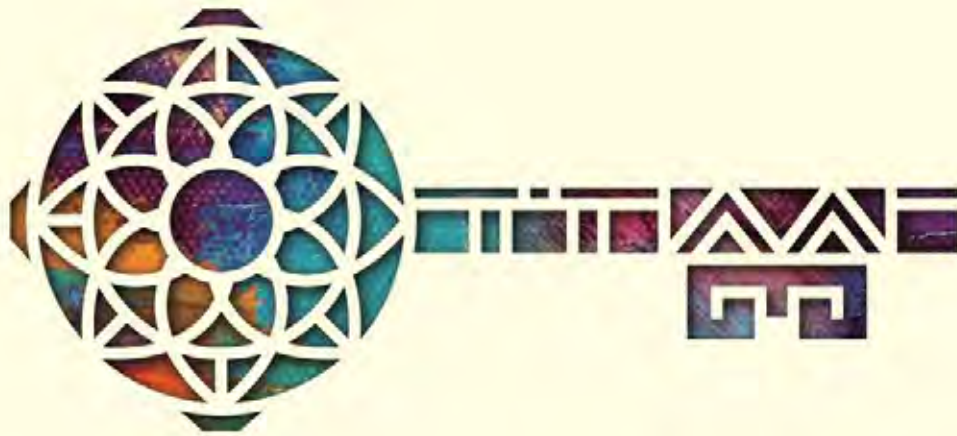




# CHUANG'S CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)  
Stock Code: 367



ANNUAL REPORT 2011



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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  
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  
Industrial and Commercial Bank of China Limited  
AmBank (M) Berhad

**Registered Office**

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

**Principal Office in  
Hong Kong**

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18 Chater Road, Central, Hong Kong  
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Website: [www.chuang-consortium.com](http://www.chuang-consortium.com)

**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

**Mongolia Office**

4th Floor, Western Section,  
The Landmark Tower,  
Chinggis Avenue-13,  
Sukhbaatar District-1,  
14251 Ulaanbaatar, Mongolia

**Stock Code**

367

# Biographical Details of Directors and Senior Management

## Directors

**Mr. Alan Chuang Shaw Swee** (aged 59), 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 Honorary 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 (H.K.) Ltd., the Permanent President of Hong Kong Huian 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 Association 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 62), the vice-chairman, has over 37 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 55), the managing director, has over 31 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 31), an executive director, has over 7 years of experience in property business and general management. He is an executive director and the deputy chairman of Chuang's China and an executive director of 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 55), an executive director, has over 29 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 42), an executive director, has over 19 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.

**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 89), was appointed as an independent non-executive director in 1997. He is also an independent non-executive director of Chuang's China and VST Holdings Limited, both 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 66), 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 Court 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., SJM Holdings Limited, Kosmopolito Hotels International Limited, ITC Properties Group Limited and China Resources Cement 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 63), was appointed as an independent non-executive director in 2008. Mr. Fong has over 33 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 44), the assistant director, is responsible for property sales, leasing and management of the Group. He has over 18 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 43), the senior project manager, has 18 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 32), the project manager, has 8 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 a member of the Chartered Management Institute, the Society of Environmental Engineers, the Hong Kong Institute of Environmentalist Founding Committee, the Australian Institute of Building and Design Institute of Australia. He joined the Group in 2008.

**Mr. Chan Chun Man** (aged 35), the financial controller, has over 12 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 50), the company secretary, is responsible for the Group's company secretarial matters. She has over 27 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 65), 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. Cheung Ka Hang** (aged 25), the business manager, oversees the International Property Division of the Group. He has over 4 years of experience in property development and investment. He holds a bachelor degree in real estate and is a member of the Hong Kong Institute of Surveyors. He joined the Group in 2010.

**Mr. Teo Tee Way** (aged 45), the chief executive officer of the Malaysia Division, is responsible for the Group's operations in Malaysia. He has over 21 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 32), the chief representative of the Vietnam Division, is responsible for the Group's development projects in Vietnam. He has over 7 years of experience in property investment and development. He holds a bachelor degree in real estate. He joined the Group in 2007.

# **Build Your Home From Our Heart**







# Chairman's Statement



# Chairman's Statement

## FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31ST MARCH, 2011

Property sales amounted to HK\$1,702.6 million, comprising sales of investment properties and completed development properties.

Contracted sales of development properties/projects not yet recognised as revenues in Hong Kong and the People's Republic of China amounted to HK\$296 million and RMB1,175 million, respectively.

Net profit attributable to equity holders of the Company amounted to HK\$789.7 million, equivalent to earnings per share of 51.2 HK cents.

Shareholders' funds increased by 18% to HK\$5,395.1 million, equivalent to HK\$3.42 per share.

Net debt to equity ratio improved to 14.3% from 33.4% in last year.

Total dividends per share for the year increased by 66.7% to 5 HK cents.

## Financial Review

During the year under review, the businesses of the Group continued to be benefited from the booming property market in Hong Kong. Property sales of the Group during the year amounted to approximately HK\$1,702.6 million, comprising sales of investment properties in Hong Kong amounting to approximately HK\$1,546.0 million and sales of completed development properties amounting to approximately HK\$156.6 million (2010: HK\$341.8 million). Sales of completed development properties were recorded as revenues of the Group. The remaining revenues of the Group comprised income from property investment business of HK\$137.1 million (2010: HK\$126.7 million), income from property financing activities of HK\$7.6 million (2010: Nil), income from manufacturing and trading business of HK\$78.1 million (2010: HK\$86.1 million) and income from securities investment and trading business of HK\$3.4 million (2010: HK\$6.3 million). Accordingly, total revenues of the Group during the year amounted to HK\$382.8 million (2010: HK\$560.9 million).

As a result of the decrease in revenues, gross profit of the Group during the year decreased by 11.5% to HK\$161.0 million (2010: HK\$182.0 million). Other income decreased to HK\$49.8 million (2010: HK\$74.9 million) and a detailed analysis of other income is shown in note 7 to the financial statements. As a result of disposals by the Group of a number of investment properties in Hong Kong during the year, gains on disposals of investment properties amounting to HK\$503.7 million (2010: Nil) were recorded. Furthermore, the Group also recorded an upward revaluation surplus of HK\$488.2 million (2010: HK\$1,026.7 million) for its investment properties, reflecting the continued improvement in office, retail and high-class residential property prices in Hong Kong.

On the costs side, selling and marketing expenses decreased to HK\$37.5 million (2010: HK\$52.8 million) as a result of reduction of marketing expenses for its property projects as majority of such expenses were spent in the

last financial year. Administrative and other operating expenses increased to HK\$227.2 million (2010: HK\$205.9 million) mainly due to a general increase in overheads and an increase in fair value loss of the convertible notes in Midas International Holdings Limited ("Midas"). Finance costs increased to HK\$46.8 million (2010: HK\$36.9 million) as a result of reduced capitalisation of interest expenses to properties under development. Share of results of associated companies amounted to HK\$30.8 million (2010: HK\$24.4 million) mainly due to the share of loss relating to Midas. Taxation amounted to HK\$64.7 million (2010: HK\$14.7 million) mainly relating to tax provision on disposals of properties.

Taking all the above into account, profit attributable to equity holders of the Company for the year ended 31st March, 2011 amounted to HK\$789.7 million (2010: HK\$915.7 million). Earnings per share was 51.2 HK cents (2010: 60.5 HK cents).

## Dividends

The Board has resolved to recommend for the shareholders' approval at the forthcoming annual general meeting the payment of a final dividend of 3.2 HK cents (2010: 2.0 HK cents) per share for the year ended 31st March, 2011. The final dividend, if approved, will be paid on or before 3rd

November, 2011 by allotment of new shares with a cash option to the shareholders whose names appear on the Company's register of members on 9th September, 2011.

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 9th September, 2011, 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 1.8 HK cents (2010: 1.0 HK cent) per share has been paid in respect of the current financial year. Total dividends for the year, therefore, amounted to 5.0 HK cents (2010: 3.0 HK cents) per share, representing an increase of 66.7%. Total dividends for the year amounted to HK\$78.5 million (2010: HK\$45.8 million).

# Business Review

The Group operates its property business through three divisions, namely Hong Kong Property Division, International Property Division and the People's Republic of China ("PRC") Property Division.

## (A) Hong Kong Property Division

All the Hong Kong Property Division's activities are conducted through Chuang's Properties Limited, a wholly-owned subsidiary of the Group. The main activities of the Hong Kong Property Division during the year are summarised below.

# Chuang's Tower





# Chuang's London Plaza

# Chuang's Hung Hom PLAZA

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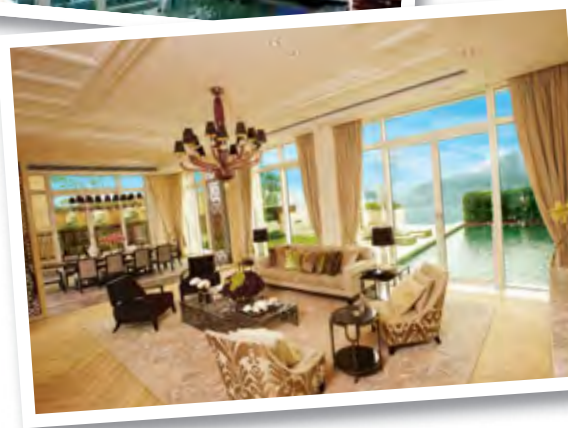
## (i) Investment Properties

During the year, the Group disposed of House B, House C and House D of No. 37 Island Road, Deep Water Bay for an aggregate consideration of HK\$1,338 million and eleven office floors in Chuang's Enterprises Building, Wanchai for a consideration of HK\$208 million. Such disposals generated substantial cashflow to the Group and recorded an aggregate profits of HK\$503.7 million. Subsequent to the balance sheet date, the Group also completed the disposal of a unit in Cheung Ka Industrial Building, Connaught Road West for a consideration of HK\$56.3 million.

On 7th April, 2011, as a rationalisation exercise of the Group, the Company has completed the acquisition of Chuang's Tower in Central from Chuang's China Investments Limited ("Chuang's China"), a listed subsidiary of the Group, at a valuation of HK\$790 million. Such a strategic move not only enables the Company to consolidate its interest in Chuang's Tower thereby strengthening its property investment portfolio but also enables Chuang's China to realise Chuang's Tower with substantial cashflow thereby concentrating its resources towards its property investment and development business in the PRC. Upon completion of such rationalisation exercise, we believe that each of the Company and Chuang's China can operate its business more efficiently and allocate its financial resources more effectively.



# No. 37 Island Road



The Group's major investment properties in Hong Kong now comprise (a) Chuang's London Plaza in Tsimshatsui, (b) Chuang's Tower in Central, (c) Chuang's Hung Hom Plaza in Hunghom, (d) House A, No. 37 Island Road in Deep Water Bay and (e) No. 15 Gough Hill Road in The Peak (which will be redeveloped in due course). The total gross floor area ("GFA") of the Group's investment property portfolio in Hong Kong amounted to approximately 350,000 sq. ft. comprising retail, office, high-class residential and carparking spaces. Rental and other income from investment properties of the Group in Hong Kong during the year amounted to approximately HK\$117.6 million, representing an increase of about 7.6% compared with that of last year.





# No. 15 Gough Hill Road



## **(ii) Properties Under Development**

### ***(a) No. 15 Gough Hill Road, The Peak, Hong Kong***

During the year, the Group has paid the premium regarding relaxation of height restriction and granting of additional access via the main road in relation to the property. The Group believes that such modifications have enhanced the value of the property. Recently, the Group has served notice to the tenant to vacate the property in order to allow the Group to commence redevelopment of the property into a new house with

unique architectural design. In view of the limited supply of this type of luxurious property in that area, it is expected that rental income and thus the capital value of the property will be significantly improved upon completion of the redevelopment. Building plans for the redevelopment have been approved by the relevant authorities and demolition works are expected to commence soon.





# Wuhu Residence

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

The property is located adjacent to Chuang's Hung Hom Plaza and is being developed into a 24-storey building with modern architectural design of 101 apartments (of which 98 are studio apartments) with clubhouse facilities and shopping units at the podium levels (G/F and 1/F). Superstructure works have been completed and internal and external finishing works are in progress. The project will be completed in the fourth quarter of 2011 and profit on this development is expected to be recorded in the

second half of the financial year ending 2012. Presales of the project have commenced in February 2010. Up to the date of this report, a total of 98 apartments and shopping units with GFA of 1,602 sq. ft. have been presold with aggregate sales value of HK\$296 million and sales deposits of about HK\$48 million have been received. The Group is in the process of marketing the remaining 3 apartments and the shopping units with GFA of 6,820 sq. ft..

# Parkes Residence



**(c) Parkes Residence, Nos. 91–105 Parkes Street, Jordan, Kowloon**

During the year, the Group completed the acquisition of Nos. 93–105 Parkes Street. Subsequent to the balance sheet date, the Group entered into agreements to acquire No. 91 Parkes Street. As a result of such acquisitions, the site area of the property has increased to about 5,536 *sq. ft.*. The property is located nearby Chuang's London Plaza and next to the Jordan station of the mass transit railway. It is intended that the property will be redeveloped into a commercial/residential building comprising mainly of studio apartments and shopping units. Revised building plans for the redevelopment have been submitted to the relevant authorities and demolition works are in progress.

**(d) No. 30 Po Shan Road, Hong Kong**

The Group formed a joint venture with K. Wah International Holdings Limited on a 50%:50% basis to redevelop the property. 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.*. Since the completion of the acquisition of the project, the Group has managed to increase the approved GFA of the project from 36,000 *sq. ft.* to 40,200 *sq. ft.*. The Group is still conducting studies with our joint venture partner and consultants on various proposals to further enhance the value of the property. Demolition works for the project have just been completed.

## (B) International Property Division



All the International Property Division's activities are conducted through Chuang's Properties International Limited, a wholly-owned subsidiary of the Group. Currently, the only revenue generated from this division is the rental income derived from an investment property in Malaysia. However, the Group intends to launch the projects in Vietnam, Mongolia and Taiwan the earliest possible with a view to build up a recurrent and sustainable revenue stream for this division in the coming financial years. The main activities of the International Property Division during the year are summarised below.

### (i) Malaysia

# Central Plaza

## Jalan Sultan Ismail, Kuala Lumpur

Central Plaza, which is located in the heart of the central business district and prestigious shopping area 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. During the year, rental and other income from the property amounted to HK\$17.9 million, representing an increase of about 13.3% from that of last year.

## Chairman's Statement

# 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 20,300 sq. m. It is intended that a residential/commercial complex with apartments, villas and clubhouse facilities with a GFA of about 94,000 sq. m. will be developed on the site. Investment licence to form a project company has been granted and master planning of the project

has been approved. The Group is now in the process of arranging the land use rights to be granted to the project company and the approval of the detailed design of the project. The site is vacant and construction of the initial phase of the development will commence immediately once the above approvals are obtained.

# Greenview Garden





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

The Group had participated in a 70% interest in the project and is still in the process of negotiating with the relevant government authorities for the formation of a project company and the granting of land use rights.

**(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.. Superstructure works are in progress and it is expected that the project will be completed in the first quarter of 2012. Marketing of the project will commence soon.





# The Edelweiss Residence

## (iv) Mongolia

### *(a) The Edelweiss Residence, Sukhbaatar District, Ulaanbaatar*

During the year, the Group has formed a joint venture with a local partner to participate in a 53% interest in the project. 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 41,000 sq. m. will be developed. Concept design of the project has been approved by the relevant authorities and the Group is in the process of submitting the building plans for approval. Initial phase of the development comprising about 20,000 sq. m. of GFA will commence soon.



# Chuang's Tower



***(b) Chuang's Tower, Chinggis Avenue, Sukhbaatar District, Ulaanbaatar***

During the year, the Group entered into an agreement to acquire a piece of land located within the central business district of Ulaanbaatar. The agreement was completed subsequent to the balance sheet date. The project, wholly-owned by the Group, has a site area of about 3,272 sq. m. and it is planned that an office building with GFA of 37,675 sq. m. will be developed. Concept design for the project has been approved by the relevant authorities and the Group is in the process of submitting the building plans for approval.





## Chairman's Statement

# Business Review

## (C) PRC Property Division

All the PRC Property Division's activities are conducted through Chuang's China (together with its subsidiaries as the "Chuang's China Group"), a 57% owned listed subsidiary of the Group. The main activities of the PRC Property Division during the year are summarised below.

### (i) Property Development

To ensure healthy development of the property market, the PRC government continued to implement measures, which include the "limited purchase" policy and tightening of liquidity and mortgage policies for home buyers. These factors have caused certain short term impacts to the market, particularly the cooling down of property transaction volumes. Despite these negative impacts, such temporary adjustment will not affect the long term growth trend of the property market in the PRC. The Group will gauge its pace of project development and sales according to different local market conditions.

To strengthen the Chuang's China Group's financial resources, in recent months, the Chuang's China Group has entered into two disposal transactions. In December 2010, the Chuang's China Group agreed to dispose of its wholly-owned subsidiary which holds the property development project in Xingsha at RMB526 million in cash. Such disposal has just been completed. In April 2011, the Chuang's China Group completed the disposal of Chuang's Tower in Central for a valuation of HK\$790 million and the net cash proceeds will principally be applied towards the property development business in the PRC. Following these disposals, the Chuang's China Group is in a tremendously favorable position to capture opportunities offered by market adjustments to replenish its land reserve and will accelerate construction works for its development projects in the PRC so as to speed up its project completion.



*Provinces where property development projects of the Group are located*

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





*Imperial Garden, Dongguan*



# Chairman's Statement Business Review

## 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 63,200 sq. m. of completed properties and 386,800 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 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.

	(sq. m.)
Site Area	215,000
Total Gross Floor Area	450,000





2

# Chuang's Le Papillon

1. Chuang's Le Papillon, Phase II (perspective from river bank)
2. Chuang's Le Papillon, Master Layout Plan
3. Chuang's Le Papillon, Phase I (completed properties)



3

- 1. *Chuang's Le Papillon, Master Layout Plan*
- 2. *Block B, Chuang's Le Papillon*



# Chuang's Le Papillon

The following is the summary of the sales plan of Chuang's Le Papillon:

	Total residential GFA	Contracted sales		Available for sale		
	sq. m.	sq. m.	RMB	sq. m.	2011/12 RMB	2012/13 RMB
Phase I (Block A, B, C)	59,800	28,159	176,900,000	31,641	293,700,000	
Phase II (Block D, E) (Block F, G, H, I, M, N) (Block J, K, L, P)	197,500	46,467	374,700,000	2,133 88,900 60,000	21,000,000 954,000,000	900,000,000
<b>TOTAL</b>	<b>257,300</b>	<b>74,626</b>	<b>551,600,000</b> (Note)	<b>182,674</b>	<b>1,268,700,000</b>	<b>900,000,000</b>

Note: Of these contracted sales, about RMB413,684,000 have not yet been recognised as revenues and are expected to be recognised as revenues of the Group for the year ending 31st March, 2012 when these sold flats are delivered to buyers.







# Chuang's Le Papillon

Phase I (Block A to Block C) of Chuang's Le Papillon has been completed. It comprises residential GFA of about 59,800 sq. m., commercial and clubhouse facilities of about 3,400 sq. m. and 254 carparking spaces. It provides over 350 apartments with typical flats ranging from 93 sq. m. to 202 sq. m. and executive duplex units of 343 sq. m.. Sales of phase I are progressing well with 208 flats being sold. Even though the tightening of end-users' mortgage and "limited purchase" policies have affected the sales progress of larger size 4 bed-room flats, market support for moderate size flats is still very strong.

1. Chuang's Le Papillon, Phase I (completed properties)
2. Block B duplex show flat
3. Block C show flat



# Chuang's Le Papillon



Construction works of Block D and Block E, phase II of Chuang's Le Papillon, with total GFA of 48,600 sq. m. (comprising 432 apartments of 90 sq. m. to 125 sq. m.) have been topped off. Since December 2010, presales of Block D and Block E had commenced and market responses were very keen. At present, all these flats are nearly sold out at an average price of over RMB8,000 per sq. m..





1. Block D and E, Chuang's Le Papillon (under construction)
2. Lobby entrance of Phase I, Chuang's Le Papillon

# Chairman's Statement Business Review

- 1. Supreme Club (Day/Night View)
- 2. Main Entrance, Supreme Club (Day/Night View)





# Chuang's Le Papillon

Construction works for Block F, G, H, I, M and N of phase II have already started with foundation works for Block F, G, H and I have already been finished and superstructure works in progress. Foundation works for Block M and N have commenced. The Group is speeding up construction works in order to launch Block F, G, H, I, M and N with total GFA of 88,900 *sq. m.* for presales commencing July 2011. Foundation works of Block J has started and that of Block K, L and Block P (comprising 22 low rise villas) will commence. Block J, K, L and P with total GFA of 60,000 *sq. m.* will be planned for presales in 2012.

Construction master plans for phase III with total GFA of about 158,300 *sq. m.* have been submitted to the relevant PRC authorities for approval. It comprises Block Q to Block W, all of which are apartments, and Block X of 14 low rise villas. The Group will commence on construction works once approval is obtained. The total sales value of phase III (Block Q to Block X) based on the current market price is estimated to be about RMB2,000,000,000.

# All-Around Services

and All-ready Amenities



**HOME★MARK**  
好美佳超市

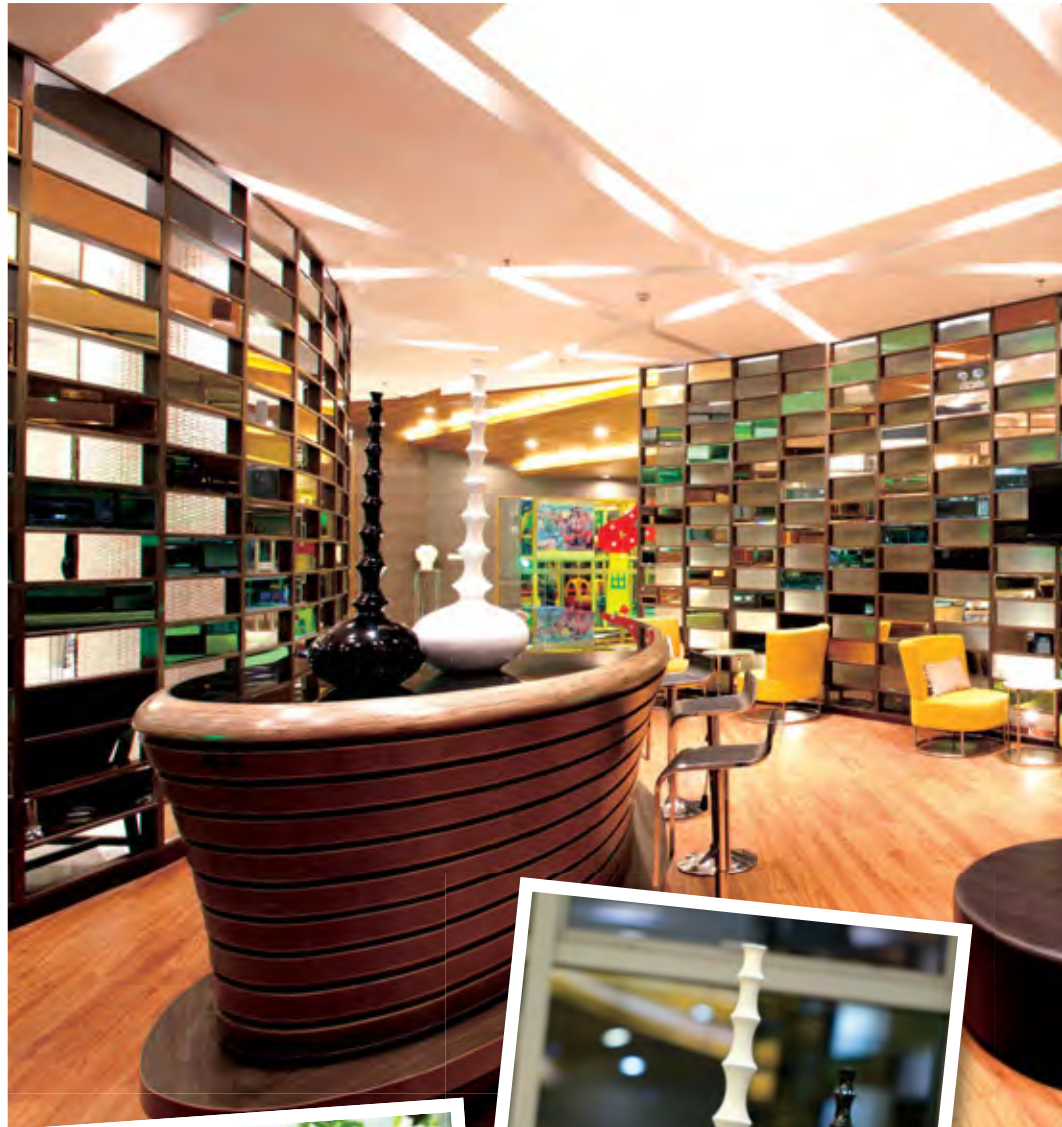


蝶映咖啡



Luxury.....

# Supreme Club

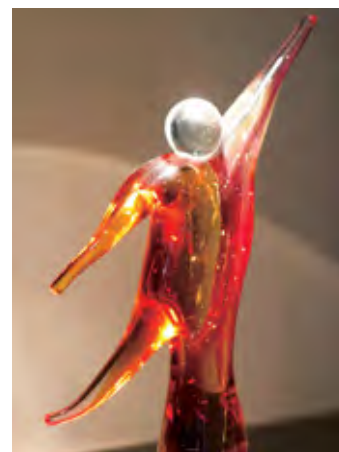






Prestige.....

# VIP BANQUET ROOM





# Imperial Garden



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 96,500 sq. m. of completed properties and 433,500 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 greatly reduce travelling time to just 10 minutes from Humen Station to either Guangzhou or Shenzhen. Furthermore, Chuang's New City is only 3 minutes away from the exit of the new coastal highway (沿江高速), now under construction serving Guangzhou to Shekou, and in turn linking to Hong Kong by way of the Hong Kong – Shenzhen Western Corridor. The construction of the Dongguan Light Rail (東莞市軌道) is in progress, and the nearest rail station is designated just within 1 minute' drive from Chuang's New City.



	(sq. m.)
Site Area	191,800
Total Gross Floor Area	530,000

1. Imperial Garden, Master Layout Plan
2. Imperial Garden (completed properties)
3. Simplex show flat



# Chairman's Statement Business Review

# Dongguan

The following is the summary of the sales plan of Imperial Garden:

	Total residential GFA	Contracted sales		Available for sale		
	sq. m.	sq. m.	RMB	sq. m.	2011/12 RMB	2012/13 RMB
Phase I (Block 1 to 8)	89,000	51,100	251,635,000	37,900	244,100,000	
Phase II (Block 9 to 14)	60,000			60,000		451,000,000
<b>TOTAL</b>	<b>149,000</b>	<b>51,100</b>	<b>251,635,000</b>	<b>97,900</b>	<b>244,100,000</b>	<b>451,000,000</b>

(Note)

Note: Of these contracted sales, about RMB43,369,000 have not yet been recognised as revenues and are expected to be recognised as revenues of the Group for the year ending 31st March, 2012 when these sold flats are delivered to buyers.



1. Imperial Garden, Master Layout Plan
2. Simplex show flat
3. Block 1 to 8, Imperial Garden (completed properties)





# Imperial Garden

Phase I of Imperial Garden has 8 residential blocks with GFA of about 89,000 *sq. m.*, the commercial complex of about 7,500 *sq. m.* and 184 carparking spaces. It comprises 665 apartments with size ranging from 80 *sq. m.* to 160 *sq. m.*, 27 executive duplex of about 280 *sq. m.* and 3 simplex of 445 *sq. m.*. Up to date, a total of 396 flats have been sold at an average selling price of about RMB5,000 per *sq. m.*. The Group will accelerate the sales of 269 flats, being all the remaining completed residential properties at Imperial Garden during the financial year ending 2012.

The Group will commence construction works for phase II (Block 9 to Block 14) with residential GFA of about 60,000 *sq. m.* around July 2011 and will plan for presales in the first quarter of 2012.

Master plans of phase III (Block 15 to Block 55) of Imperial Garden comprising GFA of about 360,000 *sq. m.* have been approved and the total sales value based on the current market price is estimated to be about RMB3,800,000,000.



1. Imperial Garden, Main Entrance
2. Retail/Commercial, Imperial Garden



Imperial  
Garden





The commercial properties of Chuang's New City, including that of Gold Coast and Imperial Garden, have an aggregate GFA of 17,500 sq. m.. About 5,800 sq. m. are operated as clubhouse providing recreational facilities, a bilingual kindergarten and a convenience store under the brand "HomeMark" providing household goods and about 4,200 sq. m. are occupied as office premises. The remaining 7,500 sq. m. of retails spaces are held for rental purpose. The Group holds these commercial properties as investments and believes its value will be benefitted from the urbanisation and infrastructural improvements in the region.



Imperial Garden

# Relaxing in Nature







# Providing Quality Services in a Caring Manner





## Chairman's Statement

# Business Review

### 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 an estimated developable area of 190,000 *sq. m.* and on the basis of RMB1,000 per *sq. m.*, the disposal consideration is about RMB192 million.

Up to the date of this report, the Group received total deposits of RMB136 million. The Group is holding discussions with the buyer to determine the exact site areas of the disposal as well as the completion schedule. Once an agreement is reached, the actual disposal consideration may be reduced according to the adjusted site areas, but such adjustment is not expected to be material. The Group will endeavor to complete this disposal in the financial year ending 31st March, 2012.

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). As a result of the land resumption, a net gain of about RMB10.5 million has been recorded by the Chuang's China Group in the year under review.

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

In December 2010, the Chuang's China Group agreed to dispose of its wholly-owned subsidiary which holds the property development project in Xingsha at RMB526 million in cash. The disposal has just been completed. The net cash proceeds will be used for the property development business and as general working capital of the Chuang's China Group. Completion of the disposal is expected to generate a net gain of approximately RMB340 million for the Chuang's China Group and such gain will be booked in the first half of the financial year ending 31st March, 2012.

# Beverly HILLS

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



The project comprises completed residential and commercial properties of about 80,200 *sq. m.*. Land cost is about RMB200 per *sq. m.*. It comprises 172 bungalows, link houses and semi-detached houses and 144 units of high rise apartments with a total GFA of 70,000 *sq. m.*. Up to the date of this report, about 72% has been sold.

The Group will market the remaining 19,300 *sq. m.* at the total sales value of about RMB164,000,000. In addition, construction works of the commercial and residential properties with a total GFA of about 10,200 *sq. m.* have been completed. The Group will commence on internal fitting out of the furnished hotel apartments having GFA of about 5,400 *sq. m.* with estimated sales value of about RMB32 million for sale.

	( <i>sq. m.</i> )
Site Area	<b>95,948</b>
Total Gross Floor Area	<b>80,200</b>



# Chuang's Mid-town



Chuang's Mid-town, Anshan, Liaoning (100% owned by Chuang's China)

In April 2010, the Group participated in government land auction and successfully bid for the development site in Anshan, Liaoning province. Chuang's Mid-town 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 walking mall. It will be developed into a comprehensive complex for residential and commercial purpose and with a plot ratio of 10 times, residential GFA will be 90,000 *sq. m.* and commercial GFA will be 20,000 *sq. m.*. Based on 110,000 developable *sq. m.*, the average land cost is about RMB400 per *sq. m.*

	( <i>sq. m.</i> )
Site Area	<b>11,000</b>
Total Gross Floor Area	<b>110,000</b>



Land costs for the site have been fully paid. According to the terms of the land auction, the site should be delivered to the Group before 30th July, 2010. However, up to the date of this report, the local government has not yet fulfilled its obligation to handover the site. The Group is closely following up the situation with the local government for handing over the site. The Group has finalised the master layout plan for the project and will commence on ground investigation works once the site is delivered by the local government.

Chuang's Mid-town (perspective)



# Chuang's PLAZA

## 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. Situated within 1 km from the first site, the second site acquired by the Group 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. Based on a plot ratio of 10 times, the site will be developed into comprehensive complex for residential and commercial purpose with developable GFA of 390,000 sq. m., and the average land cost is about RMB400 per sq. m..



Chuang's Plaza (perspective)



Land costs for the site have been fully paid. According to the terms of the land auction, the site should be delivered to the Group before 30th July, 2010. However, up to the date of this report, the local government has not yet fulfilled its obligation to handover the site. The Group is closely following up the situation with the local government for handing over the site. 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.

	(sq. m.)
Site Area	39,500
Total Gross Floor Area	390,000

# Xiamen Mingjia Binhai

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 84 keys will be built and water features including waterfalls, cascades and infinity pool concept will be incorporated. Master planning of the

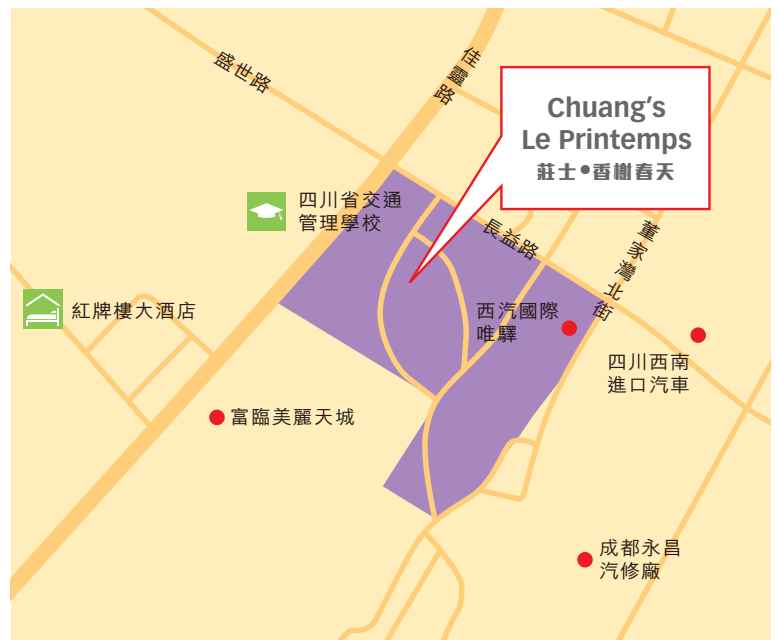


	( <i>sq. m.</i> )
Site Area	27,574
Total Gross Floor Area	18,000



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

development has been approved by the relevant PRC authorities. The Group has commenced on the tendering process and will kick off construction works shortly.



The 30,000 *sq. m.* site is located in the prominent district within the second-ring road, Wu Hou Qu (武侯區) of Chengdu. The project is in planning stage. In order to expand the development size, the Group is in discussions with the local government for resettlement and redevelopment of the adjacent site. Once such redevelopment is approved, the master layout plan will be revised from the existing plot ratio of 4 to a plot ratio of 6.

# SHOW FLATS

  
LePapillon  
莊士·映蝶藍灣

  
莊士新都  
濱江豪園  
Imperial Garden





## Chairman's Statement

# Business Review

### (ii) Property Sales

For the financial year ended 2011, only about HK\$156.5 million was recognised as revenues from property sales of the Group in the PRC and was mainly related to sales of Block C of phase I of Chuang's Le Papillon in Guangzhou, Imperial Garden in Dongguan and Beverly Hills in Changsha. The revenues recognition was low as property sales can only be recognised as revenues when the sold properties are delivered to buyers. Therefore those sales relating to properties under construction or properties sold but not yet delivered to buyers cannot be accounted for as revenues for the year under review.

The financial year ending 2012 is expected to be a significant breakthrough for the Group in the PRC with the target sales plan of about RMB2,850 million. As at the date of this report, the Group has already

achieved contracted sales in the PRC of about RMB1,175 million, including the disposals of the Xingsha project at RMB526 million and the Huizhou project at RMB192 million as mentioned above, as well as property sales related to Chuang's Le Papillon and Imperial Garden. Upon completion of the disposals and delivery of the properties to buyers, the Group expects that these contracted sales will be recorded as revenues for the financial year ending 2012.

Between now to 31st March, 2012, the Group targets to market an aggregate GFA of about 180,000 sq. m. in Chuang's Le Papillon, Imperial Garden and Beverly Hills, and the total value amounts to about RMB1,675 million based on current selling prices.



## (D) Other Businesses

### (i) Midas International Holdings Limited (“Midas”) (44.6% owned)

Midas is listed on the Stock Exchange and is principally engaged in the printing business and the operation of cemetery in the PRC. The European financial crisis occurred in 2010 affected the printing business of Midas. As a result, revenues of Midas during the year ended 31st December, 2010 decreased by 2% to HK\$293.6 million and Midas recorded a loss attributable to shareholders of HK\$73.9 million during the year.

As for the printing business, in order to alleviate the adverse trading environment, Midas will continue to take steps to strengthen sales, develop new products to improve profit margins and enhance costs controls.



As for the cemetery business, the new highway linking Guangzhou and Hezhou that passes Sihui, where the cemetery is located, has just been completed. This improvement in infrastructure has enhanced the accessibility and demand of the graveyards, in particular from the Guangzhou region. The Group believes that cemetery business in the PRC has long-term potential due to the increase in aged population leading to the demand of quality burial services in the PRC.

In May 2011, Midas announced a one for one rights issue to raise a net proceed of approximately HK\$107 million to finance the expansion plans of its printing and cemetery businesses. The Group has undertaken to subscribe for its entitlement under the rights issue and underwrite the balance of the rights issue. Depending on the level of subscription of the rights shares by the minority shareholders of Midas, Midas may become a subsidiary of the Group upon completion of the rights issue by the end of July 2011. Details of the transaction were included in the circular to shareholders of the Company dated 8th June, 2011.

## Chairman's Statement

# Business Review

### (ii) Sintex Nylon and Cotton Products (Pte) Limited ("Sintex")

#### Yuen Sang Hardware Company (1988) Limited ("Yuen Sang")

The Group's other businesses also include investments in Sintex, a company incorporated in Singapore and engaged in the manufacture and sale of home finishing products under its own brand names, and Yuen Sang, a company owned by Chuang's China and engaged in the manufacture and sale of metalware for exports. During the year, the weak consumer demand has affected these businesses. As a result, revenues generated from these businesses decreased by about 9.3% to HK\$78.1 million. However, taking into account the compensation of RMB14.5 million received by Yuen Sang from the government authorities in the PRC on relocation of factory premises, operating profit contribution from the manufacturing and trading business of the Group during the year amounted to HK\$11.1 million.

### (iii) Securities Investment and Trading

During the year, the securities investment and trading business of the Group recorded a profit of HK\$3.4 million. As at the balance sheet date, quoted investments of the Group amounted to HK\$127.1 million.

### Financial Positions

As at 31st March, 2011, net assets attributable to equity holders was HK\$5,395.1 million. Net asset value per share was approximately HK\$3.42, 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, 2011, the Group's cash and bank balances (including restricted bank balance which has been released as bank balances of the Group in April 2011) and quoted investments amounted to HK\$1,788.9 million (2010: HK\$1,001.5 million). Bank borrowings as at the same date amounted to HK\$2,562.6 million (2010: HK\$2,529.7 million). The Group's net debt to equity ratio, expressed as a percentage of bank borrowings net of cash and bank balances and quoted investments over net assets attributable to equity holders of the Company, was 14.3% (2010: 33.4%), representing a significant improvement over that of last year.

Approximately 82.5% of the Group's cash and bank balances and quoted investments were denominated in Hong Kong dollar, United States dollar and Malaysian Ringgit, with the balance of 17.5% denominated in Renminbi. Approximately 86.1% of the Group's bank borrowings were denominated in Hong Kong dollar, 6.0% in Renminbi and the balance of 7.9% in Malaysian Ringgit. Accordingly, there should not be material risk in foreign exchange fluctuation.

Approximately 6.3% of the Group's bank borrowings were repayable within one year, 23.8% repayable within the second year, 27.5% repayable within the third to fifth years and the balance of 42.4% repayable after five years.



## Prospects

With the continued sustainable growth of the economy, the rapid urbanisation trend, the increase in household income and the strong demand for better living standard in the PRC, and Hong Kong being an important gateway to the PRC and an international financial and trade centre, the Group is confident in the long term prospects of the property markets in Hong Kong and the PRC.

In the current financial year, the Group has taken steps to unlock the store value of certain of our properties in Hong Kong and the PRC. Such disposals not only generated substantial cashflow and profits to the Group but also laid a solid foundation for the continual growth of our Group. In the coming financial years, the Group will continue to focus on improving rental yield of our investment properties and will expedite the development and sales of our major development projects in Hong Kong, the PRC, Vietnam, Mongolia and Taiwan so as to further unlock the store value of these properties. In addition, the Group will also continuously seek for new real estate business opportunities, through plough back of proceeds from sales of our completed projects, in the areas that the Group operates in order to replenish our land bank so as to further create value for our shareholders.

## Staff

The Group puts emphasis on training and cultivating elite talent. We are committed to providing a dynamic and enthusiastic working atmosphere and increase hiring talents of all fields. As at 31st March, 2011, the Group employed 822 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, 28th June, 2011

# 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:

<b>Name</b>	<b>Position</b>
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”)*	Executive Director
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.*

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

### REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)

#### (A) The Board (Continued)

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

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

(iii) *Board meetings*

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

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

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

(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.

## Corporate Governance Report (continued)

### REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)

#### (A) The Board (Continued)

(iv) *Nomination Committee (Continued)*

The attendance record of each committee member is as follows:

<b>Name</b>	<b>No. of meeting attended/held</b>
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.

(vi) *Responsibilities of Directors*

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

(vii) *Directors' dealings in securities*

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

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

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

### REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)

#### (B) Remuneration of Directors and senior management

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

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

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

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

(iii) *Remuneration Committee*

A Remuneration Committee was established with clear terms of reference to review the remuneration of the Executive Directors and senior management. The Remuneration Committee currently comprises three Independent Non-Executive Directors, Dr. Peter Po Fun Chan, Mr. Abraham Shek Lai Him and Mr. 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:

<b>Name</b>	<b>No. of meeting attended/held</b>
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 financial information 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:

<b>Name</b>	<b>No. of meetings attended/held</b>
Dr. Peter Po Fun Chan *	2/2
Mr. Abraham Shek Lai Him	2/2
Mr. Fong Shing Kwong	1/2

\* *Chairman of the Audit Committee*

### REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)

#### (C) Accountability and audit (Continued)

(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	2,150
Non-audit services	920
	3,070

#### (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 of the Company, due to his personal commitment, did not attend the annual general meeting of the Company held on 30th August, 2010 (the "2010 AGM") in accordance with Rule E.1.2. of the CG Code. However, the Managing Director of the Company attended the 2010 AGM to answer questions raised by shareholders.

(ii) *Significant issues*

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

(iii) *Voting by poll*

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.

## Corporate Governance Report (continued)

### CONCLUSION

Save as disclosed herein, the Company has complied with the code provisions of the CG Code for the year ended 31st March, 2011.

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

**Ko Sheung Chi**  
*Managing Director*

Hong Kong, 28th June, 2011



# 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, 2011.

## 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 lines 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 82.

The Directors have resolved to recommend for the shareholders’ approval at the forthcoming annual general meeting the payment of a final dividend of 3.2 HK cents (2010: 2.0 HK cents) per share for the year ended 31st March, 2011. The final dividend, if approved, will be paid on or before 3rd November, 2011 by allotment of new shares with a cash option to the shareholders whose names appear on the Company’s register of members on 9th September, 2011.

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 9th September, 2011, whichever is the higher.

An interim dividend of 1.8 HK cents (2010: 1.0 HK cent) per share has been paid in respect of the current financial year. Total dividends for the year, therefore, amounted to 5.0 HK cents (2010: 3.0 HK cents) per share with total amount of HK\$78.5 million (2010: HK\$45.8 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 donations and sponsorships amounting to HK\$4,750,000.

## **Report of the Directors (continued)**

### **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 as at 31st March, 2011 are set out on pages 167 to 171.

### **FINANCIAL SUMMARY**

A summary of financial information of the Group for the five years ended 31st March, 2011 is set out on page 172.

### **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. Ko Sheung Chi, Mr. Lui Lop Kay and Mr. Abraham Shek Lai Him 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.

## Report of the Directors (continued)

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 31st March, 2011, 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")	824,123,587	Note 1	52.26
Mrs. Alice Siu Chuang Siu Suen ("Mrs. Siu")	257,013,986	Note 2	16.30
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,064,158	Beneficial owner	0.067
Mr. Lui Lop Kay ("Mr. Lui")	119,602	Beneficial owner	0.008
Dr. Peter Po Fun Chan ("Dr. Chan")	829,812	Beneficial owner	0.05

Note 1: Such interests comprised 638,502,676 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 185,620,911 shares in the Company. Mr. Alan Chuang and Mr. Albert Chuang are directors of Evergain.

Note 2: Such interests comprised 71,393,075 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 185,620,911 shares in the Company.

## Report of the Directors (continued)

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

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

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	868,975,218	Notes 3 & 6	57.04
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	66.96
Mr. Abraham Shek Lai Him	15,000	Beneficial owner	0.001

#### (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 are held by Profit Stability Investments Limited, a wholly-owned subsidiary of the Company.

Note 4: Such interests comprised 492,278,947 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 205,000,000 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.

## Report of the Directors (continued)

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

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

Other than as disclosed herein, as at 31st March, 2011, 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. 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.

## Report of the Directors (continued)

### SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executive of the Company and save as disclosed in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, as at 31st March, 2011, 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	638,502,676	Beneficial owner, <i>Note 1</i>	40.49
Mrs. Chong Ho Pik Yu	638,502,676	<i>Note 2</i>	40.49
Madam Chuang Shau Har ("Madam Chuang")	186,344,135	<i>Note 3</i>	11.82
Mr. Lee Sai Wai ("Mr. Lee")	186,344,135	<i>Note 4</i>	11.82
Third Avenue Management LLC	122,116,000	Investment manager	7.74

*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 185,620,911 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 185,620,911 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, 2011, there was no other person who was recorded in the register of the Company as having interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

## Report of the Directors (continued)

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

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

### **BORROWINGS**

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

### **PLEDGE OF ASSETS**

As at 31st March, 2011, the Group has pledged the shares and assets of certain subsidiaries, including investment properties, properties for/under development, properties for sale and bank deposits, with an aggregate carrying value of HK\$4,870,042,000 (2010: HK\$5,134,644,000), 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 18% and 38% respectively of the total purchases of the Group for the year.

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

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

### **RETIREMENT SCHEMES**

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

## Report of the Directors (continued)

### SHARE OPTION SCHEMES

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

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

1. Purpose: To give incentive to Directors, employees or business consultants of the Group and any other party as approved under the Scheme
2. Participants: Including, inter alia, Directors, employees or business consultants of the Group
3. Total number of shares available for issue under the Scheme and percentage of the issued share capital that it represents as at the date of this report: 132,800,615 shares are available for issue under the Scheme, representing approximately 8.42% of the issued share capital as at the date of this report
4. Maximum entitlement of each participant: 1% of the maximum aggregate number of shares that may be issued within 12 months pursuant to the Scheme
5. Period within which the shares must be taken up under an option: Not applicable. No share option has been granted since the date of adoption of the Scheme on 30th August, 2002
6. Amount payable on acceptance of an option and the period within which payments shall be made: HK\$1.00 payable to the Company upon acceptance of option which should be taken up within 28 days from the date of offer for option ("Offer Date") (which must be a trading day)
7. The basis of determining the exercise price: No less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the Offer Date (which must be a trading day); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share
8. The remaining life of the Scheme: Valid until 29th August, 2012 unless otherwise terminated under the terms of the Scheme



## Report of the Directors (continued)

### SHARE OPTION SCHEMES (Continued)

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

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

## **Report of the Directors (continued)**

### **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the year ended 31st March, 2011.

### **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, 28th June, 2011

# 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 82 to 166, which comprise the consolidated and company balance sheets as at 31st March, 2011, 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 information.

## **DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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, 2011, 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, 28th June, 2011

# Consolidated Income Statement

For the year ended 31st March, 2011

	Note	2011 HK\$'000	2010 HK\$'000 (Restated)
Revenues	5	<b>382,785</b>	560,887
Cost of sales		<b>(221,774)</b>	(378,887)
Gross profit		<b>161,011</b>	182,000
Other income	7	<b>49,807</b>	74,889
Net gain on disposal of investment properties		<b>503,742</b>	–
Selling and marketing expenses		<b>(37,505)</b>	(52,750)
Administrative and other operating expenses		<b>(227,181)</b>	(205,863)
Change in fair value of investment properties		<b>488,181</b>	1,026,695
Operating profit	8	<b>938,055</b>	1,024,971
Finance costs	10	<b>(46,772)</b>	(36,859)
Share of results of associated companies	21	<b>(30,814)</b>	(24,443)
Share of result of a jointly controlled entity	22(b)	<b>(214)</b>	(17)
Profit before taxation		<b>860,255</b>	963,652
Taxation	12	<b>(64,662)</b>	(14,672)
Profit for the year		<b>795,593</b>	948,980
Attributable to:			
Equity holders	13	<b>789,686</b>	915,684
Non-controlling interests		<b>5,907</b>	33,296
		<b>795,593</b>	948,980
Dividends	14	<b>78,468</b>	45,758
		<b>HK cents</b>	HK cents (Restated)
Earnings per share (basic and diluted)	15	<b>51.20</b>	60.45

The notes on pages 89 to 166 are an integral part of these financial statements.

# Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2011

	2011 HK\$'000	2010 HK\$'000 (Restated)
<b>Profit for the year</b>	<b>795,593</b>	948,980
Other comprehensive income:		
Changes in exchange rates	<b>60,417</b>	45,306
Share of reserves of an associated company	<b>344</b>	10,397
Change in fair value of available-for-sale financial assets	<b>7,604</b>	40,760
Impairment of available-for-sale financial assets	<b>–</b>	2,000
Other comprehensive income for the year	<b>68,365</b>	98,463
<b>Total comprehensive income for the year</b>	<b>863,958</b>	1,047,443
Total comprehensive income attributable to:		
Equity holders	<b>837,229</b>	985,907
Non-controlling interests	<b>26,729</b>	61,536
	<b>863,958</b>	1,047,443

The notes on pages 89 to 166 are an integral part of these financial statements.

# Consolidated Balance Sheet

As at 31st March, 2011

	Note	31st March, 2011 HK\$'000	31st March, 2010 HK\$'000 (Restated)	1st April, 2009 HK\$'000 (Restated)
<b>Non-current assets</b>				
Property, plant and equipment	16	88,309	82,765	84,659
Investment properties	17	4,265,957	4,315,360	3,084,207
Leasehold land and land use rights	18	13,748	12,979	18,622
Properties for/under development	19	404,402	70,521	547,790
Associated companies	21	218,309	241,269	278,835
Jointly controlled entity	22(b)	–	–	–
Amount due from a jointly controlled entity	22(c)	56,287	52,190	–
Available-for-sale financial assets	23	86,627	74,978	31,892
Loans and receivables	24	68,865	72,372	56,071
Derivative financial instruments	32	–	14,237	–
		<b>5,202,504</b>	4,936,671	4,102,076
<b>Current assets</b>				
Properties for sale	25	2,052,848	1,882,619	1,601,837
Inventories	26	74,682	79,017	96,422
Debtors and prepayments	27	962,137	348,742	287,281
Tax recoverable		–	260	298
Financial assets at fair value through profit or loss	29	127,080	46,688	6,279
Restricted bank balance	31	125,004	–	–
Cash and bank balances	30	1,536,803	954,772	1,181,285
		<b>4,878,554</b>	3,312,098	3,173,402
Investment property held for sale	17	17,160	320,000	–
		<b>4,895,714</b>	3,632,098	3,173,402
<b>Current liabilities</b>				
Creditors and accruals	31	850,208	326,668	209,214
Short-term bank borrowings	35	–	22,133	87,011
Current portion of long-term bank borrowings	35	162,063	1,171,663	1,209,831
Taxation payable		135,234	85,010	67,734
		<b>1,147,505</b>	1,605,474	1,573,790
<b>Net current assets</b>		<b>3,748,209</b>	2,026,624	1,599,612
<b>Total assets less current liabilities</b>		<b>8,950,713</b>	6,963,295	5,701,688

## Consolidated Balance Sheet (continued)

As at 31st March, 2011

	Note	31st March, 2011 HK\$'000	31st March, 2010 HK\$'000 (Restated)	1st April, 2009 HK\$'000 (Restated)
<b>Equity</b>				
Share capital	33	394,218	382,183	377,647
Reserves	34	4,950,388	4,161,160	3,212,782
Proposed final dividend	34	50,460	30,575	7,553
Shareholders' funds		5,395,066	4,573,918	3,597,982
Non-controlling interests		952,616	859,379	816,637
<b>Total equity</b>		<b>6,347,682</b>	5,433,297	4,414,619
<b>Non-current liabilities</b>				
Long-term bank borrowings	35	2,400,552	1,335,887	1,064,711
Derivative financial instruments	32	2,566	1,442	1,442
Deferred taxation liabilities	36	189,759	182,531	184,732
Loans from non-controlling interests	37	10,154	10,138	36,184
		2,603,031	1,529,998	1,287,069
		<b>8,950,713</b>	6,963,295	5,701,688

**Ko Sheung Chi**  
Director

**Albert Chuang Ka Pun**  
Director

The notes on pages 89 to 166 are an integral part of these financial statements.

# Balance Sheet

As at 31st March, 2011

	Note	2011 HK\$'000	2010 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	86	160
Subsidiaries	20	888,708	888,708
Loan to a subsidiary	28	56,225	56,225
		<b>945,019</b>	945,093
<b>Current assets</b>			
Debtors and prepayments	27	865	178
Loan to a subsidiary	28	180,000	–
Amounts due from subsidiaries	28	349,729	886,670
Cash and bank balances	30	1,272,851	619,792
		<b>1,803,445</b>	1,506,640
<b>Current liabilities</b>			
Creditors and accruals	31	2,285	2,014
Amount due to a subsidiary	28	304,494	–
		<b>306,779</b>	2,014
<b>Net current assets</b>		<b>1,496,666</b>	1,504,626
<b>Net assets</b>		<b>2,441,685</b>	2,449,719
<b>Equity</b>			
Share capital	33	394,218	382,183
Reserves	34	1,997,007	2,036,961
Proposed final dividend	34	50,460	30,575
<b>Total equity</b>		<b>2,441,685</b>	2,449,719

**Ko Sheung Chi**  
Director

**Albert Chuang Ka Pun**  
Director

The notes on pages 89 to 166 are an integral part of these financial statements.



# Consolidated Cash Flow Statement

For the year ended 31st March, 2011

	Note	2011 HK\$'000	2010 HK\$'000
<b>Cash flows from operating activities</b>			
Cash used in operations	40(a)	(780,423)	(206,648)
Interest paid		(53,122)	(58,179)
Overseas tax paid		(10,265)	(6,032)
Net cash used in operating activities		(843,810)	(270,859)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(22,625)	(3,967)
Purchase of investment properties		(110,846)	(11,103)
Purchase of available-for-sale financial assets		(5,918)	(2,326)
Proceeds from disposal of property, plant and equipment		2,859	28,177
Net proceeds from disposal of investment properties		1,514,160	–
Net proceeds from disposal of available-for-sale financial assets		2,372	–
Net proceeds of compensation from governments for the resumption of assets		41,588	–
Purchase of additional interests in a subsidiary		–	(16,446)
(Decrease)/increase in amount payable to an associated company		(347)	18,576
Subscription of convertible note of an associated company		–	(60,000)
Advance to a jointly controlled entity		(4,311)	(52,207)
Decrease in pledged bank deposits		20,079	105,218
(Increase)/decrease in bank deposits maturing more than three months from date of placement		(5,009)	344,551
Interest income received		7,941	9,712
Dividend income received		65	50
Net cash from investing activities		1,440,008	360,235
<b>Cash flows from financing activities</b>			
New bank borrowings		566,000	477,171
Repayment of bank borrowings		(553,277)	(334,975)
Capital injection by non-controlling interest		364	–
Decrease in net amounts with non-controlling interests		–	(1,264)
Dividends paid to shareholders		(16,081)	(9,971)
Net cash (used in)/from financing activities		(2,994)	130,961
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		929,037	707,649
Exchange difference on cash and cash equivalents		7,763	1,051
<b>Cash and cash equivalents at the end of the year</b>	40(b)	<b>1,530,004</b>	929,037

The notes on pages 89 to 166 are an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31st March, 2011

	Share capital HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Shareholders' funds HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st April, 2009						
As previously reported	377,647	1,036,515	2,007,025	3,421,187	814,741	4,235,928
Prior year adjustment (note 2(a))	–	(466)	177,261	176,795	1,896	178,691
As restated	377,647	1,036,049	2,184,286	3,597,982	816,637	4,414,619
Profit for the year, as restated	–	–	915,684	915,684	33,296	948,980
Other comprehensive income:						
Changes in exchange rates, as restated	–	35,436	–	35,436	9,870	45,306
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	–	57,656	928,251	985,907	61,536	1,047,443
Dividends	4,536	8,229	(22,736)	(9,971)	–	(9,971)
Capital injection by non-controlling interests	–	–	–	–	28,789	28,789
Purchase of additional interests in a subsidiary	–	–	–	–	(47,583)	(47,583)
At 31st March, 2010, as restated	382,183	1,101,934	3,089,801	4,573,918	859,379	5,433,297
At 1st April, 2010						
As previously reported	382,183	1,101,988	2,796,584	4,280,755	850,262	5,131,017
Prior year adjustment (note 2(a))	–	(54)	293,217	293,163	9,117	302,280
As restated	382,183	1,101,934	3,089,801	4,573,918	859,379	5,433,297
Profit for the year	–	–	789,686	789,686	5,907	795,593
Other comprehensive income:						
Changes in exchange rates	–	41,702	–	41,702	18,715	60,417
Share of reserves of an associated company	–	344	–	344	–	344
Change in fair value of available-for-sale financial assets	–	5,497	–	5,497	2,107	7,604
Total comprehensive income for the year	–	47,543	789,686	837,229	26,729	863,958
Dividends	12,035	30,467	(58,583)	(16,081)	–	(16,081)
Capital injection by non-controlling interests	–	–	–	–	66,508	66,508
<b>At 31st March, 2011</b>	<b>394,218</b>	<b>1,179,944</b>	<b>3,820,904</b>	<b>5,395,066</b>	<b>952,616</b>	<b>6,347,682</b>

The notes on pages 89 to 166 are an integral part of these financial statements.

# Notes to the Financial Statements

For the year ended 31st March, 2011

## 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 financial assets at fair value through profit or loss 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, 2011, the Group adopted the following revised standards, amendments and interpretations that are effective for the Group's accounting periods beginning on 1st April, 2010 and relevant to the Group's operations:

HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 17 (Amendment)	Leases
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 36 (Amendment)	Impairment of Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKFRS 8 (Amendment)	Operating Segments
HK-Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (a) Basis of preparation (Continued)

In addition, for the financial year ended 31st March, 2011, the Group has early adopted HKAS 12 (Amendment) "Deferred Tax: Recovery of Underlying Assets" which should be effective for the Group's accounting periods beginning on 1st April, 2012.

The Group has assessed the impact of the adoption of these 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 except for HKAS 17 (Amendment), HKAS 27 (Revised), HKFRS 3 (Revised), HK-Int 5 and the early adoption of HKAS 12 (Amendment).

#### *HKAS 17 (Amendment) Leases*

HKAS 17 (Amendment) requires the Group to reassess the classification of leasehold land as finance or operating leases. The Group has reassessed the classification of unexpired leasehold land as at 1st April, 2010 on the basis of information existing at the inception of those leases, and considered that no reclassification is necessary.

In addition, during the reassessment, the Group has changed its accounting policy for leasehold land and land use rights which are accounted for as properties for/under development and properties for sale. These leasehold land and land use rights meet the definition of both inventories under HKAS 2 "Inventories" and leasehold land under HKAS 17 (Amendment). Previously they were classified as prepaid operating lease and payments were amortised on a straight line basis over the period of the lease in accordance with HKAS 17. Amortisation during the development phase was capitalised as part of the development cost of the properties. Amortisation charge incurred prior to the development and following completion of the property was recognised in the income statement.

Subsequent to the change in accounting policy, the leasehold land and land use rights are classified as inventories in accordance with HKAS 2 and measured at the lower of cost and net realisable value. Management believes that the new classification as inventories results in a more relevant presentation of the financial position of the Group, and of its performance for the period. The revised treatment reflects management's intent regarding the use of the leasehold land and land use rights, and results in a presentation consistent with industry practice.

Since development commenced almost immediately after leasehold land and land use rights were obtained, and a large majority of completed properties were sold in the same period in which the respective properties were completed, substantially all amortisation charges had been capitalised in prior years. Accordingly, the change in accounting policy has had no material effect on the income statement of the Group for the current year or comparative periods. Moreover, as the leasehold land and land use rights were already accounted for as part of properties for/under development and properties for sale in prior years, the change in accounting policy had no impact on the balance sheet.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (a) Basis of preparation (Continued)

*HKAS 27 (Revised)*                      *Consolidated and Separate Financial Statements*

*HKFRS 3 (Revised)*                      *Business Combinations*

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests that do not result in the change of control to be recorded as equity transactions and these transactions will no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the entity is remeasured to fair value, the difference between its fair value and carrying amount is recognised in the income statement.

HKFRS 3 (Revised) continued to apply the acquisition method to business combinations, with some significant changes. For example, all acquisition-related costs should be expensed. The cost of acquisition includes the fair value at the acquisition date of any contingent purchase consideration. In a business combination undertaken in phases/stages, the previously held equity interest in the acquiree is remeasured at fair value and the difference between its fair value and carrying amount is recognised in the income statement. There is a choice, on the basis of each acquisition, to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The adoption of HKAS 27 (Revised) and HKFRS 3 (Revised) does not result in any impact on the Group's result in the current year or the financial position at the end of the year.

*HK-Int 5*                                      *Presentation of Financial Statements – Classification by the Borrower of  
a Term Loan that Contains a Repayment on Demand Clause*

HK-Int 5 clarifies that term loans that include a clause giving the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK-Int 5 for the first time in the current year. HK-Int-5 requires retrospective application.

Upon adoption of HK-Int 5, the Group has changed its accounting policy on classification of bank borrowings with a repayment on demand clause. In the past, the classification of such bank borrowings were determined based on the agreed scheduled repayment dates set out in the loan/facility agreements. Under HK-Int 5, bank borrowings with a repayment on demand clause are classified as current liabilities. The effects of this change of accounting policy on the financial position of the Group in the current and prior years are as set out below.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (a) Basis of preparation (Continued)

*HKAS 12 (Amendment)*      *Deferred Tax: Recovery of Underlying Assets*

Under HKAS 12 (Amendment), there is a rebuttable presumption that the carrying amount of investment property using fair value model will be recovered through sale. Accordingly, the measurement of the deferred tax assets or liabilities shall reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless management rebuts the presumption and considers that the investment properties are held within a business model whose objective is to consume substantially all the investment properties' economic benefits over time, rather than through sale. HKAS 12 (Amendment) requires retrospective application. The effects of this change of accounting policy on the results and financial position of the Group in the current and prior years are as set out below.

#### CONSOLIDATED INCOME STATEMENT

	<b>2011</b>	2010
	<b>HKAS 12</b>	HKAS 12
	<b>(Amendment)</b>	(Amendment)
	<b>HK\$'000</b>	HK\$'000
Decrease in taxation charge of investment properties owned	<b>41,374</b>	123,177
Reversal of taxation of investment properties disposed of during the year	<b>(47,964)</b>	–
(Decrease)/increase in profit for the year	<b>(6,590)</b>	123,177
Attributable to:		
Equity holders	<b>(10,934)</b>	115,956
Non-controlling interests	<b>4,344</b>	7,221
	<b>(6,590)</b>	123,177
	<b>HK cent</b>	HK cents
(Decrease)/increase in earnings per share – basic	<b>(0.71)</b>	7.65

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (a) Basis of preparation (Continued)

##### CONSOLIDATED BALANCE SHEET

	31st March, 2011			31st March, 2010			1st April, 2009		
	HKAS 12	HK-Int 5	Total	HKAS 12	HK-Int 5	Total	HKAS 12	HK-Int 5	Total
	(Amendment)	HK-Int 5	Total	(Amendment)	HK-Int 5	Total	(Amendment)	HK-Int 5	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Increase/(decrease) in:									
<b>Non-current assets</b>									
Deferred taxation assets	(113)	-	(113)	(1,092)	-	(1,092)	(1,469)	-	(1,469)
<b>Current liabilities</b>									
Current portion of long-term bank borrowings	-	-	-	-	973,280	973,280	-	1,038,000	1,038,000
<b>Non-current liabilities</b>									
Long-term bank borrowings	-	-	-	-	(973,280)	(973,280)	-	(1,038,000)	(1,038,000)
Deferred taxation liabilities	(296,070)	-	(296,070)	(303,372)	-	(303,372)	(180,160)	-	(180,160)
	(296,070)	-	(296,070)	(303,372)	(973,280)	(1,276,652)	(180,160)	(1,038,000)	(1,218,160)
<b>Net assets</b>	<b>295,957</b>	<b>-</b>	<b>295,957</b>	<b>302,280</b>	<b>-</b>	<b>302,280</b>	<b>178,691</b>	<b>-</b>	<b>178,691</b>
Retained earnings	282,283	-	282,283	293,217	-	293,217	177,261	-	177,261
Exchange reserve	213	-	213	(54)	-	(54)	(466)	-	(466)
Non-controlling interests	13,461	-	13,461	9,117	-	9,117	1,896	-	1,896
<b>Total equity</b>	<b>295,957</b>	<b>-</b>	<b>295,957</b>	<b>302,280</b>	<b>-</b>	<b>302,280</b>	<b>178,691</b>	<b>-</b>	<b>178,691</b>

### 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, 2011, but have not yet been adopted by the Group:

HKAS 24 (Revised)	Related Party Disclosures (effective from 1st January, 2011)
HKFRSs (Amendment)	Improvements to HKFRSs 2010 (effective from 1st July, 2010 and 1st January, 2011, as appropriate)
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters (effective from 1st July, 2010)
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets (effective from 1st July, 2011)
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.

#### (b) Consolidation

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



### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (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 Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

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

In the balance sheet of the Company, investments in subsidiaries are carried at cost less impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend income.

#### (d) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (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, it is regarded as a transaction with non-controlling interest. 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. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the income statement.

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. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose has been identified according to operating segment.

### 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. 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 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 for 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.

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), are recognised in the income statement as fair value gains or losses.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (i) Investment properties (Continued)

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. No amortisation is made for the leasehold land and land use rights recorded under properties for sale.

#### (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 and net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

#### (m) Financial assets

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

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (m) Financial assets (Continued)

Financial assets at fair value through profit or loss 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 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 financial assets at 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 and net realisable value. Costs, calculated on the first-in first-out basis or weighted average basis, include material cost, direct labour cost and an appropriate proportion of production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

#### (p) Trade and other debtors

Trade and other debtors are 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 and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.



### 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.

### 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 bases:

- (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 has 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 as sales deposits received 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 fees 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.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

#### (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.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (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 guarantee are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

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

### 3 FINANCIAL RISK MANAGEMENT

#### (a) Financial risk factors

The activities of the Group expose it to a variety of financial risks including credit risk, liquidity risk, cash flow and fair value interest rate risk, foreign exchange risk and price risk. The overall risk management programme of the Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out by the Finance Department under policies approved by the Board of Directors (the "Board"). The Board provides principles for overall risk management, as well as written policies covering specific areas.

##### (i) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial assets (other than available-for-sale financial assets and financial assets at fair value through profit or loss) 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, 2011, the monies (including restricted bank balance) placed in Hong Kong listed banks and financial institutions and the PRC state-owned banks amounted to approximately HK\$1,310 million (2010: HK\$785 million) and HK\$342 million (2010: HK\$166 million), respectively.

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Financial risk factors (Continued)

(i) *Credit risk (Continued)*

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 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, 2011

### 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 (ignoring the effect of any repayment on demand clause). 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
<b>Group</b>					
<b>2011</b>					
Creditors and accruals	850,208	–	–	–	850,208
Bank borrowings	202,194	661,421	767,732	1,135,590	2,766,937
Loans from non-controlling interests	–	–	–	10,154	10,154
<b>2010</b>					
Creditors and accruals	326,668	–	–	–	326,668
Bank borrowings	266,954	486,314	1,740,272	185,672	2,679,212
Loans from non-controlling interests	–	–	–	10,138	10,138
<b>Company</b>					
<b>2011</b>					
Creditors and accruals	2,285	–	–	–	2,285
Amount due to a subsidiary	304,494	–	–	–	304,494
<b>2010</b>					
Creditors and accruals	2,014	–	–	–	2,014

The table below analyses the Group's bank borrowings which contained a repayment on demand clause as at the balance sheet date, and it shows the undiscounted cash outflows based on the earliest period in which the Group can be required to pay.

	On demand HK\$'000
<b>Group</b>	
<b>2010</b>	
Bank borrowings with a repayment on demand clause	1,054,400

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Financial risk factors (Continued)

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

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

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

As at 31st March, 2011, 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\$5,627,000 (2010: HK\$5,136,000).

(iv) *Foreign exchange risk*

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

The Group mainly operates in Hong Kong, the PRC, Singapore, Malaysia, Vietnam and Mongolia. 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 securities price risk because investments held by the Group are classified as available-for-sale financial assets and financial assets at fair value through profit or loss. Unrealised gains and losses arising from the change in the fair value of available-for-sale financial assets and financial assets at fair value through profit or loss 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 securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

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

	Impact on pre-tax result		Impact on investment revaluation reserve	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
5% change in market price	6,354	2,334	2,836	1,846



### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including short-term and long-term borrowings as shown in the consolidated balance sheet) less cash and bank balances (including restricted bank balance) and financial assets at fair value through profit or loss. Total capital represents shareholders' funds as shown in the consolidated balance sheet. The gearing ratio at 31st March, 2011 is 14.3% (2010: 33.4%, as restated).

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

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)

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31st March, 2011 and 2010.

	Level 1 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Group</b>			
<b>2011</b>			
<b>Assets</b>			
Available-for-sale financial assets			
– Listed equity securities	69,633	–	69,633
– Unlisted investments	–	16,994	16,994
Financial assets at fair value through profit or loss			
– Listed securities	127,080	–	127,080
<b>Total assets</b>	<b>196,713</b>	<b>16,994</b>	<b>213,707</b>
<b>Liabilities</b>			
Derivative financial instruments	–	(2,566)	(2,566)
<b>2010</b>			
<b>Assets</b>			
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
Financial assets at fair value through profit or loss			
– Listed securities	46,688	–	46,688
<b>Total assets</b>	<b>111,417</b>	<b>24,486</b>	<b>135,903</b>
<b>Liabilities</b>			
Derivative financial instruments	–	(1,442)	(1,442)

### 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 financial assets at fair value through profit or loss.

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 value for the remaining financial instruments

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Fair value estimation (Continued)

The following table presents the changes in level 3 instruments of the Group for the years ended 31st March, 2011 and 2010.

	Assets			Liabilities
	Available- for-sale financial assets HK\$'000	Derivative financial instruments HK\$'000	Total HK\$'000	Derivative financial instruments HK\$'000
<b>Group</b>				
At 1st April, 2009	9,923	–	9,923	(1,442)
Additions	2,326	22,776	25,102	–
Change in fair value recognised in the income statement	–	3,814	3,814	–
Change in fair value recognised in other comprehensive income	(2,000)	–	(2,000)	–
Share of convertible notes equity reserve of an associated company	–	(12,353)	(12,353)	–
At 31st March, 2010	10,249	14,237	24,486	(1,442)
Additions	5,918	–	5,918	–
Disposals	(1,873)	–	(1,873)	–
Change in fair value recognised in the income statement	–	(13,700)	(13,700)	–
Change in fair value recognised in other comprehensive income	2,700	–	2,700	–
Conversion of convertible note	–	(3,481)	(3,481)	–
Share of convertible notes equity reserve of an associated company	–	1,820	1,820	–
Reclassification	–	1,124	1,124	(1,124)
<b>At 31st March, 2011</b>	<b>16,994</b>	<b>–</b>	<b>16,994</b>	<b>(2,566)</b>
<b>Total (loss)/gain for the year in the income statement for instruments held as at the balance sheet date 2011</b>				
Net fair value loss	–	(13,700)	(13,700)	–
2010				
Net fair value gain	–	3,814	3,814	–
Impairment	(2,000)	–	(2,000)	–
	(2,000)	3,814	1,814	–

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\$147 million or HK\$166 million (2010: HK\$124 million or HK\$138 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\$963,000 or HK\$926,000 (2010: HK\$959,000 or HK\$971,000) 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 and 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, 2011

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

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

Borrowing costs directly attributable to the construction of properties under development, and amortisation of leasehold land and land use rights of properties not for sale, 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:

	2011 HK\$'000	2010 HK\$'000
Sales of properties	156,622	341,805
Rental income and management fees	137,110	126,681
Interest income from loans and receivables for property financing	7,578	–
Sales of goods	78,074	86,136
Securities trading	2,939	6,265
Interest income from financial assets at fair value through profit or loss	447	–
Dividend income from listed investments	15	–
	<b>382,785</b>	560,887

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 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.

The segment information by business lines is as follows:

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Securities investment and trading HK\$'000	Corporate HK\$'000	31st March, 2011 Total HK\$'000
Revenues	301,310	78,074	3,401	–	382,785
Other income	23,050	18,649	–	8,108	49,807
Operating profit/(loss)	1,054,844	11,097	3,401	(131,287)	938,055
Finance costs	(46,259)	(513)	–	–	(46,772)
Share of results of associated companies	187	(34,233)	–	3,232	(30,814)
Share of result of a jointly controlled entity	(214)	–	–	–	(214)
Profit/(loss) before taxation	1,008,558	(23,649)	3,401	(128,055)	860,255
Taxation	(62,788)	(1,848)	–	(26)	(64,662)
Profit/(loss) for the year	945,770	(25,497)	3,401	(128,081)	795,593
Segment assets	8,037,785	135,938	127,080	1,522,819	9,823,622
Associated companies	2,474	209,382	–	6,453	218,309
Jointly controlled entity	–	–	–	–	–
Amount due from a jointly controlled entity	56,287	–	–	–	56,287
Total assets	8,096,546	345,320	127,080	1,529,272	10,098,218
Total liabilities	3,718,769	11,948	–	19,819	3,750,536
Other segment items are as follows:					
Capital expenditure	710,437	3,667	–	14,374	728,478
Depreciation	4,865	2,539	–	3,765	11,169
Amortisation of leasehold land and land use rights					
– charged to income statement	190	335	–	–	525
– capitalised into properties	1,666	–	–	–	1,666
Write off of trade and other debtors	814	38	–	–	852
Recovery of trade debtor written off	1,712	–	–	–	1,712



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 6 SEGMENT INFORMATION (Continued)

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

	Property investment and development HK\$'000 (Restated)	Sale of goods and services HK\$'000 (Restated)	Securities investment and trading HK\$'000	Corporate HK\$'000 (Restated)	31st March, 2010 Total HK\$'000 (Restated)
Revenues	468,486	86,136	6,265	–	560,887
Other income	4,306	1,563	–	69,020	74,889
Operating profit/(loss)	1,071,825	(13,256)	6,265	(39,863)	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	(44,595)	6,265	(39,853)	963,652
Taxation	(14,528)	(129)	–	(15)	(14,672)
Profit/(loss) for the year	1,027,307	(44,724)	6,265	(39,868)	948,980
Segment assets	7,141,653	136,107	46,688	950,862	8,275,310
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	7,196,181	371,817	46,688	954,083	8,568,769
Total liabilities	3,103,889	15,863	–	15,720	3,135,472
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	175	310	–	–	485
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, 2011

### 6 SEGMENT INFORMATION (Continued)

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

	Property investment and development HK\$'000 (Restated)	Sale of goods and services HK\$'000 (Restated)	Securities investment and trading HK\$'000	Corporate HK\$'000 (Restated)	1st April, 2009 Total HK\$'000 (Restated)
Segment assets	5,912,382	152,030	6,279	925,952	6,996,643
Associated companies	31,950	243,686	–	3,199	278,835
Total assets	5,944,332	395,716	6,279	929,151	7,275,478
Total liabilities	2,830,494	16,562	–	13,803	2,860,859

#### (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		Capital expenditure	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Hong Kong	139,805	142,764	402,254	117,524
The PRC	158,163	338,964	316,160	379,859
Other countries	84,817	79,159	10,064	3,224
	382,785	560,887	728,478	500,607

	Non-current assets (Note)			Total assets		
	31st March, 2011 HK\$'000	31st March, 2010 HK\$'000	1st April, 2009 HK\$'000	31st March, 2011 HK\$'000	31st March, 2010 HK\$'000 (Restated)	1st April, 2009 HK\$'000 (Restated)
Hong Kong	4,363,251	4,262,874	3,540,707	6,644,683	5,817,751	4,599,881
The PRC	207,000	87,380	83,474	2,784,274	2,150,047	2,115,540
Other countries	476,761	424,830	389,932	669,261	600,971	560,057
	5,047,012	4,775,084	4,014,113	10,098,218	8,568,769	7,275,478

Note: Non-current assets in geographical segments represent non-current assets other than available-for-sale financial assets, loans and receivables and derivative financial instruments.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 7 OTHER INCOME

	2011 HK\$'000	2010 HK\$'000
Interest income from		
Bank deposits	4,119	3,998
Loans and receivables	5,017	3,845
Negative goodwill arising from the purchase of additional interests in a subsidiary	–	31,137
Sale of scraped material	413	965
Net gain on disposal of property, plant and equipment	2,130	27,286
Gain on disposal of available-for-sale financial assets	499	–
Net fair value gain on derivative financial instruments	–	3,814
Net compensation from governments for the resumption of assets	32,390	–
Recovery of trade debtor written off	1,712	–
Sundries	3,527	3,844
	<b>49,807</b>	74,889

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 8 OPERATING PROFIT

	2011 HK\$'000	2010 HK\$'000
Operating profit is stated after crediting:		
Gross rental income from investment properties	<b>116,717</b>	103,469
Net realised gains on financial assets at fair value through profit or loss	<b>8,944</b>	6,883
and after charging:		
Cost of properties sold	<b>121,805</b>	275,878
Cost of inventories sold	<b>57,065</b>	67,517
Depreciation	<b>11,169</b>	10,320
Amortisation of leasehold land and land use rights	<b>525</b>	485
Impairment		
– leasehold land and land use rights	–	7,000
– available-for-sale financial assets	–	2,000
– inventories	–	5,000
Write off of trade and other debtors	<b>852</b>	3,741
Net exchange loss	<b>1,233</b>	49
Net unrealised loss on financial assets at fair value through profit or loss	<b>6,005</b>	618
Net fair value loss on derivative financial instruments	<b>13,700</b>	–
Staff costs, including Directors' emoluments		
– wages and salaries	<b>85,835</b>	73,270
– retirement benefit costs (note 9)	<b>3,651</b>	3,110
Operating lease rental on land and buildings	<b>14,102</b>	13,342
Outgoings in respect of investment properties	<b>39,404</b>	31,834
Auditors' remuneration		
– audit and audit related services	<b>2,409</b>	2,154
– non-audit services	<b>920</b>	650

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 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, Vietnam and Mongolia 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

	2011 HK\$'000	2010 HK\$'000
Interest expenses		
Bank borrowings wholly repayable within five years	29,095	48,814
Bank borrowings wholly repayable after five years	23,546	8,618
Bank overdrafts wholly repayable within five years	513	728
	<b>53,154</b>	58,160
Amount capitalised into		
Properties for/under development	(743)	(37)
Properties for sale	(5,639)	(21,264)
	<b>46,772</b>	36,859

The above analysis shows the finance costs, including those from bank borrowings which contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates set out in the loan agreements. For the year ended 31st March, 2010, the interest expenses on bank borrowings which contained a repayment on demand clause amounted to HK\$12,099,000.

The capitalisation rates applied to funds borrowed for the development of properties range from 1.30% to 5.85% (2010: 1.16% to 5.94%) per annum.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

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

#### (a) Directors' emoluments

Name of Director	Fees HK\$'000	Salaries and bonuses HK\$'000	Other benefits HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>2011</b>					
Mr. Alan Chuang Shaw Swee	30	1,600	2,400	225	4,255
Mrs. Alice Siu Chuang Siu Suen	20	600	–	45	665
Mr. Ko Sheung Chi	20	2,099	696	12	2,827
Mr. Albert Chuang Ka Pun	20	960	–	12	992
Mr. Lui Lop Kay	20	1,620	–	108	1,748
Mr. Wong Chung Wai	20	1,620	–	12	1,652
Dr. Peter Po Fun Chan	100	–	–	–	100
Mr. Abraham Shek Lai Him	100	–	–	–	100
Mr. Fong Shing Kwong	100	–	–	–	100
	<b>430</b>	<b>8,499</b>	<b>3,096</b>	<b>414</b>	<b>12,439</b>
<b>2010</b>					
Mr. Alan Chuang Shaw Swee	30	1,600	2,400	225	4,255
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
	<b>430</b>	<b>7,778</b>	<b>3,096</b>	<b>414</b>	<b>11,718</b>

The emoluments paid to the Independent Non-Executive Directors amounted to HK\$300,000 (2010: HK\$300,000).

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 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 (2010: four) Directors. Details of the aggregate emoluments paid to the one (2010: one) individual, whose emoluments were the highest in the Group and who is not Director, are set out below:

	2011 HK\$'000	2010 HK\$'000
Salaries, bonuses and other benefits	1,944	1,796
Retirement scheme contributions	133	133
	<b>2,077</b>	1,929

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

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

### 12 TAXATION CHARGE/(CREDIT)

	2011 HK\$'000	2010 HK\$'000 (Restated)
Current		
Hong Kong profits tax	55,000	–
Overseas profits tax	(83)	35
PRC corporate income tax	(5,493)	7,714
PRC land appreciation tax	8,198	9,194
Deferred (note 36)	7,040	(2,271)
	<b>64,662</b>	14,672

Hong Kong profits tax has been provided at the rate of 16.5% (2010: Nil) on the estimated assessable profits for the year. 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, 2011 amounting to HK\$422,000 (2010: HK\$349,000) 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, 2011 (2010: Nil).

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 12 TAXATION CHARGE/(CREDIT) (Continued)

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

	2011 HK\$'000	2010 HK\$'000 (Restated)
Profit before taxation	860,255	963,652
Share of results of associated companies	30,814	24,443
Share of result of a jointly controlled entity	214	17
	<b>891,283</b>	988,112
Tax charge at the rate of 16.5% (2010: 16.5%)	147,062	163,038
Effect of different taxation rates in other countries	(2,269)	263
Income not subject to taxation	(73,500)	(177,059)
Expenses not deductible for taxation purposes	12,186	11,811
PRC land appreciation tax deductible for taxation purposes	(1,353)	(1,517)
Utilisation of previously unrecognised tax losses	(42,829)	(5,762)
Other temporary difference and tax losses not recognised	21,722	17,316
Write back of deferred taxation in previous years and others	(4,555)	(2,612)
	<b>56,464</b>	5,478
PRC land appreciation tax	8,198	9,194
Taxation charge	<b>64,662</b>	14,672

### 13 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

Profit attributable to equity holders includes profit of HK\$8,047,000 (2010: HK\$17,918,000) which is dealt with in the financial statements of the Company.



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 14 DIVIDENDS

	2011 HK\$'000	2010 HK\$'000
Interim scrip dividend with a cash option of 1.8 HK cents (2010: 1.0 HK cent) per share	<b>28,008</b>	15,183
Proposed final scrip dividend with a cash option of 3.2 HK cents (2010: 2.0 HK cents) per share	<b>50,460</b>	30,575
	<b>78,468</b>	45,758

On 28th June, 2011, the Board proposed a final scrip dividend with a cash option of 3.2 HK cents (2010: 2.0 HK cents) per share amounting to HK\$50,460,000 (2010: HK\$30,575,000). The amount of HK\$50,460,000 is calculated based on 1,576,872,150 issued shares as at 28th June, 2011. 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, 2012 upon the approval by the shareholders.

### 15 EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$789,686,000 (2010: HK\$915,684,000, as restated) and the weighted average number of 1,542,241,876 (2010: 1,514,662,718) shares in issue during the year.

The dilutive earnings per share are equal to the basic earnings 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, 2011

### 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
<b>Cost</b>					
At 1st April, 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
Changes in exchange rates	5,384	1,553	1,426	805	9,168
Additions	1,876	295	4,423	16,031	22,625
Transfer to properties for sale	(11,532)	–	–	–	(11,532)
Disposals	–	(15,832)	(1,442)	(6,560)	(23,834)
<b>At 31st March, 2011</b>	<b>67,049</b>	<b>17,471</b>	<b>52,861</b>	<b>58,272</b>	<b>195,653</b>
<b>Accumulated depreciation and impairment</b>					
At 1st April, 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
Changes in exchange rates	1,661	1,531	855	596	4,643
Charge for the year	1,493	414	4,550	4,712	11,169
Transfer to properties for sale	(1,824)	–	–	–	(1,824)
Disposals	–	(15,700)	(1,389)	(6,016)	(23,105)
<b>At 31st March, 2011</b>	<b>18,555</b>	<b>16,322</b>	<b>36,667</b>	<b>35,800</b>	<b>107,344</b>
<b>Net book value</b>					
<b>At 31st March, 2011</b>	<b>48,494</b>	<b>1,149</b>	<b>16,194</b>	<b>22,472</b>	<b>88,309</b>
At 31st March, 2010	54,096	1,378	15,803	11,488	82,765

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 16 PROPERTY, PLANT AND EQUIPMENT (Continued) Company

	<b>Other assets</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
<b>Cost</b>		
At the beginning and end of the year	<b>532</b>	532
<b>Accumulated depreciation</b>		
At the beginning of the year	<b>372</b>	266
Charge for the year	<b>74</b>	106
At the end of the year	<b>446</b>	372
<b>Net book value</b>		
At the end of the year	<b>86</b>	160

- (a) Other assets comprise computer equipment, motor vehicles and yacht.
- (b) As at 31st March, 2010, buildings of the Group with net book value of HK\$25,922,000 had 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:

	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Outside Hong Kong		
Long-term leases	<b>20,771</b>	28,174
Medium-term leases	<b>27,723</b>	25,922
	<b>48,494</b>	54,096

- (d) Depreciation of the Group of HK\$1,612,000 (2010: HK\$1,139,000), HK\$6,000 (2010: HK\$6,000) and HK\$9,551,000 (2010: HK\$9,175,000) have been included in cost of sales, selling and marketing expenses, and administrative and other operating expenses, respectively.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 17 INVESTMENT PROPERTIES

	Group	
	2011 HK\$'000	2010 HK\$'000
At the beginning of the year	4,315,360	3,084,207
Changes in exchange rates	29,277	37,355
Additions	124,668	11,103
Transfer from properties for/under development	–	476,000
Transfer from properties for sale	10,631	–
Disposals	(685,000)	–
Change in fair value	488,181	1,026,695
	<b>4,283,117</b>	4,635,360
Reclassified as investment property held for sale (note d)	(17,160)	(320,000)
At the end of the year	<b>4,265,957</b>	4,315,360

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

	2011 HK\$'000	2010 HK\$'000
In Hong Kong		
Long-term leases	843,574	759,320
Medium-term leases	2,996,260	3,491,500
	<b>3,839,834</b>	4,250,820
Outside Hong Kong		
Freehold	372,983	333,620
Long-term leases	70,300	50,920
	<b>443,283</b>	384,540
	<b>4,283,117</b>	4,635,360

(b) Investment properties in Hong Kong, Malaysia and the PRC were revalued at 31st March, 2011 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\$4,173,643,000 (2010: HK\$4,568,020,000) have been pledged as securities for the borrowing facilities granted to the Group (note 35).

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 17 INVESTMENT PROPERTIES (Continued)

- (d) On 9th March, 2011, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with an independent third party to dispose of an investment property in Hong Kong at the consideration of approximately HK\$56,291,000. An initial deposit of approximately HK\$5,629,000 was received on the same date and the transaction was completed on 11th April, 2011. The fair value of the investment property was HK\$17,160,000 as at 31st March, 2011.

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. The transaction was completed on 6th August, 2010. Details of the transaction were set out in the announcement of the Company on 31st March, 2010.

### 18 LEASEHOLD LAND AND LAND USE RIGHTS

	<b>Group</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
At the beginning of the year	<b>12,979</b>	18,622
Changes in exchange rates	<b>1,316</b>	1,853
Amortisation	<b>(525)</b>	(485)
Disposals	<b>(22)</b>	(11)
Impairment	<b>–</b>	(7,000)
At the end of the year	<b>13,748</b>	12,979

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

	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Long-term leases	<b>4,095</b>	3,951
Medium-term leases	<b>9,653</b>	9,028
	<b>13,748</b>	12,979

- (b) The interests in leasehold land and land use rights represent prepaid operating lease payments. As at 31st March, 2010, leasehold land and land use rights of HK\$9,028,000 had been pledged as securities for the borrowing facilities granted to the Group (note 35).
- (c) Amounts of HK\$149,000 (2010: HK\$145,000) and HK\$376,000 (2010: HK\$340,000) of amortisation charged to the income statement from leasehold land and land use rights have been included in cost of sales and administrative and other operating expenses, respectively.
- (d) In view of the respective market conditions, management assessed the impairment on the leasehold land and land use rights and considered that no impairment was necessary for the year ended 31st March, 2011 (2010: Impairment of HK\$7,000,000 was recorded). 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, 2011

### 19 PROPERTIES FOR/UNDER DEVELOPMENT

	Group	
	2011 HK\$'000	2010 HK\$'000
At the beginning of the year	70,521	547,790
Changes in exchange rates	1,433	1,228
Additions	352,359	107,662
Interest expenses capitalised	743	37
Transfer to investment properties	–	(476,000)
Net transfer to properties for sale	(20,654)	(110,196)
At the end of the year	<b>404,402</b>	70,521

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

	2011 HK\$'000	2010 HK\$'000
In Hong Kong		
Long-term leases	241,402	–
Medium-term leases	–	23,375
	<b>241,402</b>	23,375
Outside Hong Kong		
Freehold	37,551	29,020
Long-term leases	19,410	18,126
Medium-term leases	106,039	–
	<b>163,000</b>	47,146
	<b>404,402</b>	70,521

Properties for/under development of HK\$168,687,000 (2010: HK\$23,375,000) have been 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\$1,666,000 (2010: Nil) was capitalised therein.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 20 SUBSIDIARIES

	Company	
	2011 HK\$'000	2010 HK\$'000
Unlisted investments, at cost	<b>888,708</b>	888,708

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

### 21 ASSOCIATED COMPANIES

	Group	
	2011 HK\$'000	2010 HK\$'000
Share of net assets	<b>218,309</b>	241,269
Investments, at cost		
Listed shares in Hong Kong	<b>205,907</b>	196,527
Unlisted investments	<b>75,532</b>	75,532
	<b>281,439</b>	272,059
Market value of listed shares in Hong Kong	<b>84,180</b>	114,320

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

	2011 HK\$'000	2010 HK\$'000
At the beginning of the year	<b>241,269</b>	278,835
Changes in exchange rates	–	5
Additions from conversion of convertible note	<b>9,380</b>	–
Share of loss before taxation	<b>(29,203)</b>	(12,790)
Share of taxation	<b>(422)</b>	(349)
Negative goodwill from conversion of convertible note	<b>3,472</b>	–
Deemed loss on dilution of interests in an associated company	<b>(4,661)</b>	(11,304)
Share of reserves (note 34)	<b>344</b>	10,397
Share of convertible notes equity reserve of an associated company (note 32)	<b>(1,820)</b>	12,353
Dividend income received	<b>(50)</b>	(35,878)
At the end of the year	<b>218,309</b>	241,269

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 21 ASSOCIATED COMPANIES (Continued)

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

Share of results of associated companies in the income statement included a negative goodwill of HK\$3,472,000 (2010: Nil) arising from the conversion of convertible note of Midas International Holdings Limited ("Midas"), a listed associated company of the Group, and a deemed loss on dilution of interests in Midas of HK\$4,661,000 (2010: HK\$11,304,000) as a result of the issue of new shares by Midas to a third party noteholder. Accordingly the interest of the Group in Midas has changed from 44.16% as at 31st March, 2010 to 44.61% as at 31st March, 2011.

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

	2011 HK\$'000	2010 HK\$'000
Revenues	144,397	163,985
Loss for the year	(29,625)	(13,139)
Assets	424,347	434,081
Liabilities	(206,038)	(192,812)
Net assets	218,309	241,269

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 (2010: Nil). The remaining principal amount of the outstanding convertible note was approximately HK\$16.7 million as at 31st March, 2011.

In August 2009, the Group subscribed for another 1% convertible note due 2014 of Midas in the principal amount of HK\$60 million. During the year, the Group has converted part of the convertible note into 35 million new shares of Midas (2010: Nil). The remaining principal amount of the outstanding convertible note was approximately HK\$51.3 million as at 31st March, 2011.

Both convertible notes were recorded as loans and receivables (note 24) and derivative financial instruments (note 32) as at 31st March, 2011 and 2010. The Group has equity accounted for the reserve movements of Midas which included a share of the equity element of both convertible notes as shown in the equity of the financial statements of Midas. As a consequence, the Group has eliminated such share of the equity element of both convertible notes against the values of the respective derivative financial instruments of the convertible notes.

In May 2011, Midas announced a rights issue and the Group has undertaken to subscribe in full for its entitlement under the rights issue, and has underwritten to take up those rights shares not subscribed for by the minority shareholders of Midas. Please also refer to note 41 for details.



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 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, 2011, the Chuang's China Group's interest in the jointly controlled assets was 51% (2010: 51%). The Chuang's China Group's share of the net loss of the jointly controlled assets for the year amounted to HK\$52,000 (2010: HK\$414,000) and the net assets of the jointly controlled assets as at 31st March, 2011 amounted to HK\$142,445,000 (2010: HK\$137,183,000).

As at 31st March, 2011, the Chuang's China Group had made an advance to the joint venture partner amounting to HK\$11,934,000 (2010: HK\$11,474,000) (note 24). The proportionate interest of the Chuang's China Group in the jointly controlled assets' commitment was HK\$2,889,000 (2010: HK\$2,874,000).

#### (b) Investment in a jointly controlled entity

In 2010, the Group 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 the Group		Principal activities
			2011	2010	
Ample Excellent Limited	Hong Kong	2 shares of HK\$1 each	50	50	Property development and investment

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 22 JOINT VENTURES (Continued)

#### (b) Investment in a jointly controlled entity (Continued)

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

	Group	
	2011	2010
	HK\$'000	HK\$'000
Revenue	–	–
Loss for the year	(214)	(17)
Assets	173,322	170,820
Liabilities	(173,553)	(170,837)
Net liabilities	(231)	(17)

As at 31st March, 2011, the Group had made an advance to the jointly controlled entity amounting to HK\$56,518,000 (2010: HK\$52,207,000) (note 22(c)). During the year, a loss of HK\$214,000 (2010: HK\$17,000) was shared from the jointly controlled entity and the accumulated losses shared were setoff against the advance to it. The proportionate interest of the Group in the jointly controlled entity's commitment was HK\$2,834,000 (2010: Nil).

As at 31st March, 2011, the Company had provided a guarantee of HK\$117,000,000 (2010: HK\$117,000,000) for the banking facility granted to the jointly controlled entity (note 39).

#### (c) Amount due from a jointly controlled entity

Amount due from a jointly controlled entity is the advance to the jointly controlled entity for the acquisition of leasehold land and land use rights in Hong Kong, and the financing of the property development (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 net proceeds upon the sale of properties.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 23 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2011	2010
	HK\$'000	HK\$'000
Listed equity securities in Hong Kong, at market value	<b>69,633</b>	64,729
Unlisted investments, at fair value	<b>16,994</b>	10,249
	<b>86,627</b>	74,978

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

	2011	2010
	HK\$'000	HK\$'000
At the beginning of the year	<b>74,978</b>	31,892
Additions	<b>5,918</b>	2,326
Disposals	<b>(1,873)</b>	–
Change in fair value	<b>7,604</b>	40,760
At the end of the year	<b>86,627</b>	74,978

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 in 2010, an amount of HK\$2,000,000 was removed from the investment revaluation reserve and recognised as impairment in the income statement in that year.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 24 LOANS AND RECEIVABLES

	Group	
	2011	2010
	HK\$'000	HK\$'000
Mortgage loans (note a)	364,006	6,377
Convertible notes of an associated company (note 21)	53,229	54,893
Advance to the joint venture partner (note b)	11,934	11,474
	429,169	72,744
Current portions included in debtors and prepayments (note 27)		
Mortgage loans (note a)	(360,304)	(372)
	68,865	72,372

- (a) Mortgage loans are provided to purchasers of the Group's properties in Hong Kong at the prevailing market rates. Please also refer to note 27 for the subsequent settlement.
- (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 net proceeds upon the sale of properties.

### 25 PROPERTIES FOR SALE

	Group	
	2011	2010
	HK\$'000	HK\$'000
Completed properties	506,746	476,399
Leasehold land and land use rights for sale	44,141	42,971
Properties under development	1,501,961	1,363,249
	2,052,848	1,882,619

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 25 PROPERTIES FOR SALE (Continued)

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

	2011 HK\$'000	2010 HK\$'000
At the beginning of the year	1,363,249	1,454,965
Changes in exchange rates	24,813	20,390
Property development expenditure	208,124	377,875
Interest expenses capitalised	5,639	21,264
Net transfer from properties for/under development	20,654	110,196
Transfer to completed properties	(109,887)	(621,441)
Transfer to investment properties	(10,631)	–
At the end of the year	1,501,961	1,363,249

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

	2011 HK\$'000	2010 HK\$'000
In Hong Kong		
Medium-term leases	155,678	110,196
Outside Hong Kong		
Long-term leases	1,857,587	1,732,997
Medium-term leases	39,583	39,426
	1,897,170	1,772,423
	2,052,848	1,882,619

Properties for sale amounting to HK\$526,872,000 (2010: HK\$487,380,000) have been pledged as securities for the borrowing facilities granted to the Group (note 35).

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 26 INVENTORIES

	Group	
	2011 HK\$'000	2010 HK\$'000
Raw materials	1,416	1,685
Work in progress	597	1,157
Finished goods and merchandise	78,669	82,175
	<b>80,682</b>	85,017
Impairment	<b>(6,000)</b>	(6,000)
	<b>74,682</b>	79,017

### 27 DEBTORS AND PREPAYMENTS

	Group		Company	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Trade debtors	32,231	49,520	–	–
Other debtors and prepayments	415,173	29,153	865	178
Utility and other deposits	514,733	270,069	–	–
	<b>962,137</b>	348,742	<b>865</b>	178

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:

	2011 HK\$'000	2010 HK\$'000
Below 30 days	21,104	36,848
31 to 60 days	3,275	6,190
61 to 90 days	3,069	3,464
Over 90 days	4,783	3,018
	<b>32,231</b>	49,520

As at 31st March, 2011, trade debtors of HK\$20,227,000(2010: HK\$33,184,000) of the Group were neither past due nor impaired.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 27 DEBTORS AND PREPAYMENTS (Continued)

As at 31st March, 2011, trade debtors of HK\$12,004,000 (2010: HK\$16,336,000) 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:

	2011 HK\$'000	2010 HK\$'000
Below 30 days	4,484	10,690
31 to 60 days	75	113
61 to 90 days	2,662	2,515
Over 90 days	4,783	3,018
	<b>12,004</b>	16,336

Other deposits include deposits of HK\$416,503,000 (2010: HK\$204,181,000) for property development projects and acquisition of leasehold land and land use rights in Hong Kong, the PRC, Vietnam and Mongolia, and deposits of HK\$68,884,000 (2010: HK\$40,429,000) for acquisition of property, plant and equipment.

Other debtors include receivables of HK\$360,304,000 (2010: HK\$372,000) from the current portion of the mortgage loans provided to purchasers of the Group's properties in Hong Kong at the prevailing market rates (note 24(a)). Subsequent to the balance sheet date, receivables of HK\$360,246,000 from the current portion of the mortgage loans have been settled.

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

### 28 LOANS AND AMOUNTS DUE FROM/TO SUBSIDIARIES

	Company 2011 HK\$'000	2010 HK\$'000
Loans receivable	236,225	56,225
Included in current assets	(180,000)	–
	<b>56,225</b>	56,225
Amounts receivable	1,759,965	2,296,906
Impairment	(1,410,236)	(1,410,236)
	<b>349,729</b>	886,670
Amount payable	(304,494)	–

The loans receivable are unsecured and interest bearing at prevailing market rates. Loan receivable included in non-current assets is not receivable within the next twelve months from the balance sheet date. Loan receivable included in current assets is receivable within the next twelve months from the balance sheet date and has been fully settled subsequent to the balance sheet date.

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

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 29 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>Group</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Listed securities in Hong Kong, at market value	<b>127,080</b>	46,688

### 30 CASH AND BANK BALANCES

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Cash at bank and in hand	<b>409,919</b>	190,995	<b>178,884</b>	1,202
Short-term deposits	<b>1,126,884</b>	763,777	<b>1,093,967</b>	618,590
	<b>1,536,803</b>	954,772	<b>1,272,851</b>	619,792

The effective interest rates on short-term deposits range from 0.001% to 2.25% (2010: 0.001% to 2.25%) per annum and these deposits have maturities ranging from 1 to 365 days (2010: 1 to 365 days).

Cash and bank balances of HK\$840,000 (2010: HK\$919,000) have been pledged as securities for the financial guarantee facilities granted to the Group (note 39). As at 31st March, 2010, cash and bank balances of HK\$20,000,000 had been pledged as securities for the borrowing facilities granted to the Group (note 35).

Cash and bank balances of HK\$21,962,000 (2010: HK\$11,045,000) are restricted and can only be used for the payments of development costs of certain properties for sale, and the repayment of bank borrowings 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.



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 31 CREDITORS AND ACCRUALS

	Group		Company	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Trade creditors	8,595	11,593	–	–
Other creditors	136,462	188,128	–	–
Amounts payable to non-controlling interests	416	416	–	–
Tenant and other deposits	690,299	115,908	–	–
Accrued expenses	14,436	10,623	2,285	2,014
	850,208	326,668	2,285	2,014

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

	2011 HK\$'000	2010 HK\$'000
Below 30 days	3,088	2,869
31 to 60 days	3,817	1,197
Over 60 days	1,690	7,527
	8,595	11,593

Other creditors include an amount payable to an associated company amounting to HK\$3,401,000 (2010: HK\$3,748,000). Both the amounts payable to the associated company and non-controlling interests are unsecured, interest free and repayable on demand.

Other deposits include sales deposits received of HK\$657,026,000 (2010: HK\$83,935,000) regarding the sales of properties of the Group in Hong Kong and the PRC which have not yet been recognised as revenues for the year. Among the sales deposits received, an amount of HK\$125,004,000 (2010: Nil) was recorded as restricted bank balance in the financial statements as at 31st March, 2011 as certain restrictions were imposed. Subsequent to the balance sheet date, these restrictions were released and the restricted bank balance became the Group's bank deposit.

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

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 32 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2011	2010
	HK\$'000	HK\$'000
<b>Non-current assets</b>		
Derivative financial instruments for the convertible notes of an associated company, at fair value (note 21)	9,409	26,590
Less: Share of convertible notes equity reserve of an associated company (note 21)	(10,533)	(12,353)
Reclassified to non-current liabilities	1,124	–
	–	14,237
<b>Non-current liabilities</b>		
Share of convertible notes equity reserve of an associated company (note 21)	(1,442)	(1,442)
Reclassified from non-current assets	(1,124)	–
	(2,566)	(1,442)

### 33 SHARE CAPITAL

	2011	2010
	HK\$'000	HK\$'000
Authorised:		
2,500,000,000 shares of HK\$0.25 each	625,000	625,000
	<b>Number of shares</b>	<b>Amount</b>
		HK\$'000
Issued and fully paid:		
At 1st April, 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
2010 final scrip dividend and 2011 interim scrip dividend (note 14)	48,142,044	12,035
<b>At 31st March, 2011</b>	<b>1,576,872,150</b>	<b>394,218</b>

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 33 SHARE CAPITAL (Continued)

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, 2011

### 34 RESERVES

#### Group

	Share premium	Capital redemption reserve	Capital reserve	Statutory reserve	Investment revaluation reserve	Convertible notes equity reserve	Exchange reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2009									
As previously reported	676,249	4,462	416,395	349	(113)	16,569	(77,396)	2,007,025	3,043,540
Prior year adjustment (note 2(a))	-	-	-	-	-	-	(466)	177,261	176,795
As restated	676,249	4,462	416,395	349	(113)	16,569	(77,862)	2,184,286	3,220,335
Profit for the year, as restated	-	-	-	-	-	-	-	915,684	915,684
Changes in exchange rates, as restated	-	-	-	-	-	-	35,436	-	35,436
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, as restated	684,478	4,462	419,537	349	24,277	11,247	(42,416)	3,089,801	4,191,735
Representing:									
Reserves, as restated	684,478	4,462	419,537	349	24,277	11,247	(42,416)	3,059,226	4,161,160
2010 proposed final scrip dividend	-	-	-	-	-	-	-	30,575	30,575
	684,478	4,462	419,537	349	24,277	11,247	(42,416)	3,089,801	4,191,735
At 1st April, 2010									
As previously reported	684,478	4,462	419,537	349	24,277	11,247	(42,362)	2,796,584	3,898,572
Prior year adjustment (note 2(a))	-	-	-	-	-	-	(54)	293,217	293,163
As restated	684,478	4,462	419,537	349	24,277	11,247	(42,416)	3,089,801	4,191,735
Profit for the year	-	-	-	-	-	-	-	789,686	789,686
Changes in exchange rates	-	-	-	-	-	-	41,702	-	41,702
Share of reserves of an associated company	-	-	1,732	-	-	(1,732)	344	-	344
Change in fair value of available-for-sale financial assets	-	-	-	-	5,497	-	-	-	5,497
2010 final scrip dividend	14,665	-	-	-	-	-	-	(30,575)	(15,910)
2011 interim scrip dividend	15,802	-	-	-	-	-	-	(28,008)	(12,206)
<b>At 31st March, 2011</b>	<b>714,945</b>	<b>4,462</b>	<b>421,269</b>	<b>349</b>	<b>29,774</b>	<b>9,515</b>	<b>(370)</b>	<b>3,820,904</b>	<b>5,000,848</b>
Representing:									
Reserves	714,945	4,462	421,269	349	29,774	9,515	(370)	3,770,444	4,950,388
2011 proposed final scrip dividend	-	-	-	-	-	-	-	50,460	50,460
	714,945	4,462	421,269	349	29,774	9,515	(370)	3,820,904	5,000,848

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, 2011

### 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, 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
At 1st April, 2010	684,478	4,462	226,888	1,151,708	2,067,536
Profit for the year	–	–	–	8,047	8,047
2010 final scrip dividend	14,665	–	(30,575)	–	(15,910)
2011 interim scrip dividend	15,802	–	(28,008)	–	(12,206)
<b>At 31st March, 2011</b>	<b>714,945</b>	<b>4,462</b>	<b>168,305</b>	<b>1,159,755</b>	<b>2,047,467</b>
Representing:					
Reserves	714,945	4,462	168,305	1,109,295	1,997,007
2011 proposed final scrip dividend	–	–	–	50,460	50,460
	714,945	4,462	168,305	1,159,755	2,047,467

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\$1,328,060,000 (2010: HK\$1,378,596,000) as at 31st March, 2011.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 35 BORROWINGS

	<b>31st March, 2011 HK\$'000</b>	<b>Group 31st March, 2010 HK\$'000</b>	1st April, 2009 HK\$'000
Secured bank borrowings			
Bank overdraft	–	3,866	1,998
Short-term bank loans	–	18,267	85,013
Short-term bank borrowings	–	22,133	87,011
Long-term bank borrowings	<b>2,562,615</b>	2,507,550	2,274,542
<b>Total bank borrowings</b>	<b>2,562,615</b>	2,529,683	2,361,553

The long-term bank borrowings are analysed as follows:

	<b>31st March, 2011 HK\$'000</b>	31st March, 2010 HK\$'000 (Restated)	1st April, 2009 HK\$'000 (Restated)
Long-term bank loans			
Wholly repayable within five years*	<b>1,153,455</b>	2,258,219	2,085,428
Wholly repayable after five years*	<b>1,409,160</b>	249,331	189,114
	<b>2,562,615</b>	2,507,550	2,274,542
Current portion included in current liabilities			
Portion due within one year	<b>(162,063)</b>	(198,383)	(171,831)
Portion due after one year which contains a repayment on demand clause	–	(973,280)	(1,038,000)
	<b>(162,063)</b>	(1,171,663)	(1,209,831)
	<b>2,400,552</b>	1,335,887	1,064,711

\* Ignoring the effect of any repayment on demand clause

The bank borrowings of the Group are secured by certain investment properties, properties for/under development and properties for sale with an aggregate carrying value of HK\$4,869,202,000 (2010: HK\$5,133,725,000, with certain property, plant and equipment and bank deposits pledged), shares of certain subsidiaries and guaranteed by the Company and Chuang's China, and bank borrowings of HK\$1,776,160,000 (2010: HK\$1,484,599,000) are also secured by the assignment of rental income.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 35 BORROWINGS (Continued)

The bank borrowings are repayable in the following periods (the amounts due are based on the agreed scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause):

	<b>31st March, 2011 HK\$'000</b>	31st March, 2010 HK\$'000
Within one year	<b>162,063</b>	220,516
Second year	<b>609,432</b>	444,574
Third to fifth years	<b>705,420</b>	1,691,250
After five years	<b>1,085,700</b>	173,343
	<b>2,562,615</b>	2,529,683

The effective interest rates of the bank borrowings at the balance sheet date are ranging from 0.86% to 5.85% (2010: 0.75% to 5.94%) per annum. The fair values of the bank borrowings, based on cash flows discounted at the borrowing rates of 0.86% to 5.85% (2010: 0.75% to 5.94%) per annum, approximate their carrying amounts.

The bank borrowings are denominated in the following currencies:

	<b>31st March, 2011 HK\$'000</b>	31st March, 2010 HK\$'000
Hong Kong dollar	<b>2,205,028</b>	2,014,359
Renminbi	<b>154,376</b>	320,818
Malaysian Ringgit	<b>203,211</b>	190,640
Singapore dollar	–	3,866
	<b>2,562,615</b>	2,529,683

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 35 BORROWINGS (Continued)

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

	<b>31st March, 2011 HK\$'000</b>	31st March, 2010 HK\$'000
6 months or less	<b>2,408,239</b>	2,248,825
6 to 12 months	<b>154,376</b>	280,858
	<b>2,562,615</b>	2,529,683

### 36 DEFERRED TAXATION LIABILITIES

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

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

	<b>Deferred taxation liabilities HK\$'000</b>	<b>Deferred taxation assets HK\$'000</b>	<b>Total HK\$'000</b>
<b>Group</b>			
At 1st April, 2009			
As previously reported	364,892	(1,469)	363,423
Prior year adjustment (note 2(a))	(180,160)	1,469	(178,691)
As restated	184,732	–	184,732
Changes in exchange rates	70	–	70
Credited to income statement (note 12)	(2,271)	–	(2,271)
At 31st March, 2010, as restated	182,531	–	182,531
At 1st April, 2010			
As previously reported	485,903	(1,092)	484,811
Prior year adjustment (note 2(a))	(303,372)	1,092	(302,280)
As restated	182,531	–	182,531
Changes in exchange rates	188	–	188
Charged to income statement (note 12)	7,040	–	7,040
<b>At 31st March, 2011</b>	<b>189,759</b>	<b>–</b>	<b>189,759</b>



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 36 DEFERRED TAXATION LIABILITIES (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, 2009			
As previously reported	(1,469)	(76,013)	(77,482)
Prior year adjustment (note 2(a))	1,469	59,273	60,742
As restated			
Changes in exchange rates	–	(16,740)	(16,740)
Credited to income statement	–	(1,854)	(1,854)
At 31st March, 2010, as restated	–	(18,599)	(18,599)
At 1st April, 2010			
As previously reported	(1,092)	(124,046)	(125,138)
Prior year adjustment (note 2(a))	1,092	105,447	106,539
As restated			
Credited to income statement	–	(18,599)	(18,599)
	–	(3,948)	(3,948)
<b>At 31st March, 2011</b>	<b>–</b>	<b>(22,547)</b>	<b>(22,547)</b>

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 36 DEFERRED TAXATION LIABILITIES (Continued)

#### Deferred taxation liabilities

	Fair value gains HK\$'000	Revaluation of investment properties HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1st April, 2009				
As previously reported	183,559	239,936	17,410	440,905
Prior year adjustment (note 2(a))	–	(239,433)	–	(239,433)
As restated	183,559	503	17,410	201,472
Changes in exchange rates (Credited)/charged to income statement	– (2,647)	4 271	71 1,959	75 (417)
At 31st March, 2010, as restated	180,912	778	19,440	201,130
At 1st April, 2010				
As previously reported	180,912	409,597	19,440	609,949
Prior year adjustment (note 2(a))	–	(408,819)	–	(408,819)
As restated	180,912	778	19,440	201,130
Changes in exchange rates Charged to income statement	34 5,394	62 1,594	92 4,000	188 10,988
<b>At 31st March, 2011</b>	<b>186,340</b>	<b>2,434</b>	<b>23,532</b>	<b>212,306</b>

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 36 DEFERRED TAXATION LIABILITIES (Continued)

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

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

Deferred taxation assets of HK\$231 million (2010: HK\$265 million) arising from unused tax losses of HK\$1,400 million (2010: HK\$1,606 million) and HK\$0.4 million (2010: HK\$1.3 million) on temporary differences in respect of accelerated tax depreciation of HK\$2.3 million (2010: HK\$7.9 million) have not been recognised in the financial statements respectively. The tax losses have no expiry dates.

### 37 LOANS FROM NON-CONTROLLING INTERESTS

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

### 38 COMMITMENTS

#### (a) Capital commitments

	Group	
	2011	2010
	HK\$'000	HK\$'000
Contracted but not provided for:		
Property development expenditure and property, plant and equipment	508,000	420,947
Available-for-sale financial assets	18,521	23,725
	<b>526,521</b>	444,672

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 38 COMMITMENTS (Continued)

#### (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	
	2011	2010
	HK\$'000	HK\$'000
Within one year	14,659	11,409
Second to fifth years	28,627	34,418
	43,286	45,827

#### (c) Operating lease rental receivable

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

	Group	
	2011	2010
	HK\$'000	HK\$'000
Within one year	85,213	82,226
Second to fifth years	74,933	71,067
After five years	5,305	2,297
	165,451	155,590

The Group leases properties under various agreements which will be terminated between 2011 to 2025 (2010: 2010 to 2025).

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 39 FINANCIAL GUARANTEES

	Group		Company	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Guarantees for bank borrowings of subsidiaries (note 35)	–	–	<b>2,041,240</b>	1,813,999
Guarantee for bank borrowing of a jointly controlled entity (note 22(b))	–	–	<b>117,000</b>	117,000
Guarantees for mortgage loans to purchasers of properties of the Group in the PRC	<b>193,712</b>	110,505	–	–
	<b>193,712</b>	110,505	<b>2,158,240</b>	1,930,999

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\$840,000 (2010: HK\$919,000) have been pledged for such financial guarantees provided by the Group (note 30).

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 40 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2011 HK\$'000	2010 HK\$'000
Operating profit	938,055	1,024,971
Interest income	(9,136)	(7,843)
Dividend income from listed investments	(15)	–
Depreciation	11,169	10,320
Amortisation of leasehold land and land use rights	525	485
Change in fair value of investment properties	(488,181)	(1,026,695)
Net gain on disposal of property, plant and equipment	(2,130)	(27,286)
Net gain on disposal of investment properties	(503,742)	–
Gain on disposal of available-for-sale financial assets	(499)	–
Net compensation from governments for the resumption of assets	(32,390)	–
Impairment on leasehold land and land use rights	–	7,000
Impairment on available-for-sale financial assets	–	2,000
Impairment on inventories	–	5,000
Net fair value loss/(gain) on derivative financial instruments	13,700	(3,814)
Negative goodwill arising from the purchase of additional interests in a subsidiary	–	(31,137)
Operating loss before working capital changes	(72,644)	(46,999)
(Increase)/decrease in loans and receivables	(357,629)	13,166
Increase in properties for/under development and properties for sale	(393,633)	(85,851)
Decrease in inventories	4,335	12,405
Increase in debtors and prepayments	(256,504)	(116,635)
Increase in financial assets at fair value through profit or loss	(80,392)	(40,409)
Increase in restricted bank balance	(125,004)	–
Increase in creditors and accruals	501,048	57,675
Cash used in operations	(780,423)	(206,648)

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

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

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

	2011 HK\$'000	2010 HK\$'000
Cash and bank balances	1,536,803	954,772
Pledged bank deposits	(840)	(20,919)
Bank deposits maturing more than three months from date of placement	(5,959)	(950)
Bank overdraft	–	(3,866)
	<b>1,530,004</b>	929,037

### 41 SUBSEQUENT EVENT

On 16th May, 2011, the Company entered into an underwriting agreement with Midas, the 44.61% owned listed associated company, in relation to the proposed rights issue of Midas on the basis of one rights share for every one existing share at the subscription price of HK\$0.1 per share to raise a net proceed of approximately HK\$107,000,000 (the "Rights Issue"). The Group has undertaken to subscribe in full for its entitlement under the Rights Issue, and has underwritten to take up those rights shares not subscribed for by the minority shareholders of Midas. Depending on the level of subscription of the rights shares by the minority shareholders of Midas, Midas may become a subsidiary of the Group upon completion of the Rights Issue by the end of July 2011. Details of the transaction were set out in the joint announcement dated 18th May, 2011 and the circular of the Company dated 8th June, 2011.

### 42 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 28th June, 2011.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 43 PRINCIPAL SUBSIDIARIES

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2011	2010	
# Anshan Chuang's Property Development Company Limited	PRC	RMB50,000,000	57.0	–	Property development and investment
# Anshan Chuang's Real Estate Development Company Limited	PRC	RMB160,000,000	57.0	–	Property development and investment
# Changsha Chuang's Property Development Limited	PRC	US\$20,000,000	57.0	57.0	Property development and investment
# Chengdu Chuang's Investment Services Limited	PRC	HK\$80,000,000	57.0	57.0	Property development and investment
# Chengdu Chuang's Property Development Company Limited	PRC	RMB10,000,000	57.0	57.0	Property development and investment
China Cyberworld Limited	Hong Kong	2 shares of HK\$1 each	57.0	57.0	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	57.0	Investment holding
Chuang's China Enterprises Limited	Hong Kong	458,310,965 shares of HK\$0.20 each	57.0	57.0	Securities trading and investment holding



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 43 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2011	2010	
* Chuang's China Investments Limited	Bermuda/ Hong Kong	1,523,328,700 shares of HK\$0.05 each	<b>57.0</b>	57.0	Investment holding
Chuang's China Realty Limited	Bermuda/ Hong Kong	2,000,000 shares of HK\$0.05 each	<b>57.0</b>	57.0	Investment holding
Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	1 share of US\$1	<b>57.0</b>	57.0	Investment holding
@ Chuang's Consortium Limited	Hong Kong	4,000 shares of HK\$0.25 each	<b>100.0</b>	100.0	Investment holding
Chuang's Credit Limited	Hong Kong	10,300,000 shares of HK\$1 each	<b>100.0</b>	100.0	Money lending
Chuang's Development (Anshan) Limited (formerly known as Chuang's Development (Nanning) Limited)	Hong Kong	2 shares of HK\$1 each	<b>57.0</b>	57.0	Investment holding
Chuang's Development (Chengdu) Limited	Hong Kong	2 shares of HK\$10 each 100,000 non-voting deferred shares of HK\$10 each	<b>57.0</b>	57.0	Property investment
Chuang's Development (China) Limited	Hong Kong	2 shares of HK\$10 each	<b>57.0</b>	57.0	Property development and investment
Chuang's Development (Dong Guan) Limited	Hong Kong	2 shares of HK\$1 each	<b>57.0</b>	57.0	Investment holding

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 43 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2011	2010	
Chuang's Development (Hunan) Limited	Hong Kong	2 shares of HK\$100 each	57.0	57.0	Investment holding
# Chuang's Development (Huiyang) Real Estate Company Limited	PRC	HK\$50,000,000	57.0	57.0	Investment holding
Chuang's Development (Sichuan) Limited	Hong Kong	2 shares of HK\$1 each	57.0	57.0	Investment holding
Chuang's-Edelweiss LLC	Mongolia	100,000 shares of US\$1 each	53.0	–	Property development and investment
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
Chuang's Properties Limited	Hong Kong	300,000,000 shares of HK\$1 each	100.0	100.0	Investment holding

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 43 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2011	2010	
Chuang's Properties Mongolia Limited (formerly known as Chuang's Properties Saigon Limited)	British Virgin Islands/ Mongolia	1 share of US\$1	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	57.0	Investment holding
# Dongguan Chuang's Real Estate Development Company Limited	PRC	RMB135,420,000	57.0	57.0	Property development and investment
Double Wealthy Company Limited	Hong Kong	160 shares of HK\$1 each	57.0	57.0	Investment holding
^ Dragon Rich Investments Limited	Hong Kong	100 shares of HK\$1 each	48.5	48.5	Investment holding
Easy Success Enterprises Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 43 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2011	2010	
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	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 and investment
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	42.8	Investment holding
@ 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	57.0	Property development and investment
# Hui Zhou Yuen Sang Hardware Company Limited	PRC	HK\$10,000,000	57.0	57.0	Manufacture and sale of watch components

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 43 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2011	2010	
<sup>^</sup> # Hunan Han Ye Real Estate Development Company Limited	PRC	RMB25,000,000	<b>30.8</b>	30.8	Property development and investment
# Ilham Kencana Sdn. Bhd.	Malaysia	10,000 shares of MYR1 each	<b>100.0</b>	100.0	Property development and investment
In House Holdings Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	<b>57.0</b>	57.0	Investment holding
Income Holdings Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	<b>100.0</b>	100.0	Investment holding
Jannerson Limited	Hong Kong	5,000 shares of HK\$1 each	<b>100.0</b>	100.0	Property investment and securities trading
Jumbo Faith Limited	Hong Kong	1 share of HK\$1	<b>100.0</b>	100.0	Investment holding
Koledo Company Limited	Hong Kong	2 shares of HK\$100 each 2 non-voting deferred shares of HK\$100 each	<b>57.0</b>	57.0	Property investment
Ladona Limited	British Virgin Islands/ Vietnam	10 shares of US\$1 each	<b>100.0</b>	100.0	Investment holding

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 43 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2011	2010	
Lambda Industrial Limited	Hong Kong	3,000,000 shares of HK\$1 each	100.0	100.0	Property development and investment
Mega Well Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment and securities trading
Mongolia Property Development LLC	Mongolia	1,000 shares of US\$100 each	100.0	–	Property development and investment
<sup>^</sup> Noble Century Investment Limited	Hong Kong	1,000,000 shares of HK\$1 each	34.2	34.2	Investment holding
On Profit Investment Limited	Hong Kong	2 shares of HK\$1 each	57.0	57.0	Property development and investment
Option Success Limited	British Virgin Islands/ Mongolia	1 share of US\$1	100.0	–	Investment holding
<sup>@</sup> 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	57.0	Property development and investment

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 43 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2011	2010	
Silver Dragon Investment Limited	Hong Kong	2 shares of HK\$1 each	<b>57.0</b>	57.0	Property development and investment
# Sintex Nylon and Cotton Products (Pte) Limited	Singapore	8,500 shares of S\$100 each	<b>88.2</b>	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	<b>100.0</b>	100.0	Property development and investment
Uniworld Property Management Limited	Hong Kong	2 shares of HK\$1 each	<b>100.0</b>	100.0	Property management and carparking services
Winfred Investment Limited	Republic of Liberia/ Hong Kong	2 shares of no par value	<b>100.0</b>	100.0	Investment holding
^ # Xiamen Mingjia Binhai Resort Company Limited	PRC	RMB75,000,000	<b>33.9</b>	33.9	Property development and investment
Yuen Sang Hardware Company (1988) Limited	Hong Kong	1,000,000 shares of HK\$1 each	<b>57.0</b>	57.0	Manufacture and sale of watch components

\* Listed in Hong Kong

@ Directly held by the Company

# Not audited by PricewaterhouseCoopers

^ As at 31st March, 2011, these companies are subsidiaries of Chuang's China of which the Group holds 57.0% (2010: 57.0%) equity interest. Accordingly, these companies are classified as subsidiaries of the Group.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2011

### 44 ASSOCIATED COMPANIES

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2011	2010	
# Dragon Pacific Development Limited	Hong Kong	10 shares of HK\$1 each	<b>30.0</b>	30.0	Property development
*# Midas International Holdings Limited	Cayman Islands/ Hong Kong	1,103,604,139 (2010: 1,035,604,139) ordinary shares of HK\$0.10 each	<b>44.6</b>	44.2	Books printing, paper products printing and cemetery operation
^ # Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	1,000,000 shares of US\$1 each	<b>14.3</b>	14.3	Auction services
Yuen Sang Property Management Company Limited	Hong Kong	2 shares of HK\$1 each	<b>50.0</b>	50.0	Property management

\* Listed in Hong Kong

# Not audited by PricewaterhouseCoopers

^ As at 31st March, 2011, Chuang's China holds 25% (2010: 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 as at 31st March, 2011 which are material to the Group as the Directors are of the opinion that a complete list will be of excessive length.

## 1. INVESTMENT PROPERTIES

Location	Term	Usage	Group's interest
<b>Hong Kong</b>			
Chuang's London Plaza, No. 219 Nathan Road, Tsim Sha Tsui, K.I.L. No. 6345	Medium lease	Commercial	100.0%
Chuang's Hung Hom Plaza, No. 83 Wuhu Street, Hunghom, H.H.I.L. Nos. 428, 440 S.A., 440 R.P., 304, 305, 394, 462, 443, 456, 455, 470, 466 and 452	Medium lease	Commercial/Offices/ Carparking spaces	100.0%
House A, 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%
<b>Malaysia</b>			
Central Plaza, No. 34 Jalan Sultan Ismail, 50250 Kuala Lumpur, Lot No. 1221, Section 57, Kuala Lumpur, Federal Territory	Freehold	Commercial/Offices/ Carparking spaces	100.0%

## Particulars of Principal Properties (continued)

### 1. INVESTMENT PROPERTIES (Continued)

Location	Term	Usage	Group's interest
<b>The People's Republic of China</b>			
6th Floor, Chengdu Chuang's Centre, No. 1 Renmin South Road, Section 4, Wuhou District, Chengdu, Sichuan Province	Long lease	Commercial	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
<b>Singapore</b>			
245 Jalan Ahmad Ibrahim, Jurong Town, Singapore 629144, Lots 508 and 715 of Mukim 6	Medium lease	Industrial	88.2%
<b>The People's Republic of China</b>			
Chuang's New City Administrative Centre, Dongguan, Guangdong	Long lease	Office	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
<b>Hong Kong</b>					
Wuhu Residence, No. 111 Wuhu Street, Hungghom, H.H.I.L. Nos. 402, 475, 395, 410 and 459	Internal and external finishing works in progress	Fourth quarter of 2011	Residential/ Commercial	Site area – about 4,000 sq. ft. Saleable area – about 43,000 sq. ft.	100.0%
Parkes Residence, Nos. 93–105 Parkes Street, Jordan, R.P.S.A., S.D., S.E., S.S.2.S.C., R.P.S.C., S.B., and R.P. of K.I.L. No. 1510	Demolition works in progress	2014	Residential/ Commercial	Site area – about 4,796 sq. ft. Gross floor area – about 35,906 sq. ft.	100.0%
No. 30 Po Shan Road, I.L. No. 6070	Demolition works completed	N/A	Residential	Site area – about 10,000 sq. ft. Gross floor area – about 40,200 sq. ft.	50.0%
<b>Malaysia</b>					
Taman Sri Amber, Lot 2148 Pekan Setul, District of Seremban	Planning stage	N/A	Residential/ Commercial	Site area – about 1,032,000 sq. ft. Gross floor area – about 596,000 sq. ft.	100.0%
<b>Vietnam</b>					
Greenview Garden, Thu Duc District, Ho Chi Minh City	Planning stage	N/A	Residential/ Commercial	Site area – about 20,300 sq. m. Gross floor area – about 94,000 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	70.0%
<b>Taiwan</b>					
Xinyi District, Taipei City	Superstructure works in progress	2012	Residential	Site area – about 12,500 sq. ft. Gross building area – about 19,700 sq. ft.	100.0%
<b>Mongolia</b>					
The Edelweiss Residence, Sukhbaatar District, Ulaanbaatar	Planning stage	N/A	Residential	Site area – about 5,600 sq. m. Gross floor area – about 41,000 sq. m.	53.0%
Chuang's Tower, Chinggis Avenue, Sukhbaatar District, Ulaanbaatar	Planning stage	N/A	Commercial	Site area – about 3,272 sq. m. Gross floor area – about 37,675 sq. m.	100.0%

## Particulars of Principal Properties (continued)

### 3. PROPERTY PROJECTS (Continued)

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
<b>The People's Republic of China</b>					
Chuang's Le Papillon, Guangzhou, Guangdong					
– Phase I	Completed	Completed	Comprehensive development area	Site area – about 29,860 sq. m. Unsold gross floor area – about 36,658 sq. m. (and 254 carparking spaces)	57.0%
– Phase II	Under construction	2011–2013	Comprehensive development area	Site area – about 93,170 sq. m. Gross floor area – about 197,500 sq. m.	57.0%
– Phase III	Master planning completed	Beyond 2013	Comprehensive development area	Site area – about 91,987 sq. m. Gross floor area – about 158,300 sq. m.	57.0%
Chuang's New City, Dongguan, Guangdong					
Gold Coast	Completed	Completed	Residential	Site area – about 30,242 sq. m. Unsold gross floor area – about 2,535 sq. m. (and 256 carparking spaces)	57.0%
Imperial Garden					
– Phase I	Completed	Completed	Comprehensive development area	Site area – about 23,775 sq. m. Unsold gross floor area – about 44,410 sq. m. (and 175 carparking spaces)	57.0%
– Phase II	Foundation works completed	2013–2014	Comprehensive development area	Site area – about 9,500 sq. m. Gross floor area – about 60,000 sq. m.	57.0%
– Phase III	Planning stage	N/A	Comprehensive development area	Site area – about 158,576 sq. m. Gross floor area – about 360,000 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
<b>The People's Republic of China (Continued)</b>					
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 479 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 20,286 sq. m.	30.8%
	Completed	Completed	Residential/ Commercial	Gross floor area – about 10,200 sq. m.	30.8%
Chuang's Palazzo Caesar, Changsha, Hunan	Master planning in progress	N/A	Comprehensive development area	Site area – about 280,000 sq. m. Gross floor area – about 535,000 sq. m.	57.0%
Chuang's Mid-town, Anshan, Liaoning	Planning stage	N/A	Residential/ Commercial	Site area – about 11,000 sq. m. Gross floor area – about 110,000 sq. m.	57.0%
Chuang's Plaza, Anshan, Liaoning	Planning stage	N/A	Residential/ Commercial	Site area – about 39,500 sq. m. Gross floor area – about 390,000 sq. m.	57.0%
Xiamen Mingjia Binhai, Xiamen, Fujian	Construction works commence soon	2013–2014	Villas/Hotel	Site area – about 27,574 sq. m. Gross floor area – about 18,000 sq. m.	33.9%
Chuang's Le Printemps, Chengdu, Sichuan	Planning stage	N/A	Residential/ Commercial	Site area – about 30,000 sq. m.	29.1%

# Summary of Financial Information

## RESULTS

	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000 (Restated)	2010 HK\$'000 (Restated)	2011 HK\$'000
Revenues	719,873	472,453	283,456	560,887	<b>382,785</b>
Profit/(loss) attributable to equity holders	214,866	468,889	(273,828)	915,684	<b>789,686</b>
Earnings/(loss) per share (HK cents)	14.47	31.66	(18.30)	60.45	<b>51.20</b>
Dividend per share (HK cents)					
Interim	0.75	1.50	1.00	1.00	<b>1.80</b>
Special interim	0.50	–	–	–	<b>–</b>
Final	1.00	2.00	0.50	2.00	<b>3.20</b>
Total	2.25	3.50	1.50	3.00	<b>5.00</b>

## ASSETS AND LIABILITIES

	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000 (Restated)	2010 HK\$'000 (Restated)	2011 HK\$'000
Non-current assets	4,370,287	4,290,236	4,102,076	4,936,671	<b>5,202,504</b>
Current assets	1,592,367	3,065,879	3,173,402	3,632,098	<b>4,895,714</b>
Total assets	5,962,654	7,356,115	7,275,478	8,568,769	<b>10,098,218</b>
Total liabilities	(2,104,541)	(2,755,712)	(2,860,859)	(3,135,472)	<b>(3,750,536)</b>
Non-controlling interests	(615,952)	(865,767)	(816,637)	(859,379)	<b>(952,616)</b>
Shareholders' funds	3,242,161	3,734,636	3,597,982	4,573,918	<b>5,395,066</b>
Net asset value per share (HK\$)	2.19	2.51	2.38	2.99	<b>3.42</b>

## NET DEBT TO EQUITY RATIO

	2007 HK\$'M	2008 HK\$'M	2009 HK\$'M (Restated)	2010 HK\$'M (Restated)	2011 HK\$'M
Cash and bank balances and quoted investments	1,039.9	1,280.1	1,187.6	1,001.5	<b>1,788.9<sup>®</sup></b>
Bank borrowings	1,353.8	1,929.1	2,361.6	2,529.7	<b>2,562.6</b>
Net debt to equity ratio (%)	9.7	17.4	32.6	33.4	<b>14.3</b>

<sup>®</sup> Included restricted bank balance which was released as bank balances of the Group in April 2011.

Note: The accounting policies were changed in 2011 due to the adoption of HKAS 12 (Amendment) and the figures prior to 2009 have not been restated to reflect these changes.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Chuang's Consortium International Limited (the "Company") will be held at Connaught Room, 1st Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Tuesday, 30th August, 2011 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, 2011.
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

(A) **"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)

(B) **“THAT:**

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

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



## Notice of Annual General Meeting (continued)

(d) for the purpose of this Resolution:

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

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

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

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

## Notice of Annual General Meeting (continued)

- To transact any other business.

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

Hong Kong, 28th July, 2011

*Notes:*

- Any member entitled to attend and vote at the annual general meeting ("AGM") 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.
- 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 AGM or any adjournment thereof.
- For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 25th August, 2011 to Tuesday, 30th August, 2011, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 24th August, 2011.
- The board of Directors has recommended a final scrip dividend (with a cash option) of 3.2 HK cents per share.
- The proposed final dividend is subject to the approval of the shareholders at the AGM. The record date for entitlement to the proposed final dividend is 9th September, 2011. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 5th September, 2011 to Friday, 9th September, 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 2nd September, 2011.
- Concerning Resolutions numbered 3 and 5 above, the information necessary to enable the shareholders to make decisions on whether to vote for or against the Resolutions, as required by the Listing Rules, will be set out in a separate document from the Company to be enclosed with the 2011 Annual Report.

CHUANG'S CONSORTIUM INTERNATIONAL LIMITED

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

[www.chuang-consortium.com](http://www.chuang-consortium.com)