	**154,886**	**465,747**	**–**	**760,269**
Creditors and accruals	**210,453**	**–**	**–**	**–**	**210,453**
Loans from minority interests	**–**	**–**	**–**	**10,138**	**10,138**
2009					
Borrowings	191,060	86,466	547,477	–	825,003
Creditors and accruals	140,330	–	–	–	140,330
Loans from minority interests	–	–	–	10,136	10,136

As at 31st March, 2010 and 2009, the contractual maturity dates of all financial liabilities of the Company are within one year.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors *(Continued)*

(iii) Cash flow and fair value interest rate risk

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

The interest rate risk of the Group arises from interest-bearing bank deposits and 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, 2010, if interest rates had been 0.5% higher/lower with all other variables held constant, the pre-tax profit of the Group would have decreased/increased by approximately HK$207,000 (2009: pre-tax loss of the Group would have decreased/increased by approximately HK$207,000).

(iv) Foreign exchange risk

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

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

(v) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified as available-for-sale financial assets. Unrealised gains and losses arising from the change in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are impaired, the accumulated fair value adjustments are recognised in the income statement as losses.

The available-for-sale financial assets of the Group are publicly traded. If the equity price at the reporting date had been 5% higher/lower with all other variables held constant, the investment revaluation reserve would have increased/decreased by approximately HK$3.2 million (2009: the loss of the Group would have decreased/increased by approximately HK$1.1 million) as a result of change in fair value of available-for-sale financial assets.

3 FINANCIAL RISK MANAGEMENT (Continued)

(b) Capital risk management

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

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

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

The gearing ratios at 31st March, 2010 and 2009 were as follows:

	2010 **HK$'000**	2009 HK$'000
Total borrowings	**711,818**	757,226
Less: cash and bank balances	**(293,917)**	(446,056)
Net debt	**417,901**	311,170
Total capital	**1,900,492**	1,783,022
Gearing ratio	**22.0%**	17.5%

(c) Fair value estimation

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

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/to subsidiaries, creditors and accruals and current borrowings approximate their fair values.

Effective from 1st April, 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

All of the Group's financial instruments that are measured at fair value at 31st March, 2010 are measured by level 1 measurement.

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation *(Continued)*

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(a) Fair value of investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis. In making the judgment, consideration is given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates based on an estimation of the expected rental income and related expenses. These estimates are regularly compared to actual market data and actual transactions entered into by the Group. Details of the carrying amounts of the investment properties are disclosed in note 16.

Should the capitalisation rates or market rates increase/decrease by 0.1% with all other variables held constant, the fair value gain of investment properties of the Group would be decreased/increased by approximately HK$21 million or HK$20 million (2009: fair value loss would be increased/decreased by approximately HK$17 million or HK$18 million) respectively.

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

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. Details of the carrying amounts of the available-for-sale financial assets are disclosed in note 21.

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

The Group assesses the carrying amounts of properties 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(d) Impairment of other assets

The Group tests at least annually whether assets that have indefinite useful lives have suffered any impairment. Other than available-for-sale financial assets, properties under development and properties for sale, other assets at each balance sheet date 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 costs. 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.

(e) Income taxes, land use taxes, land appreciation taxes and deferred taxes

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

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

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

(i) subject to a single development plan; and

(ii) expected to be completed within the Group's normal operating cycle.

5 REVENUES

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

	2010 **HK$'000**	2009 HK$'000
Sale of properties	**337,415**	51,352
Sale of goods	**17,323**	32,104
Rental income and management fees	**27,213**	24,136
	381,951	107,592

6 SEGMENT INFORMATION

(a) Segment information by business lines

The chief operating decision maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

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

	Property investment and development HK$'000	Sale of goods and services HK$'000	Others and corporate HK$'000	2010 Total HK$'000
Revenues	364,628	17,323	–	381,951
Other income	2,243	1,006	27,725	30,974
Operating profit/(loss)	103,319	(2,985)	(3,091)	97,243
Finance costs	(8,878)	–	–	(8,878)
Share of results of an associated company	–	–	17	17
Profit/(loss) before taxation	94,441	(2,985)	(3,074)	88,382
Taxation charge	(31,337)	–	(3)	(31,340)
Profit/(loss) for the year	63,104	(2,985)	(3,077)	57,042
Segment assets	2,877,771	8,448	239,392	3,125,611
Associated company	–	–	3,221	3,221
Total assets	2,877,771	8,448	242,613	3,128,832
Total liabilities	1,201,193	1,947	6,331	1,209,471
Other segment items are as follows:				
Capital expenditure	380,144	43	592	380,779
Depreciation	3,009	544	1,434	4,987
Amortisation of land use rights				
– charged to income statement	788	–	–	788
– capitalised into properties under development for sale	16,770	–	–	16,770
Write off of trade and other debtors	3,682	–	–	3,682

6 SEGMENT INFORMATION (Continued)

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

	Property investment and development HK$'000	Sale of goods and services HK$'000	Others and corporate HK$'000	2009 Total HK$'000
Revenues	75,488	32,104	–	107,592
Other income	5,020	2,690	1,192	8,902
Operating (loss)/profit	(45,374)	1,406	(60,840)	(104,808)
Finance costs	(19,970)	–	–	(19,970)
Share of results of an associated company	–	–	261	261
(Loss)/profit before taxation	(65,344)	1,406	(60,579)	(124,517)
Taxation credit/(charge)	1,306	–	(4)	1,302
(Loss)/profit for the year	(64,038)	1,406	(60,583)	(123,215)
Segment assets	2,769,227	12,666	162,831	2,944,724
Associated company	–	–	3,199	3,199
Total assets	2,769,227	12,666	166,030	2,947,923
Total liabilities	1,144,666	3,073	5,655	1,153,394
Other segment items are as follows:				
Capital expenditure	259,399	216	335	259,950
Depreciation	3,251	679	2,090	6,020
Amortisation of land use rights				
– charged to income statement	788	–	–	788
– capitalised into properties under development for sale	16,779	–	–	16,779
Write off of trade and other debtors	1,393	–	–	1,393
Impairment of available-for-sale financial assets	–	–	25,000	25,000

6 SEGMENT INFORMATION (Continued)

(b) Additional information by geographical segments

The business of the Group operates in three geographical areas of Hong Kong, the PRC and other countries. Revenues are based on the country in which the customer is located. Non-current assets, total assets and capital expenditure are based on where the assets are located. The segment information by geographical area is as follows:

	Revenues HK$'000	Non-current assets HK$'000	Total assets HK$'000	Capital expenditure HK$'000
2010				
Hong Kong	**41,851**	**801,597**	**978,393**	**920**
The PRC	**338,964**	**98,854**	**2,150,047**	**379,859**
Other countries	**1,136**	**–**	**392**	**–**
	381,951	**900,451**	**3,128,832**	**380,779**
2009				
Hong Kong	53,350	661,046	832,023	652
The PRC	52,829	106,201	2,115,540	259,298
Other countries	1,413	–	360	–
	107,592	767,247	2,947,923	259,950

7 OTHER INCOME

	2010 **HK$'000**	2009 HK$'000
Sale of scraped material	**965**	1,033
Net gain on disposal of property, plant and equipment	**27,283**	–
Interest income from		
Bank deposits	**1,351**	5,142
Loans and receivables	**5**	1,742
Overdue receivables	**12**	14
Gain on disposal of a subsidiary	**–**	252
Sundries	**1,358**	719
	30,974	8,902

8 OPERATING PROFIT/(LOSS)

	2010 HK$'000	2009 HK$'000
Operating profit/(loss) is stated after crediting:		
Gross rental income from investment properties	**23,314**	20,709
and after charging:		
Amortisation of land use rights	**788**	788
Auditors' remuneration	**1,312**	1,317
Cost of properties sold	**272,705**	31,712
Cost of inventories sold	**17,277**	28,394
Depreciation	**4,987**	6,020
Impairment of available-for-sale financial assets*	**–**	25,000
Impairment of property, plant and equipment*	**–**	273
Loss on disposal of property, plant and equipment*	**–**	668
Net exchange loss*	**307**	3,031
Operating lease rental on land and buildings	**6,829**	7,669
Outgoings in respect of investment properties	**3,657**	4,275
Staff costs, including Directors' emoluments:		
Wages and salaries	**32,077**	34,867
Retirement benefit costs (note 9)	**945**	1,028
Write off of trade and other debtors	**3,682**	1,393

* Included in other operating expenses

9 EMPLOYEE RETIREMENT BENEFITS

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

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

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

10 FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Interest expenses for bank borrowings wholly repayable within five years	**30,142**	25,492
Amount capitalised into properties under development for sale	**(21,264)**	(5,522)
	8,878	19,970

The capitalisation rates applied to funds borrowed for the development of properties range from 5.40% to 5.94% (2009: 5.40% to 8.32%) per annum.

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
2010					
Mr. Abraham Shek Lai Him	300	–	–	–	300
Mr. Lee Sai Wai	20	970	210	81	1,281
Miss Ann Li Mee Sum	20	1,380	396	89	1,885
Miss Candy Chuang Ka Wai	20	960	–	12	992
Mr. Albert Chuang Ka Pun	20	–	–	–	20
Mr. Sunny Pang Chun Kit	20	1,300	–	90	1,410
Mr. Wong Chung Wai*	20	–	–	–	20
Dr. Hwang Jen	100	–	–	–	100
Mr. David Chu Yu Lin	100	–	–	–	100
Dr. Peter Po Fun Chan	100	–	–	–	100
	720	4,610	606	272	6,208

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

(a) Directors' emoluments *(Continued)*

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

* Appointed on 1st September, 2009.

The emoluments paid to Independent Non-Executive Directors amounted to HK$600,000 (2009: HK$600,000).

(b) Five highest paid individuals' emoluments

The five highest paid individuals in the Group include four (2009: four) Directors. Details of the aggregate emoluments paid to the one (2009: one) individual, whose emolument was the highest in the Group and who is not a Director, is set out below:

	2010	2009
	HK$'000	HK$'000
Salaries, bonuses and other benefits	**631**	690
Retirement scheme contributions	**8**	9
	639	699

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.

12 TAXATION CHARGE/(CREDIT)

	2010 HK$'000	2009 HK$'000
Current		
PRC corporate income tax	**7,714**	1,948
PRC land appreciation tax	**9,194**	1,936
Deferred (note 32)	**14,432**	(5,186)
	31,340	(1,302)

No provision for Hong Kong profits tax has been made as the Group does not have any estimated assessable profits for the year (2009: 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. PRC land appreciation tax is levied at the progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures.

Share of taxation charge of an associated company for the year ended 31st March, 2010 amounting to HK$80,000 (2009: HK$57,000) is included in the income statement as share of results of an associated company.

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

	2010 HK$'000	2009 HK$'000
Profit/(loss) before taxation	**88,382**	(124,517)
Share of results of an associated company	**(17)**	(261)
	88,365	(124,778)
Tax charge/(credit) at the rate of 16.5% (2009: 16.5%)	**14,580**	(20,588)
Effect of different taxation rates in other countries	**877**	(342)
Income not subject to taxation	**(4,638)**	(484)
Expenses not deductible for taxation purposes	**9,069**	11,323
PRC land appreciation tax deductible for taxation purposes	**(1,517)**	(319)
Other temporary difference and tax losses not recognised	**6,422**	7,691
Write back of deferred taxation in previous years	**(2,647)**	–
Effect of change in taxation rate	**–**	(519)
	22,146	(3,238)
PRC land appreciation tax	**9,194**	1,936
Taxation charge/(credit)	**31,340**	(1,302)

13 PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS

Profit/(loss) attributable to equity holders includes loss of HK$1,003,000 (2009: HK$16,206,000) which is dealt with in the financial statements of the Company.

14 EARNINGS/(LOSS) PER SHARE

The calculation of the earnings/(loss) per share is based on the profit attributable to equity holders of HK$53,834,000 (2009: loss of HK$122,966,000) and the weighted average number of 1,523,328,700 (2009: 1,510,597,374) shares issued.

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

15 PROPERTY, PLANT AND EQUIPMENT

Group	Buildings HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Other assets HK$'000	Total HK$'000
Cost					
At 1st April, 2008	26,685	19,089	17,517	52,407	115,698
Changes in exchange rates	265	–	45	91	401
Additions	1,217	71	975	1,850	4,113
Disposals	–	–	(1,458)	(117)	(1,575)
At 31st March, 2009	28,167	19,160	17,079	54,231	118,637
Changes in exchange rates	3,283	397	448	451	4,579
Additions	–	–	418	2,486	2,904
Disposals	–	–	(2,455)	(35,676)	(38,131)
At 31st March, 2010	**31,450**	**19,557**	**15,490**	**21,492**	**87,989**
Accumulated depreciation and impairment					
At 1st April, 2008	732	16,967	10,727	45,792	74,218
Changes in exchange rates	–	–	17	30	47
Charge for the year	563	570	2,744	2,143	6,020
Disposals	–	–	(790)	(117)	(907)
Impairment	210	–	63	–	273
At 31st March, 2009	1,505	17,537	12,761	47,848	79,651
Changes in exchange rates	1,166	373	317	370	2,226
Charge for the year	605	488	1,403	2,491	4,987
Disposals	–	–	(1,861)	(35,381)	(37,242)
At 31st March, 2010	**3,276**	**18,398**	**12,620**	**15,328**	**49,622**
Net book value					
At 31st March, 2010	**28,174**	**1,159**	**2,870**	**6,164**	**38,367**
At 31st March, 2009	26,662	1,623	4,318	6,383	38,986

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

Depreciation of HK$524,000 (2009: HK$598,000), HK$6,000 (2009: HK$492,000) and HK$4,457,000 (2009: HK$4,930,000) have been included in cost of sales, selling and marketing expenses, and administrative expenses, respectively.

16 INVESTMENT PROPERTIES

	Group	
	2010	2009
	HK$'000	HK$'000
At the beginning of the year	**678,627**	699,488
Changes in exchange rates	**352**	1,066
Change in fair value	**101,941**	(21,927)
At the end of the year	**780,920**	678,627

(a) Investment properties held under long-term leases in Hong Kong of HK$730,000,000 (2009: HK$630,000,000) were revalued at 31st March, 2010 on an open market value basis by Vigers Appraisal And Consulting Limited, independent professional property valuer.

(b) Investment properties held under long-term lease in the PRC of HK$50,920,000 (2009: HK$48,627,000) were revalued at 31st March, 2010 on an open market value basis by DTZ Debenham Tie Leung Limited, independent professional property valuer.

(c) Investment properties with net book value of HK$730,000,000 (2009: HK$630,000,000) have been pledged as securities for the borrowing facilities granted to the Group (note 31).

17 LAND USE RIGHTS

	Group	
	2010	2009
	HK$'000	HK$'000
At the beginning of the year	**1,739**	1,771
Changes in exchange rates	**33**	–
Amortisation	**(32)**	(32)
At the end of the year	**1,740**	1,739
Held outside Hong Kong under:		
Long-term leases	**1,740**	1,739

The interests in land use rights represent prepaid operating lease payments. Amortisation charged to income statement from land use rights and properties for sale has been included in administrative expenses.

18 SUBSIDIARIES

	Company	
	2010	2009
	HK$'000	HK$'000
Unlisted investments, at cost	**150,036**	150,036
Impairment	**(85,000)**	(85,000)
	65,036	65,036

Particulars of principal subsidiaries which, in the opinion of the Directors, materially affect the results or net assets of the Group are set out in note 40 to the financial statements.

19 INVESTMENT IN JOINTLY CONTROLLED ASSETS

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

For the year ended 31st March, 2010, the Group's interest in the jointly controlled assets was 51% (2009: 51%). The Group's share of the net loss of the jointly controlled assets for the year amounted to HK$414,000 (2009: HK$852,000) and the net assets of the jointly controlled assets as at 31st March, 2010 amounted to HK$137,183,000 (2009: HK$62,763,000).

As at 31st March, 2010, the Group had made an advance to the joint venture partner amounting to HK$11,474,000 (2009: HK$22,727,000) (note 22). The proportionate interest of the Group in the jointly controlled assets' commitment was HK$2,874,000 (2009: HK$4,109,000).

20 ASSOCIATED COMPANY

	Group	
	2010	2009
	HK$'000	HK$'000
Share of net assets	**3,221**	3,199

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

	Group	
	2010	2009
	HK$'000	HK$'000
At the beginning of the year	**3,199**	2,938
Changes in exchange rates	**5**	–
Share of profit before taxation	**97**	318
Share of taxation	**(80)**	(57)
At the end of the year	**3,221**	3,199

The associated company held by the Group is unlisted.

Particulars of the associated company are set out below:

Name	**Place of incorporation/ operation**	**Registered capital/ issued capital**	**Effective percentage held by Group**		**Principal activities**
			2010	2009	
Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	1,000,000 shares of US$1 each	**25**	25	Auction services

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

	Group	
	2010	2009
	HK$'000	HK$'000
Revenues	**3,614**	3,662
Profit for the year	**17**	261
Assets	**3,838**	5,874
Liabilities	**(617)**	(2,675)
Net assets	**3,221**	3,199

21 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2010	2009
	HK$'000	HK$'000
Listed equity securities in Hong Kong, at market value	**64,729**	21,969
At the beginning of the year	**21,969**	43,153
Change in fair value	**42,760**	(21,184)
At the end of the year	**64,729**	21,969

22 LOANS AND RECEIVABLES

	Group	
	2010	2009
	HK$'000	HK$'000
Advance to the joint venture partner	**11,474**	22,727

Advance to the joint venture partner is provided for financing the property development in Chengdu, the PRC (note 19) and carries interest at prevailing lending rate quoted by the People's Bank of China. According to the agreement, the advance and interests accrued thereon will be repaid from the joint venture partner's share of proceeds upon the sale of completed properties.

23 PROPERTIES FOR SALE

	Group	
	2010	2009
	HK$'000	HK$'000
Completed properties	**475,124**	101,396
Land use rights for sale	**42,971**	41,301
Properties under development	**1,253,053**	1,454,965
	1,771,148	1,597,662
Properties under development		
At the beginning of the year	**1,454,965**	1,196,198
Changes in exchange rates	**20,390**	14,555
Property development expenditure	**377,875**	255,837
Interest expenses capitalised	**21,264**	5,522
Transfer to completed properties	**(621,441)**	(17,147)
At the end of the year	**1,253,053**	1,454,965

23 PROPERTIES FOR SALE (Continued)

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

	2010 HK$'000	2009 HK$'000
Held outside Hong Kong under:		
Long-term leases	**1,731,722**	1,558,947
Medium-term leases	**39,426**	38,715
	1,771,148	1,597,662

Properties for sale of HK$377,184,000 (2009: HK$374,589,000) have been pledged as securities for the borrowing facilities granted to the Group (note 31).

During the year, amortisation of land use rights classified under properties for sale of HK$16,770,000 (2009: HK$16,779,000) was capitalised therein.

24 INVENTORIES

	Group	
	2010 HK$'000	2009 HK$'000
Raw materials	**715**	1,096
Work in progress	**769**	808
Finished goods and merchandise	**2,436**	2,462
	3,920	4,366

25 DEBTORS AND PREPAYMENTS

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade debtors	**33,803**	7,774	**–**	–
Other debtors and prepayments	**26,119**	28,338	**314**	355
Utility and other deposits	**99,474**	96,480	**–**	–
	159,396	132,592	**314**	355

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

	2010	2009
	HK$'000	HK$'000
Below 30 days	**30,521**	3,893
31 to 60 days	**577**	1,508
61 to 90 days	**950**	478
Over 90 days	**1,755**	1,895
	33,803	7,774

As at 31st March, 2010, trade debtors of HK$25,781,000 (2009: HK$4,621,000) of the Group were neither past due nor impaired.

As at 31st March, 2010, trade debtors of HK$8,022,000 (2009: HK$3,153,000) 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:

	2010	2009
	HK$'000	HK$'000
Below 30 days	**6,205**	1,096
31 to 60 days	**62**	62
61 to 90 days	**–**	100
Over 90 days	**1,755**	1,895
	8,022	3,153

Other deposits include deposits of HK$44,792,000 (2009: HK$75,357,000) for property development projects and acquisition of land use rights in the PRC and HK$39,616,000 (2009: HK$17,363,000) for acquisition of property, plant and equipment.

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

26 BALANCE WITH SUBSIDIARIES

	Company	
	2010	2009
	HK$'000	HK$'000
Amounts receivable	**2,258,611**	2,266,840
Impairment	**(339,550)**	(340,000)
	1,919,061	1,926,840
Amount payable	**4,040**	–

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

27 CASH AND BANK BALANCES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**150,517**	228,916	**1,090**	412
Short-term bank deposits	**143,400**	217,140	**123,212**	112,962
	293,917	446,056	**124,302**	113,374

The effective interest rates on short-term bank deposits range from 0.001% to 2.25% (2009: 0.01% to 4.14%) per annum and these deposits have maturities ranging from 1 to 365 days (2009: 1 to 365 days).

Cash and bank balances amounting to HK$20,000,000 (2009: HK$125,000,000) and HK$919,000 (2009: HK$1,137,000) are pledged as securities for certain borrowing facilities (note 31) and guarantee facilities (note 35) granted to the Group respectively.

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

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

28 CREDITORS AND ACCRUALS

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade creditors	**1,152**	1,923	**–**	–
Other creditors	**140,382**	76,016	**998**	927
Amounts payable to minority interests	**416**	416	**–**	–
Tenant and other deposits	**62,279**	56,015	**–**	–
Accrued expenses	**6,224**	5,960	**–**	–
	210,453	140,330	**998**	927

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

	2010	2009
	HK$'000	HK$'000
Below 30 days	**428**	553
31 to 60 days	**267**	731
61 to 90 days	**243**	496
Over 90 days	**214**	143
	1,152	1,923

The amounts payable to 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.

29 SHARE CAPITAL

	2010	2009
	HK$'000	HK$'000
Authorised:		
18,000,000,000 shares of HK$0.05 each	**900,000**	900,000

29 SHARE CAPITAL (Continued)

Issued and fully paid:

	Number of shares	Amount HK$'000
At 1st April, 2008	1,500,549,612	75,027
2008 final scrip dividend	22,779,088	1,139
At 31st March, 2009 and 2010	**1,523,328,700**	**76,166**

All new shares rank pari passu to the existing shares.

The Group adopted a share option scheme (the "Scheme") pursuant to the annual general meeting held on 26th August, 2002, which is valid and effective for a term of ten years from the date of its adoption. Under the Scheme, the Directors of the Company may grant options to the eligible persons as defined in the Scheme, inter alia, any employees, Directors or business consultants of the Company and its subsidiaries, to subscribe for shares in the Company under the terms and conditions stipulated therein. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company as at 26th August, 2002. No options have been granted under the Scheme since its adoption.

30 RESERVES

Group

	Share premium HK$'000	Capital reserve on consolidation HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1st April, 2008	1,492,734	97,703	457,792	73	(4,022)	29,731	(259,258)	1,814,753
Loss for the year	–	–	–	–	–	–	(122,966)	(122,966)
Changes in exchange rates	–	–	–	–	–	18,992	–	18,992
Change in fair value of available-for-sale financial assets	–	–	–	–	(21,184)	–	–	(21,184)
Impairment of available-for-sale financial assets	–	–	–	–	25,000	–	–	25,000
2008 final scrip dividend	7,266	–	–	–	–	–	(15,005)	(7,739)
At 31st March, 2009	1,500,000	97,703	457,792	73	(206)	48,723	(397,229)	1,706,856
Profit for the year	–	–	–	–	–	–	53,834	53,834
Changes in exchange rates	–	–	–	–	–	20,876	–	20,876
Change in fair value of available-for-sale financial assets	–	–	–	–	42,760	–	–	42,760
At 31st March, 2010	**1,500,000**	**97,703**	**457,792**	**73**	**42,554**	**69,599**	**(343,395)**	**1,824,326**

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

30 RESERVES (Continued)

Company

	Share premium HK$'000	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1st April, 2008	1,492,734	457,792	101,931	2,052,457
Loss for the year	–	–	(16,206)	(16,206)
2008 final scrip dividend	7,266	–	(15,005)	(7,739)
At 31st March, 2009	1,500,000	457,792	70,720	2,028,512
Loss for the year	–	–	(1,003)	(1,003)
At 31st March, 2010	**1,500,000**	**457,792**	**69,717**	**2,027,509**

Total distributable reserves of the Company amounted to HK$69,717,000 (2009: HK$70,720,000) as at 31st March, 2010.

31 BORROWINGS

	Group	
	2010 HK$'000	2009 HK$'000
Secured bank borrowings		
Short-term bank loans	**18,267**	85,013
Long-term bank loans	**693,551**	672,213
	711,818	757,226
Long-term bank loans		
Wholly repayable within five years	**693,551**	672,213
Current portion included in current liabilities	**(102,778)**	(82,419)
	590,773	589,794

31 BORROWINGS (Continued)

The bank borrowings are secured by bank deposits, investment properties and properties for sale with an aggregate carrying amount of HK$1,127,184,000 (2009: HK$1,129,589,000), shares of a subsidiary and guaranteed by the Company. Borrowings of HK$391,000,000 (2009: HK$361,000,000) are also secured by the assignment of rental income, and CCIL, the ultimate holding company, is required to beneficially own 45% or more of the issued share capital of the Company at all times during the subsistence of the borrowings.

The bank borrowings are repayable in the following periods:

	2010 **HK$'000**	2009 HK$'000
Within one year	**121,045**	167,432
Second year	**138,170**	67,340
Third to fifth years	**452,603**	522,454
	711,818	757,226

The effective interest rates of the bank borrowings at the balance sheet date are ranging from 0.75% to 5.94% (2009: 0.95% to 8.32%) per annum. The fair values of the borrowings, based on cash flows discounted at the borrowing rates of 0.75% to 5.94% (2009: 0.95% to 8.32%) per annum, approximate their carrying amounts, which are denominated in the following currencies:

	2010 **HK$'000**	2009 HK$'000
Hong Kong dollar	**391,000**	361,000
Renminbi	**320,818**	396,226
	711,818	757,226

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

	2010 **HK$'000**	2009 HK$'000
6 months or less	**430,960**	587,201
6 to 12 months	**280,858**	170,025
	711,818	757,226

32 DEFERRED TAXATION LIABILITIES

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

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

	2010 HK$'000	2009 HK$'000
At the beginning of the year	**188,224**	193,387
Changes in exchange rates	**4**	23
Charged/(credited) to income statement (note 12)	**14,432**	(5,186)
At the end of the year	**202,660**	188,224

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

	Deferred taxation liabilities				**Deferred taxation assets**
	Fair value gains	**Revaluation of investment properties**	**Accelerated tax depreciation**	**Total**	**Tax losses**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st April, 2008	183,559	30,499	3,242	217,300	(23,913)
Changes in exchange rates	–	23	–	23	–
(Credited)/charged to income statement:					
Effect of change in taxation rate	–	(1,700)	(185)	(1,885)	1,366
Current year	–	(3,569)	335	(3,234)	(1,433)
At 31st March, 2009	183,559	25,253	3,392	212,204	(23,980)
Changes in exchange rates	–	4	–	4	–
(Credited)/charged to income statement	(2,647)	16,771	532	14,656	(224)
At 31st March, 2010	**180,912**	**42,028**	**3,924**	**226,864**	**(24,204)**

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.

32 DEFERRED TAXATION LIABILITIES (Continued)

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

Deferred taxation assets of HK$69 million (2009: HK$64 million) arising from unused tax losses of HK$417 million (2009: HK$388 million) have not been recognised in the financial statements. These tax losses have no expiry dates.

33 LOANS FROM MINORITY INTERESTS

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

34 COMMITMENTS

(a) Capital commitments

	Group	
	2010	2009
	HK$'000	HK$'000
Contracted but not provided for property development and property, plant and equipment	**228,961**	337,276

(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	
	2010	2009
	HK$'000	HK$'000
Within one year	**246**	1,157

34 COMMITMENTS (Continued)

(c) Operating lease rental receivable

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

	Group	
	2010	2009
	HK$'000	HK$'000
Within one year	**21,563**	20,861
Second to fifth years	**21,919**	12,751
After five years	**2,297**	–
	45,779	33,612

The Group leases properties under various agreements which will be terminated between 2010 to 2025 (2009: 2009 to 2012).

35 FINANCIAL GUARANTEES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees for bank borrowings of a subsidiary	**–**	–	**391,000**	361,000
Guarantees for mortgage loans to purchasers of properties of the Group in the PRC	**110,505**	33,447	**–**	–
	110,505	33,447	**391,000**	361,000

The financial guarantees provided by the Group represented the guarantees in respect of mortgage loans made by certain banks to certain purchasers of the Group's properties in the PRC. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees will be terminated upon the earlier of (i) issuance of the property ownership certificates which is generally available within six months to one year after the purchasers take possession of the relevant properties; or (ii) the satisfaction of mortgage loans by the purchasers of properties. The fair value of the guarantees is not material and has not been recognised in the financial statements. Bank deposits of HK$919,000 (2009: HK$1,137,000) are pledged for such financial guarantees provided by the Group (note 27).

36 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2010 HK$'000	2009 HK$'000
Operating profit/(loss)	**97,243**	(104,808)
Interest income	**(1,368)**	(6,898)
Amortisation of land use rights	**788**	788
Depreciation	**4,987**	6,020
Change in fair value of investment properties	**(101,941)**	21,927
Gain on disposal of a subsidiary	**–**	(252)
Impairment of available-for-sale financial assets	**–**	25,000
Impairment of property, plant and equipment	**–**	273
Net (gain)/loss on disposal of property, plant and equipment	**(27,283)**	668
Operating loss before working capital changes	**(27,574)**	(57,282)
Increase in properties for sale	**(10,901)**	(227,668)
Decrease in inventories	**446**	2,894
Increase in debtors and prepayments	**(76,471)**	(5,464)
Increase in creditors and accruals	**18,285**	13,124
Cash used in operations	**(96,215)**	(274,396)

(b) Analysis of cash and cash equivalents

	2010 HK$'000	2009 HK$'000
Cash and bank balances	**293,917**	446,056
Pledged bank deposits and bank deposits maturing more than three months from date of placement	**(21,106)**	(126,316)
	272,811	319,740

36 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(c) Disposal of a subsidiary

	2010 HK$'000	2009 HK$'000
Net assets disposed of		
Debtors and prepayments	–	13
Cash and bank balances	–	11,672
	–	11,685
Gain on disposal of a subsidiary	–	252
Proceed on disposal of a subsidiary	–	11,937
Cash and bank balances disposed of	–	(11,672)
Net cash inflow on disposal of a subsidiary	–	265

37 RELATED PARTY TRANSACTIONS

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

	2010 HK$'000	2009 HK$'000
Rental expenses payable to a fellow subsidiary[#]	–	1,504

[#] The fellow subsidiary is a wholly owned subsidiary of CCIL.

38 SUBSEQUENT EVENTS

(a) In April 2010, the Group participated in a government land auction and had successfully bided for two development sites in Anshan, Liaoning, the PRC with a total of 500,000 developable sq. m. at a total cost of RMB202 million (equivalent to about HK$231 million). The amount had been fully paid in May 2010 and according to the terms of the land auction, the two sites will be delivered to the Group before 30th July, 2010.

The Group obtained unsecured short-term facilities from its ultimate holding company, CCIL, to finance the above acquisition. The facilities bear interests at prevailing market rates and amounted to about HK$100 million as at the date of this report.

(b) To facilitate the construction of Shenzhen Xiamen Railway (廈深鐵路) in Huizhou, the PRC, the Group agreed with the local government in May 2010 for the resumption of the Group's site in Huizhou and the relocation of the Group's leased factory building. The net compensations of RMB18.5 million and RMB14.5 million were received by the Group respectively. It is expected that net gains (after related expenses and costs) of about RMB10.5 million and RMB13.9 million will be recorded as other income in the financial year ending 31st March, 2011.

39 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 12th July, 2010.

40 PRINCIPAL SUBSIDIARIES

	Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group 2010	2009	Principal activities
#	Changsha Chuang's Property Development Limited	PRC	US$20,000,000	**100**	100	Property development and investment
	China Charm Company Limited	Hong Kong	2 shares of HK$1 each	**100**	100	Property development and investment
@	China Cyberworld Limited	Hong Kong	2 shares of HK$1 each	**100**	100	Investment holding
@	Chinaculture.com Limited	British Virgin Islands/ Hong Kong	1 share of US$1	**100**	100	Investment holding
	Chuang's China Commercial Limited	British Virgin Islands/ Hong Kong	1 share of US$1	**100**	100	Investment holding
@	Chuang's China Enterprises Limited	Hong Kong	458,310,965 shares of HK$0.2 each	**100**	100	Securities trading and investment holding
@	Chuang's China Realty Limited	Bermuda/ Hong Kong	2,000,000 shares of HK$0.05 each	**100**	100	Investment holding
@	Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	1 share of US$1	**100**	100	Investment holding
	Chuang's Development (Chengdu) Limited	Hong Kong	2 shares of HK$10 each 100,000 non-voting deferred shares of HK$10 each	**100**	100	Property investment
	Chuang's Development (China) Limited	Hong Kong	2 shares of HK$10 each	**100**	100	Property development and investment
	Chuang's Development (Dong Guan) Limited	Hong Kong	2 shares of HK$1 each	**100**	100	Investment holding
	Chuang's Development (Hunan) Limited	Hong Kong	2 shares of HK$100 each	**100**	100	Investment holding
#	Chuang's Development (Huiyang) Real Estate Company Limited	PRC	HK$50,000,000	**100**	100	Investment holding

40 PRINCIPAL SUBSIDIARIES (Continued)

	Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group 2010	2009	Principal activities
	Chuang's Development (Nanning) Limited	Hong Kong	2 shares of HK$1 each	**100**	100	Investment holding
	Distinguished Properties Limited	British Virgin Islands/ Hong Kong	1 share of US$1	**100**	100	Investment holding
	Double Wealthy Company Limited	Hong Kong	160 shares of HK$1 each	**100**	100	Investment holding
	Dragon Rich Investments Limited	Hong Kong	100 shares of HK$1 each	**85**	85	Investment holding
	Gold Capital Profits Limited	British Virgin Islands/ Hong Kong	100 shares of US$1 each	**75**	75	Investment holding
#	Guangzhou Panyu Chuang's Real Estate Development Company Limited	PRC	RMB60,000,000	**100**	100	Property development and investment
#	Hui Zhou Yuen Sang Hardware Company Limited	PRC	HK$10,000,000	**100**	100	Manufacture and sale of watch components
#	Hunan Han Ye Real Estate Development Company Limited	PRC	RMB25,000,000	**54**	54	Property development and investment
	Koledo Company Limited	Hong Kong	2 shares of HK$100 each 2 non-voting deferred shares of HK$100 each	**100**	100	Property investment
	MD Limited	Hong Kong	1,000,000 shares of HK$1 each	**100**	100	Project management
	Noble Century Investment Limited	Hong Kong	1,000,000 shares of HK$1 each	**60**	60	Investment holding

40 PRINCIPAL SUBSIDIARIES (Continued)

	Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group 2010	2009	Principal activities
	On Profit Investment Limited	Hong Kong	2 shares of HK$1 each	**100**	100	Property development and investment
	Silver Chase Investment Limited	Hong Kong	2 shares of HK$1 each	**100**	100	Property development and investment
	Silver Dragon Investment Limited	Hong Kong	2 shares of HK$1 each	**100**	100	Property development and investment
#	Xiamen Mingjia Binhai Resort Company Limited	PRC	RMB75,000,000	**59.5**	59.5	Property development and investment
	Yuen Sang Hardware Company (1988) Limited	Hong Kong	1,000,000 shares of HK$1 each	**100**	100	Manufacture and sale of watch components

@ Directly held by the Company
\# Not audited by PricewaterhouseCoopers

Particulars of Principal Properties

The following list contains only properties held by the Group which are material to the Group as at 31st March, 2010 as the Directors are of the opinion that a complete list will be of excessive length.

1. INVESTMENT PROPERTIES

Location	Term	Usage	Group's interest
Chuang's Tower Nos. 30-32 Connaught Road Central, Central, Hong Kong	Long lease	Commercial/ offices	100%
6th Floor, Chengdu Chuang's Centre No. 1 Renmin South Road, Section 4, Wuhou District, Chengdu, Sichuan Province, The People's Republic of China (the "PRC")	Long lease	Commercial	100%
Club house of Gold Coast, Phase II Chuang's New City, Dongguan, Guangdong, The PRC	Long lease	Commercial	100%

2. BUILDINGS

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

3. PROPERTY PROJECTS IN THE PRC

Location	Stage of completion	Expected completion date	Usage	Site area (sq. m.)	Available gross floor area (sq. m.)	Group's interest
Chuang's Le Papillon, Guangzhou, Guangdong						
— Phase I	Landscaping works in progress	2010	Comprehensive development area	26,600	49,601 (and 254 carparking spaces)	100%
— Phase II	Foundation works in progress	Beyond 2010	Comprehensive development area	17,300	50,000	100%
— Remaining phase	Master planning completed	Beyond 2010	Comprehensive development area	160,100	336,600	100%
Chuang's New City, Dongguan, Guangdong						
— Phase II, Gold Coast	Completed	Completed	Residential	30,242	3,164 (and 259 carparking spaces)	100%
— Phase III, Imperial Garden	Completed	Completed	Comprehensive development area	50,000	62,072 (and 184 carparking spaces)	100%
	Foundation works completed	Beyond 2010	Comprehensive development area		57,000	100%
— Remaining phase	Master planning completed	Beyond 2010	Comprehensive development area	186,000	377,000	100%
Chuang's New Town, Huizhou, Guangdong						
— Chuang's Garden, Phases I, II and III	Completed	Completed	Residential	16,400	1,673	100%
— Remaining phase	Planning stage	N/A	Comprehensive development area	54,408	190,000	100%

3. PROPERTY PROJECTS IN THE PRC (Continued)

Location	Stage of completion	Expected completion date	Usage	Site area (sq. m.)	Available gross floor area (sq. m.)	Group's interest
Beverly Hills, Changsha, Hunan						
— Phase I	Completed	Completed	Residential	95,948	22,701	54%
	Construction works in progress	End of 2010	Commercial		10,600	54%
Chuang's Palazzo Caesar, Changsha, Hunan	Master planning in progress	Beyond 2010	Comprehensive development area	280,000	535,000	100%
Xiamen Mingjia Binhai, Xiamen, Fujian	Master planning in progress	Beyond 2010	Villas/hotel	27,500	18,000	59.5%
Chuang's Le Printemps, Chengdu, Sichuan	Master planning in progress	Beyond 2010	Residential/ commercial	30,000	120,000	51%

Summary of Results, Assets and Liabilities

RESULTS

	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010** **HK$'000**
Revenues	77,228	230,292	314,525	107,592	**381,951**
Profit/(loss) attributable to equity holders	36,023	31,625*	110,244	(122,966)	**53,834**
Earning/(loss) per share (HK cents)	3.34	2.48*	7.74	(8.14)	**3.53**

* *Excluded one-off accounting loss of HK$93.6 million in respect of the disposal of an associated company*

ASSETS AND LIABILITIES

	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010** **HK$'000**
Non-current assets	1,740,201	1,551,610	810,623	767,247	**900,451**
Current assets	375,088	695,536	1,933,274	2,180,676	**2,228,381**
Total assets	2,115,289	2,247,146	2,743,897	2,947,923	**3,128,832**
Total liabilities	(628,460)	(712,653)	(847,615)	(1,153,394)	**(1,209,471)**
Minority interests	(72,693)	(65,495)	(6,502)	(11,507)	**(18,869)**
Shareholders' funds	1,414,136	1,468,998	1,889,780	1,783,022	**1,900,492**

NET DEBT TO EQUITY RATIO

	2006 HK$'M	2007 HK$'M	2008 HK$'M	2009 HK$'M	**2010** **HK$'M**
Cash and bank balances	147.7	354.2	453.9	446.1	**293.9**
Bank borrowings	281.3	337.5	455.9	757.2	**711.8**
Net debt to equity ratio (%)	9.50	N/A	0.11	17.45	**21.99**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Chuang's China Investments Limited (the "Company") will be held at Chater Room, 2nd Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Monday, 30th August, 2010 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the Directors and the auditor for the year ended 31st March, 2010.

2. To re-elect retiring Directors as Directors of the Company and to authorise the board of Directors to fix the remuneration of the Directors.

3. To re-appoint auditor and to authorise the board of Directors to fix its remuneration.

4. To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

Ordinary Resolutions

(1) "**THAT**:

(a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares of HK$0.05 each (the "Shares") in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as amended from time to time, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of Shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution, "**Relevant Period**" means the period from the date of the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

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

(iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the directors of the Company by this Resolution."

(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

(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 4(1) and 4(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 4(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 4(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."

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

Special Resolution

"**THAT** subject to and conditional upon the approval of the Registrar of Companies in Bermuda, the Chinese name"莊士中國投資有限公司" (which was previously adopted for identification purpose) be adopted as the secondary name of the Company and **THAT** such document in connection with the adoption of the secondary name be filed and registered with the Registrar of Companies in Bermuda pursuant to the Companies Act 1981 of Bermuda (as amended) and the Registrar of Companies in Hong Kong under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and that any one of the Directors or the Company Secretary of the Company be and is hereby authorised to do all such acts and execute such deeds and/or other documents as he/she shall, in his/her absolute discretion, deem fit in order to effect and implement such adoption of the secondary name by the Company."

6. To transact any other business.

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

Hong Kong, 27th July, 2010

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.

2. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the Company's principal office in Hong Kong at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

3. Concerning Resolutions numbered 2, 4 and 5 above, the information necessary to enable the shareholders to make decisions on whether to vote for or against the Resolutions, as required by the Listing Rules, will be set out in a separate document from the Company to be enclosed with the 2010 Annual Report.

CHUANG'S CHINA INVESTMENTS LIMITED
25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong

www.chuangs-china.com