

Annual Report 2010

Build Your Home

From our Heart



CHUANG'S CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 367

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Corporate Information

DIRECTORS

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

* *Independent Non-Executive Directors*

AUDIT COMMITTEE/ NOMINATION COMMITTEE/ REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Lee Wai Ching

AUDITOR

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

REGISTRARS

Bermuda:

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

Hong Kong:

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

PRINCIPAL BANKERS

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

Corporate Information (continued)

REGISTERED OFFICE

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

PRINCIPAL OFFICE IN HONG KONG

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Telephone: (852) 2522 2013
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SINGAPORE OFFICE

245 Jalan Ahmad Ibrahim, Jurong Town,
Singapore 629144,
Republic of Singapore

MALAYSIA OFFICE

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

VIETNAM OFFICE

Room 704, 7th Floor, Capital Place Building,
6 Thai Van Lung Street, District 1,
Ho Chi Minh City, Vietnam

STOCK CODE

367

Biographical Details of Directors and Senior Management

DIRECTORS

Mr. Alan Chuang Shaw Swee (aged 58), the chairman, has extensive experience in business development and investment in Hong Kong, the People's Republic of China (the "PRC") and Southeast Asia. With his substantial connections, he has been actively involved in the development and management of investments in Hong Kong, the PRC and Southeast Asia. He is also the honorary chairman of Chuang's China Investments Limited ("Chuang's China"), a subsidiary of the Company, and Midas International Holdings Limited ("Midas"), an associated company of the Company, both companies are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was an Adviser of Hong Kong Affairs and a member of the Selection Committee for the Government of the Hong Kong Special Administrative Region. He is a member of the National Committee of The Chinese People's Political Consultative Conference, a member of All-China Federation of Returned Overseas Chinese, a member of China Overseas Friendship Association, the Deputy Chairman of ESE Literature Fund, the Honorary member of Guangzhou Panyu Overseas Exchanges Association, the Vice President of China Federation of Overseas Chinese Entrepreneurs, the Vice President of Hunan Overseas Friendship Association, an economic adviser to Chengdu, Sichuan, an overseas consultant to Sichuan Provincial Overseas Exchanges Association, an Honorary Citizen of Xiamen City, Guangzhou City and Chia-Yi, Taiwan and a director of the Board of Trustees of Jimei University, Xiamen City. He is also the Vice President of the Hong Kong Factory Owners Association, the Honorary President of the Hong Kong Federation of Overseas Chinese Association, a director of the Chinese General Chamber of Commerce, the Senate of the Democratic Alliance for the Betterment and Progress of Hong Kong, the Life Honorary President of the General Association of Xiamen (Hong Kong) Limited, the Permanent President of Hong Kong Hui An Natives Association, the Life Honorary President of Chuang & Yen Clansmen's General Association and a director of the Hong Kong Digestive Foundation Limited and the Friends of Hong Kong Associated Ltd.. He is the brother of Mrs. Alice Siu Chuang Siu Suen and the father of Mr. Albert Chuang Ka Pun. He joined the Group in 1970.

Mrs. Alice Siu Chuang Siu Suen (aged 61), the vice-chairman, has over 36 years of experience in managing investment businesses and in property development and investment. She is the sister of Mr. Alan Chuang Shaw Swee and the aunt of Mr. Albert Chuang Ka Pun. She joined the Group in 1971.

Mr. Ko Sheung Chi (aged 54), the managing director, has over 30 years of experience in general management. He is a non-executive director of CNT Group Limited, which is listed on the Stock Exchange. He holds a bachelor degree in science and a master degree in business administration and is an associate member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in 1988.

Mr. Albert Chuang Ka Pun (aged 30), an executive director and the chief operating officer, has over 6 years of experience in property business and general management. He is an executive director of Chuang's China and Midas. He holds a bachelor degree of arts with major in economics. He is a committee member of the Tenth All-China Youth Federation. He is the son of Mr. Alan Chuang Shaw Swee and the nephew of Mrs. Alice Siu Chuang Siu Suen. He joined the Group in 2005.

Mr. Lui Lop Kay (aged 54), an executive director, is responsible for property division of the Group. He has over 28 years of experience in real estate in Hong Kong and the Asia Pacific region. He holds a bachelor degree of science in estate management and is a fellow member of the Hong Kong Institute of Surveyors and an associate member of the Royal Institution of Chartered Surveyors. He joined the Group in 1996.

Mr. Wong Chung Wai (aged 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 an executive director of Chuang's China. He holds a bachelor degree of science in building technology and management and is an associate member of both the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors. He joined the Group in 2001.

Biographical Details of Directors and Senior Management (continued)

Dr. Peter Po Fun Chan B.B.S., M.B.E., J.P., FCCA (U.K.), ACA (England and Wales), FCPA (Australia), CPA (Singapore), FCPA (H.K.) (aged 88), was appointed as an independent non-executive director in 1997. He is an independent non-executive director of Chuang's China, China Resources Enterprise, Limited and VST Holdings Limited, all are listed on the Stock Exchange. He was the chairman of the former Kowloon Stock Exchange and former Hong Kong Federation of Stock Exchanges. Dr. Chan was also a Registered Dealing Director under the Securities Ordinance. He is a member of a number of scientific institutions which include Society of Petroleum Engineers and Society of Underwater Technology.

Mr. Abraham Shek Lai Him S.B.S., J.P. (aged 65), was appointed as an independent non-executive director in 2004. He is currently a member of the Legislative Council for the Hong Kong Special Administrative Region, the Council of The Hong Kong University of Science & Technology and the Court of The University of Hong Kong and the vice chairman of Independent Police Complaints Council. He holds a bachelor degree of arts. He is the chairman and an independent non-executive director of Chuang's China, an independent non-executive director of Midas, Paliburg Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, Titan Petrochemicals Group Limited, ITC Corporation Limited, Country Garden Holdings Company Limited, Hop Hing Group Holdings Limited, MTR Corporation Limited, Hsin Chong Construction Group Ltd. and SJM Holdings Limited, all are listed on the Stock Exchange, and a director of The Hong Kong Mortgage Corporation Limited. Mr. Shek is also an independent non-executive director of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust, and Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust, both trusts are listed on the Stock Exchange.

Mr. Fong Shing Kwong (aged 62), was appointed as an independent non-executive director in 2008. Mr. Fong has over 32 years of experience in the hospitality industry and has extensive experience in property development, asset and facility management and investment business in the PRC. He is an executive director of New World China Land Limited, a company listed on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Lee Yiu Sing (aged 43), the assistant director, is responsible for property sales, leasing and management of the Group. He has over 17 years of experience in property leasing, marketing and management. He has a bachelor degree in science and is a member of the Chartered Institute of Housing. He joined the Group in 2005.

Mr. Chan Ka On (aged 42), the senior project manager, has 17 years of experience in construction and property development. He holds a bachelor of science degree in building surveying. He joined the Group in 2001.

Mr. Peter Lui Gee Yee (aged 31), the project manager, has 7 years of experience in design, planning and development of property projects. He holds a bachelor degree and a post-graduate diploma both in architectural studies. He is a chartered member of the Royal Institute of British Architects, a Chartered Environmentalist and members of the Society of Environmental Engineers, the Australian Institute of Building and Design Institute of Australia. He joined the Group in 2008.

Mr. Chan Chun Man (aged 34), the financial controller, has over 11 years of experience in finance, accounting and auditing. He holds a bachelor degree in accountancy and a master degree in business administration. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in 2003.

Ms. Lee Wai Ching (aged 49), the company secretary, is responsible for the Group's company secretarial matters. She 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.

Mr. Cheung Loon Hoi (aged 64), a director and the general manager of the Singapore Division, is responsible for the Group's operation in Singapore. He holds a higher diploma in textile technology and is a member of the Textile Institute of the United Kingdom. He joined the Group in 1970.

Mr. Teo Tee Way (aged 44), the chief executive officer of the Malaysia Division, is responsible for the Group's operation in Malaysia. He has over 20 years of experience in finance and management. He is a member of Malaysian Institute of Accountants, Chartered Institute of Management Accountants and Chartered Tax Institute of Malaysia. He joined the Group in 2008.

Mr. Tong Kwok Lun (aged 31), the chief representative of the Vietnam Division, is responsible for the Group's development projects in Vietnam. He has over 6 years of experience in property investment and development. He holds a bachelor degree in real estate. He joined the Group in 2007.



Chairman's Statement



Chairman's Statement

FINANCIAL REVIEW

During the year under review, the Group's businesses benefited from the rebound of the property markets in Hong Kong and the People's Republic of China (the "PRC") after the global financial tsunami and the Group recorded a profit during the year compared to a loss in the last corresponding year.

Revenues of the Group during the year amounted to HK\$560.9 million (2009: HK\$283.5 million), representing an increase of 97.8% from that of last year, principally as a result of increase in property sales in the PRC. Revenues of the Group comprise income from property investment business of HK\$126.7 million (2009: HK\$119.9 million), income from property development business of HK\$341.8 million (2009: HK\$76.7 million), income from manufacturing and trading business of HK\$86.1 million (2009: HK\$96.9 million) and income from securities investment and trading business of HK\$6.3 million (2009: loss of HK\$10.0 million).

As a result of the increase in income from property sales as well as the securities investment and trading business of the Group, gross profit during the year increased by 41.9% to HK\$182.0 million (2009: HK\$128.3 million). Other income increased to HK\$74.9 million (2009: HK\$32.8 million) mainly due to negative goodwill arising from the acquisition of additional interests in Chuang's China Investments Limited ("Chuang's China") and net gain on the disposal of property, plant and equipment. A detailed analysis of other income is shown in note 7 to the financial statements. During the year under review, the Group recorded an upward revaluation surplus of HK\$1,026.7 million (2009: revaluation deficit of HK\$130.5 million) for its investment properties, reflecting the significant

improvement in office, retail and high-class residential property prices in Hong Kong, in particular the Group's completed property project located at No. 37 Island Road, Deep Water Bay. Of this amount of revaluation surplus, approximately HK\$180.5 million is related to House D, No. 37 Island Road, Deep Water Bay, which is to be sold and the completion date will be on 6th August, 2010.

On the costs side, selling and marketing expenses increased to HK\$52.8 million (2009: HK\$24.7 million) primarily due to the greater efforts placed on project marketing and the launching of new projects in Hong Kong and the PRC. Administrative expenses remained stable at HK\$182.8 million (2009: HK\$183.4 million) whereas other operating expenses decreased to HK\$23.0 million (2009: HK\$52.5 million) mainly due to the decrease in impairment losses on the assets of the Group as a result of improved market conditions and a reduction of exchange loss. Finance costs decreased to HK\$36.9 million (2009: HK\$64.8 million) due to the lower interest rates prevailing during the year. Share of loss of associated companies amounted to HK\$24.4 million (2009: HK\$33.5 million) mainly due to the share of loss relating to Midas International Holdings Limited ("Midas") and the deemed loss on dilution of interests in Midas. Taxation amounted to HK\$137.8 million (2009: taxation credit of HK\$23.6 million) mainly relating to deferred tax arising on revaluation surplus of the Group's investment properties.

Taking the above into account, profit attributable to equity holders of the Company for the year ended 31st March, 2010 amounted to HK\$799.7 million (2009: loss of HK\$248.8 million). Earnings per share amounted to 52.8 HK cents (2009: loss per share of 16.6 HK cents).

Chairman's Statement (continued)

BUSINESS REVIEW

DIVIDENDS

The Board has resolved to recommend for the shareholders' approval at the forthcoming annual general meeting the payment of a final dividend of 2.0 HK cents (2009: 0.5 HK cent) per share for the year ended 31st March, 2010. The final dividend, if approved, will be paid on or before 25th October, 2010 by allotment of new shares with a cash option to the shareholders whose names appear on the Company's register of members on 30th August, 2010.

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be issued pursuant to the scrip dividend scheme, new share entitlements will be calculated by reference to the par value of the shares of the Company, being HK\$0.25, or the average of the closing prices on the Stock Exchange of the shares of the Company for the five consecutive trading days up to and including 30th August, 2010, whichever is higher. A circular giving full details of the scrip dividend scheme and a form of election will be sent to the shareholders as soon as practicable.

An interim dividend of 1.0 HK cent (2009: 1.0 HK cent) per share has been paid in respect of current financial year. Total dividends for the year, therefore, amounted to 3.0 HK cents (2009: 1.5 HK cents) per share, representing an increase of 100%. Total dividends for the year amounted to HK\$45.8 million (2009: HK\$22.7 million).

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

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

(i) Investment Properties

The Group's major investment properties in Hong Kong comprise Chuang's London Plaza in Tsim Sha Tsui, Chuang's Hung Hom Plaza in Hunghom, portion of Chuang's Enterprises Building in Wanchai, four houses at No. 37 Island Road in Deep Water Bay, No. 15 Gough Hill Road in The Peak and Chuang's Tower in Central (held through Chuang's China). The total gross floor area ("GFA") of the Group's portfolio



Chuang's Tower

Chairman's Statement (continued)

BUSINESS REVIEW

of investment properties amounted to approximately 410,000 *sq. ft.* comprising retail, office, high-class residential and carparking spaces. As a result of an improved occupancy rate and the increase in rental rates upon certain new leases and lease renewals, rental and other income from investment properties in Hong Kong during the year amounted to approximately HK\$109.3 million, representing an increase of about 5.7% compared with that of last year.



Chuang's London Plaza

Chairman's Statement (continued)
BUSINESS REVIEW



Chuang's Enterprises Building



Chuang's Hung Hom Plaza

Chairman's Statement (continued)
BUSINESS REVIEW



No. 37 Island Road

The redevelopment of No. 37 Island Road, Deep Water Bay into four houses (Houses A, B, C and D), each with an exclusive outdoor swimming pool, spacious garden area and spectacular sea-view, has been completed with occupation permit

issued on 20th April, 2009, thus the properties have been accordingly reclassified from properties under development to investment properties of the Group on the date of the issue of occupation permit. On 31st March, 2010, the Group has

Chairman's Statement (continued)
BUSINESS REVIEW



No. 37 Island Road

BUSINESS REVIEW

entered into an agreement to dispose of House D for a consideration of HK\$462.8 million. As at the date of this report, deposits of HK\$46.28 million were received and completion of the disposal is expected to be on 6th August, 2010. The completion of the disposal as aforesaid is expected to realise a net profit to the Group in the first half of the next financial year. Due to the limited supply and strong demand of such type of luxurious properties in that area, the Group will continue to market and lease out the remaining houses and is confident that the project will be well received by the market.

For No. 15 Gough Hill Road, The Peak, the property is currently being leased. Recently, the Group has agreed with the relevant authorities for the premium payable on certain lease modifications regarding the relaxation of height restriction and granting of additional access via the main road, which the Group believes will enhance the value of the property. Once the legal formalities on the lease modifications are finalised, the Group will consider to commence redevelopment

of the property into a house with unique architectural design. Building plans for the redevelopment have already been approved by the relevant authorities.

(ii) Properties Under Development/For Sale

During the year, property sales in Hong Kong amounted to HK\$32.3 million, of which HK\$28.0 million were conducted through an associated company. The property sales were mainly derived from the sales of the remaining units of The Notting Hill in Tung Shan Terrace and Midas Plaza in San Po Kong.

In February 2010, the Group has commenced the presales of Wuhu Residence in Hung Hom. The response has been encouraging and up to the date of this report, presales of approximately HK\$150.8 million were achieved. During the year, the Group also took steps to replenish our landbank in Hong Kong by acquiring interests in two development projects.

A summary of the progress of the Group's existing projects and the newly acquired projects is as follows:

Chairman's Statement (continued)

BUSINESS REVIEW

(a) Wuhu Residence, No. 111 Wuhu Street, Hung Hom, Kowloon

The property is located adjacent to Chuang's Hung Hom Plaza and is being redeveloped into a 22-storey building with modern architectural design of 100 apartments (of which 97 are studio apartments) with club house facilities and shopping spaces at the podium levels (G/F and 1/F), having a total building area of about 47,000 sq. ft.. Foundation works will be completed soon which will be followed by superstructure works. The redevelopment is expected to be completed in the third quarter of 2011. Presales of the project had been commenced in February 2010. In view of the limited supply of studio apartments in that area, the project was well received by the market and up to the date of this report, a total of 57 units were presold with aggregate sales value of HK\$150.8 million. The Group expects the total proceeds on the sales of the entire project to be about HK\$345 million.



Wuhu Residence — Under construction



Wuhu Residence – Perspective



BUSINESS REVIEW

(b) Midas Plaza, No. 1 Tai Yau Street, San Po Kong, Kowloon

The Group participated in a 30% interest in this development and the Group's share of the development comprises six industrial/office floors with GFA of 59,813 *sq. ft.*, one shopping unit with GFA of 2,924 *sq. ft.* and six carparking spaces. All units and carparking spaces have been sold with final sales completed during the year amounted to HK\$28.0 million, generating a profit of approximately HK\$6.2 million which was included in the share of results of associated companies.

(c) No. 30 Po Shan Road, Hong Kong

In December 2009, the Group formed a joint venture with K. Wah International Holdings Limited on a 50%:50% basis to acquire the property for redevelopment at a consideration of HK\$325 million. Land cost per *sq. ft.* of developable area is about HK\$9,000 and the acquisition was completed in March 2010. The property is located in a prestigious residential mid-level area that enjoys a glamorous sea-view and

has a site area of about 10,000 *sq. ft.*. Building plans have been approved for the redevelopment of the property for residential purpose with a GFA of about 36,000 *sq. ft.*. Feasibility studies are being conducted in conjunction with our joint venture partner and consultants on various proposals to enhance the value of the project.

(d) Nos. 93-105 Parkes Street, Jordan, Kowloon

In February 2010, the Group entered into an agreement to acquire the property for redevelopment at a consideration of HK\$158 million. Deposits of HK\$15.8 million were paid and completion of the acquisition will take place on 31st August, 2010. The property is located next to the Jordan station of the mass transit railway and has a site area of about 4,620 *sq. ft.*. The property is intended to be redeveloped into a commercial/residential building and building plans for the redevelopment have been submitted to the relevant authorities for approval.



No. 30 Po Shan Road

Chairman's Statement (continued)
BUSINESS REVIEW

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

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

(i) Malaysia

Central Plaza, Julian Sultan Ismail, Kuala Lumpur

Central Plaza, which is located within the "Golden Triangle" of Kuala Lumpur, is owned by the Group for investment purpose. The property has a total GFA of 380,000 *sq. ft.* of retail, office and carparking spaces. Due to the increase in rental rates as a result of recent upgrading and renovation works completed by the Group, rental and other income from this property during the year amounted to HK\$15.8 million, representing an increase of about 5.7% from that of last year.



Central Plaza

Chairman's Statement (continued)

BUSINESS REVIEW

(ii) Vietnam

(a) Greenview Garden, Thu Duc District, Ho Chi Minh City

The Group had entered into an agreement to acquire a 70% interest in the project which covers a site area of about 20,300 *sq. m.*. Land cost per *sq. m.* of developable area is about US\$76. A residential complex with apartments, villas and club house facilities having a GFA of 120,000 *sq. m.* will be developed on the site. An in-principle approval to develop the project has been granted to the Group and an application for the formation of the project company was made by the Group to the relevant authorities, which is expected to be approved soon. Currently, the Group is in the process of submitting a detailed design for the project with a view to obtain the permit to commence construction works. The site is vacant and construction of the initial phase of the development will commence once all government approvals have been obtained.

(b) Saigon Beverly Hills, Duc Hoa District, Long An Province

The Group had participated in a 70% interest in the project which covers a site area of about 273 hectares with the intention to develop a new township with modern architectural design on the site. The Group is still in the process of negotiating with the relevant government authorities and the joint venture partner for the formation of the project company and the granting of the land use rights.



Greenview Garden

Chairman's Statement (continued)

BUSINESS REVIEW

(iii) Taiwan

Xinyi District, Taipei City

The project, located nearby the city centre of Taipei City, is a residential development comprising a villa and apartments with a total building area of about 19,700 *sq. ft.*. Building plans for the redevelopment have been approved. Demolition works have been completed and foundation works will commence soon. The project is expected to be completed by the end of 2011.



(iv) Mongolia

Amongst Asian countries, Mongolia ranks as one of the richest in terms of volume and variety of undeveloped mineral resources. With these extensive mineral deposits, the Group believes that business activities and foreign investments in this sector will be likely to increase in the coming years which in turn will stimulate strong demand for quality offices and apartments, in particular, in Ulaanbaatar, the capital city of Mongolia, where there is a shortage of supply of quality offices and apartments. In view of the above, the Group has, subsequent to the balance sheet date, decided to invest in the following projects:

(a) The Edelweiss, Sukhbaatar District, Ulaanbaatar

In June 2010, the Group entered into a memorandum of understanding with a local partner to participate in a 53% interest in a residential project in Sukhbaatar District, Ulaanbaatar. Pursuant to the terms of the memorandum of understanding, the Group will contribute US\$5 million in stages to the project company to finance the construction costs and the local partner will contribute the land title to the project company. Land cost per *sq. m.* of developable area is about US\$190. The project is located nearby the city centre within the embassy district, having a site area of about 5,600 *sq. m.*. It is planned that two towers of apartments with a total GFA of about 23,800 *sq. m.* will be built. Definitive agreement for the joint venture is expected to be signed soon which will be followed by the commencement of the initial phase of the development comprising about 15,000 *sq. m.* of GFA.

(b) Chinggis Avenue, Sukhbaatar District, Ulaanbaatar

In July 2010, the Group entered into a memorandum of understanding to acquire a piece of land located within the central business district of Ulaanbaatar for US\$3.8 million. Land cost per *sq. m.* of developable area is about US\$230. The property has a site area of 3,272 *sq. m.* and it is currently planned that an office/residential building with GFA of not less than 16,360 *sq. m.* will be developed. Completion of the acquisition is expected to be in the fourth quarter of 2010.

BUSINESS REVIEW

(C) Chuang's China (Stock code: 298 and 57.0% owned)

All the Group's property activities in the PRC are conducted through this listed subsidiary. During the year, the Group had increased its interest in Chuang's China from 54.4% as at 31st March, 2009 to 57.0% as at 31st March, 2010 through acquisitions of 39,698,000 shares in the market at an average price of about HK\$0.41 per share.

(i) 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.*).

Chairman's Statement (continued)
BUSINESS REVIEW

(ii) 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 Chuang's China 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

Chairman's Statement (continued)
BUSINESS REVIEW

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

Chairman's Statement (continued)
BUSINESS REVIEW



Chairman's Statement (continued)

BUSINESS REVIEW

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

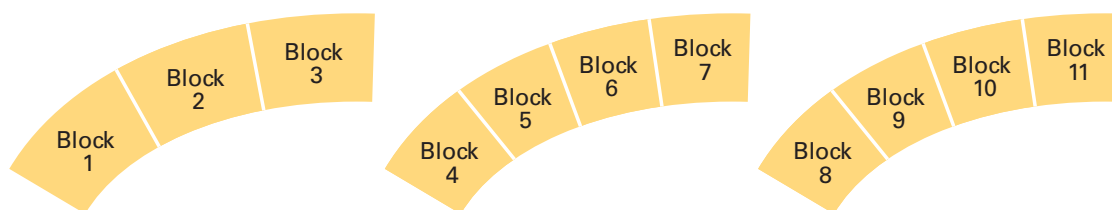
(a) Chuang's Le Papillon, Guangzhou, Guangdong (100% owned by Chuang's China)

Chuang's Le Papillon has 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

	<i>(sq. m.)</i>
Site Area	204,000
Total Gross Floor Area	450,000



Chuang's Le Papillon, Phase I (perspective)



Chairman's Statement (continued)

BUSINESS REVIEW



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., commercial and club house facilities of about 3,400

Chairman's Statement (continued)

BUSINESS REVIEW



Living / Dining room

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 early September 2010 and the sales will be

Chairman's Statement (continued)
BUSINESS REVIEW



Living room



Bedroom



Guest washroom



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

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

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 City is only 3

	(<i>sq. m.</i>)
Site Area	236,000
Total Gross Floor Area	530,000



Chairman's Statement (continued)
BUSINESS REVIEW



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..

Chairman's Statement (continued)
BUSINESS REVIEW



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



Block
8

Block
7

Block
6

Block
5

Block
4

Block
3

Block
2

Block
1

Chairman's Statement (continued)

BUSINESS REVIEW



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.

Chairman's Statement (continued)
BUSINESS REVIEW



Imperial Garden – Shopping Mall



BUSINESS REVIEW

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

In January 2008, the Group entered into an agreement with 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 Chuang's China. 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 Chuang's China in the first half of the financial year ending 31st March, 2011.

Chairman's Statement (continued)
BUSINESS REVIEW

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



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

Chairman's Statement (continued)

BUSINESS REVIEW



as well as the 7 bungalows in 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.



Chairman's Statement (continued)
BUSINESS REVIEW

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



The Group acquired the site with a total developable GFA of 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

Chairman's Statement (continued)

BUSINESS REVIEW

(f) Anshan Cyber Mall, Anshan, Liaoning (100% owned by Chuang's China)

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

Chairman's Statement (continued)

BUSINESS REVIEW



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

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.

Chairman's Statement (continued)
BUSINESS REVIEW

(h) Xiamen Mingjia Binhai, Xiamen, Fujian (59.5% owned by Chuang's China)

The site, having an area of about 27,574 *sq. m.*, is located in 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

Chairman's Statement (continued)
BUSINESS REVIEW



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

Chairman's Statement (continued)
BUSINESS REVIEW



Beach nearby Xiamen Mingjia Binhai

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

The site, having an area of about 30,000 *sq. m.*, is situated in the prime area within the second ring road, in the region of 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



Chairman's Statement (continued)
BUSINESS REVIEW



Chairman's Statement (continued)

BUSINESS REVIEW



Bedroom ensuite



Master bedroom ensuite

(iii) Property Sales

For the financial year ended 2010, property sales of the Group in the PRC 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*).

Chairman's Statement (continued)

BUSINESS REVIEW

(D) Midas (Stock code: 1172 and 44.2% owned)

Midas is principally engaged in the printing business and the operation of cemetery in the PRC. During the year, as a result of the issue of new shares by Midas to a third party noteholder, the interest of the Group in Midas has been diluted from 48.4% as at 31st March, 2009 to 44.2% as at 31st March, 2010. The deterioration in printing demand caused by the financial tsunami has not yet fully recovered in 2009. As a result, the operating results of Midas for the year ended 31st December, 2009 continued to be disappointing with turnover dropped by 41.3% to HK\$299.6 million and Midas reported a net loss attributable to equity holders of HK\$43.4 million.

As regards the printing business, the trading environment will continue to be difficult in 2010. In order to alleviate this difficult trading environment and to restore the printing operation into profitability soonest possible, Midas has taken proactive measures

including strengthening sales, improving profit margins and enhancing costs controls.

As regards the cemetery business, Midas will continue to strengthen its marketing effort, in particular, the setting up of new sales offices in Hong Kong and the PRC, the implementation of a series of campaigns to boost publicity and the arrangement of joint promotion programmes with funeral parlors and funeral service providers in the PRC. Furthermore, the new highway linking Guangzhou and Hezhou that bypasses Sihui is expected to be in operation in the second half of 2010 which will substantially reduce the travelling time between Guangzhou and Sihui, where the cemetery is located. The Group believes that this enhancement in accessibility will attract more demands of the grave plots from the Guangzhou region. In view of the anticipated growth in demand and the limited supply of quality cemeteries in the PRC, Midas has commenced



Products of Midas



Fortune Wealth Memorial Park



BUSINESS REVIEW

negotiation with the local government for acquiring an additional 250 mu of land for further expansion of the cemetery. In addition, Midas also intends to engage consultants to study and draw up a design plan for the entire 5,000 mu of land with the objective that Fortune Wealth Memorial Park will become one of the most outstanding and prestigious cemeteries in the Southern China region.

In August 2009, the Group completed the subscription for a new convertible note due 2014 of Midas in the principal sum of HK\$60 million which carries interest at 1% per annum and, on a fully converted basis, is able to convert into 240 million new shares of Midas. The aforesaid subscription has strengthened the working capital position of Midas for the development of its ongoing businesses, which is beneficial for the long term development of Midas. Subsequent to the balance sheet date, the Group has converted HK\$8.75 million convertible note due 2014 of Midas into 35 million new shares of Midas. As a result, the Group's shareholding interest in Midas has increased from 44.2% as at 31st March, 2010 to 46.0% as at the date of this report.

(E) Other Businesses

The Group's other businesses include investments in Sintex Nylon and Cotton Products (Pte) Limited, a company incorporated in Singapore and engaged in the manufacturing and sales of home finishing products under its own brand names, and Yuen Sang Hardware Company (1988) Limited, a company owned by Chuang's China engaged in the manufacturing and sales of metalware for export. During the year, the weak consumer demand caused by the uncertainty in world economies had adversely affected these businesses. As a result, revenues generated from the manufacturing and trading business during the year decreased by 11.1% to HK\$86.1 million and operating loss from these businesses amounted to HK\$5.6 million. In order to restore these businesses into profitability, the Group has taken steps to broaden their product ranges and customer bases, and to implement effective costs controls.

Due to the rebound of the stock market in Hong Kong, the Group recorded a profit of HK\$6.3 million for its securities investment and trading business during the year. As at 31st March, 2010, quoted investments of

the Group amounted to HK\$46.7 million and the Group did not have any investment in derivative financial instrument.

FINANCIAL POSITIONS

As at 31st March, 2010, net assets attributable to equity holders was HK\$4,280.8 million. Net asset value per share was approximately HK\$2.80, which is calculated based on the book costs of the Group's properties for sale before taking into account their appreciated values.

As at 31st March, 2010, the Group's cash and bank balances and other investments amounted to HK\$1,001.5 million (2009: HK\$1,187.6 million). Bank borrowings as at the same date amounted to HK\$2,529.7 million (2009: HK\$2,361.6 million). The Group's net debt to equity ratio, expressed as a percentage of bank borrowings net of cash and bank balances and other investments over net assets attributable to equity holders of the Company, was 35.7% (2009: 34.3%). It is expected that the ratio will be improved upon the completion of the disposal of House D, No. 37 Island Road, Deep Water Bay in August 2010.

Approximately 87.5% of the Group's cash and bank balances and other investments were denominated in Hong Kong dollar, United States dollar and Malaysian Ringgit, with the balance of 12.5% denominated in Renminbi. Approximately 79.6% of the Group's bank borrowings were denominated in Hong Kong dollar, 12.7% in Renminbi, 7.5% in Malaysian Ringgit and the balance of 0.2% in Singapore dollar. Accordingly, risk in foreign currency exchange rate fluctuation would not be material.

Approximately 8.7% of the Group's borrowings was repayable within one year, 17.6% repayable within the second year, 66.9% repayable within the third to fifth years and the balance of 6.8% repayable after five years.

Subsequent to the balance sheet date, in order to finance the acquisition of the development sites in Anshan, the PRC, by Chuang's China, the Company has granted unsecured short-term facilities to Chuang's

Chairman's Statement (continued)

China which bear interests at prevailing market rates. As at the date of this report, the amount outstanding under the short-term facilities was HK\$100 million.

PROSPECTS

With the emergence of debt crisis in certain European countries, the implementation of austerity programmes by the PRC government to curb speculation in the property sector and the introduction of measures by the Hong Kong government to enhance transparency and fairness in property transactions, the property markets in Hong Kong and the PRC have been undergoing a period of consolidation. However, with the continued growth of the economy, the increase in household income and the drive for improved living standard in the PRC, and Hong Kong being a gateway to the PRC and an international financial and trade centre, the Group is confident on the long term prospects of the property markets in Hong Kong and the PRC.

Despite the above, the Group, during the year, managed to continue to improve rental yield of our investment properties, completed the project at No. 37 Island Road in Deep Water Bay, commenced presales of Wuhu Residence in Hunghom and phase I of Chuang's Le Papillon in Guangzhou, and replenished our landbank in Hong Kong and the PRC. In the coming financial years, the Group will continue to focus on developing our core projects such as No. 15 Gough Hill Road, No. 30 Po Shan Road and Nos. 93-105 Parkes Street in Hong Kong and Chuang's Le Papillon in Guangzhou, Imperial Garden in Dongguan, Chuang's Palazzo Caesar in Changsha and Anshan Cyber Mall and Chuang's Plaza in Anshan, the PRC. With the completion of these and other projects of the Group, the Group is confident that its value will be enhanced. Furthermore, the Group will also continuously seek for new real estate business opportunities, through plough back of proceeds from sales of our completed projects, in Hong Kong, the PRC, Vietnam, Malaysia, Taiwan and elsewhere in the region so as to further create value for our shareholders.

STAFF

As at 31st March, 2010, the Group employed 897 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

APPRECIATION

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

Alan Chuang Shaw Swee
Chairman

Hong Kong, 14th 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 9 Directors as at the date of this report, the Board members are as follows:

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

* *Mr. Alan Chuang is the brother of Mrs. Siu. Mr. Albert Chuang is the son of Mr. Alan Chuang and the nephew of Mrs. Siu. Mr. Albert Chuang was appointed as the Chief Operating Officer on 19th June, 2009.*

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

(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) Board meetings

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

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

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

(iv) Nomination Committee

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

The attendance record of each committee member is as follows:

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

* Chairman of the Nomination Committee

(v) Chairman and Chief Executive Officer

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

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**

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

(iii) **Remuneration Committee**

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

The attendance record of each committee member is as follows:

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

* *Chairman of the Remuneration Committee*

REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)

(C) **Accountability and audit**

(i) Financial reporting

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

(ii) Internal control

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

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

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

(iii) Audit Committee

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

The attendance record of each committee member is as follows:

Name	No. of meetings attended/held
Dr. Peter Po Fun Chan *	2/2
Mr. Abraham Shek Lai Him	2/2
Mr. Fong Shing Kwong	2/2

* *Chairman of the Audit Committee*

(iv) Auditor's remuneration

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

Services rendered	HK\$'000
Audit and audit related services	2,500

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 Committees 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 Consortium International Limited

Ko Sheung Chi
Managing Director

Hong Kong, 14th 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 43 to the financial statements.

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

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated income statement on page 62.

The Directors have resolved to recommend for the shareholders’ approval at the forthcoming annual general meeting the payment of a final dividend of 2.0 HK cents (2009: 0.5 HK cent) per share for the year ended 31st March, 2010. The final dividend, if approved, will be paid on or before 25th October, 2010 by allotment of new shares with a cash option to the shareholders whose names appear on the Company’s register of members on 30th August, 2010.

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting listing of and permission to deal in the new shares to be issued pursuant to the scrip dividend scheme, new share entitlements will be calculated by reference to the par value of shares of the Company, being HK\$0.25, or the average of the closing prices on the Stock Exchange of the shares of the Company for the five consecutive trading days up to and including 30th August, 2010, whichever is the higher.

An interim dividend of 1.0 HK cent (2009: 1.0 HK cent) per share has been paid in respect of the current financial year. Total dividends for the year, therefore, amounted to 3.0 HK cents (2009: 1.5 HK cents) per share with total amount of HK\$45.8 million (2009: HK\$22.7 million).

SUBSIDIARIES

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

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of share capital of the Company are set out in note 33 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 was incorporated.

RESERVES

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

PARTICULARS OF PRINCIPAL PROPERTIES

Particulars of principal properties held by the Group are set out on pages 131 to 135.

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 136.

DIRECTORS

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

Mr. Alan Chuang Shaw Swee
Mrs. Alice Siu Chuang Siu Suen
Mr. Ko Sheung Chi
Mr. Albert Chuang Ka Pun
Mr. Lui Lop Kay
Mr. Wong Chung Wai
Dr. Peter Po Fun Chan
Mr. Abraham Shek Lai Him
Mr. Fong Shing Kwong

At the forthcoming annual general meeting, Mr. Alan Chuang Shaw Swee, Mr. Albert Chuang Ka Pun and Dr. Peter Po Fun Chan will retire from office in accordance with the Company's Bye-law no. 87(2) and Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and, being eligible, will offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

Report of the Directors (continued)

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:

(a) Interests in the Company

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	793,433,666	Note 1	51.90
Mrs. Alice Siu Chuang Siu Suen ("Mrs. Siu")	246,492,947	Note 2	16.12
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,020,597	Beneficial owner	0.067
Mr. Lui Lop Kay ("Mr. Lui")	119,602	Beneficial owner	0.008
Dr. Peter Po Fun Chan ("Dr. Chan")	795,844	Beneficial owner	0.05

Note 1: Such interests comprised 615,411,271 shares in the Company owned by Evergain Holdings Limited ("Evergain"), a company beneficially owned by Mr. Alan Chuang, and the remaining interests arose as a result of Mr. Alan Chuang being a discretionary object of a discretionary trust, the trustee of which held 178,022,395 shares in the Company. Mr. Alan Chuang and Mr. Albert Chuang are directors of Evergain.

Note 2: Such interests comprised 68,470,552 shares in the Company owned by Hilltop Assets Limited, a company beneficially owned by Mrs. Siu, and the remaining interests arose as a result of Mrs. Siu being a discretionary object of a discretionary trust, the trustee of which held 178,022,395 shares in the Company.

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

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	871,575,218	Notes 3 & 6	57.22
Mrs. Siu	2,000,000	Beneficial owner	0.13
Mr. Lui	12,838	Beneficial owner	0.001
Dr. Chan	4,231	Interest in controlled corporation	0.0003

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

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	739,008,270	Notes 4 & 6	71.36
Mr. Abraham Shek Lai Him	15,000	Beneficial owner	0.0014

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

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

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

Note 3: Such interests comprised 868,975,218 shares in Chuang's China beneficially owned by Profit Stability Investments Limited, a wholly-owned subsidiary of the Company, and 2,600,000 shares in Chuang's China beneficially owned by Mr. Alan Chuang.

Note 4: Such interests comprised 457,278,947 ordinary shares in Midas, 41,729,323 conversion shares to be issued by Midas upon the exercise of conversion rights attached to a convertible note due 2011 and 240,000,000 conversion shares to be issued by Midas upon the exercise of conversion rights attached to a convertible note due 2014. All the above interests are held by Gold Throne Finance Limited, a wholly-owned subsidiary of the Company.

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

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

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

Other than as disclosed herein, as at 31st March, 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. Alan Chuang (the chairman and an executive Director of the Company) holds equity interests and directorships in, and Mr. Ko Sheung Chi and Mr. Albert Chuang (both are executive Directors of the Company) hold directorships in, certain private companies (the "Private Companies") which are engaged in the businesses of luxurious residential property investment in Hong Kong. Mr. Ko Sheung Chi is also a non-executive director of CNT Group Limited ("CNT"), a company whose issued shares are listed on the Stock Exchange, the principal activities of which include property investments and developments in Hong Kong and the People's Republic of China (the "PRC"). As the properties owned by the Private Companies and CNT are of different types and/or in different locations from those of the Group, the Group operates its businesses independently of the businesses of, and at arm's length from, the businesses of the Private Companies and CNT.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executive of the Company and save as disclosed in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, as at 31st March, 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
Evergain	615,411,271	Beneficial owner, <i>Note 1</i>	40.26
Mrs. Chong Ho Pik Yu	615,411,271	<i>Note 2</i>	40.26
Madam Chuang Shau Har ("Madam Chuang")	178,745,619	<i>Note 3</i>	11.69
Mr. Lee Sai Wai ("Mr. Lee")	178,745,619	<i>Note 4</i>	11.69
Third Avenue Management LLC	151,992,000	Investment manager	9.94

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

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

Note 3: Interests in 178,022,395 shares in the Company arose as a result of Madam Chuang being the trustee and a discretionary object of a discretionary trust which owned such shares in the Company. The remaining interests in 723,224 shares in the Company arose by attribution through her spouse, Mr. Lee.

Note 4: Interests in 178,022,395 shares in the Company arose by attribution through his spouse, Madam Chuang, whose interests have been mentioned in Note 3 above. The remaining interests in 723,224 shares in the Company are beneficially owned by Mr. Lee.

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

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

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

BORROWINGS

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

PLEDGE OF ASSETS

As at 31st March, 2010, the Group had pledged the shares and assets of certain subsidiaries, including property, plant and equipment, investment properties, leasehold land and land use rights, properties for/under development, properties for sale and bank deposits, with an aggregate net book value of HK\$5,134,644,000 (2009: HK\$4,064,966,000), 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 35% and 43% respectively of the total purchases of the Group for the year.

The five largest customers of the Group accounted for less than 30% of the 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 SCHEMES

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

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

- | | |
|---|---|
| 1. Purpose: | To give incentive to Directors, employees or business consultants of the Group and any other party as approved under the Scheme |
| 2. Participants: | Including, inter alia, Directors, employees or business consultants of the Group |
| 3. Total number of shares available for issue under the Scheme and percentage of the issued share capital that it represents as at the date of this report: | 132,800,615 shares are available for issue under the Scheme, representing approximately 8.69% 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 |

SHARE OPTION SCHEMES (Continued)

- (i) A summary of the Scheme is set out as follows: (Continued)
- | | | |
|----|---|---|
| 5. | Period within which the shares must be taken up under an option: | Not applicable. No share option has been granted since the date of adoption of the Scheme on 30th August, 2002 |
| 6. | Amount payable on acceptance of an option and the period within which payments shall be made: | HK\$1.00 payable to the Company upon acceptance of option which should be taken up within 28 days from the date of offer for option ("Offer Date") (which must be a trading day) |
| 7. | The basis of determining the exercise price: | No less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the Offer Date (which must be a trading day); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share |
| 8. | The remaining life of the Scheme: | Valid until 29th August, 2012 unless otherwise terminated under the terms of the Scheme |
- (ii) A summary of the Chuang's China Scheme is set out as follows:
- | | | |
|----|---|---|
| 1. | Purpose: | To give incentive to directors, employees or business consultants of Chuang's China and its subsidiaries (collectively as the "Chuang's China Group") and any other party as approved under the Chuang's China Scheme |
| 2. | Participants: | Including, inter alia, directors, employees or business consultants of the Chuang's China Group |
| 3. | Total number of shares of Chuang's China available for issue under the Chuang's China Scheme and percentage of the issued share capital of Chuang's China that it represents as at the date of this report: | 102,443,969 shares of Chuang's China are available for issue under the Chuang's China Scheme, representing approximately 6.73% of the issued share capital of Chuang's China as at the date of this report |
| 4. | Maximum entitlement of each participant: | 1% of the maximum aggregate number of shares of Chuang's China that may be issued within 12 months pursuant to the Chuang's China Scheme |
| 5. | Period within which the shares of Chuang's China must be taken up under an option: | Not applicable. No share option has been granted by Chuang's China since the date of adoption of the Chuang's China Scheme on 26th August, 2002 |
| 6. | Amount payable on acceptance of an option and the period within which payments shall be made: | HK\$1.00 payable to Chuang's China upon acceptance of option which should be taken up within 28 days from the date of offer for option ("Offer Date") (which must be a trading day) |

SHARE OPTION SCHEMES (Continued)

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

7. The basis of determining the exercise price: No less than the highest of (i) the closing price of the shares of Chuang's China as stated in the Stock Exchange's daily quotation sheet on the Offer Date (which must be a trading day); (ii) the average closing price of the shares of Chuang's China as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share of Chuang's China
8. The remaining life of the Chuang's China Scheme: Valid until 25th August, 2012 unless otherwise terminated under the terms of the Chuang's China Scheme

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 Chuang's China, 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 Chuang's China. The purpose of the advance is to enable the PRC Party to pay the relocation costs and certain indebtedness relating to a project located in Chengdu, the PRC (the "Project"). The advance carries interest at prevailing lending rate quoted by the People's Bank of China and is repayable on demand but not earlier than the date of grant of the first occupation permit of any buildings erected on the land for the Project. Details of the transaction were announced by the Company on 3rd July, 2009. As at 31st March, 2010, the advance made by the Chuang's China Group was approximately HK\$11,474,000.

AUDITOR

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

On behalf of the Board of
Chuang's Consortium International Limited

Ko Sheung Chi
Managing Director

Hong Kong, 14th July, 2010

Independent Auditor's Report

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

We have audited the consolidated financial statements of Chuang's Consortium International Limited (the "Company") and its subsidiaries (together, as the "Group") set out on pages 62 to 130, 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, 14th July, 2010

Consolidated Income Statement

For the year ended 31st March, 2010

	Note	2010 HK\$'000	2009 HK\$'000
Revenues	5	560,887	283,456
Cost of sales		(378,887)	(155,125)
Gross profit		182,000	128,331
Other income	7	74,889	32,833
Selling and marketing expenses		(52,750)	(24,726)
Administrative expenses		(182,830)	(183,404)
Other operating expenses		(23,033)	(52,512)
Change in fair value of investment properties		1,026,695	(130,486)
Operating profit/(loss)	8	1,024,971	(229,964)
Finance costs	10	(36,859)	(64,835)
Share of results of associated companies	21	(24,443)	(33,453)
Share of result of a jointly controlled entity	22(b)	(17)	–
Profit/(loss) before taxation		963,652	(328,252)
Taxation (charge)/credit	12	(137,849)	23,569
Profit/(loss) for the year		825,803	(304,683)
Attributable to:			
Equity holders	13	799,728	(248,844)
Minority interests		26,075	(55,839)
		825,803	(304,683)
Dividends	14	45,758	22,659
Earnings/(loss) per share (basic and diluted)	15	HK cents 52.80	HK cents (16.63)

The notes on pages 69 to 130 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	825,803	(304,683)
Other comprehensive income:		
Changes in exchange rates	44,894	(25,457)
Share of reserves of an associated company	10,397	(3,248)
Change in fair value of available-for-sale financial assets	40,760	(24,184)
Impairment of available-for-sale financial assets	2,000	28,000
Other comprehensive income/(loss) for the year	98,051	(24,889)
Total comprehensive income/(loss) for the year	923,854	(329,572)
Total comprehensive income/(loss) attributable to:		
Equity holders	869,539	(284,361)
Minority interests	54,315	(45,211)
	923,854	(329,572)

The notes on pages 69 to 130 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	16	82,765	84,659
Investment properties	17	4,315,360	3,084,207
Leasehold land and land use rights	18	12,979	18,622
Properties for/under development	19	70,521	547,790
Associated companies	21	241,269	278,835
Jointly controlled entity	22(b)	–	–
Amount due from a jointly controlled entity	22(c)	52,190	–
Available-for-sale financial assets	23	74,978	31,892
Loans and receivables	24	72,372	56,071
Derivative financial instruments	32	14,237	–
Deferred taxation assets	36	1,092	1,469
		4,937,763	4,103,545
Current assets			
Properties for sale	25	1,882,619	1,601,837
Inventories	26	79,017	96,422
Debtors and prepayments	27	348,742	287,281
Tax recoverable		260	298
Other investments	29	46,688	6,279
Cash and bank balances	30	954,772	1,181,285
		3,312,098	3,173,402
Investment property held for sale	17	320,000	–
		3,632,098	3,173,402
Current liabilities			
Creditors and accruals	31	326,668	209,214
Short-term borrowings	35	22,133	87,011
Current portion of long-term borrowings	35	198,383	171,831
Taxation payable		85,010	67,734
		632,194	535,790
Net current assets		2,999,904	2,637,612
Total assets less current liabilities		7,937,667	6,741,157

Consolidated Balance Sheet (continued)

As at 31st March, 2010

	Note	2010 HK\$'000	2009 HK\$'000
Equity			
Share capital	33	382,183	377,647
Reserves	34	3,867,997	3,035,987
Proposed final dividend	34	30,575	7,553
Shareholders' funds		4,280,755	3,421,187
Minority interests		850,262	814,741
Total equity		5,131,017	4,235,928
Non-current liabilities			
Long-term borrowings	35	2,309,167	2,102,711
Derivative financial instruments	32	1,442	1,442
Deferred taxation liabilities	36	485,903	364,892
Loans from minority interests	37	10,138	36,184
		2,806,650	2,505,229
		7,937,667	6,741,157

Ko Sheung Chi
Director

Albert Chuang Ka Pun
Director

The notes on pages 69 to 130 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			
Property, plant and equipment	16	160	266
Subsidiaries	20	888,708	888,708
Loan to a subsidiary	28	56,225	56,225
		945,093	945,199
Current assets			
Debtors and prepayments	27	178	773
Amounts due from subsidiaries	28	886,670	773,262
Cash and bank balances	30	619,792	724,381
		1,506,640	1,498,416
Current liabilities			
Creditors and accruals	31	2,014	1,843
		1,504,626	1,496,573
Net current assets			
Net assets			
		2,449,719	2,441,772
Equity			
Share capital	33	382,183	377,647
Reserves	34	2,036,961	2,056,572
Proposed final dividend	34	30,575	7,553
		2,449,719	2,441,772

Ko Sheung Chi
Director

Albert Chuang Ka Pun
Director

The notes on pages 69 to 130 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	40(a)	(206,648)	(444,655)
Interest paid		(58,179)	(74,743)
Hong Kong profits tax paid		–	(6)
Overseas tax paid		(6,032)	(3,740)
Net cash used in operating activities		(270,859)	(523,144)
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,967)	(7,923)
Purchase of investment properties		(11,103)	(733)
Purchase of available-for-sale financial assets		(2,326)	(3,895)
Proceeds from disposal of property, plant and equipment		28,177	306
Proceeds from disposal of available-for-sale financial assets		–	4,024
Purchase of additional interests in a subsidiary		(16,446)	–
Disposal of a subsidiary (net of cash and cash equivalents disposed of)	40(b)	–	265
Decrease in net amount with an associated company		18,576	61,028
Subscription of rights issue of an associated company		–	(35,475)
Subscription of convertible note of an associated company		(60,000)	–
Advance to a jointly controlled entity		(52,207)	–
Decrease in pledged bank deposits		105,218	23,061
Decrease/(increase) in bank deposits maturing more than three months from date of placement		344,551	(345,330)
Interest income received		9,712	16,424
Dividend income received		50	2,086
Net cash from/(used in) investing activities		360,235	(286,162)
Cash flows from financing activities			
New bank borrowings		477,171	686,075
Repayment of bank borrowings		(334,975)	(251,661)
Capital injection by minority interests		–	330
Decrease in net amounts with minority interests		(1,264)	(584)
Dividends paid to shareholders		(9,971)	(29,088)
Dividends paid to minority interests		–	(6,931)
Net cash from financing activities		130,961	398,141
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		707,649	1,112,187
Exchange difference on cash and cash equivalents		1,051	6,627
Cash and cash equivalents at the end of the year	40(c)	929,037	707,649

The notes on pages 69 to 130 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	Retained profits HK\$'000	Shareholders' funds HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st April, 2008	371,322	1,062,633	2,300,681	3,734,636	865,767	4,600,403
Loss for the year	–	–	(248,844)	(248,844)	(55,839)	(304,683)
Other comprehensive income:						
Changes in exchange rates	–	(33,958)	–	(33,958)	8,501	(25,457)
Share of reserves of an associated company	–	(3,248)	–	(3,248)	–	(3,248)
Change in fair value of available-for-sale financial assets	–	(14,911)	–	(14,911)	(9,273)	(24,184)
Impairment of available-for-sale financial assets	–	16,600	–	16,600	11,400	28,000
Total comprehensive loss for the year	–	(35,517)	(248,844)	(284,361)	(45,211)	(329,572)
Dividends	6,325	9,399	(44,812)	(29,088)	–	(29,088)
Dividends paid to minority interests	–	–	–	–	(6,931)	(6,931)
Capital injection by minority interests	–	–	–	–	4,977	4,977
Purchase of additional interests in a subsidiary	–	–	–	–	(3,861)	(3,861)
At 31st March, 2009	377,647	1,036,515	2,007,025	3,421,187	814,741	4,235,928
Profit for the year	–	–	799,728	799,728	26,075	825,803
Other comprehensive income:						
Changes in exchange rates	–	35,024	–	35,024	9,870	44,894
Share of reserves of an associated company	–	(2,170)	12,567	10,397	–	10,397
Change in fair value of available-for-sale financial assets	–	22,390	–	22,390	18,370	40,760
Impairment of available-for-sale financial assets	–	2,000	–	2,000	–	2,000
Total comprehensive income for the year	–	57,244	812,295	869,539	54,315	923,854
Dividends	4,536	8,229	(22,736)	(9,971)	–	(9,971)
Capital injection by minority interests	–	–	–	–	28,789	28,789
Purchase of additional interests in a subsidiary	–	–	–	–	(47,583)	(47,583)
At 31st March, 2010	382,183	1,101,988	2,796,584	4,280,755	850,262	5,131,017

The notes on pages 69 to 130 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31st March, 2010

1 GENERAL INFORMATION

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

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property investment and development, manufacturing and sale of watch components, merchandise, bonded polyester fabrics and home finishing products, and 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 to all the years presented, are set out below:

(a) Basis of preparation

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4 below.

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 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 40 (Amendment)	Investment Property
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment: Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

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) HKAS 40 (Amendment) – Investment Property: The Group adopted this amendment with prospective application from 1st April, 2009. Properties being constructed or developed for future use as investment properties are brought within the scope of HKAS 40 and are reclassified from leasehold land and land use rights and properties for/under development for long-term investment to investment properties at 1st April, 2009 at their carrying amounts and are then measured at fair value.
- (iii) HKFRS 7 (Amendment) – Improving Disclosures about 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.
- (iv) 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.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

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. Dilution gains and losses arising in investments in associated companies are recognised in the consolidated income statement.

(f) Joint ventures

Jointly controlled asset

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)

(f) Joint ventures (Continued)

Jointly controlled entity

The Group's interest in jointly controlled entity is accounted for under equity method of accounting and is initially recognised at cost. The investment in jointly controlled entity of the Group includes goodwill, net of any accumulated impairment loss, identified on acquisition.

The share of post-acquisition profits or losses of jointly controlled entity 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 a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

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

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 their costs to their residual values over their estimated useful lives at the following annual rates:

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

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

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

(i) Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investment properties (Continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investment properties (Continued)

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 income statement 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) Leasehold land and land use rights

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

(k) Properties for/under development

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

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

(l) Properties for sale

Properties for sale which include properties under development (note 2(k)), completed properties and leasehold land and land use rights for sale are classified 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial assets

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Derivative financial instruments

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

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

(o) Inventories

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

(p) Trade and other debtors

Trade and other debtors are 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.

(q) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Provisions

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

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

(s) Borrowings

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

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

(t) Current and deferred taxation

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

The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Group, 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.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Operating leases

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

(v) Revenue and income recognition

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

- (i) Sales of properties are recognised when the risks and rewards of the properties have been passed to the purchasers, which is when the construction of the relevant properties has been completed, notification of delivery of properties have been issued to the purchasers and the collectability of related receivables pursuant to the sale agreements is reasonably assured. Deposits and instalments received on properties sold prior to the transfer of the significant risks and rewards of the properties are included under current liabilities.
- (ii) Rental income, net of incentives given to lessees, is recognised on a straight-line basis over the period of the respective leases.
- (iii) Sales of goods are recognised on the transfer of risks and rewards of ownership, which generally coincide with the time when goods are delivered to the customers and legal title has been passed.
- (iv) Gain or loss from securities 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.

(w) Borrowing costs

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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.

(y) Cash and cash equivalents

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

(z) Translation of foreign currencies

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

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

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

- (i) assets and liabilities for each balance sheet presented are translated at the rate of exchange ruling at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Translation of foreign currencies (Continued)

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

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

(aa) Segment reporting

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.

(ab) Dividend distribution

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

(ac) 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.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset (other than available-for-sale financial assets and other investments) 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 27.

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\$785 million (2009: HK\$869 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, amount due from a jointly controlled entity and 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.

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 39).

(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.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(ii) Liquidity risk (Continued)

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

	Within one year HK\$'000	Second year HK\$'000	Third to fifth years HK\$'000	After five years HK\$'000	Total HK\$'000
Group					
2010					
Creditors and accruals	326,668	–	–	–	326,668
Borrowings	266,954	486,314	1,740,272	185,672	2,679,212
Loans from minority interests	–	–	–	10,138	10,138
2009					
Creditors and accruals	209,214	–	–	–	209,214
Borrowings	305,790	262,755	1,790,271	172,959	2,531,775
Loans from minority interests	–	26,048	–	10,136	36,184
Company					
2010					
Creditors and accruals	2,014	–	–	–	2,014
2009					
Creditors and accruals	1,843	–	–	–	1,843

(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 result of the Group would have decreased/increased by approximately HK\$5,136,000 (2009: HK\$3,671,000).

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iv) Foreign exchange risk

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

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

(v) Price risk

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

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

	Impact on result for the year		Impact on investment revaluation reserve	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
5% change in market price	2,334	912	1,846	–

(b) Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including short-term and long-term borrowings as shown in the consolidated balance sheet) less cash and bank balances and other investments. Total capital represents shareholders' funds as shown in the consolidated balance sheet. The gearing ratio at 31st March, 2010 is 35.7% (2009: 34.3%).

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair values at 31st March, 2010.

	Level 1	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000
Assets			
Available-for-sale financial assets			
– Listed equity securities	64,729	–	64,729
– Unlisted investments	–	10,249	10,249
Derivative financial instruments	–	14,237	14,237
Other investments			
– Listed equity securities	46,688	–	46,688
Total assets	111,417	24,486	135,903
Liabilities			
Derivative financial instruments	–	1,442	1,442

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

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 and other investments.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- Other techniques, such as discounted cash flow analysis and option pricing models, are used to determine fair values for the remaining financial instruments

The following table presents the changes in level 3 instruments of the Group for the year ended 31st March, 2010.

	Assets			Liabilities
	Available- for-sale financial assets HK\$'000	Derivative financial instruments HK\$'000	Total HK\$'000	Derivative financial instruments HK\$'000
Beginning balances	9,923	–	9,923	(1,442)
Additions	2,326	22,776	25,102	–
(Loss)/gain	(2,000)	3,814	1,814	–
Share of convertible notes equity reserve of an associated company	–	(12,353)	(12,353)	–
Closing balances	10,249	14,237	24,486	(1,442)
Total (loss)/gain for the year in the income statement for assets held as at 31st March, 2010	(2,000)	3,814	1,814	–

(Loss)/gain for the year in the income statement for assets held as at 31st March, 2010 are presented as "impairment on available-for-sale financial assets" and "net fair value gain on derivative financial instruments" respectively, depending on the nature and the category of the related financial instruments. Please also refer to note 4(b) for the sensitivity analysis of fair values of derivative financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(a) Fair values of investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis. In making the judgment, consideration is given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates based on an estimation of the expected rental income and related expenses. These estimates are regularly compared to actual market data and actual transactions entered into by the Group. Details of the carrying amounts of the investment properties are disclosed in note 17.

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\$124 million or HK\$138 million (2009: fair value loss would be increased/decreased by approximately HK\$96 million or HK\$106 million) respectively.

(b) Fair values of derivative financial instruments

The fair values of derivative financial instruments that are not traded in active markets are determined by using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the fair values of derivative financial instruments. Details of the carrying amounts of the derivative financial instruments are disclosed in note 32.

The carrying amount of the derivative financial instruments would be increased/decreased by approximately HK\$959,000 or HK\$971,000 (2009: N/A) respectively were the volatility of the underlying asset used in the valuation to increase/decrease by 5% from the current estimate with all other variables held constant.

(c) Fair values of financial assets

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, and for unlisted investments, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the specific circumstances of the issuer. Details of the carrying amounts of the financial assets are disclosed in note 3(c).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

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

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. Details of the carrying amounts of the available-for-sale financial assets are disclosed in note 23.

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

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

(f) Impairment of other assets

The Group tests at least annually whether assets that have indefinite useful lives have suffered any impairment. Other than available-for-sale financial assets, properties for/under development and properties for sale, other assets 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 higher of net realisable value or 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.

(g) 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.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(h) Capitalisation of borrowing costs and amortisation of leasehold land and land use rights

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

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

5 REVENUES

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

	2010 HK\$'000	2009 HK\$'000
Sale of properties	341,805	76,683
Sale of goods	86,136	96,883
Rental income and management fees	126,681	119,879
Securities trading	6,265	(12,025)
Dividend income from listed investments	–	2,036
	560,887	283,456

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 securities investment and trading. The Board assesses the performance of the operating segments based on a measure of segment result.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

6 SEGMENT INFORMATION (Continued)

(a) Segment information by business lines (Continued)

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Securities investment and trading HK\$'000	Corporate HK\$'000	2010 Total HK\$'000
Revenues	468,486	86,136	6,265	–	560,887
Other income	4,306	9,192	–	61,391	74,889
Operating profit/(loss)	1,071,825	(5,627)	6,265	(47,492)	1,024,971
Finance costs	(36,238)	(614)	–	(7)	(36,859)
Share of results of associated companies	6,265	(30,725)	–	17	(24,443)
Share of result of a jointly controlled entity	(17)	–	–	–	(17)
Profit/(loss) before taxation	1,041,835	(36,966)	6,265	(47,482)	963,652
Taxation charge	(137,705)	(129)	–	(15)	(137,849)
Profit/(loss) for the year	904,130	(37,095)	6,265	(47,497)	825,803
Segment assets	7,142,745	205,237	46,688	881,732	8,276,402
Associated companies	2,338	235,710	–	3,221	241,269
Jointly controlled entity	–	–	–	–	–
Amount due from a jointly controlled entity	52,190	–	–	–	52,190
Total assets	7,197,273	440,947	46,688	884,953	8,569,861
Total liabilities	3,407,261	17,305	–	14,278	3,438,844
Other segment items are as follows:					
Capital expenditure	499,742	224	–	641	500,607
Depreciation	5,144	2,016	–	3,160	10,320
Amortisation of leasehold land and land use rights					
– charged to income statement	931	310	–	–	1,241
– capitalised into properties	21,352	–	–	–	21,352
Write off of trade and other debtors	3,741	–	–	–	3,741
Impairment of available-for-sale financial assets	–	–	–	2,000	2,000

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

6 SEGMENT INFORMATION (Continued)

(a) Segment information by business lines (Continued)

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Securities investment and trading HK\$'000	Corporate HK\$'000	2009 Total HK\$'000
Revenues	196,562	96,883	(9,989)	–	283,456
Other income	13,105	4,201	–	15,527	32,833
Operating loss	(93,339)	(3,334)	(10,127)	(123,164)	(229,964)
Finance costs	(63,903)	(431)	–	(501)	(64,835)
Share of results of associated companies	16,513	(50,227)	–	261	(33,453)
Loss before taxation	(140,729)	(53,992)	(10,127)	(123,404)	(328,252)
Taxation credit/(charge)	23,629	(29)	–	(31)	23,569
Loss for the year	(117,100)	(54,021)	(10,127)	(123,435)	(304,683)
Segment assets	5,913,851	166,530	6,279	911,452	6,998,112
Associated companies	31,950	243,686	–	3,199	278,835
Total assets	5,945,801	410,216	6,279	914,651	7,276,947
Total liabilities	3,010,654	18,004	–	12,361	3,041,019
Other segment items are as follows:					
Capital expenditure	302,151	1,229	–	2,695	306,075
Depreciation	5,263	2,202	–	4,700	12,165
Amortisation of leasehold land and land use rights					
– charged to income statement	932	308	–	–	1,240
– capitalised into properties	29,299	–	–	–	29,299
Write off of trade and other debtors	1,706	–	–	–	1,706
Impairment of available-for-sale financial assets	–	–	–	28,000	28,000

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

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	142,764	4,414,079	5,818,843	117,524
The PRC	338,964	98,854	2,150,047	379,859
Other countries	79,159	424,830	600,971	3,224
	560,887	4,937,763	8,569,861	500,607
2009				
Hong Kong	149,325	3,607,412	4,601,350	43,968
The PRC	52,829	106,201	2,115,540	259,298
Other countries	81,302	389,932	560,057	2,809
	283,456	4,103,545	7,276,947	306,075

7 OTHER INCOME

	2010 HK\$'000	2009 HK\$'000
Interest income from		
Bank deposits	3,998	16,291
Loans and receivables	3,845	2,400
Negative goodwill arising from the purchase of additional interests in a subsidiary	31,137	3,861
Sale of scraped material	965	1,033
Net gain on disposal of property, plant and equipment	27,286	–
Gain on disposal of available-for-sale financial assets	–	985
Net fair value gain on derivative financial instruments	3,814	–
Gain on disposal of a subsidiary	–	252
Sundries	3,844	8,011
	74,889	32,833

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

8 OPERATING PROFIT/(LOSS)

	2010 HK\$'000	2009 HK\$'000
Operating profit/(loss) is stated after crediting:		
Gross rental income from investment properties	103,469	101,578
Net realised gains on other investments	6,883	–
and after charging:		
Cost of properties sold	275,878	47,029
Cost of inventories sold	67,517	70,089
Depreciation	10,320	12,165
Amortisation of leasehold land and land use rights	1,241	1,240
Impairment on:		
– property, plant and equipment*	–	273
– leasehold land and land use rights*	7,000	4,070
– available-for-sale financial assets*	2,000	28,000
– inventories*	5,000	–
Loss on disposal of property, plant and equipment*	–	688
Net realised loss on other investments	–	10,648
Net unrealised loss on other investments	618	1,377
Net fair value loss on derivative financial instruments*	–	4,165
Operating lease rental on land and buildings	13,342	12,583
Outgoings in respect of investment properties	31,834	33,605
Write off of trade and other debtors	3,741	1,706
Net exchange loss*	49	3,662
Staff costs, including Directors' emoluments		
Wages and salaries	73,270	76,756
Retirement benefit costs (note 9)	3,110	3,343
Auditors' remuneration	2,804	2,725

* Included in other operating expenses

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

9 EMPLOYEE RETIREMENT BENEFITS

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

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

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

10 FINANCE COSTS

	2010 HK\$'000	2009 HK\$'000
Interest expenses		
Bank borrowings wholly repayable within five years	48,814	66,676
Bank borrowings wholly repayable after five years	8,618	3,649
Bank overdrafts wholly repayable within five years	728	456
	58,160	70,781
Amount capitalised into		
Properties for/under development	(37)	(424)
Properties for sale	(21,264)	(5,522)
	36,859	64,835

The capitalisation rates applied to funds borrowed for the development of properties range from 1.16% to 5.94% (2009: 0.90% to 8.32%) per annum.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

11 DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' emoluments

Name of Director	Fees	Salaries and bonuses	Other benefits	Retirement scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2010					
Mr. Alan Chuang Shaw Swee	30	1,600	2,400	150	4,180
Mrs. Alice Siu Chuang Siu Suen	20	600	–	45	665
Mr. Ko Sheung Chi	20	1,788	696	12	2,516
Mr. Albert Chuang Ka Pun	20	960	–	12	992
Mr. Lui Lop Kay	20	1,440	–	108	1,568
Mr. Wong Chung Wai	20	1,390	–	12	1,422
Dr. Peter Po Fun Chan	100	–	–	–	100
Mr. Abraham Shek Lai Him	100	–	–	–	100
Mr. Fong Shing Kwong	100	–	–	–	100
	430	7,778	3,096	339	11,643
2009					
Mr. Alan Chuang Shaw Swee	30	1,600	2,400	150	4,180
Mrs. Alice Siu Chuang Siu Suen	20	600	–	45	665
Mr. Ko Sheung Chi	20	1,788	696	12	2,516
Mr. Albert Chuang Ka Pun	20	960	–	12	992
Mr. Lui Lop Kay	20	1,440	–	108	1,568
Mr. Wong Chung Wai	20	1,080	–	12	1,112
Dr. Peter Po Fun Chan	100	–	–	–	100
Mr. Abraham Shek Lai Him	100	–	–	–	100
Mr. Fong Shing Kwong	100	–	–	–	100
	430	7,468	3,096	339	11,333

The emoluments paid to Independent Non-Executive Directors amounted to HK\$300,000 (2009: HK\$300,000).

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

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

(b) Five highest paid individuals' emoluments

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

	2010 HK\$'000	2009 HK\$'000
Salaries, bonuses and other benefits	1,796	3,016
Retirement scheme contributions	89	179
	1,885	3,195

The emoluments of the individual fall within the following band:

Emoluments bands	Number of individuals	
	2010	2009
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	1	1
	1	2

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

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

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

12 TAXATION CHARGE/(CREDIT)

	2010 HK\$'000	2009 HK\$'000
Current		
Hong Kong profits tax – under-provision in previous years	–	6
Overseas profits tax	35	(51)
PRC corporate income tax	7,714	1,948
PRC land appreciation tax	9,194	1,936
Deferred (note 36)		
Current year	120,906	(15,810)
Effect of change in taxation rate	–	(11,598)
	137,849	(23,569)

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit 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 associated companies for the year ended 31st March, 2010 amounting to HK\$349,000 (2009: HK\$3,122,000) is included in the income statement as share of results of associated companies. There is no taxation charge of the jointly controlled entity for the year ended 31st March, 2010 (2009: N/A).

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	963,652	(328,252)
Share of results of associated companies	24,443	33,453
Share of result of a jointly controlled entity	17	–
	988,112	(294,799)
Tax charge/(credit) at the rate of 16.5% (2009: 16.5%)	163,038	(48,642)
Effect of different taxation rates in other countries	263	(1,438)
Income not subject to taxation	(11,415)	(3,432)
Expenses not deductible for taxation purposes	11,756	16,485
PRC land appreciation tax deductible for taxation purposes	(1,517)	(319)
Utilisation of previously unrecognised tax losses	(42,864)	(6,371)
Other temporary difference and tax losses not recognised	12,006	27,095
(Write back)/provision of deferred taxation in previous years and others	(2,612)	2,715
Effect of change in taxation rate	–	(11,598)
	128,655	(25,505)
PRC land appreciation tax	9,194	1,936
Taxation charge/(credit)	137,849	(23,569)

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

13 PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS

Profit/(loss) attributable to equity holders includes profit of HK\$17,918,000 (2009: HK\$8,499,000) which is dealt with in the financial statements of the Company.

14 DIVIDENDS

	2010 HK\$'000	2009 HK\$'000
Interim scrip dividend with a cash option of 1.0 HK cent (2009: cash dividend of 1.0 HK cent) per share	15,183	15,106
Proposed final scrip dividend with a cash option of 2.0 HK cents (2009: 0.5 HK cent) per share	30,575	7,553
	45,758	22,659

On 14th July, 2010, the Board proposed a final scrip dividend with a cash option of 2.0 HK cents (2009: 0.5 HK cent) per share amounting to HK\$30,575,000 (2009: HK\$7,553,000). The amount of HK\$30,575,000 is calculated based on 1,528,730,106 issued shares as at 14th July, 2010. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected and accounted for as an appropriation of reserves in the year ending 31st March, 2011 upon the approval by the shareholders.

15 EARNINGS/(LOSS) PER SHARE

The calculation of the earnings/(loss) per share is based on the profit attributable to equity holders of HK\$799,728,000 (2009: loss of HK\$248,844,000) and the weighted average number of 1,514,662,718 (2009: 1,496,447,333) shares in issue during the year.

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 and the convertible notes issued by an associated company are anti-dilutive.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

16 PROPERTY, PLANT AND EQUIPMENT Group

	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Other assets HK\$'000	Total HK\$'000
Cost					
At 1st April, 2008	67,013	41,585	50,505	77,638	236,741
Changes in exchange rates	(3,627)	(1,161)	(1,114)	(398)	(6,300)
Additions	1,217	71	2,983	3,652	7,923
Disposals	–	(5,907)	(2,486)	(363)	(8,756)
At 31st March, 2009	64,603	34,588	49,888	80,529	229,608
Changes in exchange rates	6,718	1,422	1,551	877	10,568
Additions	–	–	1,481	2,486	3,967
Disposals	–	(4,555)	(4,466)	(35,896)	(44,917)
At 31st March, 2010	71,321	31,455	48,454	47,996	199,226
Accumulated depreciation and impairment					
At 1st April, 2008	13,015	39,118	28,265	63,115	143,513
Changes in exchange rates	(1,237)	(1,132)	(523)	(348)	(3,240)
Charge for the year	1,440	636	5,390	4,699	12,165
Disposals	–	(5,907)	(1,652)	(203)	(7,762)
Impairment	210	–	63	–	273
At 31st March, 2009	13,428	32,715	31,543	67,263	144,949
Changes in exchange rates	2,307	1,376	824	711	5,218
Charge for the year	1,490	541	4,154	4,135	10,320
Disposals	–	(4,555)	(3,870)	(35,601)	(44,026)
At 31st March, 2010	17,225	30,077	32,651	36,508	116,461
Net book value					
At 31st March, 2010	54,096	1,378	15,803	11,488	82,765
At 31st March, 2009	51,175	1,873	18,345	13,266	84,659

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

16 PROPERTY, PLANT AND EQUIPMENT (Continued) Company

	Other assets	
	2010 HK\$'000	2009 HK\$'000
Cost		
At the beginning of the year	532	375
Additions	–	157
At the end of the year	532	532
Accumulated depreciation		
At the beginning of the year	266	170
Charge for the year	106	96
At the end of the year	372	266
Net book value		
At the end of the year	160	266

- (a) Other assets comprise computer equipment, motor vehicles and yacht.
- (b) Buildings of the Group with net book value of HK\$25,922,000 (2009: HK\$24,513,000) have been pledged as securities for the borrowing facilities granted to the Group (note 35).
- (c) Buildings of the Group are situated on land with the following lease terms:

	2010 HK\$'000	2009 HK\$'000
Outside Hong Kong		
Long-term leases	28,174	26,662
Medium-term leases	25,922	24,513
	54,096	51,175

- (d) Depreciation of the Group of HK\$1,139,000 (2009: HK\$1,078,000), HK\$6,000 (2009: HK\$492,000) and HK\$9,175,000 (2009: HK\$10,595,000) have been included in cost of sales, selling and marketing expenses, and administrative expenses, respectively.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

17 INVESTMENT PROPERTIES

	Group	
	2010 HK\$'000	2009 HK\$'000
At the beginning of the year	3,084,207	3,085,052
Changes in exchange rates	37,355	(43,069)
Additions	11,103	733
Transfer from properties for/under development	476,000	171,977
Change in fair value	1,026,695	(130,486)
	4,635,360	3,084,207
Reclassified as investment property held for sale (note d)	(320,000)	–
At the end of the year	4,315,360	3,084,207

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

	2010 HK\$'000	2009 HK\$'000
In Hong Kong		
Long-term leases	759,320	773,760
Medium-term leases	3,491,500	1,965,300
	4,250,820	2,739,060

Outside Hong Kong		
Freehold	333,620	296,520
Long-term leases	50,920	48,627
	384,540	345,147

	4,635,360	3,084,207

(b) Investment properties in Hong Kong, Malaysia and the PRC were revalued at 31st March, 2010 on an open market value basis by Vigers Appraisal And Consulting Limited, VPC Alliance (KL) Sendirian Berhad and DTZ Debenham Tie Leung Limited, independent professional property valuers, respectively.

(c) Investment properties with net book value of HK\$4,568,020,000 (2009: HK\$3,028,819,000) have been pledged as securities for the borrowing facilities granted to the Group (note 35).

(d) On 31st March, 2010, a wholly-owned subsidiary of the Group entered into an agreement with an independent third party to dispose of an investment property in Hong Kong at the consideration of HK\$462.8 million. An initial deposit of HK\$20.0 million was received on the same date. The transaction will be completed on 6th August, 2010 and is expected to realise a net profit to the Group in the next financial year. Details of the transaction were set out in the announcement of the Company on 31st March, 2010.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

18 LEASEHOLD LAND AND LAND USE RIGHTS

	Group	
	2010 HK\$'000	2009 HK\$'000
At the beginning of the year	18,622	25,688
Changes in exchange rates	1,852	(2,492)
Amortisation	(484)	(484)
Disposals	(11)	(20)
Impairment	(7,000)	(4,070)
At the end of the year	12,979	18,622

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

	2010 HK\$'000	2009 HK\$'000
Long-term leases	3,951	10,081
Medium-term leases	9,028	8,541
	12,979	18,622

- (b) The interests in leasehold land and land use rights represent prepaid operating lease payments, and leasehold land and land use rights of HK\$9,028,000 (2009: HK\$8,541,000) are pledged as securities for the borrowing facilities granted to the Group (note 35).
- (c) Amounts of HK\$145,000 (2009: HK\$144,000) and HK\$1,096,000 (2009: HK\$1,096,000) of amortisation charged to income statement from leasehold land and land use rights and properties for sale have been included in cost of sales and administrative expenses respectively.
- (d) In view of the respective market conditions, management assessed the impairment on the leasehold land and land use rights and an impairment of HK\$7,000,000 (2009: HK\$4,070,000) was recorded for the year ended 31st March, 2010. The recoverable amounts were determined based on the valuations performed by VPC Alliance (KL) Sendirian Berhad and DTZ Debenham Tie Leung Limited, independent professional property valuers respectively.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

19 PROPERTIES FOR/UNDER DEVELOPMENT

	Group	
	2010 HK\$'000	2009 HK\$'000
At the beginning of the year	547,790	680,684
Changes in exchange rates	1,228	(2,923)
Property development expenditure	107,662	41,582
Interest expenses capitalised	37	424
Transfer to investment properties	(476,000)	(171,977)
Transfer to properties for sale	(110,196)	–
At the end of the year	70,521	547,790

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

	2010 HK\$'000	2009 HK\$'000
In Hong Kong		
Medium-term leases	23,375	502,367
Outside Hong Kong		
Freehold	29,020	28,531
Long-term leases	18,126	16,892
	47,146	45,423
	70,521	547,790

Properties for/under development amounting to HK\$23,375,000 (2009:HK\$502,367,000) are pledged as securities for the borrowing facilities granted to the Group (note 35).

During the year, amortisation of leasehold land and land use rights classified under properties for/under development of HK\$4,582,000 (2009: HK\$12,520,000) was capitalised therein.

20 SUBSIDIARIES

	Company	
	2010 HK\$'000	2009 HK\$'000
Unlisted investments, at cost	888,708	888,708

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

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

21 ASSOCIATED COMPANIES

	Group	
	2010 HK\$'000	2009 HK\$'000
Share of net assets	241,269	278,835
Investments, at cost		
Listed shares in Hong Kong	196,527	196,527
Unlisted investments	75,532	75,532
	272,059	272,059
Market value of listed shares in Hong Kong	114,320	45,728

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

	2010 HK\$'000	2009 HK\$'000
At the beginning of the year	278,835	269,982
Changes in exchange rates	5	–
Additions from rights issue of an associated company	–	35,475
Additions from conversion of convertible note	–	11,294
Share of loss before taxation	(12,790)	(34,295)
Share of taxation	(349)	(3,122)
Deemed loss on dilution of interests in an associated company	(11,304)	–
Negative goodwill from conversion of convertible note	–	3,964
Share of reserves (note 34)	10,397	(3,248)
Share of convertible notes equity reserve of an associated company (note 32)	12,353	(1,165)
Dividend income received	(35,878)	(50)
At the end of the year	241,269	278,835

Particulars of the associated companies are set out in note 44 to the financial statements.

In 2010, share of results of associated companies in the income statement includes a deemed loss on dilution of interests in an associated company of HK\$11,304,000 (2009: Nil) as a result of issue of new shares by Midas International Holdings Limited (“Midas”), a listed associated company of the Group, to a third party noteholder. The interest of the Group in Midas had been diluted from 48.4% as at 31st March, 2009 to 44.2% as at 31st March, 2010. In 2009, it included a negative goodwill of HK\$3,964,000 arising from the conversion of convertible note of Midas.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

21 ASSOCIATED COMPANIES (Continued)

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

	Group	
	2010 HK\$'000	2009 HK\$'000
Revenues	163,985	340,778
Loss for the year	(13,139)	(37,417)
Assets	434,081	541,985
Liabilities	(192,812)	(263,150)
Net assets	241,269	278,835

In June 2007, the Group subscribed for a 1.5% convertible note due 2011 of Midas in the principal amount of HK\$49.5 million. There was no conversion of the convertible note into new shares of Midas during the year (2009: 31.6 million new shares of Midas were converted). The remaining principal amount of the outstanding convertible note was approximately HK\$16.7 million as at 31st March, 2010.

In August 2009, the Group completed the subscription for a new convertible note due 2014 of Midas in the principal sum of HK\$60 million which, on a fully converted basis, is able to convert into 240 million new shares of Midas. No conversion of this convertible note was made during the year after the subscription.

Both convertible notes were recorded as loans and receivables (note 24) and derivative financial instruments (note 32) as at 31st March, 2010. The Group has equity accounted for the reserve movements of Midas which included a share of the equity element of the convertible notes as shown in the equity of the financial statements of Midas. As a consequence, the Group has eliminated the share of the equity element of the convertible notes against the values of the respective derivative financial instruments of the convertible notes.

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

22 JOINT VENTURES

(a) Investment in jointly controlled assets

Certain subsidiaries of Chuang's China Investments Limited ("Chuang's China") (together with its subsidiaries as the "Chuang's China Group"), a listed subsidiary 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 Chuang's China Group companies and Chengdu Western Automobile City Company Limited contributed land and other assets for the development of properties located in Chengdu, the PRC.

For the year ended 31st March, 2010, the Chuang's China Group's interest in the jointly controlled assets was 51% (2009: 51%). The Chuang's China 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 Chuang's China Group had made an advance to the joint venture partner amounting to HK\$11,474,000 (2009: HK\$22,727,000) (note 24). The proportionate interest of the Chuang's China Group in the jointly controlled assets' commitment was HK\$2,874,000 (2009: HK\$4,109,000).

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

22 JOINT VENTURES (Continued)

(b) Investment in a jointly controlled entity

During the year, the Group had set up a jointly controlled entity in Hong Kong with a third party. Particulars of the jointly controlled entity are set out below:

Name	Place of incorporation/ operation	Registered capital/issued capital	Effective percentage held by Group		Principal activities
			2010	2009	
Ample Excellent Limited	Hong Kong	2 shares of HK\$1 each	50	–	Property development and investment

The following amounts represent the Group's 50% share of the assets and liabilities, and revenue and result of the jointly controlled entity:

	Group	
	2010 HK\$'000	2009 HK\$'000
Revenue	–	–
Loss for the year	(17)	–
Assets	170,820	–
Liabilities	(170,837)	–
Net liabilities	(17)	–

As at 31st March, 2010, the Group had made an advance to the jointly controlled entity amounting to HK\$52,207,000 (2009: Nil) (note 22(c)). During the year, a loss of HK\$17,000 was shared from the jointly controlled entity and setoff against the advance to it. There are no contingent liabilities relating to the Group's interest in the jointly controlled entity, and no contingent liabilities of the jointly controlled entity itself.

(c) Amount due from a jointly controlled entity

Amount due from a jointly controlled entity is the advance to a jointly controlled entity for the acquisition of leasehold land and land use rights in Hong Kong (note 22(b)). It is unsecured, interest free and not receivable within the next twelve months from the balance sheet date. The advance will be repaid from the Group's share of the proceeds upon the sale of properties.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

23 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2010 HK\$'000	2009 HK\$'000
Listed equity securities in Hong Kong, at market value	64,729	21,969
Unlisted investments, at fair value	10,249	9,923
	74,978	31,892

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

	2010 HK\$'000	2009 HK\$'000
At the beginning of the year	31,892	55,220
Additions	2,326	3,895
Disposal	–	(3,039)
Change in fair value	40,760	(24,184)
At the end of the year	74,978	31,892

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

In view of the prolonged decline in the fair value below the cost of the available-for-sale financial assets during the year, an amount of HK\$2,000,000 (2009: HK\$28,000,000, including portion of the cumulative loss in the reserve), is removed from the reserve and recognised as impairment in the income statement.

24 LOANS AND RECEIVABLES

	Group	
	2010 HK\$'000	2009 HK\$'000
Mortgage loans (note a)	6,377	19,543
Convertible notes of an associated company (note 21)	54,893	14,500
Advance to the joint venture partner (note b)	11,474	22,727
	72,744	56,770
Current portions included in debtors and prepayments (note 27)		
Mortgage loans (note a)	(372)	(699)
	72,372	56,071

- (a) Mortgage loans are provided to purchasers of the Group's properties in Hong Kong at the prevailing market rates.
- (b) Advance to the joint venture partner by the Chuang's China Group is provided for financing the property development in Chengdu, the PRC (note 22(a)) and carries interest at prevailing lending rate quoted by the People's Bank of China. According to the agreement, the advance and interests accrued thereon will be repaid from the joint venture partner's share of proceeds upon the sale of completed properties.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

25 PROPERTIES FOR SALE

	Group	
	2010 HK\$'000	2009 HK\$'000
Completed properties	476,399	105,571
Leasehold land and land use rights for sale	42,971	41,301
Properties under development	1,363,249	1,454,965
	1,882,619	1,601,837

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

	2010 HK\$'000	2009 HK\$'000
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 from properties for/under development	110,196	–
Transfer to completed properties	(621,441)	(17,147)
At the end of the year	1,363,249	1,454,965

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
In Hong Kong		
Long-term leases	–	2,957
Medium-term leases	110,196	–
	110,196	2,957

Outside Hong Kong		
Long-term leases	1,732,997	1,560,165
Medium-term leases	39,426	38,715
	1,772,423	1,598,880

	1,882,619	1,601,837

Properties for sale amounting to HK\$487,380,000 (2009: HK\$374,589,000) are pledged as securities for the borrowing facilities granted to the Group (note 35). As at 31st March, 2010, none of the completed properties (2009: HK\$2,957,000) were carried at net realisable value.

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

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

26 INVENTORIES

	Group	
	2010 HK\$'000	2009 HK\$'000
Raw materials	1,685	2,834
Work in progress	1,157	1,661
Finished goods and merchandise	82,175	92,927
	85,017	97,422
Impairment	(6,000)	(1,000)
	79,017	96,422

As at 31st March, 2010, none of the finished goods (2009: HK\$2,619,000) were carried at net realisable value.

27 DEBTORS AND PREPAYMENTS

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Trade debtors	49,520	20,389	–	–
Other debtors and prepayments	29,153	38,376	178	773
Utility and other deposits	270,069	228,516	–	–
	348,742	287,281	178	773

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

	2010 HK\$'000	2009 HK\$'000
Below 30 days	36,848	11,512
31 to 60 days	6,190	3,774
61 to 90 days	3,464	1,898
Over 90 days	3,018	3,205
	49,520	20,389

As at 31st March, 2010, trade debtors of HK\$33,184,000 (2009: HK\$9,936,000) of the Group were neither past due nor impaired.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

27 DEBTORS AND PREPAYMENTS (Continued)

As at 31st March, 2010, trade debtors of HK\$16,336,000 (2009: HK\$10,453,000) 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 HK\$'000	2009 HK\$'000
Below 30 days	10,690	5,557
31 to 60 days	113	172
61 to 90 days	2,515	1,519
Over 90 days	3,018	3,205
	16,336	10,453

Other deposits include deposits of HK\$204,181,000 (2009: HK\$200,807,000) for property development projects and acquisition of leasehold land and land use rights in Hong Kong, the PRC and Vietnam, and HK\$40,429,000 (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.

28 LOAN AND AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2010 HK\$'000	2009 HK\$'000
Loan receivable	56,225	56,225
Amounts receivable	2,296,906	2,183,498
Impairment	(1,410,236)	(1,410,236)
	886,670	773,262

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

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

29 OTHER INVESTMENTS

	Group	
	2010 HK\$'000	2009 HK\$'000
Listed equity securities in Hong Kong, at market value	46,688	6,279

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

30 CASH AND BANK BALANCES

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Cash at bank and in hand	190,995	240,351	1,202	6,094
Short-term deposits	763,777	940,934	618,590	718,287
	954,772	1,181,285	619,792	724,381

The effective interest rates on short-term 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 35) and guarantee facilities (note 39) granted to the Group respectively.

Cash and bank balances amounting to HK\$11,045,000 (2009: Nil) are restricted and can only be used for the payments of development costs of certain properties for/under development and properties for sale, and the repayment of borrowing facilities on these properties.

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.

31 CREDITORS AND ACCRUALS

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Trade creditors	11,593	13,031	–	–
Other creditors	188,128	108,770	–	–
Amounts payable to minority interests	416	416	–	–
Tenant and other deposits	115,908	78,428	–	–
Accrued expenses	10,623	8,569	2,014	1,843
	326,668	209,214	2,014	1,843

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

31 CREDITORS AND ACCRUALS (Continued)

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

	2010 HK\$'000	2009 HK\$'000
Below 30 days	2,869	3,914
31 to 60 days	1,197	2,400
Over 60 days	7,527	6,717
	11,593	13,031

Other creditors include an amount payable to an associated company amounting to HK\$3,748,000 (2009: HK\$21,000,000). Both the amounts payable to the associated company and minority interests are unsecured, interest free and repayable on demand.

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

32 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2010 HK\$'000	2009 HK\$'000
Non-current assets		
Derivative financial instruments for the convertible notes of an associated company, at fair value (note 21)	26,590	–
Less: Share of convertible notes equity reserve of an associated company (note 21)	(12,353)	–
	14,237	–
Non-current liabilities		
Share of convertible notes equity reserve of an associated company (note 21)	1,442	1,442

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

33 SHARE CAPITAL

	2010 HK\$'000	2009 HK\$'000
Authorised:		
2,500,000,000 shares of HK\$0.25 each	625,000	625,000
Issued and fully paid:		
	Number of shares	Amount HK\$'000
At 1st April, 2008	1,485,285,977	371,322
2008 final scrip dividend	25,303,696	6,325
At 31st March, 2009	1,510,589,673	377,647
2009 final scrip dividend and 2010 interim scrip dividend (note 14)	18,140,433	4,536
At 31st March, 2010	1,528,730,106	382,183

All new shares rank pari passu to the existing shares.

The Group adopted a share option scheme (the "Scheme") pursuant to the annual general meeting held on 30th August, 2002, which is valid and effective for a term of ten years from the date of its adoption. Under the Scheme, the Directors of the Company may grant options to the eligible persons as defined in the Scheme, inter alia, any employees, Directors or business consultants of the Company and its subsidiaries, to subscribe for shares in the Company under the terms and conditions stipulated therein. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company as at 30th August, 2002. No options have been granted under the Scheme since its adoption.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

34 RESERVES

Group

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Investment revaluation reserve HK\$'000	Convertible notes equity reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2008	666,850	4,462	417,686	349	(1,802)	16,569	(41,481)	2,300,681	3,363,314
Loss for the year	-	-	-	-	-	-	-	(248,844)	(248,844)
Changes in exchange rates	-	-	-	-	-	-	(33,958)	-	(33,958)
Share of reserves of an associated company	-	-	(1,291)	-	-	-	(1,957)	-	(3,248)
Change in fair value of available-for-sale financial assets	-	-	-	-	(14,911)	-	-	-	(14,911)
Impairment of available-for-sale financial assets	-	-	-	-	16,600	-	-	-	16,600
2008 final scrip dividend	9,399	-	-	-	-	-	-	(29,706)	(20,307)
2009 interim dividend	-	-	-	-	-	-	-	(15,106)	(15,106)
At 31st March, 2009	676,249	4,462	416,395	349	(113)	16,569	(77,396)	2,007,025	3,043,540
Representing:									
Reserves	676,249	4,462	416,395	349	(113)	16,569	(77,396)	1,999,472	3,035,987
2009 proposed final scrip dividend	-	-	-	-	-	-	-	7,553	7,553
	676,249	4,462	416,395	349	(113)	16,569	(77,396)	2,007,025	3,043,540
At 1st April, 2009	676,249	4,462	416,395	349	(113)	16,569	(77,396)	2,007,025	3,043,540
Profit for the year	-	-	-	-	-	-	-	799,728	799,728
Changes in exchange rates	-	-	-	-	-	-	35,024	-	35,024
Share of reserves of an associated company	-	-	3,142	-	-	(5,322)	10	12,567	10,397
Change in fair value of available-for-sale financial assets	-	-	-	-	22,390	-	-	-	22,390
Impairment of available-for-sale financial assets	-	-	-	-	2,000	-	-	-	2,000
2009 final scrip dividend	2,231	-	-	-	-	-	-	(7,553)	(5,322)
2010 interim scrip dividend	5,998	-	-	-	-	-	-	(15,183)	(9,185)
At 31st March, 2010	684,478	4,462	419,537	349	24,277	11,247	(42,362)	2,796,584	3,898,572
Representing:									
Reserves	684,478	4,462	419,537	349	24,277	11,247	(42,362)	2,766,009	3,867,997
2010 proposed final scrip dividend	-	-	-	-	-	-	-	30,575	30,575
	684,478	4,462	419,537	349	24,277	11,247	(42,362)	2,796,584	3,898,572

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.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

34 RESERVES (Continued)

Company

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2008	666,850	4,462	294,436	1,125,291	2,091,039
Profit for the year	–	–	–	8,499	8,499
2008 final scrip dividend	9,399	–	(29,706)	–	(20,307)
2009 interim dividend	–	–	(15,106)	–	(15,106)
At 31st March, 2009	676,249	4,462	249,624	1,133,790	2,064,125
Representing:					
Reserves	676,249	4,462	242,071	1,133,790	2,056,572
2009 proposed final scrip dividend	–	–	7,553	–	7,553
	676,249	4,462	249,624	1,133,790	2,064,125
At 1st April, 2009	676,249	4,462	249,624	1,133,790	2,064,125
Profit for the year	–	–	–	17,918	17,918
2009 final scrip dividend	2,231	–	(7,553)	–	(5,322)
2010 interim scrip dividend	5,998	–	(15,183)	–	(9,185)
At 31st March, 2010	684,478	4,462	226,888	1,151,708	2,067,536
Representing:					
Reserves	684,478	4,462	226,888	1,121,133	2,036,961
2010 proposed final scrip dividend	–	–	–	30,575	30,575
	684,478	4,462	226,888	1,151,708	2,067,536

Under the Companies Act 1981 of Bermuda and the Bye-laws of the Company, the contributed surplus which arose as a result of a group reorganisation in 1991 is also distributable to shareholders of the Company. Total distributable reserves of the Company amounted to HK\$1,378,596,000 (2009: HK\$1,383,414,000) as at 31st March, 2010.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

35 BORROWINGS

	Group	
	2010 HK\$'000	2009 HK\$'000
Secured bank borrowings		
Bank overdraft	3,866	1,998
Short-term bank loans	18,267	85,013
Short-term borrowings	22,133	87,011
Long-term borrowings	2,507,550	2,274,542
Total borrowings	2,529,683	2,361,553

The long-term borrowings are analysed as follows:

	Group	
	2010 HK\$'000	2009 HK\$'000
Long-term bank loans		
Wholly repayable within five years	2,258,219	2,085,428
Wholly repayable after five years	249,331	189,114
	2,507,550	2,274,542
Current portion included in current liabilities	(198,383)	(171,831)
	2,309,167	2,102,711

The bank borrowings of the Group are secured by certain property, plant and equipment, investment properties, leasehold land and land use rights, properties for/under development, properties for sale and bank deposits with an aggregate carrying amount of HK\$5,133,725,000 (2009: HK\$4,063,829,000), shares of certain subsidiaries and guaranteed by the Company and Chuang's China, and borrowings of HK\$1,484,599,000 (2009: HK\$1,459,428,000) are also secured by the assignment of rental income.

The bank borrowings are repayable in the following periods:

	Group	
	2010 HK\$'000	2009 HK\$'000
Within one year	220,516	258,842
Second year	444,574	222,056
Third to fifth years	1,691,250	1,725,839
After five years	173,343	154,816
	2,529,683	2,361,553

The effective interest rates of the bank borrowings at the balance sheet date are ranging from 0.75% to 5.94% (2009: 0.90% 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: 0.90% to 8.32%) per annum, approximate their carrying amounts.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

35 BORROWINGS (Continued)

The bank borrowings are denominated in the following currencies:

	Group	
	2010 HK\$'000	2009 HK\$'000
Hong Kong dollar	2,014,359	1,793,889
Renminbi	320,818	396,226
Malaysian Ringgit	190,640	169,440
Singapore dollar	3,866	1,998
	2,529,683	2,361,553

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

	Group	
	2010 HK\$'000	2009 HK\$'000
6 months or less	2,248,825	2,191,528
6 to 12 months	280,858	170,025
	2,529,683	2,361,553

36 DEFERRED TAXATION

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

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

	Deferred taxation liabilities HK\$'000	Deferred taxation assets HK\$'000	Total HK\$'000
Group			
At 1st April, 2008	392,150	(807)	391,343
Changes in exchange rates	(512)	–	(512)
(Credited)/charged to income statement (note 12):			
Current year	(15,102)	(708)	(15,810)
Effect of change in taxation rate	(11,644)	46	(11,598)
At 31st March, 2009	364,892	(1,469)	363,423
Changes in exchange rates	482	–	482
Charged to income statement (note 12)	120,529	377	120,906
At 31st March, 2010	485,903	(1,092)	484,811

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

36 DEFERRED TAXATION (Continued)

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

Deferred taxation assets

	Revaluation of investment properties HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1st April, 2008	(807)	(84,525)	(85,332)
(Credited)/charged to income statement:			
Current year	(708)	3,639	2,931
Effect of change in taxation rate	46	4,873	4,919
At 31st March, 2009	(1,469)	(76,013)	(77,482)
Charged/(credited) to income statement	377	(48,033)	(47,656)
At 31st March, 2010	(1,092)	(124,046)	(125,138)

Deferred taxation liabilities

	Fair value gains HK\$'000	Revaluation of investment properties HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1st April, 2008	183,559	276,252	16,864	476,675
Changes in exchange rates	–	(443)	(69)	(512)
(Credited)/charged to income statement:				
Current year	–	(20,284)	1,543	(18,741)
Effect of change in taxation rate	–	(15,589)	(928)	(16,517)
At 31st March, 2009	183,559	239,936	17,410	440,905
Changes in exchange rates	–	411	71	482
(Credited)/charged to income statement	(2,647)	169,250	1,959	168,562
At 31st March, 2010	180,912	409,597	19,440	609,949

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.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

36 DEFERRED TAXATION (Continued)

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

Deferred taxation assets of HK\$159 million (2009: HK\$196 million) arising from unused tax losses of HK\$964 million (2009: HK\$1,188 million) and HK\$1.3 million (2009: HK\$2.3 million) on temporary differences in respect of accelerated tax depreciation of HK\$7.9 million (2009: HK\$14 million) have not been recognised in the financial statements respectively. The tax losses have no expiry dates.

37 LOANS FROM MINORITY INTERESTS

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

38 COMMITMENTS

(a) Capital commitments

	Group	
	2010 HK\$'000	2009 HK\$'000
Contracted but not provided for:		
Property development expenditure and property, plant and equipment	420,947	433,263
Available-for-sale financial assets	23,725	26,065
	444,672	459,328

(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 HK\$'000	2009 HK\$'000
Within one year	11,409	12,319
Second to fifth years	34,418	45,580
	45,827	57,899

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

38 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 HK\$'000	2009 HK\$'000
Within one year	82,226	71,368
Second to fifth years	71,067	36,340
After five years	2,297	–
	155,590	107,708

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

39 FINANCIAL GUARANTEES

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Guarantees for bank borrowings of subsidiaries and a jointly controlled entity	–	–	1,930,999	1,602,328
Guarantees for mortgage loans to purchasers of properties of the Group in the PRC	110,505	33,447	–	–
	110,505	33,447	1,930,999	1,602,328

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 30).

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

40 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)	1,024,971	(229,964)
Interest income	(7,843)	(18,839)
Dividend income from listed investments	–	(2,036)
Depreciation	10,320	12,165
Amortisation of leasehold land and land use rights	1,241	1,240
Change in fair value of investment properties	(1,026,695)	130,486
Net (gain)/loss on disposal of property, plant and equipment	(27,286)	688
Gain on disposal of available-for-sale financial assets	–	(985)
Impairment on property, plant and equipment	–	273
Impairment on leasehold land and land use rights	7,000	4,070
Impairment on available-for-sale financial assets	2,000	28,000
Impairment on inventories	5,000	–
Net fair value (gain)/loss on derivative financial instruments	(3,814)	4,165
Gain on disposal of a subsidiary	–	(252)
Negative goodwill arising from the purchase of additional interests in a subsidiary	(31,137)	(3,861)
Operating loss before working capital changes	(46,243)	(74,850)
Decrease in loans and receivables	13,166	5,871
Increase in properties for/under development and properties for sale	(86,607)	(254,482)
Decrease/(increase) in inventories	12,405	(1,593)
Increase in debtors and prepayments	(116,635)	(1,773)
(Increase)/decrease in other investments	(40,409)	9,838
Increase in creditors and accruals	57,675	6,334
Decrease in derivative financial instruments	–	(134,000)
Cash used in operations	(206,648)	(444,655)

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

40 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) 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 the disposal of a subsidiary	–	265

(c) Analysis of cash and cash equivalents

	2010 HK\$'000	2009 HK\$'000
Cash and bank balances	954,772	1,181,285
Pledged bank deposits	(20,919)	(126,137)
Bank deposits maturing more than three months from date of placement	(950)	(345,501)
Bank overdraft	(3,866)	(1,998)
	929,037	707,649

41 SUBSEQUENT EVENTS

In April 2010, the Chuang's China Group participated in a government land auction and had successfully bid 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 Chuang's China Group before 30th July, 2010.

The Company had granted unsecured short-term facilities to Chuang's China 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.

42 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 14th July, 2010.

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

43 PRINCIPAL SUBSIDIARIES

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2010	2009	
Artiful Limited	Hong Kong	100 shares of HK\$1 each	70.0	70.0	Property development and investment
# Changsha Chuang's Property Development Limited	PRC	US\$20,000,000	57.0	54.4	Property development and investment
China Charm Company Limited	Hong Kong	2 shares of HK\$1 each	57.0	54.4	Property development and investment
China Cyberworld Limited	Hong Kong	2 shares of HK\$1 each	57.0	54.4	Investment holding
China Policy Limited	British Virgin Islands/ Vietnam	1 share of US\$1	100.0	100.0	Investment holding
Chinaculture.com Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	57.0	54.4	Investment holding
Chuang's China Commercial Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	57.0	54.4	Investment holding
Chuang's China Enterprises Limited	Hong Kong	458,310,965 shares of HK\$0.20 each	57.0	54.4	Securities trading and investment holding
* Chuang's China Investments Limited	Bermuda/Hong Kong	1,523,328,700 shares of HK\$0.05 each	57.0	54.4	Investment holding
Chuang's China Realty Limited	Bermuda/Hong Kong	2,000,000 shares of HK\$0.05 each	57.0	54.4	Investment holding
Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	1 share of US\$1	57.0	54.4	Investment holding
@ Chuang's Consortium Limited	Hong Kong	4,000 shares of HK\$0.25 each	100.0	100.0	Investment holding

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

43 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2010	2009	
Chuang's Corporate Services Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Securities trading
Chuang's Credit Limited	Hong Kong	10,300,000 shares of HK\$1 each	100.0	100.0	Money lending
Chuang's Development (Chengdu) Limited	Hong Kong	2 shares of HK\$10 each 100,000 non-voting deferred shares of HK\$10 each	57.0	54.4	Property investment
Chuang's Development (China) Limited	Hong Kong	2 shares of HK\$10 each	57.0	54.4	Property development and investment
Chuang's Development (Dong Guan) Limited	Hong Kong	2 shares of HK\$1 each	57.0	54.4	Investment holding
Chuang's Development (Hunan) Limited	Hong Kong	2 shares of HK\$100 each	57.0	54.4	Investment holding
# Chuang's Development (Huiyang) Real Estate Company Limited	PRC	HK\$50,000,000	57.0	54.4	Investment holding
Chuang's Development (Nanning) Limited	Hong Kong	2 shares of HK\$1 each	57.0	54.4	Investment holding
Chuang's Finance & Investments Limited	Hong Kong	110,000 shares of HK\$10 each	100.0	100.0	Property investment
Chuang's Industrial (Holdings) Limited	Hong Kong	189,231,936 shares of HK\$1 each	100.0	100.0	Investment holding, hire of assets and trading of merchandise
# Chuang's Properties (Central Plaza) Sdn. Bhd.	Malaysia	5,000,000 shares of MYR1 each	100.0	100.0	Property investment
@ Chuang's Properties International Limited	British Virgin Islands/ Hong Kong	10 shares of US\$1 each	100.0	100.0	Investment holding, property development and investment

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

43 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2010	2009	
Chuang's Properties Limited	Hong Kong	300,000,000 shares of HK\$1 each	100.0	100.0	Investment holding
Chuang's Properties Vietnam Limited	British Virgin Islands/ Vietnam	10 shares of US\$1 each	100.0	100.0	Investment holding
Chuang's Real Estate Agency Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property agency services
Cityprop Company Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment and project management
Distinguished Properties Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	57.0	54.4	Investment holding
Double Wealthy Company Limited	Hong Kong	160 shares of HK\$1 each	57.0	54.4	Investment holding
[^] Dragon Rich Investments Limited	Hong Kong	100 shares of HK\$1 each	48.5	46.2	Investment holding
Easy Success Enterprises Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment
Equity King Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Securities trading
Ever Favour Limited	Hong Kong	1 share of HK\$1	100.0	–	Property development and investment
Fanus Limited	British Virgin Islands/ Hong Kong	100 shares of US\$1 each	100.0	100.0	Investment holding
[#] Farmtec (Malaysia) Sdn. Bhd.	Malaysia	1,000,000 shares of MYR1 each	100.0	100.0	Property development
General Nominees Limited	Hong Kong	500 shares of HK\$10 each	100.0	100.0	Nominee and secretarial services
[^] Gold Capital Profits Limited	British Virgin Islands/ Hong Kong	100 shares of US\$1 each	42.8	40.8	Investment holding

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

43 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2010	2009	
@ Gold Throne Finance Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100.0	100.0	Investment holding
# Guangzhou Panyu Chuang's Real Estate Development Company Limited	PRC	RMB60,000,000	57.0	54.4	Property development and investment
# Hui Zhou Yuen Sang Hardware Company Limited	PRC	HK\$10,000,000	57.0	54.4	Manufacture and sale of watch components
^ # Hunan Han Ye Real Estate Development Company Limited	PRC	RMB25,000,000	30.8	29.4	Property development and investment
# Ilham Kencana Sdn. Bhd.	Malaysia	10,000 shares of MYR1 each	100.0	100.0	Property development
Income Holdings Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100.0	100.0	Investment holding
Jannerson Limited	Hong Kong	5,000 shares of HK\$1 each	100.0	100.0	Property investment and securities trading
Jumbo Faith Limited	Hong Kong	1 share of HK\$1	100.0	–	Investment holding
Koledo Company Limited	Hong Kong	2 shares of HK\$100 each 2 non-voting deferred shares of HK\$100 each	57.0	54.4	Property investment
Ladona Limited	British Virgin Islands/ Vietnam	10 shares of US\$1 each	100.0	100.0	Investment holding
Lambda Industrial Limited	Hong Kong	3,000,000 shares of HK\$1 each	100.0	100.0	Property development and investment
MD Limited	Hong Kong	1,000,000 shares of HK\$1 each	57.0	54.4	Project management

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

43 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2010	2009	
Mega Well Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment and securities trading
[^] Noble Century Investment Limited	Hong Kong	1,000,000 shares of HK\$1 each	34.2	32.6	Investment holding
On Profit Investment Limited	Hong Kong	2 shares of HK\$1 each	57.0	54.4	Property development and investment
[@] Profit Stability Investments Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100.0	100.0	Investment holding
Rapid Grow Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Investment holding
Silver Chase Investment Limited	Hong Kong	2 shares of HK\$1 each	57.0	54.4	Property development and investment
Silver Dragon Investment Limited	Hong Kong	2 shares of HK\$1 each	57.0	54.4	Property development and investment
[#] Sintex Nylon and Cotton Products (Pte) Limited	Singapore	8,500 shares of S\$100 each	88.2	88.2	Manufacture and sale of bonded polyester fabrics and home finishing products
Tian Shi Company Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property development and investment
Uniworld Property Management Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property management and carparking services
Winfred Investment Limited	Republic of Liberia/ Hong Kong	2 shares of no par value	100.0	100.0	Investment holding
^{^ #} Xiamen Mingjia Binhai Resort Company Limited	PRC	RMB75,000,000	33.9	32.4	Property development and investment
Yuen Sang Hardware Company (1988) Limited	Hong Kong	1,000,000 shares of HK\$1 each	57.0	54.4	Manufacture and sale of watch components

Notes to the Financial Statements (continued)

For the year ended 31st March, 2010

43 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/operation	Registered capital/issued capital	Effective percentage held by Group		Principal activities
			2010	2009	
Yuen Sang International Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment and securities trading
3build.com Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment

* Listed in Hong Kong

@ Directly held by the Company

Not audited by PricewaterhouseCoopers

^ As at 31st March 2010, these companies are subsidiaries of Chuang's China where the Group holds 57.0% (2009: 54.4%) equity interest. Accordingly, these companies are subsidiaries of the Group.

44 ASSOCIATED COMPANIES

Name	Place of incorporation/operation	Registered capital/issued capital	Effective percentage held by Group		Principal activities
			2010	2009	
# Dragon Pacific Development Limited	Hong Kong	10 shares of HK\$1 each	30.0	30.0	Property development
*# Midas International Holdings Limited	Cayman Islands/ Hong Kong	1,035,604,139 (2009: 945,514,049) ordinary shares of HK\$0.10 each	44.2	48.4	Books printing, paper products printing, property investment and cemetery operation
^ # Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	1,000,000 shares of US\$1 each	14.3	13.6	Auction services
Yuen Sang Property Management Company Limited	Hong Kong	2 shares of HK\$1 each	50.0	50.0	Property management

* Listed in Hong Kong

Not audited by PricewaterhouseCoopers

^ As at 31st March 2010, Chuang's China holds 25% equity interest in Treasure Auctioneer International Limited. Accordingly, it is an associated company of the Group.

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
Hong Kong			
Chuang's London Plaza, No. 219 Nathan Road, Tsim Sha Tsui, K.I.L. No. 6345	Medium lease	Commercial	100.0%
Chuang's Hung Hom Plaza, No. 83 Wuhu Street, Hungghom, H.H.I.L. Nos. 428, 440 S.A., 440 R.P., 304, 305, 394, 462, 443, 456, 455, 470, 466 and 452	Medium lease	Commercial/Offices/ Carparking spaces	100.0%
5th, 15th-23rd Floors and Penthouse, Chuang's Enterprises Building, No. 382 Lockhart Road, Wanchai, 16745/46437th shares of and in S.B.S.S.1, S.B.R.P. and S.A.R.P. of I.L. No. 2618	Long lease	Offices	100.0%
Houses A, B, C and D, No. 37 Island Road, Deep Water Bay, R.B.L. No. 599	Medium lease	Residential	100.0%
No. 15 Gough Hill Road, The Peak, R.B.L. No. 723	Medium lease	Residential	100.0%
Chuang's Tower, Nos. 30-32 Connaught Road Central, Central, M.L. Nos. 410, 375 and 376	Long lease	Commercial/Offices	57.0%
Malaysia			
Central Plaza, No. 34 Jalan Sultan Ismail, 50250 Kuala Lumpur, Lot No. 1221, Section 57, Kuala Lumpur, Federal Territory	Freehold	Commercial/Offices/ Carparking spaces	100.0%

Particulars of Principal Properties (continued)

1. INVESTMENT PROPERTIES (Continued)

Location	Term	Usage	Group's interest
The People's Republic of China 6th Floor, Chengdu Chuang's Centre, No. 1 Renmin South Road, Section 4, Wuhou District, Chengdu, Sichuan Province	Long lease	Commercial	57.0%
Club house of Gold Coast, Phase II Chuang's New City, Dongguan, Guangdong	Long lease	Commercial	57.0%

2. BUILDINGS

Location	Term	Usage	Group's interest
Singapore 245 Jalan Ahmad Ibrahim, Jurong Town, Singapore 629144, Lots 508 and 715 of Mukim 6	Medium lease	Industrial	88.2%
The People's Republic of China Chuang's New City Administrative Centre, Dongguan, Guangdong	Long lease	Office	57.0%
Quarters 1 to 3, Chuang's New Town, Huizhou, Guangdong	Long lease	Staff quarters	57.0%
Beverly Hills Administrative Centre, No. 145 Zhongyier Road, Muyun, Changsha, Hunan	Long lease	Office	30.8%

Particulars of Principal Properties (continued)

3. PROPERTY PROJECTS

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
Hong Kong					
Wuhu Residence, No. 111 Wuhu Street, Hung Hom, H.H.I.L. Nos. 402, 475, 395, 410 and 459	Foundation works in progress	2011	Commercial/ Residential	Site area – about 4,000 sq. ft. Gross building area – about 47,000 sq. ft.	100.0%
No. 30 Po Shan Road, I.L. No. 6070	Planning stage	N/A	Residential	Site area – about 10,000 sq. ft. Gross floor area – about 36,000 sq. ft.	50.0%
Malaysia					
Taman Sri Amber, Lot 2148 Pekan Setul, District of Seremban	Planning stage	N/A	Commercial/ Residential	Site area – about 1,032,000 sq. ft. Gross floor area – about 596,000 sq. ft.	100.0%
Vietnam					
Greenview Garden, Thu Duc District, Ho Chi Minh City	Planning stage	N/A	Commercial/ Residential	Site area – about 20,300 sq. m. Gross floor area – about 120,000 sq. m.	70.0%
Saigon Beverly Hills, Duc Hoa District, Long An Province	Planning stage	N/A	Comprehensive development area	Site area – about 273 hectares Gross floor area – about 3,300,000 sq. m.	70.0%
Taiwan					
Xinyi District, Taipei City	Demolition works completed	2011	Residential	Site area – about 12,500 sq. ft. Gross building area – about 19,700 sq. ft.	100.0%

Particulars of Principal Properties (continued)

3. PROPERTY PROJECTS (Continued)

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
The People's Republic of China					
Chuang's Le Papillon, Guangzhou, Guangdong					
— Phase I	Landscaping works in progress	2010	Comprehensive development area	Site area – about 26,600 sq. m. Unsold gross floor area – about 49,601 sq. m. (and 254 carparking spaces)	57.0%
— Phase II	Foundation works in progress	Beyond 2010	Comprehensive development area	Site area – about 17,300 sq. m. Gross floor area – about 50,000 sq. m.	57.0%
— Remaining phase	Master planning completed	Beyond 2010	Comprehensive development area	Site area – about 160,100 sq. m. Gross floor area – about 336,600 sq. m.	57.0%
Chuang's New City, Dongguan, Guangdong					
— Phase II, Gold Coast	Completed	Completed	Residential	Site area – about 30,242 sq. m. Unsold gross floor area – about 3,164 sq. m. (and 259 carparking spaces)	57.0%
— Phase III, Imperial Garden	Completed	Completed	Comprehensive development area	Site area – about 50,000 sq. m. Unsold gross floor area – about 62,072 sq. m. (and 184 carparking spaces)	57.0%
	Foundation works completed	Beyond 2010	Comprehensive development area	Gross floor area – about 57,000 sq. m.	57.0%
— Remaining phase	Master planning completed	Beyond 2010	Comprehensive development area	Site area – about 186,000 sq. m. Gross floor area – about 377,000 sq. m.	57.0%

Particulars of Principal Properties (continued)

3. PROPERTY PROJECTS (Continued)

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
The People's Republic of China (Continued)					
Chuang's New Town, Huizhou, Guangdong					
— Chuang's Garden, Phases I, II and III	Completed	Completed	Residential	Site area – about 16,400 sq. m. Unsold gross floor area – about 1,673 sq. m.	57.0%
— Remaining phase	Planning stage	N/A	Comprehensive development area	Site area – about 54,408 sq. m. Gross floor area – about 190,000 sq. m.	57.0%
Beverly Hills, Changsha, Hunan					
— Phase I	Completed	Completed	Residential	Site area – about 95,948 sq. m. Unsold gross floor area – about 22,701 sq. m.	30.8%
	Construction works in progress	End of 2010	Commercial	Gross floor area – about 10,600 sq. m.	30.8%
Chuang's Palazzo Caesar, Changsha, Hunan	Master planning in progress	Beyond 2010	Comprehensive development area	Site area – about 280,000 sq. m. Gross floor area – about 535,000 sq. m.	57.0%
Xiamen Mingjia Binhai, Xiamen, Fujian	Master planning in progress	Beyond 2010	Villas/ Hotel	Site area – about 27,500 sq. m. Gross floor area – about 18,000 sq. m.	33.9%
Chuang's Le Printemps, Chengdu, Sichuan	Master planning in progress	Beyond 2010	Commercial/ Residential	Site area – about 30,000 sq. m. Gross floor area – about 120,000 sq. m.	29.1%

Summary of Results, Assets and Liabilities

RESULTS

	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000	2010 HK\$'000
Revenues	798,314	719,873	472,453	283,456	560,887
Profit/(loss) attributable to equity holders	198,572	214,866	468,889	(248,844)	799,728
Earnings/(loss) per share (HK cents)	13.44	14.47	31.66	(16.63)	52.80
Dividend per share (HK cents)					
Interim	0.50	0.75	1.50	1.00	1.00
Special interim	–	0.50	–	–	–
Final	1.00	1.00	2.00	0.50	2.00
Total	1.50	2.25	3.50	1.50	3.00

ASSETS AND LIABILITIES

	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000	2010 HK\$'000
Non-current assets	4,243,701	4,370,287	4,290,236	4,103,545	4,937,763
Current assets	1,245,514	1,592,367	3,065,879	3,173,402	3,632,098
Total assets	5,489,215	5,962,654	7,356,115	7,276,947	8,569,861
Total liabilities	(1,843,710)	(2,104,541)	(2,755,712)	(3,041,019)	(3,438,844)
Minority interests	(623,443)	(615,952)	(865,767)	(814,741)	(850,262)
Shareholders' funds	3,022,062	3,242,161	3,734,636	3,421,187	4,280,755
Net asset value per share (HK\$)	2.04	2.19	2.51	2.26	2.80

NET DEBT TO EQUITY RATIO

	2006 HK\$'M	2007 HK\$'M	2008 HK\$'M	2009 HK\$'M	2010 HK\$'M
Cash and bank balances and other investments	847.5	1,039.9	1,280.1	1,187.6	1,001.5
Bank borrowings	1,236.4	1,353.8	1,929.1	2,361.6	2,529.7
Net debt to equity ratio (%)	12.9	9.7	17.4	34.3	35.7

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Chuang's Consortium International Limited (the "Company") will be held at Chater Room, 2nd Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Monday, 30th August, 2010 at 12:00 noon for the following purposes:

1. To receive and consider the audited financial statements and the reports of the Directors and the auditor for the year ended 31st March, 2010.
2. To declare a final dividend.
3. To re-elect retiring Directors as Directors of the Company and to authorise the board of Directors to fix the remuneration of the Directors.
4. To re-appoint auditor and to authorise the board of Directors to fix its remuneration.
5. To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

Ordinary Resolutions

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

Notice of Annual General Meeting (continued)

(2) **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued Shares in the capital of the Company and to make or grant offers, agreements, options and other rights, or issue warrants and other securities, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and other rights, and issue warrants and other securities, which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or to be allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to or in consequence of:

- (i) a Rights Issue (as defined below); or
- (ii) the exercise of any option under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to subscribe or otherwise acquire Shares in the capital of the Company; or
- (iii) an issue of Shares upon exercise of the subscription or conversion rights attaching to or under the terms of any warrants of the Company; or
- (iv) any scrip dividend or similar arrangement in accordance with the Bye-laws of the Company; or
- (v) a specific authority granted by the shareholders of the Company in general meeting,

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

- (d) for the purpose of this Resolution:

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

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

Notice of Annual General Meeting (continued)

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

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

- (3) **“THAT** subject to the passing of Resolutions numbered 5(1) and 5(2), the general mandate granted to the Directors of the Company to allot, issue and deal with unissued Shares in the capital of the Company pursuant to Resolution numbered 5(2) be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of Shares in the capital of the Company repurchased by the Company under the authority granted pursuant to the general mandate to repurchase Shares (as referred to in Resolution numbered 5(1) set out in the notice convening this Meeting), provided that such amount of securities so repurchased shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of the ordinary resolution approving the said general mandate to repurchase Shares.”
6. As special business, to consider and, if thought fit, pass 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 “莊士機構國際有限公司” (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.”

- 7. To transact any other business.

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

Hong Kong, 30th July, 2010

Notice of Annual General Meeting (continued)

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the Company's principal office in Hong Kong at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. The board of Directors has recommended a final scrip dividend (with a cash option) of 2.0 HK cents per share.
4. The register of members of the Company will be closed from Tuesday, 24th August, 2010 to Monday, 30th August, 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrars in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Monday, 23rd August, 2010.
5. Concerning Resolutions numbered 3, 5 and 6 above, the information necessary to enable the shareholders to make decisions on whether to vote for or against the Resolutions, as required by the Listing Rules, will be set out in a separate document from the Company to be enclosed with the 2010 Annual Report.

CHUANG'S CONSORTIUM INTERNATIONAL LIMITED

25TH FLOOR, ALEXANDRA HOUSE, 18 CHATER ROAD, CENTRAL, HONG KONG

www.chuangs-consortium.com