



# CHUANG'S CHINA INVESTMENTS LIMITED

(Incorporated in Bermuda with limited liability)

ANNUAL REPORT 2015







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# Chairman's Statement

## Financial Review

Revenues of the Group for the year ended 31st March, 2015 increased by 25.3% to HK\$1,008.6 million (2014: HK\$804.7 million), principally driven by the following factors:

- an increase in sales of development properties in the People's Republic of China (the "PRC") by about 26.9% to HK\$993.8 million (2014: HK\$783.0 million);
- an increase in rental and management fee income by about 7.3% to HK\$11.7 million (2014: HK\$10.9 million);
- income from sales and trading business dropped to HK\$2.9 million (2014: HK\$10.8 million) due to the cessation of the Group's watch components manufacturing business in April 2014; and
- securities investment and trading income was about HK\$0.2 million (2014: Nil), and was derived from an investment in a high yield bond with a principal of US\$3 million at a yield of 8.375% p.a. and a 7-year maturity.

During the year under review, gross profit increased by 42.3% to HK\$393.8 million (2014: HK\$276.8 million) in view of the increase in sales of properties in the PRC. Gross profit margin during the year rose to about 39% when compared with 34% in the previous financial year. The increase in gross profit was due to higher profit margin derived from property sales and the absence of gross loss from manufacturing business in the last financial year.

Other income and net gain was HK\$39.9 million (2014: HK\$137.9 million). It principally comprises bank interest income, dividend income from the Group's 17.1% interest in CNT Group Limited and gain on disposal of an investment property as announced in June 2014. The decrease in other income and net gain was mainly related to (i) the absence of gain on disposal of a subsidiary that was recorded in the last financial year, and (ii) the reduction of fair value gain on transfer of properties from properties for sale to investment properties. A breakdown of other income and net gain is shown in note 7 to the consolidated financial statements of this report. During the year under review, the Group recorded a gain on change in fair value of investment properties in the PRC of HK\$7.7 million (2014: HK\$1.7 million).

On the costs side, selling and marketing expenses decreased by 5.4% to HK\$46.9 million (2014: HK\$49.6 million). Administrative and other operating expenses decreased by 17.1% to HK\$129.0 million (2014: HK\$155.7 million) as a result of cost savings control on overheads and the absence of previous year's provisions relating to the loss-making manufacturing business.





Finance costs slightly increased to HK\$1.7 million (2014: HK\$1.1 million) as a result of increase in bank borrowings during the year. Share of loss of an associated company was HK\$0.8 million (2014: share of profit of HK\$0.8 million) and was attributed by the Group's 25% interest in Treasure Auctioneer International Limited. Furthermore, taxation increased by 64.7% to HK\$171.9 million (2014: HK\$104.4 million) and was due to more provisions of land appreciation tax and corporate income tax resulting from increase in gross profit margin and sales volume of properties in the PRC.

Taking into account the above, profit attributable to equity holders of the Company for the year ended 31st March, 2015 decreased by about 14.3% to HK\$94.5 million (2014: HK\$110.3 million). Earnings per share was 5.90 HK cents (2014: 7.00 HK cents).

## Dividends

After taking into account the working capital requirements for the Group's projects and business development, the board of Directors (the "Board") has resolved to recommend for the shareholders' approval at the forthcoming annual general meeting of the Company the payment of a final dividend of 3.0 HK cents (2014: 4.0 HK cents) per share for the year ended 31st March, 2015. The final dividend, if approved, will be paid on or before 27th October, 2015 by allotment of new shares with a cash option to the shareholders whose names appear on the Company's register of members on 11th September, 2015.

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\$0.05, 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 11th September, 2015, whichever is higher. A circular giving full details of the scrip dividend scheme and a form of election will be sent to the shareholders as soon as practicable.

An interim dividend of 1.0 HK cent (2014: 1.0 HK cent) per share has been paid in respect of the current financial year. Total dividends for the year will amount to 4.0 HK cents (2014: 5.0 HK cents) per share.



# Business Review

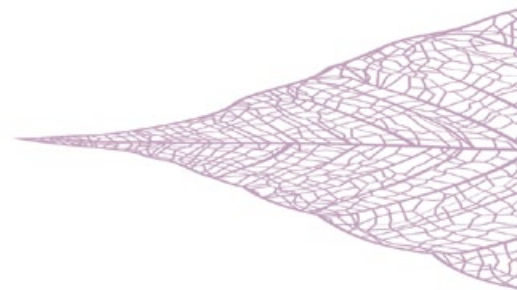
## Investment/Hotel Properties

### A. Investment Properties

The Group holds the following portfolio of investment properties in the PRC with an aggregate gross floor area ("GFA") of over 50,000 *sq. m.*, of which 25% are completed properties and 75% are under construction. Rental and related income during the year was HK\$11.7 million.

1. Chengdu Digital Plaza Level 6 at Chengdu, having a GFA of 4,255 *sq. m.*, is subject to a three-year tenancy expiring in 2016.
2. Chuang's New City at Dongguan has two completed commercial properties with aggregate GFA of about 12,436 *sq. m.*. About 7,936 *sq. m.* of these properties are subject to various leases expiring from 2015 to 2025. The remaining 4,500 *sq. m.* of these commercial properties were not leased out as at 31st March, 2015 and are recorded in the financial statements as "Properties for sale". Additional investment properties under construction at Chuang's New City have a total GFA of about 6,026 *sq. m.*.
3. Chuang's Le Papillon at Guangzhou has two completed commercial properties with aggregate GFA of 1,181 *sq. m.*. One of the commercial properties with GFA of 601 *sq. m.* is subject to an eight-year tenancy expiring in 2023, while the other property with GFA of 580 *sq. m.* was not leased out as at 31st March, 2015 and is therefore recorded in the financial statements as "Properties for sale". Furthermore, investment properties to be constructed at Chuang's Le Papillon will have a total GFA of about 2,639 *sq. m.*.
4. Chuang's Mid-town at Anshan has investment properties under construction of 29,616 *sq. m.*. It is a 6-level commercial podium located at the city centre of Anshan.
5. The Group holds five office units at R&F Yingkai Square (富力盈凱廣場) with total GFA of 896 *sq. m.*, and is located in the CBD of Zhujiang New Town (珠江新城) in Guangzhou. During the year, the properties were recorded in the financial statements as "Properties for sale". In view of its prime location, the Group considers that its value will be appreciated and decides to lease out the properties subsequent to the year end date.





As at 31st March, 2015, the Group's investment properties in the PRC has an aggregate book value of approximately HK\$251.7 million. The Group will continue to increase its investment property portfolio for rental purpose, which will bring recurrent and steady cash inflow, in order to weather the slowdown of the property development sales in the PRC.

During the year, the Group entered into an agreement to dispose of an investment property in Guangzhou with GFA of about 1,804 *sq. m.* at a consideration of approximately RMB32.4 million (equivalent to approximately HK\$40.5 million). The transaction was completed in July 2014 and realized a net gain after taxation of approximately RMB3.7 million (equivalent to approximately HK\$4.6 million) to the Group. Details of the transaction were set out in the announcement of the Company dated 12th June, 2014.

Subsequent to the year end date, on 21st April, 2015, the Group announced the acquisition of the industrial property located at Changan, Dongguan, with a GFA of about 39,000 *sq. m.* at RMB101.6 million (equivalent to approximately HK\$127.0 million). The industrial property is close to a well developed residential and commercial area and is about 10 km to Shenzhen. After completion of the acquisition, the Group intends to lease out the property for rental income and will monitor the market conditions regarding redevelopment potential of the property to optimize the investment return.





B. Hotel Property

# sáv Resort & Spa

Xiamen, Fujian

59.5% OWNED











sáv Resort & Spa is located in the beautiful scenery of the south coast of Siming District, covering an area of about 27,600 *sq. m.*, and just five minutes walk from the nearby beach.

Focusing on a low density development, the project has 18,000 *sq. m.* in GFA and focuses on creating a harmonious architectural and landscape design. The project provides 30 villas with an aggregate GFA of about 8,300 *sq. m.* which will be rented out on long lease. An exclusive resort with 100 keys (total GFA of 9,700 *sq. m.*) will be operated as hotel and resort. It is expected that soft opening of the hotel will be before the end of 2015.







## Property Development

The growth of the PRC's macro economy has shown sign of slowing down during the year under review. With such downward pressure, the PRC property market also underwent correction and adjustments from rapid growth in the past few years. Property buyers took a wait-and-see attitude, leading to a decline in both price and volume in major cities. Property developers in the PRC are then faced with challenges from slow-moving inventory level, shrinking profit margins and intensifying competition.

In recent months, relaxation of restrictions on property purchasing, loosening of monetary policy and decrease in interest rate of housing mortgage loan are launched to boost the property market. However, sign of a recovery in terms of transaction volume and price have yet to be seen and the PRC property market is still full of challenges.

During the year, the Group took proactive strategy to diversify its property development business to Hong Kong, and has actively participated in a number of public tenders in Hong Kong. In February 2015, the Group had succeeded in the public tender for a lot in Yip Wong Road, Tuen Mun at the tender price of HK\$428.8 million.



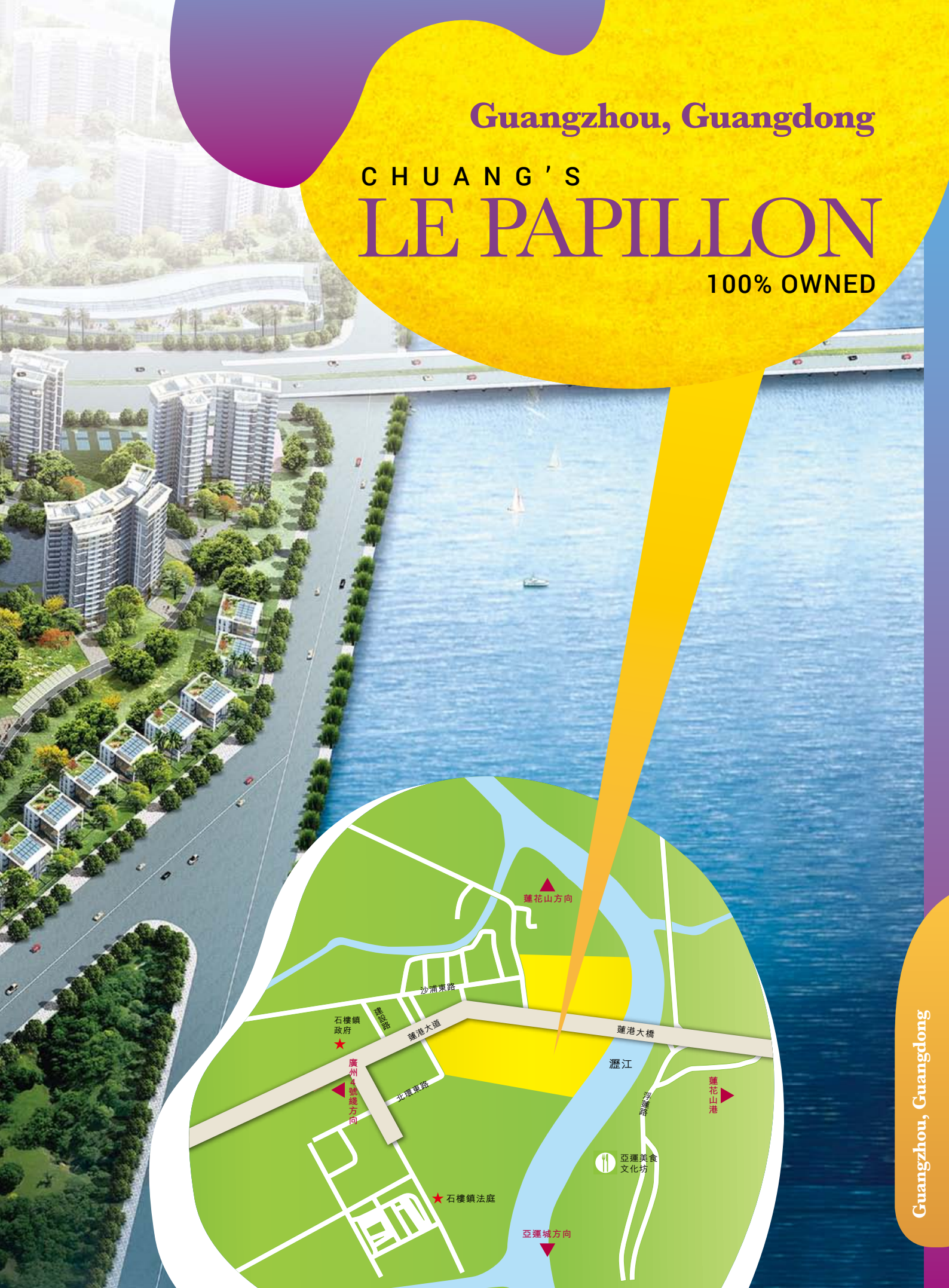




Guangzhou, Guangdong

CHUANG'S  
LE PAPILLON

100% OWNED



蓮花山方向

沙浦東路

石樓鎮政府

廣州地鐵綫方向

石樓鎮法庭

亞運城方向

蓮港大道

北環東路

灝江

浮蓮路

亞運美食文化坊

蓮花山港

蓮港大橋

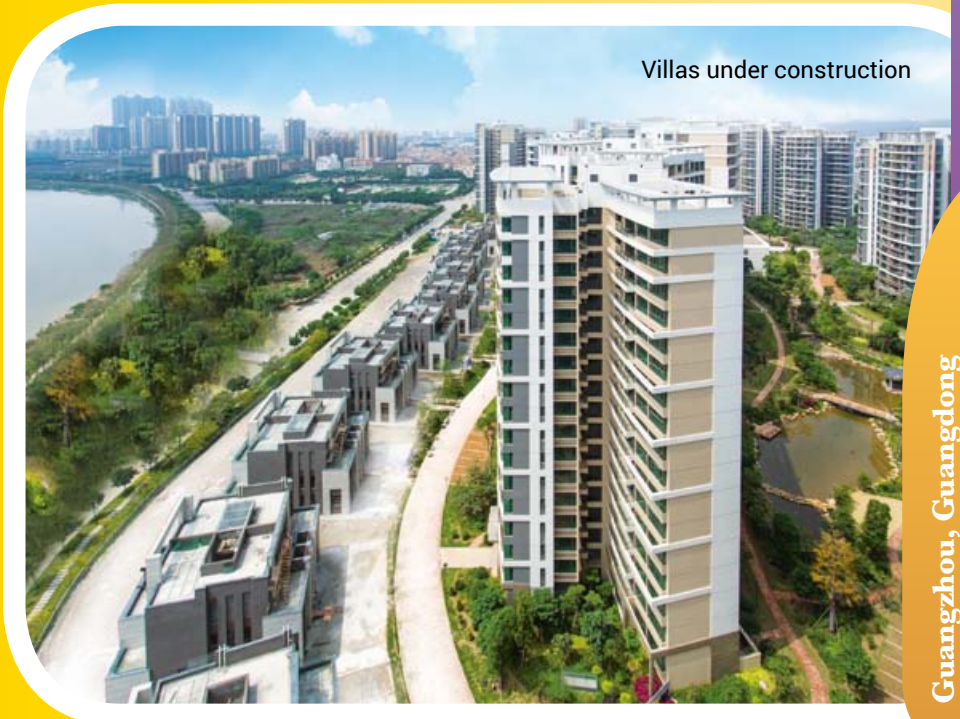


Chuang's Le Papillon is an integrated residential and commercial community and is divided into different phases. Phase I and II (Block A to P) have a total GFA of 260,800 *sq. m.*. It comprises 34 high-rise residential towers with a total of 2,077 flats and 22 villas, commercial podium, club houses and 1,497 carparking spaces.

Occupancy of Block A to I, K, M and N were handed over to buyers in previous financial years. During the year under review, occupancy of Block J and L were handed over to buyers. This marked the completion of the high-rise development of Phase I and II. Block P, comprising 22 villas with aggregate GFA of about 7,000 *sq. m.*, will be completed soon and the show flat is ready to be launched for marketing.









# CHUANG'S LE PAPILLON

Block  
H

Block  
F

Block  
I

Block  
J

Block  
K







Block  
L

The Group is reviewing the product mix and plot ratio of future development, taking into account the local home-buyers' preferences on flat sizes and market condition. The Group plans to commence construction on our site, however, it requires the obtaining of approval by the relevant authorities in Guangzhou, including approval for development plans and land quota to be released by the relevant authorities in the PRC. As the approval will take some time to be obtained, the Group is in close liaison with the authorities to follow up the approval process and also to explore means on speeding up such process.

Regarding the sales progress for Phase I and II, all the 34 high-rise blocks (Block A to N) have been launched to the market. Marketing of the villas (Block P) will be launched in the coming months. As of to-date, unsold residential properties of this project of Block A to P amounted to about RMB290 million.

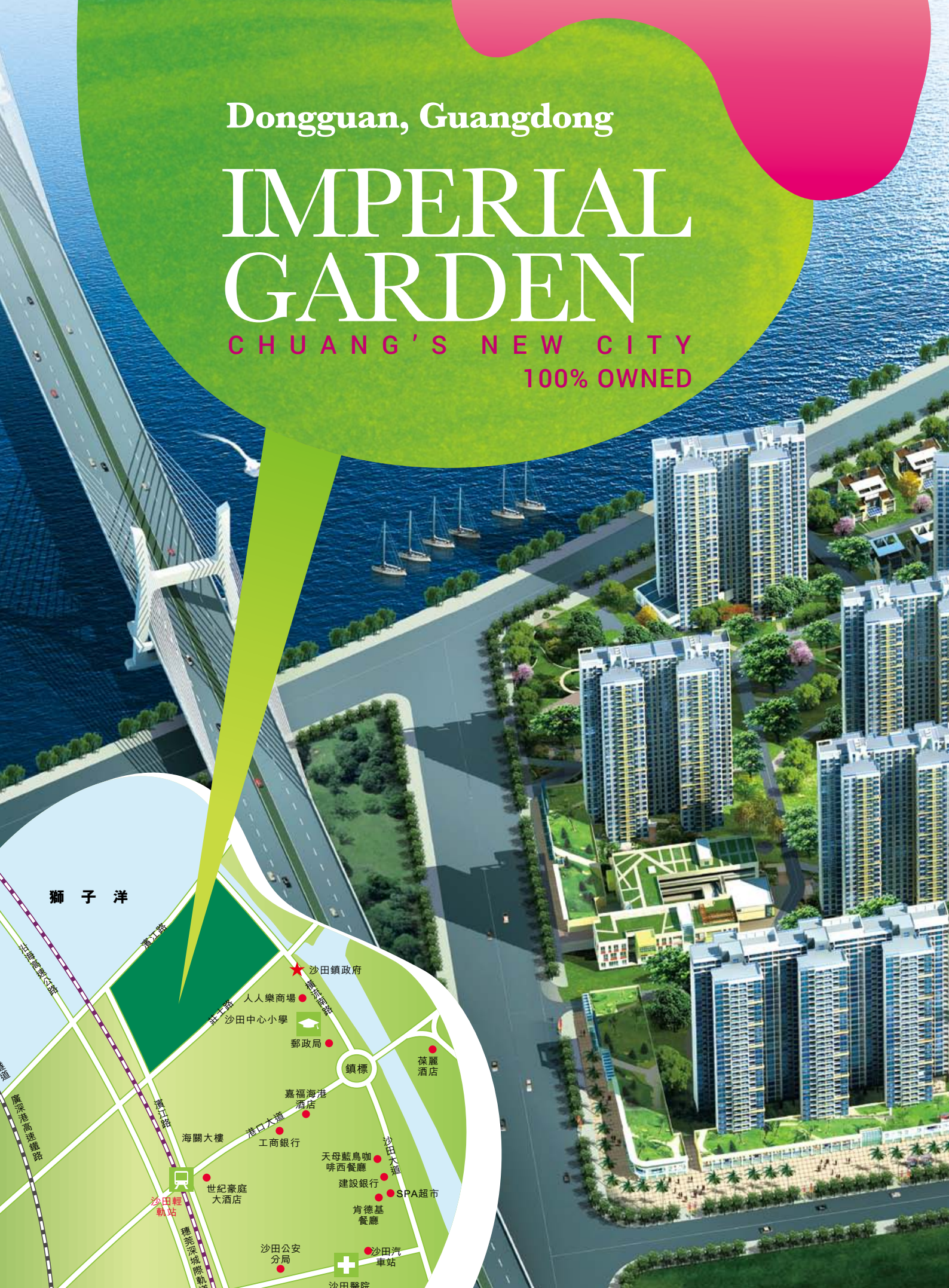




Dongguan, Guangdong

# IMPERIAL GARDEN

CHUANG'S NEW CITY  
100% OWNED









# Construction In Progress

Block 29 to 31



Block  
14

Block  
9





Chuang's New City has a total GFA of about 520,000 *sq. m.* and is divided into different phases. Phase I and II (Block 1 to 14) have an aggregate GFA of about 150,300 *sq. m.*. It provides 1,239 residential flats, a modern commercial shopping complex and 184 carparking spaces. It is well equipped with ancillary facilities such as club house, kindergarten and sports arena.

Occupancy of Block 1 to 8 were handed over to buyers in previous financial years. During the year under review, occupancy of Block 9 to 14 were handed over to buyers. As of to-date, unsold residential properties of Block 1 to 14 amounted to about RMB130 million.

Foundation works for Phase III (Block 29 to 31) with total GFA of about 40,000 *sq. m.* are completed. Superstructure works have commenced and is up to the 12th level. Marketing of these three blocks with flat sizes ranging from 82 *sq. m.* to 138 *sq. m.* will commence soon.







The Group will plan for development of Phase IV (Block 15 to 20) with total GFA of about 83,000 sq. m.. As for the remaining development with GFA of about 233,000 sq. m., the Group will embark on development plan in accordance with local market sentiments and sales progress.









Anshan, Liaoning

CHUANG'S

# MID-TOWN

100% OWNED







Situated right next to the Anshan rail station, this site is located at the core city centre of Tie Dong Qu (鐵東區) near the bustling pedestrian street. The development will provide integrated community with residential, shopping areas, specialty business activities, SOHO and office space with a total GFA of about 100,000 *sq. m.*

The development consists of a 6-level commercial podium providing an aggregate GFA of about 29,600 *sq. m.* Above the podium will be a twin tower (Block A and B) with 27 and 33-storey respectively, offering total GFA of about 63,000 *sq. m.* as residential and service apartments. Superstructure works of the commercial podium are in satisfactorily progress and has topped off. Pre-sale of Block A will commence soon.





CHUANG'S

# PLAZA

100% OWNED







Adjacent to Chuang's Mid-town, the second site of the Group is located in the prime city centre of Tie Dong Qu (鐵東區). With a developable GFA of 390,000 *sq. m.*, the site will provide a mega integrated development including office towers, retail, food and beverage and entertainment facilities together with residential blocks. Master layout planning has been submitted to the relevant authority for approval.







## **Tuen Mun, New Territories, Hong Kong**

# **Yip Wong Road, Tuen Mun Town Lot No. 514 (100% owned)**

The site at Yip Wong Road has an area of about 2,428 *sq. m.* and has developable GFA of 10,862 *sq. m.* for residential purpose and 2,428 *sq. m.* for commercial purpose.

The site is located along the riverside recreation park, overlooking Tuen Mun River. Along the promenade right in front of the site, it is within leisure walking distance to the nearby landmark commercial mall. The site is easily accessible to the light rail station and Tuen Mun West Rail and is close to (i) the Tuen Mun-Chek Lap Kok Link under construction, which will connect Tuen Mun to the Hong Kong-Zhuhai-Macao Bridge Hong Kong port and the Hong Kong International Airport; and (ii) Shenzhen via the Hong Kong-Shenzhen Western Corridor (深港西部通道).

The site was handed over to the Group in March 2015. Ground investigation works are completed, and building plans are submitted for approval. Site formation and foundation works will commence once the plans are approved.





## Other property projects in the PRC

The Group holds a 54% interest in a property development project in Changsha. As at 31st March, 2015, the Group's total investment costs amounted to about HK\$80 million. Properties available for sales (total residential GFA of 19,000 *sq. m.* and commercial GFA of 11,600 *sq. m.*) of this project have a total book costs of about HK\$121 million. The operating license of the joint venture company in the PRC has expired since 2012. The Group is considering ways of orderly dissolving this joint venture company in the PRC.

The Group holds a 51% development interest in a project in Chengdu. In view of the complexity of the project that involves resettlements, the Group has ongoing discussions with the local partner regarding disposal of this development interest by the Group. In the event the disposal alternative is not effected, the Group will evaluate our legal rights and procedures on unwinding the investment.

## Sales and revenues recognition for PRC projects

Due to the sluggish market and price-cutting strategies by other property developers in the PRC, total contracted sales of the Group during the financial year ended 31st March, 2015 had decreased. Contracted sales pending completion in the last corresponding period amounted to about RMB685 million (equivalent to approximately HK\$857 million) whereas contracted sales pending completion as of to-date amounted to only about RMB257 million (equivalent to approximately HK\$322 million). The Group will recognize contracted sales as revenues in the financial statements when such sales are completed.

Currently, the Group's projects in Guangzhou and Dongguan have unsold (i) completed residential properties amounted to about RMB420 million and (ii) carpark of about RMB197 million. In the coming financial year, the Group plans to launch additional residential properties of about RMB400 million for pre-sale, comprising Block 29 to 31 of Imperial Garden at Dongguan and Block A of Chuang's Mid-town at Anshan. Accordingly, the total properties available for sales have a total saleable value of about RMB1,017 million (equivalent to approximately HK\$1,273 million).



## Chairman's Statement (Continued)

### Financial Position

As at 31st March, 2015, the Group's cash and bank balances (including pledged bank balances) and investments held for trading amounted to HK\$935.2 million (2014: HK\$1,145.1 million). As at the same date, bank borrowings of the Group amounted to HK\$623.0 million (2014: HK\$404.7 million). The Group has net cash of HK\$312.2 million (2014: HK\$740.4 million). The calculation of net debt to equity ratio was therefore not applicable (2014: Not applicable). Approximately 14.4% of the Group's cash and bank balances and investments held for trading were in Hong Kong dollar and United States dollar, with the remaining 85.6% in Renminbi. Approximately 56.7% of the Group's bank borrowings were in Hong Kong dollar with the remaining 43.3% in Renminbi. Accordingly, risk in exchange rate fluctuation would not be material.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 51.5% of the Group's bank borrowings were repayable within the first year, 46.1% were repayable within the second year and the balance of 2.4% were repayable within the third to fifth years.

As at 31st March, 2015, the net asset value attributable to equity holders of the Company was HK\$2,604.7 million. Net asset value per share amounted to HK\$1.62, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value.

### Prospects

In 2015, the PRC government targets to maintain the GDP growth at 7%, and will improve urban planning and promote the stable and sound development of the property market in the long term. The urbanization policies on new town development and relaxation of mortgage requirements of first-home buyers will continue.

Looking forward, the PRC property market will continue to undergo a period of market-driven correction and the growth rate is expected to slowdown. While the Group's property sales in the PRC may be affected by the weaker market sentiments, the Group will seek for opportunity to diversify its reliance on property development business in the PRC. The Group will keep monitoring new investment opportunities in the PRC as well as continue to expand its property development business in Hong Kong.



## 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, 2015, the Group employed 264 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

## Appreciation

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

**Abraham Shek Lai Him**

*Chairman*

Hong Kong, 26th June, 2015





Corporate  
Information



<b>Honorary Chairman</b>	Alan Chuang Shaw Swee
<b>Directors</b>	<p>Abraham Shek Lai Him, G.B.S., J.P.* (<i>Chairman</i>)  Ann Li Mee Sum (<i>Deputy Chairman</i>)  Albert Chuang Ka Pun (<i>Managing Director</i>)  Chong Ka Fung  Sunny Pang Chun Kit  Peter Lo Wing Cheung  David Chu Yu Lin, S.B.S., J.P.*  Andrew Fan Chun Wah*</p> <p><i>* Independent Non-Executive Directors</i></p>
<b>Audit Committee/ Nomination Committee/ Remuneration Committee</b>	<p>Abraham Shek Lai Him, G.B.S., J.P.#  David Chu Yu Lin, S.B.S., J.P.  Andrew Fan Chun Wah</p>
<b>Corporate Governance Committee</b>	<p>Ann Li Mee Sum#  Albert Chuang Ka Pun  Chong Ka Fung</p> <p><i># Chairman of the relevant committee</i></p>
<b>Company Secretary</b>	Lee Wai Ching
<b>Auditor</b>	<p>PricewaterhouseCoopers  22nd Floor, Prince's Building,  10 Chater Road,  Central, Hong Kong</p>
<b>Registrars</b>	<p><b>Bermuda:</b>  MUFG Fund Services (Bermuda) Limited  The Belvedere Building,  69 Pitts Bay Road,  Pembroke HM08,  Bermuda</p> <p><b>Hong Kong:</b>  Tricor Progressive Limited  Level 22, Hopewell Centre,  183 Queen's Road East,  Hong Kong</p>



## Corporate Information (Continued)

<b>Principal Bankers</b>	The Hongkong and Shanghai Banking Corporation Limited HSBC Bank (China) Company Limited Hang Seng Bank Limited Hang Seng Bank (China) Limited Bank of China (Hong Kong) Limited China Construction Bank Corporation
<b>Registered Office</b>	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
<b>Principal Office in Hong Kong</b>	25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong Telephone: (852) 2522 2013 Facsimile: (852) 2810 6213 Email address: <a href="mailto:chuangs@chuangs.com.hk">chuangs@chuangs.com.hk</a> Website: <a href="http://www.chuang-china.com">www.chuang-china.com</a>
<b>Other Offices in the People's Republic of China (the "PRC")</b>	<b>Beijing Office</b> Chuang's (Beijing) Investment Services Limited Unit 608B, 6th Floor, China Resources Building, No. 8 Jianguomenbei Avenue, Beijing, the PRC  <b>Guangzhou Office</b> Guangzhou Panyu Chuang's Real Estate Development Company Limited Liangang Road, Guangzhou, Guangdong, the PRC  <b>Dongguan Office</b> Dongguan Chuang's Real Estate Development Company Limited 1st Floor, Chuang's New City Administrative Centre, No. 8 Chuang's Road, Dongguan, Guangdong, the PRC



## Other Offices in the PRC (Continued)

### **Anshan Office**

Anshan Chuang's Property Development Company Limited  
Anshan Chuang's Real Estate Development Company Limited  
No. 738 Jian Guo Road,  
Tie Dong Qu, Anshan,  
Liaoning, the PRC

### **Xiamen Office**

Xiamen Mingjia Binhai Resort Company Limited  
Room F, 24th Floor,  
International Bank Building,  
No. 8 Lujiang Road, Xiamen,  
Fujian, the PRC

### **Chengdu Office**

Chengdu Chuang's Investment Services Limited  
Room 10A, 10th Floor,  
Tower 2, Block 13, Bi Yun Tian,  
No. 1 Bi Yun Road,  
Chengdu, Sichuan, the PRC

## Sales Offices in the PRC

### **Chuang's Le Papillon Sales Office**

Liangang Road, Guangzhou,  
Guangdong, the PRC

### **Imperial Garden Sales Office**

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

### **Chuang's Mid-town Sales Office**

No. 738 Jian Guo Road,  
Tie Dong Qu, Anshan,  
Liaoning, the PRC

Stock Code

298





Biographical Details of  
Honorary Chairman,  
Directors and Senior Management



## Biographical Details of Honorary Chairman, Directors and Senior Management

### Honorary Chairman

**Mr. Alan Chuang Shaw Swee** (aged 63), the honorary chairman of the Company, is the chairman of Chuang's Consortium International Limited ("Chuang's Consortium", the controlling shareholder of the Company) and the honorary chairman of Midas International Holdings Limited ("Midas"), both are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He has extensive experience in business development and investment in Hong Kong, the People's Republic of China (the "PRC") and Southeast Asia. With his substantial connections, he has been actively involved in the development and management of investments in Hong Kong, the PRC and Southeast Asia. He was an Adviser of Hong Kong Affairs and a member of the Selection Committee for the Government of the Hong Kong Special Administrative Region. He is a member of the National Committee of The Chinese People's Political Consultative Conference, a standing committee member of All-China Federation of Returned Overseas Chinese, the Honorary President of the Association for the Promotion of Global Chinese Traders Fraternity Ltd., the Honorary member of Guangzhou Panyu Overseas

Exchanges Association, the Vice President of China Federation of Overseas Chinese Entrepreneurs and the Committee for the Promotion of Fujian-Taiwan Economic Cooperation, the Honorary President of Hunan Overseas Friendship Association and Fujian International Culture & Economy Exchange Foundation, 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 an executive 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, a director of The Real Estate Developers Association of Hong Kong, 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 Friends of Hong Kong Association Ltd..



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

## Directors

**Mr. Abraham Shek Lai Him** G.B.S., J.P., (aged 70), was appointed as the chairman and an independent non-executive director of the Company in April 2008. He is currently a member of the Legislative Council for the Hong Kong Special Administrative Region, the Court of The Hong Kong University of Science & Technology, the Court and the Council of The University of Hong Kong and a non-executive director of the Mandatory Provident Fund Schemes Authority of Hong Kong. He holds a Bachelor degree of Arts. He is also an independent non-executive director of Chuang's Consortium, Midas, Paliburg Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, ITC Corporation Limited, Country Garden Holdings Company Limited, Hop Hing Group Holdings Limited, MTR Corporation Limited, SJM Holdings Limited, Dorsett Hospitality International Limited, ITC Properties Group Limited, China Resources Cement Holdings Limited, Lai Fung Holdings Limited, Cosmopolitan International Holdings Limited and Jinheng Automotive Safety Technology 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.

**Miss Ann Li Mee Sum** (aged 54), the deputy chairman, has over 29 years of experience in finance, investment banking and business management. She holds a Master degree in Business Administration and is an associate member of the Chartered Institute of Management Accountants. She joined the Group in 1999.

**Mr. Albert Chuang Ka Pun** (aged 35), the managing director, has over 11 years of experience in property business and general management. He is also an executive director of Chuang's Consortium. He holds a Bachelor degree of Arts with major in Economics. He is a committee member (the Hong Kong Special Administrative Region) of the Tianjin Municipal Committee of the Chinese People's Political Consultative Conference and the Eleventh All-China Youth Federation. Mr. Chuang is the son of Mr. Alan Chuang Shaw Swee. He is also the brother of Mr. Chong Ka Fung. He joined the Group in 2008.

**Mr. Chong Ka Fung** (aged 30), an executive director, has over 5 years of experience in architecture, interior design and general management. He is also an executive director of Chuang's Consortium. He holds a Bachelor degree of Fine Arts in Architecture Design covering architecture; interior; and urban planning. He is a director of The Chinese General Chamber of Commerce and the Hong Kong Chang Sha Chamber of Commerce, the vice chairman of Youth Committee of the Hong Kong Huian Natives Association, a committee member of the Hunan Youth Federation, and a member of The Y. Elites Association Limited, the China Green Building (Hong Kong) Council and the Hong Kong-Shanghai Youth Exchange Promotion Association. Mr. Chong is the son of Mr. Alan Chuang Shaw Swee. He is also the brother of Mr. Albert Chuang Ka Pun. He joined the Group in 2012.



## Directors (Continued)

**Mr. Sunny Pang Chun Kit** (aged 57), an executive director, has over 37 years of experience in construction and real estate development business. He holds a Master of Science degree in Construction and Project Management and is a member of the Chartered Institute of Building and the Architects and Surveyors Institute, United Kingdom and an associate member of the Hong Kong Institution of Engineers. He joined the Group in 1992.

**Mr. Peter Lo Wing Cheung** (aged 44), an executive director, has over 20 years of experience in sales and marketing of properties in Hong Kong and in the PRC. He holds a honor diploma in Marketing and is a member of Hong Kong Institute of Marketing. He joined the Group in 2008.

**Mr. David Chu Yu Lin** S.B.S., J.P., (aged 71), was appointed as an independent non-executive director in 1997. Mr. Chu has extensive experience in finance, banking and property investment. He holds a Bachelor of Science degree and a Master of Science degree, both from Northeastern University, and a Master of Business Administration degree from Harvard University. Mr. Chu was conferred with an Honorary Doctorate Degree in Public Service by the Northeastern University. He is also an independent non-executive director of Chuang's Consortium, AVIC International Holding (HK) Limited and Zhuhai Holdings Investment Group Limited, all are listed on the Stock Exchange. Mr. Chu was elected as a deputy of the Hong Kong Special Administrative Region to the 10th National Congress of the PRC.

**Mr. Andrew Fan Chun Wah** (aged 36), was appointed as an independent non-executive director in 2013. He is a practising certified public accountant in Hong Kong with over 9 years of experience. He holds a Bachelor degree of Business Administration (accounting and finance) and a Bachelor degree in Laws. Mr. Fan is a member of the Association of Chartered Certified Accountants in the United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Fan is an independent non-executive director of LT Commercial Real Estate Limited, Milan Station Holdings Limited, Sinomax Group Limited, Fulum Group Holdings Limited and Culturecom Holdings Limited, all are listed on the Stock Exchange. He is also a committee member of the tenth and eleventh Chinese People's Political Consultative Conference of the Zhejiang Province, the fourth and fifth Chinese People's Political Consultative Conference of Shenzhen, the vice chairman of Zhejiang Province United Youth Association and the chairman of Hong Kong United Youth Association.



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

## Senior Management

**Mr. Huang Shi Zhao** (aged 59), the general manager of the Group's operation in Guangdong, the PRC. He has over 41 years of experience in legal field, electrical engineering, property development, construction project, administration and management. He is a university graduate in PRC laws and is a National Constructor (Class II) in the PRC. He is the vice president of Dongguan City Association of Enterprises with Foreign Investment and the executive vice president of The Association of Foreign Investment Enterprises of Shatian, Dongguan. He joined the Group in 1993.

**Mr. Chen Feng** (aged 33), the general manager of the Group's development project in Panyu, the PRC. He has over 8 years of experience in construction project management. He holds a Master degree in construction management. He joined the Group in 2007.

**Mr. Guo Caihong** (aged 45), the general manager of the Group's development project in Anshan, the PRC. He has 23 years of experience in project planning, design and management. He joined the Group in 1992.

**Mr. Tao Jun** (aged 51), the deputy general manager of the Group's development projects in Panyu and Anshan, the PRC. He has over 29 years of experience in construction project management. He is a university graduate with major in Industrial and Civil Construction and holds a senior engineer qualification in Hubei, the PRC. He joined the Group in 2004.

**Mr. Zhuang Xue Nong** (aged 41), the deputy general manager of the Group's project in Guangdong, the PRC. He has over 20 years of experience in real estate and project management, construction, administration, marketing and finance. He holds a postgraduate certificate in Economic Management. He joined the Group in 2003.

**Mr. Zhuang Xueyu** (aged 42), the deputy general manager of the Group's hotel development and management project in Xiamen, the PRC. He has over 18 years of experience in architectural engineering. He holds a Bachelor degree in Architecture and the PRC Class I Registered Architect Qualification. He joined the Group in 2011.

**Mr. Liu Hua** (aged 41), the deputy general manager of the Group's development project in Dongguan, the PRC. He has over 22 years of experience in construction and project management. He joined the Group in 2003.

**Mr. Liu Jian** (aged 28), a senior property officer, holds a Bachelor degree in Project Management and a Master degree in Real Estate. He is a Registered Real Estate Appraiser in the PRC and a member of the Royal Institute of Chartered Surveyors. He joined the Group in 2012.

## Senior Management (Continued)

**Miss Yung Miu Chuen** (aged 34), the senior accounting manager, has over 10 years of experience in accounting and auditing. She holds a Bachelor degree in accountancy. She is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. She joined the Group in 2012.

**Mr. David Yeung Man Yung** (aged 44), the general manager of the Group's watch and innovative products division. He has 22 years of experience in manufacturing management and trading business. He holds a Bachelor of Science degree in Electrical Engineering and a Master degree in Business Administration. He joined the Group in 2011.

**Ms. Lee Wai Ching** (aged 54), the company secretary, has over 31 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.



The background of the page is a close-up, monochromatic photograph of several overlapping leaves in shades of brown and tan. The veins of the leaves are clearly visible, creating a complex, organic pattern. In the lower-left quadrant, two leaves are highlighted with a white, etched or embossed effect, showing the intricate details of their venation. Centered on the page, the words "Corporate Governance Report" are written in a clean, white, serif font, stacked vertically.

# Corporate Governance Report

## Introduction

The Company is committed to achieving a 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 Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## Report on corporate governance practices

### (A) The Board

The board of Directors (the “Board”) is responsible for overseeing the business and strategies of the Company and its subsidiaries (collectively as the “Group”) with the objective of enhancing value for its shareholders.

A Board diversity policy (the “Board Diversity Policy”) has been approved by the Board with effect from 1st September, 2013. A summary of the Board Diversity Policy is extracted below:

The Company continuously seeks to enhance the effectiveness of its Board and to maintain high standards of corporate governance and recognizes and embraces the benefits of diversity in the boardroom. The Company sees diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, and professional experience and skills. In informing its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time.

The Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy for sustainable and balanced development.

Board appointments shall be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board believes that such merit-based appointments will best enable the Company to serve its shareholders and other stakeholders as a whole.



## Report on corporate governance practices (Continued)

### (A) The Board (Continued)

#### (i) Board composition

The Board comprises 8 Directors as at the date of this report. The Board members are as follows:

Name	Position
Mr. Abraham Shek Lai Him ("Mr. Abraham Shek")	Chairman and Independent Non-Executive Director
Miss Ann Li Mee Sum ("Miss Ann Li")	Deputy Chairman
Mr. Albert Chuang Ka Pun* ("Mr. Albert Chuang")	Managing Director
Mr. Chong Ka Fung* ("Mr. Edwin Chong")	Executive Director
Mr. Sunny Pang Chun Kit ("Mr. Sunny Pang")	Executive Director
Mr. Peter Lo Wing Cheung ("Mr. Peter Lo") (appointed on 8th June, 2015)	Executive Director
Mr. David Chu Yu Lin ("Mr. David Chu")	Independent Non-Executive Director
Mr. Andrew Fan Chun Wah ("Mr. Andrew Fan")	Independent Non-Executive Director

\* Mr. Albert Chuang is the brother of Mr. Edwin Chong.

\*\* Mr. Lee Sai Wai retired on 3rd November, 2014 and ceased to act as a Deputy Chairman and an Executive Director of the Company. Mr. Wong Chung Wai resigned as an Executive Director of the Company on 31st December, 2014.

The composition of the Board is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business of the Group. 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. Each of the Directors' respective biographical details are set out in the section headed "Biographical Details of Honorary Chairman, Directors and Senior Management" of this annual report.

## 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) Nomination Committee

A Nomination Committee was established by the Company with clear terms of reference to review the composition of the Board. The Nomination Committee of the Company shall review the Board Diversity Policy annually and recommend any proposed changes to the Board for approval. The Nomination Committee currently comprises three Independent Non-Executive Directors, Mr. Abraham Shek, Mr. David Chu and Mr. Andrew Fan. 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 attendance record of each committee member is as follows:

Name	No. of meeting attended/held
Mr. Abraham Shek*	1/1
Mr. David Chu	1/1
Mr. Andrew Fan	0/1

\* *Chairman of the Nomination Committee*



## Corporate Governance Report (Continued)

### Report on corporate governance practices (Continued)

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

##### (iv) Board meetings

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

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

Name	Position	No. of meetings attended/held
Mr. Abraham Shek	Chairman and Independent Non-Executive Director	4/4
Miss Ann Li	Deputy Chairman	4/4
Mr. Albert Chuang	Managing Director	4/4
Mr. Edwin Chong	Executive Director	4/4
Mr. Sunny Pang	Executive Director	4/4
Mr. Peter Lo (appointed on 8th June, 2015)	Executive Director	N/A
Mr. David Chu	Independent Non-Executive Director	4/4
Mr. Andrew Fan	Independent Non-Executive Director	4/4
Mr. Lee Sai Wai (retired on 3rd November, 2014)	Deputy Chairman	3/4
Mr. Wong Chung Wai (resigned on 31st December, 2014)	Executive Director	4/4

## Report on corporate governance practices (Continued)

### (A) The Board (Continued)

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

The roles of Chairman and Chief Executive Officer are separated. Currently, Mr. Abraham Shek is the Chairman and Mr. Albert Chuang, who was re-designated as the Managing Director on 8th June, 2015, 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 induction 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)**

(A) The Board (Continued)

**(ix) Directors' training**

According to the code provision A.6.5 of the CG Code, all Directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding training, placing an appropriate emphasis on the roles, functions and duties of the Directors of the Company.

During the year, the Company has arranged seminars and provided reading materials to the Directors that are relevant to their duties and responsibilities. A summary of the training record of each Director received by the Company is as follows:

<b>Name</b>	<b>Reading regulatory updates relating to the director's duties and responsibilities or information relevant to the Group or its business</b>	<b>Reading newspapers, journals and updates relating to the economy, environment and social issues or the director's duties and responsibilities</b>	<b>Attending in-house seminar(s) or seminar(s) organized by external professional institution(s) or attending conference(s) relevant to the director's duties and responsibilities</b>
Mr. Abraham Shek	✓	✓	✓
Miss Ann Li	✓	✓	✓
Mr. Albert Chuang	✓	✓	✓
Mr. Edwin Chong	✓	✓	✓
Mr. Sunny Pang	✓	✓	✓
Mr. Peter Lo (appointed on 8th June, 2015)	N/A	N/A	N/A
Mr. David Chu	✓	✓	✓
Mr. Andrew Fan	✓	✓	✓

## 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

The Chairman, being an Independent Non-Executive Director, entitles to an annual fee of HK\$300,000. Each of the other Independent Non-Executive Directors of the Company entitles to 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 by the Company with clear terms of reference and is responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the Company's establishment of a formal and transparent procedure for developing remuneration policy.

The Remuneration Committee comprises three Independent Non-Executive Directors, Mr. Abraham Shek, Mr. David Chu and Mr. Andrew Fan. The committee met once during the year to review the remuneration policy of the Group and the management's remuneration proposals with reference to the Board's corporate goals and objectives. The committee performs an advisory role to the Board with the Board retaining the final authority to approve the remuneration packages of Directors and senior management and the model (c)(ii) as stipulated in code provision B.1.2 of the CG Code was adopted.

The attendance record of each committee member is as follows:

Name	No. of meeting attended/held
Mr. Abraham Shek*	1/1
Mr. David Chu	1/1
Mr. Andrew Fan	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 consolidated 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.

The reporting responsibility of the Company's auditor on the consolidated financial statements of the Group is set out in the "Independent Auditor's Report" on pages 69 to 70 of this annual report.

#### (ii) **Internal Control**

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

In this respect, the Group has adopted internal control procedures relating to financial, operational, compliance and risk management. The objectives are to provide reasonable assurance that assets are safeguarded against unauthorized use or disposition, transactions are executed in accordance with management's authorization, 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. Upon the review of the effectiveness of the internal control system of the Group during the year and 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.

## Report on corporate governance practices (Continued)

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

#### (iii) Audit Committee

An Audit Committee was established by the Company with clear terms of reference to review and supervise the financial reporting process and internal controls of the Group. The Audit Committee comprises three Independent Non-Executive Directors, Mr. Abraham Shek, Mr. David Chu and Mr. Andrew Fan. The committee held four meetings during the year to discuss the relationship with the external auditor, to review the interim financial information and annual consolidated financial statements of the Group and to evaluate the internal control system of the Group. The committee has reviewed the consolidated results for the year ended 31st March, 2015 of the Group and this annual report.

The attendance record of each committee member is as follows:

Name	No. of meetings attended/held
Mr. Abraham Shek*	4/4
Mr. David Chu	3/4
Mr. Andrew Fan	3/4

\* *Chairman of the Audit Committee*

#### (iv) Auditor's remuneration

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

Services rendered	HK\$'000
Audit and audit related services	1,240
Non-audit services	450
	1,690



# Corporate Governance Report (Continued)

## Report on corporate governance practices (Continued)

### (D) Delegation by the Board

#### (i) Board Committees

The Company has established four committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Corporate Governance Committee (the “CG Committee”). These committees were formed with specific clear 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 to and obtain prior approval from the Board. All delegations to executive management are reviewed periodically to ensure that they remain appropriate.

### (E) Corporate Governance

The Board delegated the corporate governance functions to the CG Committee which was established with clear terms of reference and is responsible for developing and reviewing the Company’s policies and practices on corporate governance. The CG Committee is also delegated the responsibility to review any potential inside information of the Group and to make recommendations to the Board for any disclosure requirement or actions required.

The CG Committee comprises three Executive Directors, Miss Ann Li, Mr. Albert Chuang and Mr. Edwin Chong. The committee met twice during the year to review the corporate governance matters of the Company to ensure that the Company has complied with the principles and applicable code provisions of the CG Code.

The attendance record of each committee member is as follows:

Name	No. of meetings attended/held
Miss Ann Li *	2/2
Mr. Albert Chuang	2/2
Mr. Edwin Chong	2/2

\* *Chairman of the CG Committee*

## Report on corporate governance practices (Continued)

### (F) Communication with shareholders

The Company has established a shareholders communication policy with the objectives of enabling its shareholders to exercise their rights in an informed manner and to allow the shareholders and the investment communities to engage actively with the Company. The Board has the responsibility to review the policy regularly to ensure its effectiveness. A summary of the policy is set out below:

#### (i) Annual general meeting

The Board regards annual general meeting as the principal opportunity to meet the shareholders of the Company. With the exception of Mr. David Chu who did not attend the 2014 annual general meeting of the Company held on 19th September, 2014 (the "2014 AGM") due to other commitments, all Directors (including the Chairman of the Board and the chairmen of the respective Board Committees) attended the 2014 AGM to answer questions raised by the shareholders.

The attendance record of each Director in the 2014 AGM is as follows:

Name	Position	Attendance
Mr. Abraham Shek	Chairman and Independent Non-Executive Director	Yes
Miss Ann Li	Deputy Chairman	Yes
Mr. Albert Chuang	Managing Director	Yes
Mr. Edwin Chong	Executive Director	Yes
Mr. Sunny Pang	Executive Director	Yes
Mr. Peter Lo (appointed on 8th June, 2015)	Executive Director	N/A
Mr. David Chu	Independent Non-Executive Director	No
Mr. Andrew Fan	Independent Non-Executive Director	Yes
Mr. Lee Sai Wai (retired on 3rd November, 2014)	Deputy Chairman	Yes
Mr. Wong Chung Wai (resigned on 31st December, 2014)	Executive Director	Yes



### Report on corporate governance practices (Continued)

#### (F) Communication with shareholders (Continued)

##### (ii) Significant issues

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

##### (iii) Voting by poll

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.

##### (iv) Corporate documents available in websites of the Company and the Stock Exchange

The Company has placed on the websites of the Company and the Stock Exchange the announcements, circulars, annual/interim reports, notices of general meetings and other information of the Company as required by the Listing Rules.

##### (v) Shareholders' enquiries

Shareholders of the Company may direct their questions about their shareholdings to the Company's share registrar and all other questions to the Board.

#### (G) Shareholders' rights

##### (i) Convening a special general meeting

Pursuant to Bye-law no. 57 of the Company, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting ("SGM") to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. The written requisition must state the purposes of the general meeting and is signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders.

If the requisition is in order, the secretary of the Company will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the shareholders. On the contrary, if the requisition is invalid, the shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

## Report on corporate governance practices (Continued)

### (G) Shareholders' rights (Continued)

#### (ii) Enquiries to the Board

Shareholders of the Company will have the opportunity to ask questions to the Board in general meetings. Shareholders of the Company may also make enquires to the Board at their discretion. Such enquiries shall be made in writing directed to "The Board of Directors, Chuang's China Investments Limited" by one of the following means:

- By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
- By email to : china-board@chuangs.com.hk
- By facsimile to : (852) 2810 6213

The Board will respond promptly to proper enquiries raised by the shareholders.

#### (iii) Putting forward proposals at shareholders' meetings

(a) Shareholders may put forward proposals relating to the election of Directors in general meetings as follows:

- Pursuant to Bye-law no. 88 of the Company, a shareholder or shareholders (not being the person to be proposed) who holds or collectively hold not less than 5% in the nominal value of the issued shares of any class of the Company may propose a person for election as a Director at any general meeting of the Company by giving the secretary of the Company a notice in writing:
  - of his/their intention to propose such person for election; and
  - signed by the person to be proposed of his willingness to be elected.
- Any notice given for such proposal must include such person's information as may from time to time be required to be disclosed under Rule 13.51(2) of the Listing Rules in the event that such person is elected as a Director or any other applicable laws, rules and regulations which the Company may be subject to. Currently, the following information are required:
  - Full name and age;
  - Positions held with the Company and other members of the Group (if any);
  - Experience including (i) other directorships held in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas, and (ii) other major appointments and professional qualifications;



## Report on corporate governance practices (Continued)

### (G) Shareholders' rights (Continued)

#### (iii) Putting forward proposals at shareholders' meetings (Continued)

##### (a) (Continued)

##### ◦ (Continued)

- Length or proposed length of service with the Company;
  - Relationships with any Directors, senior management or substantial or controlling shareholders of the Company;
  - His interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
  - Amount of the Director's or supervisor's emoluments and the basis of determining the Director's or supervisor's emoluments and how much of these emoluments are covered by a service contract; and
  - A declaration by the nominated person stating that he is not and has not been subject to any of the events provided for under Rule 13.51(2)(h) to (w) of the Listing Rules, or if any one or more of these provisions are applicable to him, full details thereof.
- Any notice given for this purpose shall be directed to "The secretary, Chuang's China Investments Limited" by one of the following means:
- By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
  - By email to : chuangs@chuangs.com.hk
  - By facsimile to : (852) 2810 6213
- Any such shareholder(s) shall be one(s) that is/are entitled to attend and vote at the meeting for which such notice is given.

## Report on corporate governance practices (Continued)

### (G) Shareholders' rights (Continued)

#### **(iii) Putting forward proposals at shareholders' meetings (Continued)**

##### (a) (Continued)

- The minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that the period for lodgement of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the shareholders at least fourteen (14) clear days and not less than ten (10) business days prior to the general meeting.

- (b) Except for proposals relating to the election of Directors which should follow the procedures mentioned in (a) above, shareholders may put forward proposals at general meetings by following the requirements and procedures as set out in sections 79 and 80 of the Companies Act 1981 of Bermuda (the "Act"). Specifically, such shareholders should:

- Collectively hold not less than one-twentieth of the total voting rights of all shareholders of the Company having at the date of the requisition the right to vote at the meeting to which the requisition relates, or constitute not less than 100 shareholders.
- Submit a written request stating the resolution intended to be moved at the annual general meeting ("AGM"), or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or business to be dealt with at that general meeting.
- The written request/statement must be signed by such shareholders, or two more copies which between them contain the signatures of all such shareholders, and deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal office in Hong Kong at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong, for the attention of the secretary of the Company:
  - In the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and
  - In the case of any other requisition, not less than one week before the meeting, provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an AGM is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the time required by section 80 of the Act shall be deemed to have been properly deposited for the purposes thereof.



## Corporate Governance Report (Continued)

### Report on corporate governance practices (Continued)

#### (G) Shareholders' rights (Continued)

##### (iii) Putting forward proposals at shareholders' meetings (Continued)

###### (b) (Continued)

- If the written request is in order, the secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholder(s) concerned in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid or the shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.
- Any questions relating to putting forward proposals at shareholders' meetings should be directed in writing to "The Board of Directors, Chuang's China Investments Limited" by one of the following means:
  - By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
  - By email to : china-board@chuangs.com.hk
  - By facsimile to : (852) 2810 6213

#### (H) Amendments to constitutional documents of the Company

No amendments had been made to the constitutional documents of the Company during the year ended 31st March, 2015.

## Conclusion

Except as mentioned above, the Company has complied with the code provisions of the CG Code for the year ended 31st March, 2015.

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

**Albert Chuang Ka Pun**  
*Managing Director*

Hong Kong, 26th June, 2015





Report of  
the Directors

The board of Directors (the “Board”) presents the audited consolidated financial statements of the Company and its subsidiaries (collectively as the “Group”) for the year ended 31st March, 2015.

## **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 42 to the consolidated financial statements.

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

## **Results and dividends**

The consolidated results of the Group for the year are set out in the consolidated income statement on page 71.

After taking into account the working capital requirements for the Group’s projects and business development, the Board has resolved to recommend for the shareholders’ approval at the forthcoming annual general meeting of the Company (the “AGM”) the payment of a final dividend of 3.0 HK cents (2014: 4.0 HK cents) per share for the year ended 31st March, 2015. The final dividend, if approved, will be paid on or before 27th October, 2015 by allotment of new shares with a cash option to the shareholders whose names appear on the Company’s register of members on 11th September, 2015.

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\$0.05, 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 11th September, 2015, whichever is higher.

An interim dividend of 1.0 HK cent (2014: 1.0 HK cent) per share has been paid in respect of the current financial year. Total dividends for the year will amount to 4.0 HK cents (2014: 5.0 HK cents) per share.

## **Subsidiaries**

Particulars regarding the principal subsidiaries of the Company are set out in note 42 to the consolidated financial statements.



## Report of the Directors (Continued)

### **Property, plant and equipment**

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

### **Share capital**

Movements in share capital of the Company during the year are set out in note 32 to the consolidated financial statements.

### **Donations**

During the year, the Group made charitable donations and sponsorships amounting to approximately HK\$2,720,000.

### **Pre-emptive rights**

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

### **Reserves**

Movements in reserves of the Company and the Group during the year are set out in note 33 to the consolidated financial statements. Total distributable reserves of the Company amounted to approximately HK\$526,736,000 as at 31st March, 2015.

### **Particulars of principal properties**

Particulars of principal properties held by the Group as at 31st March, 2015 are set out on page 145 to page 147.

### **Financial summary**

A summary of financial information of the Group for the last five financial years is set out on page 148.

## Directors

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

Mr. Abraham Shek Lai Him ("Mr. Abraham Shek")  
Miss Ann Li Mee Sum ("Miss Ann Li")  
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")  
Mr. Chong Ka Fung ("Mr. Edwin Chong")  
Mr. Sunny Pang Chun Kit ("Mr. Sunny Pang")  
Mr. Peter Lo Wing Cheung ("Mr. Peter Lo") (appointed on 8th June, 2015)  
Mr. David Chu Yu Lin  
Mr. Andrew Fan Chun Wah  
Mr. Lee Sai Wai (retired on 3rd November, 2014)  
Mr. Wong Chung Wai (resigned on 31st December, 2014)

In accordance with the Company's Bye-law nos. 85(2), 86(2) and 86(3), and Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), Miss Ann Li, Mr. Albert Chuang and Mr. Peter Lo will retire from the Board at the AGM and, being eligible, will offer themselves for re-election at the AGM.

## Directors' rights to acquire shares or debentures

Other than the share option scheme adopted by the Company as disclosed in the section headed "Share option scheme" below, the share option schemes adopted by Chuang's Consortium International Limited ("CCIL") and Midas International Holdings Limited ("Midas"), and the rights issue of Midas announced on 2nd September, 2014, at no time during the year was the Company, any of its holding companies or its subsidiaries and fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.



## Report of the Directors (Continued)

### Directors' interests and short positions in shares, underlying shares and debentures

As at 31st March, 2015, 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 (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Interests in the Company		
	Number of shares	Capacity	Percentage of shareholding
Mr. Sunny Pang	620,000	Beneficial owner	0.04

Name of Director	Interests in CCIL		
	Number of shares	Capacity	Percentage of shareholding
Mr. Albert Chuang	1,299,676	Beneficial owner	0.07

Name of Director	Interests in Midas		
	Number of shares	Capacity	Percentage of shareholding
Mr. Abraham Shek	30,000	Beneficial owner	0.0009

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

## **Directors' interests and short positions in shares, underlying shares and debentures (Continued)**

Other than as disclosed herein, as at 31st March, 2015, none of the Directors and chief executive of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## **Directors' interests in contracts**

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

## **Directors' service contracts**

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

## **Directors' interests in competing business**

Pursuant to Rule 8.10 of the Listing Rules, the Company discloses that Mr. Albert Chuang and Mr. Edwin Chong (both are Executive Directors of the Company) hold directorships in CCIL and certain private companies (the "Private Companies") which are engaged in the businesses of property development and investment in Hong Kong. As the properties owned by CCIL and the Private Companies are of different types and/or in different locations from those of the Group, the Group operates its businesses independently of the businesses of, and at arm's length from, the businesses of CCIL and the Private Companies.



## 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, 2015, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of Shareholder	Number of shares of the Company	Capacity	Percentage of shareholding
Profit Stability Investments Limited ("PSI")	907,869,949	Beneficial Owner	56.47
CCIL	907,869,949	Note 1	56.47
Evergain Holdings Limited ("Evergain")	907,869,949	Note 1	56.47
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	907,869,949	Note 1	56.47
Mrs. Chong Ho Pik Yu	907,869,949	Note 2	56.47

Note 1: Interests in 907,869,949 shares of the Company arose through the interests in the relevant shares owned by PSI, a wholly-owned subsidiary of CCIL. Mr. Alan Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of CCIL through Evergain, a company beneficially owned by Mr. Alan Chuang. Mr. Albert Chuang and Mr. Edwin Chong are directors of CCIL and Evergain, and Mr. Albert Chuang is also a director of PSI.

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

Save as disclosed above, as at 31st March, 2015, there was no other person who was recorded in the register of the Company as having interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

### Controlling shareholder's interests in contracts

Save as the transaction as disclosed in the section headed "Connected Transaction" below, there was no other contract of significance between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries at the balance sheet date or at any time during the year and up to the date of this report.

## **Borrowings**

Bank borrowings of the Group are set out in note 34 to the consolidated financial statements.

## **Pledge of assets**

As at 31st March, 2015, the Group has pledged certain assets including properties for sale and bank deposits, with an aggregate carrying value of HK\$561,212,000 (2014: HK\$202,539,000, including investment properties), to secure banking and financial guarantee facilities granted to the 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 53% and 90% of the total purchases of the Group for the year respectively.

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 consolidated financial statements.



## Report of the Directors (Continued)

### Share option scheme

Pursuant to the ordinary resolution passed in the annual general meeting of the Company held on 31st August, 2012, a share option scheme (the "Scheme") has been adopted.

Summary of the Scheme is set out as follows:

1. Purpose: To give incentive to Directors, employees or business consultants of the Group and any other party as approved under the Scheme
2. Participants: Including, inter alia, Directors, employees or business consultants of the Group
3. Total number of shares available for issue under the Scheme and percentage of the issued share capital that it represents as at the date of the annual report: 152,332,870 shares are available for issue under the Scheme, representing approximately 9.48% 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 31st August, 2012
6. Amount payable on acceptance of an option and the period within which payments shall be made: HK\$1.00 payable to the Company upon acceptance of the option which should be taken up within 28 days from the date of offer for option ("Offer Date") (which must be a trading day)
7. The basis of determining the exercise price: No less than the 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 (5) trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share
8. The remaining life of the Scheme: Valid until 30th August, 2022 unless otherwise terminated under the terms of the Scheme

## Update on information of Directors pursuant to Rule 13.51B(1) of the Listing Rules

Save as disclosed in other sections of this annual report, other changes in the information of Directors during the year and up to the date of this report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

The annual remuneration of the following Director has been revised since 1st April, 2015:

Name of Director	Revised annual remuneration <sup>#</sup> HK\$'000
Mr. Albert Chuang	1,718

<sup>#</sup> *The annual remuneration includes salary, retirement scheme contribution, other benefits and director's fee, which is determined by reference to the duties and experience as well as the prevailing market conditions.*

## Connected Transaction

The following is the connected transaction of the Group conducted during the year and up to the date of this report and the Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules:

On 21st April, 2015, the Company and its wholly-owned subsidiary entered into a sale and purchase agreement with Midas (a listed subsidiary of CCIL) and its wholly-owned subsidiary to acquire the entire registered capital of a wholly-owned subsidiary of Midas in the People's Republic of China (the "PRC") (the major assets are the land and property in the PRC) at a consideration of RMB101.6 million (equivalent to approximately HK\$127.0 million) (subject to adjustment). The transaction was approved by the independent shareholders of the Company at the special general meeting of the Company held on 29th May, 2015. The consideration will be settled in full in cash at completion, which will be on the seventh business day after the last outstanding conditions precedent of the transaction is fulfilled. Details of the transaction were set out in the announcement and the circular of the Company dated 21st April, 2015 and 13th May, 2015 respectively.

## Sufficiency of public float

The Company has maintained a sufficient public float of the Company's securities as required under the Listing Rules throughout the year ended 31st March, 2015 and up to the date of this report.

## Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

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

**Albert Chuang Ka Pun**  
*Managing Director*

Hong Kong, 26th June, 2015



The background of the page is a warm, monochromatic orange-brown color. It features a close-up, slightly blurred image of a corn cob, showing the texture of the husk and the pointed tip of the ear. Two oak leaves are overlaid on the image, one in the upper left and one in the lower left. The leaves are rendered in a light, golden-brown color, matching the overall palette, and their intricate vein patterns are clearly visible. The text "Financial Information" is centered in the middle of the page in a white, serif font.

# Financial Information



羅兵咸永道

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

We have audited the consolidated financial statements of Chuang's China Investments Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 71 to 144, which comprise the consolidated and company balance sheets as at 31st March, 2015, 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 predecessor Hong Kong Companies Ordinance (Cap. 32), 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.

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*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong*  
*T: +852 2289 8888, F: +852 2810 9888, [www.pwchk.com](http://www.pwchk.com)*

## Independent Auditor's Report (Continued)

### Auditor's Responsibility (Continued)

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, 2015 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 predecessor Hong Kong Companies Ordinance (Cap. 32).

#### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 26th June, 2015



# Consolidated Income Statement

For the year ended 31st March, 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenues	5	<b>1,008,613</b>	804,719
Cost of sales		<b>(614,779)</b>	(527,942)
Gross profit		<b>393,834</b>	276,777
Other income and net gain	7	<b>39,911</b>	137,901
Selling and marketing expenses		<b>(46,896)</b>	(49,604)
Administrative and other operating expenses		<b>(129,035)</b>	(155,714)
Change in fair value of investment properties	17	<b>7,699</b>	1,680
Operating profit	8	<b>265,513</b>	211,040
Finance costs	10	<b>(1,727)</b>	(1,084)
Share of result of an associated company	21	<b>(774)</b>	828
Profit before taxation		<b>263,012</b>	210,784
Taxation	12	<b>(171,867)</b>	(104,384)
Profit for the year		<b>91,145</b>	106,400
Attributable to:			
Equity holders	13	<b>94,491</b>	110,268
Non-controlling interests		<b>(3,346)</b>	(3,868)
		<b>91,145</b>	106,400
Dividends	14	<b>64,308</b>	79,784
		<b>HK cents</b>	HK cents
Earnings per share (basic and diluted)	15	<b>5.90</b>	7.00

The notes on pages 77 to 144 are an integral part of the consolidated financial statements.

# Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2015

	2015 HK\$'000	2014 HK\$'000
<b>Profit for the year</b>	<b>91,145</b>	106,400
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Net exchange differences	<b>(7,984)</b>	(3,550)
Realization of exchange reserve upon disposal of a subsidiary	–	(423)
Change in fair value of available-for-sale financial assets	<b>34,055</b>	9,961
Other comprehensive income for the year	<b>26,071</b>	5,988
<b>Total comprehensive income for the year</b>	<b>117,216</b>	112,388
Total comprehensive income attributable to:		
Equity holders	<b>120,481</b>	116,244
Non-controlling interests	<b>(3,265)</b>	(3,856)
	<b>117,216</b>	112,388

The notes on pages 77 to 144 are an integral part of the consolidated financial statements.

# Consolidated Balance Sheet

As at 31st March, 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	83,024	92,871
Investment properties	17	251,656	257,690
Land use right	18	1,600	1,632
Properties for/under development	19	389,435	352,446
Associated company	21	7,576	8,350
Available-for-sale financial assets	22	231,114	193,934
Loans and receivables	23	12,553	12,550
		<b>976,958</b>	919,473
<b>Current assets</b>			
Properties for sale	24	1,864,368	1,691,323
Inventories	25	47,900	4,760
Debtors and prepayments	26	301,887	309,135
Financial assets at fair value through profit or loss	27	23,778	–
Pledged bank balances	29	40,269	30,440
Cash and bank balances	29	871,107	1,114,628
		<b>3,149,309</b>	3,150,286
<b>Current liabilities</b>			
Creditors and accruals	30	268,025	277,710
Sales deposits received	31	56,419	368,575
Short-term bank borrowings	34	214,550	–
Current portion of long-term bank borrowings	34	389,589	259,508
Taxation payable		336,509	211,909
		<b>1,265,092</b>	1,117,702
<b>Net current assets</b>		<b>1,884,217</b>	2,032,584
<b>Total assets less current liabilities</b>		<b>2,861,175</b>	2,952,057
<b>Equity</b>			
Share capital	32	80,385	79,784
Reserves	33	2,476,084	2,414,465
Proposed final dividend	33	48,231	63,827
Shareholders' funds		<b>2,604,700</b>	2,558,076
Non-controlling interests		55,242	58,507
<b>Total equity</b>		<b>2,659,942</b>	2,616,583
<b>Non-current liabilities</b>			
Long-term bank borrowings	34	18,885	145,155
Deferred taxation liabilities	35	172,073	180,144
Loans and payables with non-controlling interests	36	10,275	10,175
		<b>201,233</b>	335,474
		<b>2,861,175</b>	2,952,057

**Ann Li Mee Sum**  
Director

**Albert Chuang Ka Pun**  
Director

The notes on pages 77 to 144 are an integral part of the consolidated financial statements.



# Balance Sheet

As at 31st March, 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Non-current assets</b>			
Subsidiaries	20	<b>65,036</b>	65,036
Loan receivable from a subsidiary	28	<b>214,617</b>	–
		<b>279,653</b>	65,036
<b>Current assets</b>			
Debtors and prepayments	26	<b>962</b>	588
Amounts due from subsidiaries	28	<b>2,143,176</b>	2,166,824
Pledged bank balance	29	<b>40,000</b>	30,000
Cash and bank balances	29	<b>135,187</b>	406,183
		<b>2,319,325</b>	2,603,595
<b>Current liability</b>			
Creditors and accruals	30	<b>300</b>	383
		<b>300</b>	383
<b>Net current assets</b>			
		<b>2,319,025</b>	2,603,212
<b>Net assets</b>			
		<b>2,598,678</b>	2,668,248
<b>Equity</b>			
Share capital	32	<b>80,385</b>	79,784
Reserves	33	<b>2,470,062</b>	2,524,637
Proposed final dividend	33	<b>48,231</b>	63,827
<b>Total equity</b>			
		<b>2,598,678</b>	2,668,248

**Ann Li Mee Sum**  
*Director*

**Albert Chuang Ka Pun**  
*Director*

The notes on pages 77 to 144 are an integral part of the consolidated financial statements.

# Consolidated Cash Flow Statement

For the year ended 31st March, 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Cash flows from operating activities</b>			
Cash (used in)/from operations	39(a)	(343,482)	237,684
Interest paid		(25,768)	(19,460)
Tax paid		(55,161)	(55,422)
Net cash (used in)/from operating activities		(424,411)	162,802
<b>Cash flows from investing activities</b>			
Interest income received		20,520	16,823
Dividend income received from available-for-sale financial assets		3,784	2,776
Purchase of property, plant and equipment		(2,349)	(8,861)
Purchase of investment properties		(4,453)	(5,859)
Purchase of available-for-sale financial assets		(3,107)	(90,913)
Proceeds from disposal of property, plant and equipment		599	638
Proceed from disposal of an investment property		38,284	–
(Increase)/decrease in pledged bank balances		(9,829)	76
Decrease in bank deposits maturing more than three months from date of placement		6,437	8,787
Net cash from/(used in) investing activities		49,886	(76,533)
<b>Cash flows from financing activities</b>			
New bank borrowings		283,273	209,760
Repayment of bank borrowings		(65,098)	(121,642)
Dividends paid to shareholders		(73,857)	(31,274)
Capital injection from non-controlling interest		100	–
Net cash from financing activities		144,418	56,844
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		1,108,191	965,777
Exchange difference on cash and cash equivalents		(6,977)	(699)
<b>Cash and cash equivalents at the end of the year</b>	39(b)	<b>871,107</b>	<b>1,108,191</b>

The notes on pages 77 to 144 are an integral part of the consolidated financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31st March, 2015

	Attributable to equity holders of the Company					Non-controlling interests	Total
	Share capital	Other reserves	Retained profits	Shareholders' funds			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1st April, 2013	78,092	2,257,703	137,311	2,473,106	62,363	2,535,469	
Profit/(loss) for the year	–	–	110,268	110,268	(3,868)	106,400	
Other comprehensive income:							
Net exchange differences	–	(3,562)	–	(3,562)	12	(3,550)	
Realization of exchange reserve upon disposal of a subsidiary	–	(423)	–	(423)	–	(423)	
Change in fair value of available-for-sale financial assets	–	9,961	–	9,961	–	9,961	
Total comprehensive income/(loss) for the year	–	5,976	110,268	116,244	(3,856)	112,388	
Transactions with owners:							
2013 final scrip dividend paid	1,692	14,228	(31,237)	(15,317)	–	(15,317)	
2014 interim dividend paid	–	–	(15,957)	(15,957)	–	(15,957)	
At 31st March, 2014	79,784	2,277,907	200,385	2,558,076	58,507	2,616,583	
Profit/(loss) for the year	–	–	94,491	94,491	(3,346)	91,145	
Other comprehensive income:							
Net exchange differences	–	(8,065)	–	(8,065)	81	(7,984)	
Change in fair value of available-for-sale financial assets	–	34,055	–	34,055	–	34,055	
Total comprehensive income/(loss) for the year	–	25,990	94,491	120,481	(3,265)	117,216	
Transactions with owners:							
2014 final scrip dividend paid	601	5,446	(63,827)	(57,780)	–	(57,780)	
2015 interim dividend paid	–	–	(16,077)	(16,077)	–	(16,077)	
<b>At 31st March, 2015</b>	<b>80,385</b>	<b>2,309,343</b>	<b>214,972</b>	<b>2,604,700</b>	<b>55,242</b>	<b>2,659,942</b>	

The notes on pages 77 to 144 are an integral part of the consolidated financial statements.



# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2015

## 1 General information

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

As at 31st March, 2015, the Company was a 56.5% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Directors regard CCIL as the ultimate holding company.

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property development and investment, hotel operation and management, manufacturing, sales and trading of goods and merchandises, including watch components and art pieces, and securities investment and trading.

## 2 Summary of significant accounting policies

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

### (a) Basis of preparation

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

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of the consolidated financial statements in conformity with HKFRSs 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 consolidated financial statements, are disclosed in note 4.

## 2 Summary of significant accounting policies (Continued)

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

#### **Effect of adopting amendments to standards and interpretation**

For the financial year ended 31st March, 2015, the Group adopted the following amendments to standards and interpretation that are effective for the accounting periods beginning on or after 1st April, 2014 and relevant to the operations of the Group:

HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HK(IFRIC) - Int 21	Levies

The Group has assessed the impact of the adoption of these amendments to standards and interpretation and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the consolidated financial statements.

## 2 Summary of significant accounting policies (Continued)

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

#### **New standards and amendments to standards that are not yet effective**

The following new standards and amendments to standards have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1st April, 2015, but have not yet been early adopted by the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements – Disclosure Initiative (effective from 1st January, 2016)
HKAS 16 (Amendment) and HKAS 38 (Amendment)	Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization (effective from 1st January, 2016)
HKAS 19 (2011) (Amendment)	Employee Benefits: Defined Benefit Plans – Employee Contributions (effective from 1st July, 2014)
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method in Separate Financial Statements (effective from 1st January, 2016)
HKFRS 9	Financial Instruments (effective from 1st January, 2018)
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective from 1st January, 2016)
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception (effective from 1st January, 2016)
HKFRS 11 (Amendment)	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (effective from 1st January, 2016)
HKFRS 14	Regulatory Deferral Accounts (effective from 1st January, 2016)
HKFRS 15	Revenue from Contracts with Customers (effective from 1st January, 2017)
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2010–2012 Cycle (effective from 1st July, 2014)
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2011–2013 Cycle (effective from 1st July, 2014)
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2012–2014 Cycle (effective from 1st January, 2016)

The Group will adopt the above new standards and amendments to standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

In addition, the revised Rules Governing the Listing of Securities on the Stock Exchange on disclosure of financial information with reference to the new Hong Kong Companies Ordinance (Cap. 622) will come into operation as from the Group's first financial year ending on or after 31st March, 2016. The Group is in the process of making an assessment of expected impact of the changes. So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.



## 2 Summary of significant accounting policies (Continued)

### (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.

### (c) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the 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.

## 2 Summary of significant accounting policies (Continued)

### (c) Subsidiaries (Continued)

#### (i) **Business combinations**

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 to the former owners of the acquiree 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. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

If the business combination is achieved in stages, the acquisition-date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in the consolidated income statement.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS 39 either in the consolidated income statement or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference (negative goodwill) is recognized directly in the consolidated income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

## 2 Summary of significant accounting policies (Continued)

### (c) Subsidiaries (Continued)

#### (ii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the subsidiary is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in the consolidated income statement. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the consolidated income statement.

#### (iii) Separate financial statements

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 received and receivable.

### (d) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. 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.

### (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 recognized at cost. The investments in associated companies of the Group include goodwill, net of any accumulated impairment loss, identified on acquisition.

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



## 2 Summary of significant accounting policies (Continued)

### (e) Associated companies (Continued)

The share of post-acquisition profits or losses of associated companies attributable to the Group is recognized in the consolidated income statement, and the share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. 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 recognize further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The Group determines at each balance sheet date whether there is any objective evidence that the investment in associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognizes the amount adjacent to "share of result of an associated company" in the consolidated income statement.

Unrealized 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. Unrealized 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 from investments in associated companies are recognized in the consolidated income statement.

### (f) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structures of the joint arrangements. The Group has assessed the nature of its joint arrangements and applied HKFRS 11 in preparing the consolidated financial statements.

#### **Joint operation**

A joint arrangement 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 arrangement is accounted for as a joint operation. The Group's share of joint operation and any liabilities incurred jointly with other joint operation partners are recognized 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 joint operation is recognized 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 joint operation is recognized as incurred.

## 2 Summary of significant accounting policies (Continued)

### (f) Joint arrangements (Continued)

#### **Joint venture**

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligation or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint venture are eliminated to the extent of the interest in the joint venture held by the Group. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint venture 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 recognized directly in the consolidated 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)

### (g) Goodwill (Continued)

Impairment testing of the investments in subsidiaries, associated companies and joint ventures is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries, associated companies and joint ventures in the period the dividend is declared or if the carrying amounts of the investments in the separate financial statements exceed the carrying amounts in the consolidated financial statements of the investee's net assets including goodwill.

### (h) Property, plant and equipment

Property, plant and equipment are stated at historical 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 recognized 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. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are expensed in the consolidated 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 recognized in the consolidated 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.



## 2 Summary of significant accounting policies (Continued)

### (i) Investment properties (Continued)

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 capitalized as part of its cost. Borrowing costs are capitalized while acquisition or construction is actively underway and will be ceased once the asset is substantially completed, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis of the carrying amounts in the consolidated 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 recognized as liabilities, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognized in the consolidated financial statements.

Subsequent expenditure is capitalized 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 costs are expensed in the consolidated income statement during the financial period in which they are incurred.

## 2 Summary of significant accounting policies (Continued)

### (i) Investment properties (Continued)

Changes in fair values of investment properties are recognized in the consolidated income statement. Investment property is derecognized 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 valued at the balance sheet date. All fair value gains or losses, including those unrecognized fair value gains and losses (if the losses have not already been recognized through impairment), are recognized in the consolidated income statement as fair value gains or losses.

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

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

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

### (j) Land use rights

Land use rights represent non-refundable rental payments for lease of land. The up-front prepayments made for land use rights are amortized on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the consolidated income statement. The amortization of the land use rights is capitalized under the relevant assets when the properties on the lands are under construction. In all other cases, the amortization is recognized in the consolidated income statement. No amortization is provided for the 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 costs, amortization of land use rights, development and construction expenditures incurred and any borrowing costs capitalized 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 the normal operating cycle.

## 2 Summary of significant accounting policies (Continued)

### (l) Properties for sale

Properties for sale which include properties under development (note 2(k)), completed properties and land use rights for sale are classified under current assets and comprise land costs, development and construction expenditures, any borrowing costs capitalized 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 realizable value. Net realizable 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, 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.

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 realized 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 categorized as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated 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 amortized 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 recognized at fair value plus transaction costs, and subsequently carried at fair value.

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



## 2 Summary of significant accounting policies (Continued)

### (m) Financial assets (Continued)

Realized and unrealized 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 consolidated income statement in the financial period in which they arise. Unrealized gains and losses arising from the change in the fair value of available-for-sale financial assets are recognized in other comprehensive income. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are recognized in the consolidated 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 as 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 recognized in the consolidated income statement, is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on available-for-sale financial assets are not reversed through the consolidated income statement.

### (n) Inventories

Inventories, which mainly comprise watch components, merchandises and art pieces, are stated at the lower of cost and net realizable value. Cost is calculated on the first-in first-out basis, weighted average basis or specific identification basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

### (o) Trade and other debtors

Trade and other debtors are amounts due from customers for properties and goods and merchandises sold or services performed in the ordinary course of business. If collection of trade and other debtors is expected within 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 recognized initially at fair value and subsequently measured at amortized 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 into bankruptcy or financial reorganization, and default or delinquency in payments are considered as indicators that the receivable is impaired. The amount of the provision is recognized in the consolidated income statement.

## 2 Summary of significant accounting policies (Continued)

### (p) Impairment of non-financial assets

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

### (q) Creditors and accruals

Creditors and accruals are obligations to pay for goods or merchandises or services that have been acquired in the ordinary course of business from suppliers. Creditors and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Creditors and accruals are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### (r) Provisions

Provisions are recognized 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 recognized as a separate asset but only when the reimbursement is virtually certain. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

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 recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

## 2 Summary of significant accounting policies (Continued)

### (s) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

### (t) Borrowings

Borrowings are recognized 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 amortized cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

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.

### (u) Current and deferred taxation

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively 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.



## 2 Summary of significant accounting policies (Continued)

### (u) Current and deferred taxation (Continued)

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 consolidated financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred taxation assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred taxation liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred taxation liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets are recognized on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### (v) 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 consolidated income statement on a straight-line basis over the period of lease.

### (w) Revenue and income recognition

Revenue is recognized 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 recognized its revenue and income on the following bases:

- (i) Sales of properties are recognized when the significant 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.

## 2 Summary of significant accounting policies (Continued)

### (w) Revenue and income recognition (Continued)

- (ii) Rental income, net of incentives given to lessees, is recognized on a straight-line basis over the period of the respective leases.
- (iii) Sales of goods and merchandises and scraped materials are recognized on the transfer of risks and rewards of ownership, which generally coincide with the time when goods and merchandises and scraped materials are delivered to the customers and legal title has been passed.
- (iv) Gain or loss from securities trading is recognized on the transaction date when the relevant sale and purchase contracts are entered into.
- (v) Service and management fees are recognized when the services are rendered.
- (vi) Interest income is recognized 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 recognized when the right to receive payment is established.

### (x) 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 capitalized as part of the cost of their assets. All other borrowing costs are charged to the consolidated income statement in the financial period in which they are incurred.

### (y) 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 consolidated income statement in the financial period to which the contributions relate. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee entitlements to annual leaves are recognized 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 recognized until the time of leaves.

Provisions for bonus entitlements are recognized 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.

## 2 Summary of significant accounting policies (Continued)

### (z) 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.

### (aa) 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 consolidated 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 recognized in the consolidated income statement.

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

- (i) assets and liabilities for each balance sheet presented are translated at the rate of exchange ruling at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates unless this average rate 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 recognized as a separate component of equity.

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. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to the consolidated income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in the consolidated income statement.



## 2 Summary of significant accounting policies (Continued)

### (ab) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the “CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors and senior management.

### (ac) Dividend distribution

Dividend distribution to the shareholders of the Company is recognized as a liability in the consolidated financial statements in the financial period in which the dividends are approved by the Company’s shareholders or Directors as applicable.

### (ad) Financial guarantee liabilities

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

Financial guarantee liabilities are derecognized from the consolidated 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 minimize potential adverse effects on the financial performance of the Group.

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

#### (i) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset (other than available-for-sale financial assets and financial assets at fair value through profit or loss) after deducting any impairment provision in the consolidated balance sheet. The Group's exposure to credit risk arising from debtors and prepayments is set out in note 26.

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 with banks and financial institutions with no history of defaults. As at 31st March, 2015, the monies (including pledged bank balances) placed with Hong Kong and the PRC banks and financial institutions amounted to approximately HK\$181 million (2014: HK\$440 million) and HK\$728 million (2014: HK\$704 million) respectively.

In respect of credit exposures to customers, the Group normally receives deposits or progress payments from customers prior to the completion of sales of properties or goods or merchandises 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. The Group 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 provision are made for irrecoverable amounts. The Group has no significant concentrations of credit risk as the receivables consist of a large number of customers.

### 3 Financial risk management (Continued)

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

##### (i) Credit risk (Continued)

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

The Group has provided guarantees in respect of mortgage loans made by certain banks to certain purchasers of the Group's properties in the PRC. Since the Group is able to retain the purchasers' deposits and sells the properties to recover any amounts paid by the Group to the banks, the management considers that the Group's credit risk is minimal (see also note 38).

##### (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 put in place a policy of obtaining long-term banking facilities to match its long-term investments in Hong Kong and the PRC. 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, as at 31st March, 2015, the Group has standby banking facilities to provide contingent liquidity support which amounted to approximately HK\$34 million (2014: HK\$50 million). Details of the bank borrowings are disclosed in note 34.



### 3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

**(ii) Liquidity risk (Continued)**

The table below analyzes the Group's and the Company's financial liabilities that will be settled in relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The amounts disclosed in the table are the contractual undiscounted cash flows including interest payment.

	Within the first year HK\$'000	Within the second year HK\$'000	Within the third to fifth years HK\$'000	After the fifth year HK\$'000	Total HK\$'000
<b>Group</b>					
<b>2015</b>					
Creditors and accruals	268,025	–	–	–	268,025
Bank borrowings	628,042	5,014	16,203	–	649,259
Loans and payables with non-controlling interests	–	–	–	10,275	10,275
	<b>896,067</b>	<b>5,014</b>	<b>16,203</b>	<b>10,275</b>	<b>927,559</b>
Financial guarantees (note 38)	–	–	–	795,441	795,441
<b>2014</b>					
Creditors and accruals	277,710	–	–	–	277,710
Bank borrowings	284,872	131,132	21,409	–	437,413
Loans and payables with non-controlling interests	–	–	–	10,175	10,175
	562,582	131,132	21,409	10,175	725,298
Financial guarantees (note 38)	–	–	–	593,591	593,591
<b>Company</b>					
<b>2015</b>					
Creditors and accruals	300	–	–	–	300
Financial guarantees (note 38)	565,441	5,014	16,203	–	586,658
<b>2014</b>					
Creditors and accruals	383	–	–	–	383
Financial guarantees (note 38)	277,163	4,058	21,409	–	302,630

### 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 bank borrowings. Bank deposits and bank 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. The Group has no bank borrowings issued at fixed rates and is not exposed to fair value interest rate risk.

As at 31st March, 2015, if interest rates had been 0.5% higher/lower with all other variables held constant, the pre-tax result of the Group would have increased/decreased by approximately HK\$5,083,000 (2014: HK\$5,389,000).

##### **(iv) Foreign exchange risk**

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

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

##### **(v) Price risk**

The Group is exposed to 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. Unrealized 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 recognized in other comprehensive income and the consolidated income statement respectively. When available-for-sale financial assets are impaired, the accumulated fair value adjustments are recognized in the consolidated 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.

### 3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(v) **Price risk (Continued)**

The table below summarizes the impact of increase/decrease of the market price of the Group's publicly-traded investments by 5% with all other variables held constant:

	Impact on pre-tax result		Impact on investment revaluation reserve	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
5% change in market price	<b>1,189</b>	–	<b>7,808</b>	5,951

(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 bank borrowings as shown in the consolidated balance sheet) less cash and bank balances (including pledged bank balances) and financial assets at fair value through profit or loss. Total capital represents shareholders' funds as shown in the consolidated balance sheet. As at 31st March, 2015, the gearing ratio is not applicable since the Group has net cash (2014: Not applicable).

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

The carrying values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, including debtors and prepayments, cash and bank balances, amounts due from subsidiaries, creditors and accruals and current bank borrowings approximate their fair values.



### 3 Financial risk management (Continued)

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

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 in the following fair value measurement hierarchy:

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

The following table presents the Group's financial assets that are measured at fair value at 31st March, 2015 and 2014. The investment properties are measured at fair value and disclosed in note 17.

	Level 1 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Group</b>			
<b>2015</b>			
Assets			
Available-for-sale financial assets			
– Listed securities	<b>156,168</b>	–	<b>156,168</b>
– Unlisted investments	–	<b>74,946</b>	<b>74,946</b>
	<b>156,168</b>	<b>74,946</b>	<b>231,114</b>
Financial assets at fair value through profit or loss			
– Listed investments	<b>23,778</b>	–	<b>23,778</b>
Total assets	<b>179,946</b>	<b>74,946</b>	<b>254,892</b>
<b>2014</b>			
Assets			
Available-for-sale financial assets			
– Listed securities	119,006	–	119,006
– Unlisted investments	–	74,928	74,928
Total assets	119,006	74,928	193,934

### 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 these financial assets held by the Group, which are listed securities in Hong Kong, is the closing price in stock market. These instruments are included in level 1 which comprise primarily investments classified as available-for-sale financial assets (listed securities) 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 maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3 which comprises primarily investments classified as available-for-sale financial assets (unlisted investments).

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

### 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, 2015 and 2014.

	<b>Assets</b>
	<b>Available- for-sale financial assets</b>
	HK\$'000
<b>Group</b>	
At 1st April, 2013	–
Additions	76,020
Changes in exchange rates	(1,092)
At 31st March, 2014	74,928
Changes in exchange rates	18
<b>At 31st March, 2015</b>	<b>74,946</b>

#### (d) Financial instruments by category

**Group**  
**2015**

	Loans and receivables	Financial assets at fair value through profit or loss	Available-for- sale financial assets	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets as per the consolidated balance sheet</b>				
Available-for-sale financial assets	–	–	231,114	231,114
Loans and receivables	12,553	–	–	12,553
Debtors and prepayments excluding prepayments	301,007	–	–	301,007
Financial assets at fair value through profit or loss	–	23,778	–	23,778
Pledged bank balances	40,269	–	–	40,269
Cash and bank balances	871,107	–	–	871,107
<b>Total</b>	<b>1,224,936</b>	<b>23,778</b>	<b>231,114</b>	<b>1,479,828</b>



### 3 Financial risk management (Continued)

(d) Financial instruments by category (Continued)

**Group (Continued)**

**2015 (Continued)**

	<b>Financial liabilities at amortized cost HK\$'000</b>		
<b>Liabilities as per the consolidated balance sheet</b>			
Creditors and accruals excluding accrued expenses			<b>255,039</b>
Bank borrowings			<b>623,024</b>
Loans and payables with non-controlling interests			<b>10,275</b>
<b>Total</b>			<b>888,338</b>
2014			
	Loans and receivables HK\$'000	Available-for-sale financial assets HK\$'000	Total HK\$'000
<b>Assets as per the consolidated balance sheet</b>			
Available-for-sale financial assets	–	193,934	193,934
Loans and receivables	12,550	–	12,550
Debtors and prepayments excluding prepayments	308,295	–	308,295
Pledged bank balances	30,440	–	30,440
Cash and bank balances	1,114,628	–	1,114,628
<b>Total</b>	<b>1,465,913</b>	<b>193,934</b>	<b>1,659,847</b>
			<b>Financial liabilities at amortized cost HK\$'000</b>
<b>Liabilities as per the consolidated balance sheet</b>			
Creditors and accruals excluding accrued expenses			263,230
Bank borrowings			404,663
Loans and payables with non-controlling interests			10,175
<b>Total</b>			<b>678,068</b>

### 3 Financial risk management (Continued)

#### (d) Financial instruments by category (Continued) Company

	Assets		Liabilities	
	Loans and receivables		Financial liabilities at amortized cost	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Balances as per the balance sheet</b>				
Loan receivable from a subsidiary	214,617	–	–	–
Debtors and prepayments excluding prepayments	504	132	–	–
Amounts due from subsidiaries	2,143,176	2,166,824	–	–
Pledged bank balance	40,000	30,000	–	–
Cash and bank balances	135,187	406,183	–	–
Creditors and accruals excluding accrued expenses	–	–	300	383
<b>Total</b>	<b>2,533,484</b>	<b>2,603,139</b>	<b>300</b>	<b>383</b>

### 4 Critical accounting estimates and judgments

Estimates and judgments used in preparing the consolidated 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 values of assets and liabilities are discussed below:

#### (a) Estimate of fair value of investment properties

The valuation of investment properties is mainly performed in accordance with “The HKIS Valuation Standards 2012 Edition” published by the Hong Kong Institute of Surveyors. The valuation is reviewed annually by qualified valuers by considering the information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;

#### 4 Critical accounting estimates and judgments (Continued)

##### (a) Estimate of fair value of investment properties (Continued)

- (iii) rental income derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalization rates that reflect current market assessments of the uncertainty in the amount and timing of the rental income; and
- (iv) estimated costs to completion for investment properties under construction with reference to past experience and committed contracts as well as allowances for contingencies.

If the information on current or recent prices of investment properties is not available, the fair values of investment properties are mainly determined using income capitalization valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

##### (b) Fair values of financial assets

The fair values of quoted investments are based on closing prices in stock market. 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 values of the financial assets are disclosed in note 3(c).

##### (c) Classification of investment in associated company

An entity which an investor has significant influence and that is neither a subsidiary nor an interest in a joint arrangement is classified as an associated company. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Management judgment is required in determining whether significant influence exists. Management considers all facts and circumstances before arriving at the appropriate conclusion. Changing the classification selected by management could significantly affect the accounting treatment and measurement of the investee and as a result affect the Group's results of operations and financial position.

## 4 Critical accounting estimates and judgments (Continued)

### (d) Impairment of property, plant and equipment

The Group assesses the carrying values of property, plant and equipment with their recoverable amounts, which are the higher of the net realizable value and the value-in-use. In determining the value-in-use, the management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life at the appropriate discount rate based on cash flow projections. Provision for impairment is made when events or changes in circumstances indicate that the carrying values may not be realized. The assessment requires the use of judgment and estimates.

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

The Group assesses the carrying values of properties for/under development and properties for sale according to their estimated recoverable amounts or net realizable values based on assessment of the realizability 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 values may not be realized. The assessment requires the use of judgment and estimates.

### (f) Impairment of inventories

The Group assesses the carrying values of inventories by reviewing the inventory listing and aging analysis on a product-by-product basis at each balance sheet date, and makes impairment for those obsolete, slow-moving inventories and items that are no longer suitable for use in production. Provision for impairment is made by reference to the latest market value and current market conditions for those inventories identified. The assessment requires the use of judgment and estimates.

### (g) Impairment of receivables

The Group assesses the carrying values of receivables based on the evaluation of collectabilities and aging analysis of receivables, and management's judgment regarding the creditworthiness and the past collection history of each customer. Provision for impairment is made by reference to the 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.

### (h) 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 recognizes 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.



#### 4 Critical accounting estimates and judgments (Continued)

(i) Capitalization of borrowing costs and amortization of land use rights

Borrowing costs directly attributable to the construction of investment properties under development and properties under development, and amortization of land use rights of properties not for sale, are capitalized from the date that expenditure is incurred and development activities on the qualifying assets 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 capitalization of borrowing costs and amortization of land use rights should commence on a project-by-project basis. Key indicators used by the management to identify a standalone development include that all properties in the development are:

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

#### 5 Revenues

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

	2015 HK\$'000	2014 HK\$'000
Sales of properties	993,778	782,998
Rental income and management fees	11,698	10,888
Sales of goods and merchandises	2,911	10,833
Securities trading	150	–
Interest income from financial assets at fair value through profit or loss	76	–
	<b>1,008,613</b>	804,719

#### 6 Segment information

(a) Segment information by business lines

The CODM has been identified as the Executive Directors and senior management. The CODM 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 CODM considers the business from a business perspective, including property development and investment, sales of goods and merchandises, securities investment and trading and others (including hotel operation and management). The CODM assesses the performance of the operating segments based on a measure of segment result.

## 6 Segment information (Continued)

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

The segment information by business lines is as follows:

	Property development and investment HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Others and corporate HK\$'000	2015 Total HK\$'000
Revenues	1,005,476	2,911	226	-	1,008,613
Other income and net gain/(loss)	17,181	512	(69)	22,287	39,911
Operating profit/(loss)	321,956	(1,771)	157	(54,829)	265,513
Finance costs	(1,727)	-	-	-	(1,727)
Share of result of an associated company	-	-	-	(774)	(774)
Profit/(loss) before taxation	320,229	(1,771)	157	(55,603)	263,012
Taxation	(171,867)	-	-	-	(171,867)
Profit/(loss) for the year	148,362	(1,771)	157	(55,603)	91,145
Segment assets	3,101,749	50,321	24,053	942,568	4,118,691
Associated company	-	-	-	7,576	7,576
Total assets	3,101,749	50,321	24,053	950,144	4,126,267
Total liabilities	1,452,675	945	-	12,705	1,466,325
Other segment items are as follows:					
Capital expenditure	765,122	85	-	2,067	767,274
Depreciation	2,061	26	-	9,939	12,026
Amortization of land use rights					
– charged to the consolidated income statement	32	-	-	-	32
– capitalized into properties	4,000	-	-	-	4,000

Notes to the Consolidated Financial Statements (Continued)  
For the year ended 31st March, 2015

**6 Segment information (Continued)**

(a) Segment information by business lines (Continued)

	Property development and investment HK\$'000	Sales of goods and merchandises HK\$'000	Others and corporate HK\$'000	2014 Total HK\$'000
Revenues	793,886	10,833	–	804,719
Other income and net gain	128,440	312	9,149	137,901
Operating profit/(loss)	299,436	(18,514)	(69,882)	211,040
Finance costs	(1,084)	–	–	(1,084)
Share of result of an associated company	–	–	828	828
Profit/(loss) before taxation	298,352	(18,514)	(69,054)	210,784
Taxation	(104,384)	–	–	(104,384)
Profit/(loss) for the year	193,968	(18,514)	(69,054)	106,400
Segment assets	3,425,669	2,383	633,357	4,061,409
Associated company	–	–	8,350	8,350
Total assets	3,425,669	2,383	641,707	4,069,759
Total liabilities	1,438,306	6,023	8,847	1,453,176
Other segment items are as follows:				
Capital expenditure	488,195	581	6,222	494,998
Depreciation	2,232	322	8,607	11,161
Amortization of land use rights				
– charged to the consolidated income statement	32	–	–	32
– capitalized into properties	4,000	–	–	4,000
Provision for impairment of property, plant and equipment	–	2,321	–	2,321
Provision for impairment of inventories	–	1,404	–	1,404
Provision for impairment of trade debtors	770	–	–	770
Provision for impairment of other deposits	7,272	–	–	7,272

## 6 Segment information (Continued)

### (b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues are presented by the countries where the customers are located. Non-current assets, total assets and capital expenditure are presented by the countries where the assets are located. The segment information by geographical area is as follows:

	Revenues		Capital expenditure	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	<b>1,675</b>	9,050	<b>434,976</b>	8,783
The PRC	<b>1,005,514</b>	793,886	<b>293,896</b>	486,215
Other countries	<b>1,424</b>	1,783	<b>38,402</b>	–
	<b>1,008,613</b>	804,719	<b>767,274</b>	494,998

	Non-current assets (Note)		Total assets	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	<b>68,959</b>	77,543	<b>912,511</b>	643,222
The PRC	<b>664,332</b>	635,446	<b>3,176,342</b>	3,425,945
Other countries	<b>–</b>	–	<b>37,414</b>	592
	<b>733,291</b>	712,989	<b>4,126,267</b>	4,069,759

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



Notes to the Consolidated Financial Statements (Continued)  
For the year ended 31st March, 2015

**7 Other income and net gain**

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Interest income from bank deposits	<b>20,765</b>	16,043
Dividend income from available-for-sale financial assets	<b>3,784</b>	2,776
Gain on disposal of an investment property	<b>11,252</b>	–
Gain on disposal of a subsidiary ( <i>Note</i> )	–	40,491
Fair value gain on transfer of properties from properties for sale to investment properties	<b>4,283</b>	78,215
Net gain on disposal of property, plant and equipment	<b>419</b>	359
Net exchange loss	<b>(599)</b>	(79)
Sundries	<b>7</b>	96
	<b>39,911</b>	137,901

*Note: On 27th May, 2013, a wholly-owned subsidiary (the "Vendor") of the Group entered into an agreement with an independent third party (the "Purchaser") to dispose of its investment in a wholly-owned subsidiary at a consideration of HK\$1. The Vendor also executed an indemnity deed amounting to RMB48.8 million (equivalent to HK\$60.9 million) in favour of the Purchaser for a period of two years from the date of completion of the disposal on 15th August, 2013 (note 30(c)). Details of the transaction were set out in the announcement of the Company dated 27th May, 2013.*

## 8 Operating profit

	2015 HK\$'000	2014 HK\$'000
Operating profit is stated after crediting:		
Gross rental income from investment properties	<b>4,247</b>	4,365
Fair value gain of financial assets at fair value through profit or loss	<b>150</b>	–
and after charging:		
Amortization of land use right	<b>32</b>	32
Auditors' remuneration		
Audit and audit related services	<b>1,538</b>	1,451
Non-audit services	<b>450</b>	450
Cost of properties sold	<b>605,047</b>	502,185
Cost of inventories sold	<b>2,157</b>	17,215
Depreciation	<b>12,026</b>	11,161
Provision for impairment of property, plant and equipment	–	2,321
Provision for impairment of inventories	–	1,404
Provision for impairment of trade debtors	–	770
Provision for impairment of other deposits	–	7,272
Operating lease rental on land and buildings	<b>7,838</b>	7,778
Outgoings in respect of investment properties	<b>674</b>	602
Staff costs, including Directors' emoluments		
Wages and salaries	<b>52,300</b>	53,686
Retirement benefit costs ( <i>note 9</i> )	<b>2,961</b>	3,071

## 9 Employee retirement benefits

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

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

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

## 10 Finance costs

	2015 HK\$'000	2014 HK\$'000
Interest expenses		
Bank borrowings wholly repayable within five years	<b>25,978</b>	19,769
Amounts capitalized into		
Properties for/under development	<b>(3,632)</b>	(2,561)
Properties for sale	<b>(20,619)</b>	(16,124)
	<b>(24,251)</b>	(18,685)
	<b>1,727</b>	1,084

The above analysis shows the finance costs in accordance with the agreed scheduled repayment dates set out in the agreements. The capitalization rates applied to funds borrowed for the development of properties range from 2.08% to 7.20% (2014: 3.11% to 7.38%) per annum.

## 11 Directors', five highest paid individuals' and senior management's emoluments

### (a) Directors' emoluments

Name of Director	Salaries and		Other	Retirement	Total
	Fees	bonuses	benefits	scheme	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>2015</b>					
Mr. Abraham Shek Lai Him <sup>2</sup>	300	–	–	–	300
Miss Ann Li Mee Sum	20	1,802	478	171	2,471
Mr. Albert Chuang Ka Pun <sup>1</sup>	20	1,440	–	18	1,478
Mr. Lee Sai Wai <sup>3</sup>	13	583	124	53	773
Mr. Chong Ka Fung	20	–	–	–	20
Mr. Sunny Pang Chun Kit	20	1,320	–	99	1,439
Mr. Wong Chung Wai <sup>4</sup>	15	–	–	–	15
Mr. Peter Lo Wing Cheung <sup>5</sup>	–	–	–	–	–
Mr. David Chu Yu Lin <sup>2</sup>	100	–	–	–	100
Mr. Andrew Fan Chun Wah <sup>2</sup>	100	–	–	–	100
	<b>608</b>	<b>5,145</b>	<b>602</b>	<b>341</b>	<b>6,696</b>
<b>2014</b>					
Mr. Abraham Shek Lai Him <sup>2</sup>	300	–	–	–	300
Mr. Lee Sai Wai	20	990	210	90	1,310
Mr. Albert Chuang Ka Pun	20	1,440	–	15	1,475
Miss Ann Li Mee Sum <sup>1</sup>	20	1,644	456	158	2,278
Mr. Chong Ka Fung	20	–	–	–	20
Mr. Sunny Pang Chun Kit	20	1,200	–	90	1,310
Mr. Wong Chung Wai	20	–	–	–	20
Mr. David Chu Yu Lin <sup>2</sup>	100	–	–	–	100
Mr. Andrew Fan Chun Wah <sup>2</sup>	100	–	–	–	100
	620	5,274	666	353	6,913

<sup>1</sup> The Chief Executive Officer/Managing Director. Mr. Albert Chuang Ka Pun is re-designed as the Chief Executive Officer/Managing Director of the Company, whereas Miss Ann Li Mee Sum is re-designed as the Deputy Chairman of the Company, with effect from 8th June, 2015.

<sup>2</sup> The Independent Non-Executive Directors

<sup>3</sup> Retired on 3rd November, 2014

<sup>4</sup> Resigned on 31st December, 2014

<sup>5</sup> Appointed on 8th June, 2015

The emoluments paid to the Independent Non-Executive Directors amounted to HK\$500,000 (2014: HK\$500,000).



## 11 Directors', five highest paid individuals' and senior management's emoluments (Continued)

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

The five highest paid individuals in the Group include three (2014: four) Directors as at 31st March, 2015. Details of the emolument paid to the two (2014: one) individuals, whose emoluments were the five highest in the Group and who are not Directors as at 31st March, 2015, are set out below:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Salaries, bonuses and other benefits	<b>2,198</b>	1,868
Retirement scheme contributions	<b>128</b>	564
	<b>2,326</b>	2,432

The emoluments of the individuals fall within the following bands:

<b>Emolument band</b>	<b>Number of individuals</b>	
	<b>2015</b>	2014
HK\$1,000,001 to HK\$1,500,000	<b>2</b>	–
HK\$2,000,001 to HK\$2,500,000	–	1
	<b>2</b>	1

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 years ended 31st March, 2015 and 2014, 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 years ended 31st March, 2015 and 2014.

## 11 Directors', five highest paid individuals' and senior management's emoluments (Continued)

### (c) Senior management's emoluments

The emoluments of senior management whose profiles are included in the section "Biographical Details of Honorary Chairman, Directors and Senior Management" of this report fall within the following bands:

Emolument band	Number of individuals	
	2015	2014
HK\$1,000,000 or below	10	8
HK\$1,000,001 to HK\$1,500,000	1	2
	11	10

## 12 Taxation

	2015	2014
	HK\$'000	HK\$'000
Current taxation		
PRC corporate income tax	61,796	46,479
PRC land appreciation tax	118,153	51,177
Deferred taxation ( <i>note 35</i> )	(8,082)	6,728
	171,867	104,384

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the year (2014: Nil). PRC corporate income tax has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC. PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures.

Share of taxation charge of an associated company for the year ended 31st March, 2015 of HK\$91,000 (2014: HK\$163,000) is included in the consolidated income statement as share of result of an associated company.

Notes to the Consolidated Financial Statements (Continued)  
For the year ended 31st March, 2015

## 12 Taxation (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:

	2015 HK\$'000	2014 HK\$'000
Profit before taxation	263,012	210,784
Share of result of an associated company	774	(828)
	<b>263,786</b>	209,956
Tax charge at the rate of 16.5% (2014: 16.5%)	43,525	34,643
Effect of different taxation rates in other countries	1,750	17,301
Income not subject to taxation	(1,798)	(8,749)
Expenses not deductible for taxation purposes	2,752	4,744
PRC land appreciation tax deductible for taxation purposes	(19,495)	(12,089)
Dividend income withholding tax	10,000	–
Other temporary differences and tax losses not recognized	16,980	17,357
	<b>53,714</b>	53,207
PRC land appreciation tax	118,153	51,177
Taxation	<b>171,867</b>	104,384

## 13 Profit attributable to equity holders

Profit attributable to equity holders includes profit of HK\$4,287,000 (2014: HK\$1,461,000) which is dealt with in the financial statements of the Company.

## 14 Dividends

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Interim dividend of 1.0 HK cent (2014: 1.0 HK cent) per share	<b>16,077</b>	15,957
Proposed final scrip dividend with a cash option of 3.0 HK cents (2014: 4.0 HK cents) per share	<b>48,231</b>	63,827
	<b>64,308</b>	79,784

On 26th June, 2015, the Board proposed a final scrip dividend with a cash option of 3.0 HK cents (2014: 4.0 HK cents) per share amounting to HK\$48,231,000 (2014: HK\$63,827,000). The amount of HK\$48,231,000 is calculated based on 1,607,694,567 issued shares as at 26th June, 2015. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but will be reflected and accounted for as an appropriation of reserves in the year ending 31st March, 2016 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\$94,491,000 (2014: HK\$110,268,000) and the weighted average number of 1,600,224,447 (2014: 1,574,543,099) shares in issue during the year.

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



Notes to the Consolidated Financial Statements (Continued)  
For the year ended 31st March, 2015

## 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, 2013	24,051	1,960	6,971	103,839	136,821
Changes in exchange rates	(4)	(1)	(1)	(17)	(23)
Additions	–	536	236	8,089	8,861
Disposals	–	–	(387)	(3,701)	(4,088)
Provision for impairment	–	(2,259)	(147)	(498)	(2,904)
At 31st March, 2014	24,047	236	6,672	107,712	138,667
Changes in exchange rates	6	–	2	4	12
Additions	–	20	64	2,265	2,349
Disposals	–	–	(553)	(2,154)	(2,707)
<b>At 31st March, 2015</b>	<b>24,053</b>	<b>256</b>	<b>6,185</b>	<b>107,827</b>	<b>138,321</b>
<b>Accumulated depreciation and provision for impairment</b>					
At 1st April, 2013	3,288	222	5,322	30,227	39,059
Changes in exchange rates	(8)	(1)	(5)	(18)	(32)
Charge for the year	549	246	597	9,769	11,161
Disposals	–	–	(387)	(3,422)	(3,809)
Provision for impairment	–	(398)	(27)	(158)	(583)
At 31st March, 2014	3,829	69	5,500	36,398	45,796
Changes in exchange rates	–	–	–	2	2
Charge for the year	543	26	490	10,967	12,026
Disposals	–	–	(492)	(2,035)	(2,527)
<b>At 31st March, 2015</b>	<b>4,372</b>	<b>95</b>	<b>5,498</b>	<b>45,332</b>	<b>55,297</b>
<b>Net book value</b>					
<b>At 31st March, 2015</b>	<b>19,681</b>	<b>161</b>	<b>687</b>	<b>62,495</b>	<b>83,024</b>
At 31st March, 2014	20,218	167	1,172	71,314	92,871

## 16 Property, plant and equipment (Continued)

- (a) Other assets comprise computer equipment, motor vehicles and yachts. The buildings are situated on land with the following lease terms:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
In the PRC:		
Long-term leases	<b>8,844</b>	20,218
Medium-term leases	<b>10,837</b>	–
	<b>19,681</b>	20,218

- (b) Depreciation of HK\$24,000 (2014: HK\$290,000), HK\$6,000 (2014: Nil) and HK\$11,996,000 (2014: HK\$10,871,000) have been included in cost of sales, selling and marketing expenses and administrative and other operating expenses, respectively.
- (c) In view of the respective performance of the sales of goods and merchandises segment, management performed impairment assessment on the respective property, plant and equipment and determined that there is no impairment as at 31st March, 2015. The recoverable amounts were determined based on the cash flow projections from the management, taking into account the estimated useful lives of the respective property, plant and equipment.

In 2014, in view of the restructuring of the manufacturing division of the watch component business under the sales of goods and merchandises segment, management had made full provision for impairment of HK\$2,321,000 on the respective property, plant and equipment after assessment.

Notes to the Consolidated Financial Statements (Continued)  
For the year ended 31st March, 2015

## 17 Investment properties

### Group

	Properties under development	Completed properties	Total
	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2013	29,227	122,527	151,754
Changes in exchange rates	(1,490)	(58)	(1,548)
Additions	5,859	–	5,859
Transfer from properties for sale (note 24)	18,758	2,972	21,730
Fair value gain on transfer of properties from properties for sale to investment properties (note 7)	77,534	681	78,215
Change in fair value	1,236	444	1,680
At 31st March, 2014	131,124	126,566	257,690
Changes in exchange rates	7	76	83
Additions	4,453	–	4,453
Disposal	–	(27,032)	(27,032)
Transfer from properties for sale (note 24)	–	4,480	4,480
Fair value gain on transfer of properties from properties for sale to investment properties (note 7)	–	4,283	4,283
Change in fair value	7,687	12	7,699
<b>At 31st March, 2015</b>	<b>143,271</b>	<b>108,385</b>	<b>251,656</b>

- (a) Investment properties of the Group are for commercial use and are held under medium-term leases in the PRC and were revalued at 31st March, 2015 on an open market value basis by DTZ Debenham Tie Leung Limited, an independent professional property valuer.
- (b) In 2014, investment properties of HK\$26,974,000 had been pledged as securities for the borrowing facilities granted to the Group (note 34).
- (c) Valuation processes of the Group

The Group's investment properties were revalued at 31st March, 2015 by independent professional valuers who hold a recognized relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

## 17 Investment properties (Continued)

### (c) Valuation processes of the Group (Continued)

The Group's finance department and property department review the valuations performed by the independent valuers for financial reporting purposes and report directly to the senior management of the Group. Discussions of the valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting processes. The finance department and property department:

- verify all major inputs to the independent valuation report;
- assess property valuation movements when compared to the prior period valuation report; and
- hold discussions with the independent valuers.

### (d) Valuation techniques

Fair value of completed properties is generally derived using the income capitalization method and direct comparison method, wherever appropriate. Income capitalization method is based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value of properties under development is generally derived using the residual method. This valuation method is essentially a mean of valuing the completed properties by reference to its development potential by deducting development costs to completion together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

There were no changes to the valuation techniques during the year.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

### (e) Significant unobservable inputs used to determine fair value

Capitalization rates are estimated by valuers based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value. As at 31st March, 2015, capitalization rates ranged from 4.0% to 6.5% (2014: 5.0% to 6.5%) are used in the income capitalization method for the PRC completed properties.



## 17 Investment properties (Continued)

- (e) Significant unobservable inputs used to determine fair value (Continued)

Prevailing market rents are estimated based on valuers' view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Estimated costs to completion, developer's profit and risk margins required are estimated by valuers based on market conditions at 31st March, 2015 for investment properties under development. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs and the margins, the lower the fair value.

## 18 Land use right

	Group	
	2015 HK\$'000	2014 HK\$'000
Land use right, at cost, net	<b>1,600</b>	1,632

The interest in land use right represents prepaid operating lease payment. The land use right is held under medium-term lease in the PRC. Amortization charged to the consolidated income statement from land use right has been included in administrative and other operating expenses.

## 19 Properties for/under development

	Group	
	2015 HK\$'000	2014 HK\$'000
At the beginning of the year	<b>352,446</b>	301,734
Changes in exchange rates	<b>18</b>	(749)
Additions	<b>33,339</b>	48,900
Interest expenses capitalized	<b>3,632</b>	2,561
At the end of the year	<b>389,435</b>	352,446

## 19 Properties for/under development (Continued)

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

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
In the PRC:		
Long-term leases	<b>151,778</b>	151,742
Medium-term leases	<b>237,657</b>	200,704
	<b>389,435</b>	352,446

(b) During the year, amortization of land use right classified under properties for/under development of HK\$4,000,000 (2014: HK\$4,000,000) was capitalized therein.

## 20 Subsidiaries

	<b>Company</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Unlisted investments, at cost	<b>150,036</b>	150,036
Provision for impairment	<b>(85,000)</b>	(85,000)
	<b>65,036</b>	65,036

Particulars of the principal subsidiaries which, in the opinion of the Directors, materially affect the results or net assets of the Group are set out in note 42 to the consolidated financial statements.

## 21 Associated company

	<b>Group</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Share of net assets	<b>7,576</b>	8,350
Unlisted investment, at cost, net	<b>2,425</b>	2,425

Notes to the Consolidated Financial Statements (Continued)  
For the year ended 31st March, 2015

## 21 Associated company (Continued)

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

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
At the beginning of the year	<b>8,350</b>	7,522
Share of (loss)/profit before taxation	<b>(683)</b>	991
Share of taxation charge	<b>(91)</b>	(163)
Share of result	<b>(774)</b>	828
At the end of the year	<b>7,576</b>	8,350

Particulars of the associated company are set out below:

Name	Place of incorporation/ operation	Registered capital/issued capital	Effective percentage held by the Group		Principal activities
			2015	2014	
Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	US\$1,000,000 with 1,000,000 shares	<b>25.0%</b>	25.0%	Auction services

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

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Revenues	<b>3,321</b>	6,647
(Loss)/profit for the year	<b>(774)</b>	828
Assets	<b>7,849</b>	8,823
Liabilities	<b>(273)</b>	(473)
Net assets	<b>7,576</b>	8,350

## 22 Available-for-sale financial assets

	Group	
	2015 HK\$'000	2014 HK\$'000
Listed securities in Hong Kong, at market value	156,168	119,006
Unlisted investments, at fair value	74,946	74,928
	<b>231,114</b>	193,934

(a) The movements of the available-for-sale financial assets of the Group are analyzed as follows:

	2015 HK\$'000	2014 HK\$'000
At the beginning of the year	193,934	94,152
Changes in exchange rates	18	(1,092)
Additions	3,107	90,913
Change in fair value recognized in other comprehensive income	34,055	9,961
At the end of the year	<b>231,114</b>	193,934

(b) The listed securities in Hong Kong are denominated in Hong Kong dollar, whereas the unlisted investments are denominated in Renminbi. The listed securities in Hong Kong represent the Group's interest in a listed company in Hong Kong. The unlisted investments represent the Group's interest in a PRC company established for investments in various long-term projects in the PRC.

## 23 Loans and receivables

	Group	
	2015 HK\$'000	2014 HK\$'000
Loans to the joint venture partner	12,553	12,550

Loans to the joint venture partner are provided for financing the property project in the PRC and carry interest at prevailing lending rate quoted by the People's Bank of China. The loans and interests accrued thereon will be repaid from the joint venture partner's share of net proceeds upon the sale of properties.



Notes to the Consolidated Financial Statements (Continued)  
For the year ended 31st March, 2015

## 24 Properties for sale

	Group	
	2015 HK\$'000	2014 HK\$'000
Completed properties	<b>607,100</b>	565,510
Properties under development	<b>1,257,268</b>	1,125,813
	<b>1,864,368</b>	1,691,323

(a) The movements of the properties under development of the Group are analyzed as follows:

	2015 HK\$'000	2014 HK\$'000
At the beginning of the year	<b>1,125,813</b>	1,359,243
Changes in exchange rates	<b>570</b>	1,547
Property development expenditure	<b>664,480</b>	365,046
Interest expenses capitalized	<b>20,619</b>	16,124
Transfer to investment properties ( <i>note 17</i> )	–	(18,758)
Transfer to completed properties	<b>(554,214)</b>	(597,389)
At the end of the year	<b>1,257,268</b>	1,125,813

(b) Properties for sale of the Group are held under the following lease terms:

	2015 HK\$'000	2014 HK\$'000
In Hong Kong:		
Medium-term leases	<b>429,192</b>	–
Outside Hong Kong:		
Freehold	<b>36,558</b>	–
Long-term leases	<b>610,138</b>	1,597,809
Medium-term leases	<b>788,480</b>	93,514
	<b>1,435,176</b>	1,691,323
	<b>1,864,368</b>	1,691,323

(c) Properties for sale of HK\$520,943,000 (2014: HK\$145,125,000) have been pledged as securities for the borrowing facilities granted to the Group (*note 34*).

(d) During the year, completed properties of HK\$4,480,000 (2014: HK\$2,972,000) have been transferred to investment properties (*note 17*). In 2014, deposits of HK\$5,000,000 included in debtors and prepayments (*note 26*) had been transferred to completed properties.

## 25 Inventories

	Group	
	2015 HK\$'000	2014 HK\$'000
Raw materials	55	–
Work in progress	259	–
Finished goods and merchandises	47,586	4,760
	<b>47,900</b>	4,760

## 26 Debtors and prepayments

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade debtors	21,410	20,951	–	–
Other debtors and prepayments	28,410	37,174	962	588
Utility and other deposits	252,067	251,010	–	–
	<b>301,887</b>	309,135	<b>962</b>	588

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

	Group	
	2015 HK\$'000	2014 HK\$'000
Below 30 days	20,614	17,703
31 to 60 days	2	141
61 to 90 days	11	1,036
Over 90 days	783	2,071
	<b>21,410</b>	20,951

As at 31st March, 2015, trade debtors of HK\$20,627,000 (2014: HK\$18,880,000) of the Group were neither past due nor impaired.

As at 31st March, 2015, trade debtors of HK\$783,000 (2014: HK\$2,071,000) 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 of these trade debtors is over 90 days as at 31st March, 2015 and 2014.

Notes to the Consolidated Financial Statements (Continued)  
For the year ended 31st March, 2015

## 26 Debtors and prepayments (Continued)

Other deposits of the Group include net deposits of HK\$221,090,000 (2014: HK\$220,902,000) for property projects and acquisition of land use rights after the accumulated provision for impairment of HK\$11,272,000 (2014: HK\$11,272,000) as at 31st March, 2015. In 2014, deposits of HK\$5,000,000 had been transferred to properties for sale (note 24).

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Debtors and prepayments are mainly denominated in Hong Kong dollar and Renminbi. The carrying values of debtors and prepayments approximate their fair values.

## 27 Financial assets at fair value through profit or loss

	Group	
	2015 HK\$'000	2014 HK\$'000
Listed bonds in Hong Kong, at market value	23,778	–

## 28 Loan receivable and amounts due from subsidiaries

	Company	
	2015 HK\$'000	2014 HK\$'000
Loan receivable	214,617	–
Amounts receivable	2,673,626	2,684,274
Provision for impairment	(530,450)	(517,450)
	<b>2,143,176</b>	2,166,824

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

Amounts due from subsidiaries are unsecured, interest free and receivable on demand.

## 29 Pledged bank balances and cash and bank balances

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Pledged bank balances	<b>40,269</b>	30,440	<b>40,000</b>	30,000
Cash and bank balances				
Cash at bank and in hand	<b>726,755</b>	712,572	<b>4,587</b>	4,127
Short-term deposits	<b>144,352</b>	402,056	<b>130,600</b>	402,056
	<b>871,107</b>	1,114,628	<b>135,187</b>	406,183
	<b>911,376</b>	1,145,068	<b>175,187</b>	436,183

The effective interest rates on short-term deposits range from 0.001% to 4.10% (2014: 0.001% to 2.50%) per annum and these deposits have maturities ranged from 1 to 90 days (2014: 1 to 180 days).

Pledged bank balances of HK\$40,000,000 (2014: HK\$30,000,000) and HK\$269,000 (2014: HK\$440,000) have been pledged as securities for the borrowing facilities (note 34) and the financial guarantee facilities (note 38) granted to the Group, respectively.

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated cash and bank balances 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 (including pledged bank balances) are denominated in the following currencies:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong dollar	<b>110,711</b>	233,927	<b>105,636</b>	229,945
Renminbi	<b>800,291</b>	768,247	<b>69,381</b>	63,533
United States dollar	<b>232</b>	141,669	<b>131</b>	141,572
Others	<b>142</b>	1,225	<b>39</b>	1,133
	<b>911,376</b>	1,145,068	<b>175,187</b>	436,183



Notes to the Consolidated Financial Statements (Continued)  
For the year ended 31st March, 2015

### 30 Creditors and accruals

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade creditors ( <i>note a</i> )	300	1,190	–	–
Other creditors and accrued expenses ( <i>note b</i> )	205,059	213,776	300	383
Provision for indemnity ( <i>note c</i> )	60,901	60,886	–	–
Amounts payable to non-controlling interests ( <i>note d</i> )	459	459	–	–
Tenant and other deposits	1,306	1,399	–	–
	<b>268,025</b>	277,710	<b>300</b>	383

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

	Group	
	2015 HK\$'000	2014 HK\$'000
Below 30 days	232	364
31 to 60 days	2	258
over 60 days	66	568
	<b>300</b>	1,190

- (b) Other creditors and accrued expenses of the Group include the construction cost payables and accruals of HK\$127,937,000 (2014: HK\$156,340,000) for the property projects of the Group.
- (c) On 27th May, 2013, the Vendor entered into an agreement with the Purchaser to dispose of its investment in a wholly-owned subsidiary at a consideration of HK\$1. The Vendor also executed an indemnity deed amounting to RMB48.8 million in favour of the Purchaser for a period of two years from the date of completion of the disposal on 15th August, 2013. This provision represents the Group's estimated liabilities under this indemnity deed as at 31st March, 2015.
- (d) Amounts payable to non-controlling interests are unsecured, interest free and repayable on demand.
- (e) Creditors and accruals are mainly denominated in Hong Kong dollar and Renminbi. The carrying values of creditors and accruals approximate their fair values.

## 31 Sales deposits received

Sales deposits received represents deposits received from the sales of properties of the Group in the PRC which have not yet been recognized as revenues for the year.

## 32 Share capital

	2015 HK\$'000	2014 HK\$'000
Authorized:		
18,000,000,000 shares of HK\$0.05 each	<b>900,000</b>	900,000
	<b>Number of shares</b>	<b>Amount HK\$'000</b>
Issued and fully paid at HK\$0.05 each:		
At 1st April, 2013	1,561,840,530	78,092
2013 final scrip dividend ( <i>note 14</i> )	33,842,610	1,692
At 31st March, 2014	1,595,683,140	79,784
2014 final scrip dividend ( <i>note 14</i> )	12,011,427	601
<b>At 31st March, 2015</b>	<b>1,607,694,567</b>	<b>80,385</b>

All new shares rank pari passu with the existing shares.

The Company has adopted a share option scheme (the "Scheme") pursuant to the annual general meeting of the Company held on 31st August, 2012, which is valid and effective for a term of ten years from the date of its adoption. Under the Scheme, the Directors may grant options to the eligible persons as defined in the Scheme, inter alia, any Directors, employees 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 the adoption date which is 31st August, 2012. No options have been granted under the Scheme since its adoption.

Notes to the Consolidated Financial Statements (Continued)  
For the year ended 31st March, 2015

### 33 Reserves

#### Group

	Share premium HK\$'000	Capital reserve on consolidation HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2013	1,514,091	97,703	457,792	73	39,771	148,273	137,311	2,395,014
Profit for the year	-	-	-	-	-	-	110,268	110,268
Net exchange differences	-	-	-	-	-	(3,562)	-	(3,562)
Realization of exchange reserve upon disposal of a subsidiary	-	-	-	-	-	(423)	-	(423)
Change in fair value of available- for-sale financial assets	-	-	-	-	9,961	-	-	9,961
2013 final scrip dividend paid	14,228	-	-	-	-	-	(31,237)	(17,009)
2014 interim dividend paid	-	-	-	-	-	-	(15,957)	(15,957)
At 31st March, 2014	1,528,319	97,703	457,792	73	49,732	144,288	200,385	2,478,292
Profit for the year	-	-	-	-	-	-	94,491	94,491
Net exchange differences	-	-	-	-	-	(8,065)	-	(8,065)
Change in fair value of available- for-sale financial assets	-	-	-	-	34,055	-	-	34,055
2014 final scrip dividend paid	5,446	-	-	-	-	-	(63,827)	(58,381)
2015 interim dividend paid	-	-	-	-	-	-	(16,077)	(16,077)
<b>At 31st March, 2015</b>	<b>1,533,765</b>	<b>97,703</b>	<b>457,792</b>	<b>73</b>	<b>83,787</b>	<b>136,223</b>	<b>214,972</b>	<b>2,524,315</b>

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.

#### Company

	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2013	1,514,091	457,792	648,086	2,619,969
Profit for the year	-	-	1,461	1,461
2013 final scrip dividend paid	14,228	-	(31,237)	(17,009)
2014 interim dividend paid	-	-	(15,957)	(15,957)
At 31st March, 2014	1,528,319	457,792	602,353	2,588,464
Profit for the year	-	-	4,287	4,287
2014 final scrip dividend paid	5,446	-	(63,827)	(58,381)
2015 interim dividend paid	-	-	(16,077)	(16,077)
<b>At 31st March, 2015</b>	<b>1,533,765</b>	<b>457,792</b>	<b>526,736</b>	<b>2,518,293</b>

Total distributable reserves of the Company amounted to HK\$526,736,000 (2014: HK\$602,353,000) as at 31st March, 2015.

## 34 Borrowings

	Group	
	2015 HK\$'000	2014 HK\$'000
Unsecured bank borrowings		
Long-term bank borrowings	<b>187,365</b>	178,616
Secured bank borrowings		
Short-term bank borrowings	<b>214,550</b>	–
Long-term bank borrowings	<b>221,109</b>	226,047
	<b>435,659</b>	226,047
Total bank borrowings	<b>623,024</b>	404,663

The long-term bank borrowings are analyzed as follows:

	2015 HK\$'000	2014 HK\$'000
Long-term bank borrowings wholly repayable within five years*	<b>408,474</b>	404,663
Current portion included in current liabilities		
Portion due within one year	<b>(106,031)</b>	(14,952)
Portion due after one year which contains a repayment on demand clause	<b>(283,558)</b>	(244,556)
	<b>(389,589)</b>	(259,508)
	<b>18,885</b>	145,155

\* Ignoring the effect of any repayment on demand clause

The bank borrowings of the Group are secured by certain assets including properties for sale and bank deposits with an aggregate carrying value of HK\$560,943,000 (2014: HK\$202,099,000, including investment properties). Borrowings of HK\$561,818,000 (2014: HK\$281,031,000) are also guaranteed by the Company and a subsidiary.



Notes to the Consolidated Financial Statements (Continued)  
For the year ended 31st March, 2015

### 34 Borrowings (Continued)

The bank borrowings are repayable in the following periods based on the agreed scheduled repayment dates set out in the loan agreements:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Within the first year	<b>320,581</b>	14,952
Within the second year	<b>287,334</b>	223,183
Within the third to fifth years	<b>15,109</b>	166,528
	<b>623,024</b>	404,663

The effective interest rates of the bank borrowings at the balance sheet date range from 2.08% to 7.20% (2014: 3.11% to 7.38%) per annum. The fair values of the bank borrowings, based on the cash flows discounted at the borrowing rates of 2.08% to 7.20% (2014: 3.11% to 7.38%) per annum, approximate their carrying values and are within level 2 of the fair value hierarchy.

The bank borrowings are denominated in the following currencies:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Hong Kong dollar	<b>353,050</b>	78,500
Renminbi	<b>269,974</b>	326,163
	<b>623,024</b>	404,663

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

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
6 months or less	<b>540,415</b>	257,116
7 to 12 months	<b>82,609</b>	147,547
	<b>623,024</b>	404,663

## 35 Deferred taxation liabilities

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

	HK\$'000
<b>Group</b>	
At 1st April, 2013	173,706
Changes in exchange rates	(290)
Charged to the consolidated income statement ( <i>note 12</i> )	6,728
At 31st March, 2014	180,144
Changes in exchange rates	11
Charged to the consolidated income statement ( <i>note 12</i> )	(8,082)
<b>At 31st March, 2015</b>	<b>172,073</b>

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

	Deferred taxation liabilities				Deferred taxation assets	
	Fair value gains	Revaluation of investment properties	Accelerated tax depreciation	Dividend income withholding tax	Total	Tax losses
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2013	161,084	12,622	8,772	–	182,478	(8,772)
Changes in exchange rates	–	(290)	–	–	(290)	–
(Credited)/charged to the consolidated income statement	(13,245)	19,973	(301)	–	6,427	301
At 31st March, 2014	147,839	32,305	8,471	–	188,615	(8,471)
Changes in exchange rates	–	11	–	–	11	–
(Credited)/charged to the consolidated income statement	(17,170)	(912)	(962)	10,000	(9,044)	962
<b>At 31st March, 2015</b>	<b>130,669</b>	<b>31,404</b>	<b>7,509</b>	<b>10,000</b>	<b>179,582</b>	<b>(7,509)</b>

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

### 35 Deferred taxation liabilities (Continued)

Deferred taxation liabilities, which are expected to be settled after twelve months from the balance sheet date, 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\$140.8 million (2014: HK\$111.4 million) arising from unused tax losses of HK\$823.9 million (2014: HK\$675.2 million) have not been recognized in the consolidated financial statements. These tax losses either have no expiry dates or will expire within five years for those from the PRC.

Deferred taxation liabilities of HK\$0.9 million (2014: HK\$37.7 million) arising from withholding tax on the unremitted earnings of certain PRC subsidiaries have not been recognized in the consolidated financial statements as these earnings are expected to be reinvested.

### 36 Loans and payables with non-controlling interests

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

### 37 Commitments

#### (a) Capital commitments

	Group	
	2015 HK\$'000	2014 HK\$'000
Contracted but not provided for:		
Property projects and property, plant and equipment	<b>263,069</b>	212,471
Available-for-sale financial assets	<b>49,964</b>	49,952
	<b>313,033</b>	262,423

### 37 Commitments (Continued)

#### (b) Operating lease rental payable

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

	Group	
	2015 HK\$'000	2014 HK\$'000
Within the first year	2,981	1,975
Within the second to fifth years	824	2,018
	<b>3,805</b>	3,993

#### (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	
	2015 HK\$'000	2014 HK\$'000
Within the first year	4,401	4,497
Within the second to fifth years	4,324	8,436
After the fifth year	2,275	2,140
	<b>11,000</b>	15,073

The Group leases properties under various agreements which will be terminated between 2015 to 2025 (2014: 2014 to 2025).



Notes to the Consolidated Financial Statements (Continued)  
For the year ended 31st March, 2015

### 38 Financial guarantees

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Guarantees for outstanding bank borrowings of subsidiaries as at the balance sheet date (note 34)	–	–	<b>561,818</b>	281,031
Guarantees for mortgage loans to purchasers of properties of the Group in the PRC (note)	<b>795,441</b>	593,591	–	–
	<b>795,441</b>	593,591	<b>561,818</b>	281,031

Note: 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) the 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. Since the Group is able to retain the purchasers' deposits and sell the properties to recover any amounts paid by the Group to the banks, the estimated net amounts required to be settled by the Group and the fair value of the financial guarantees as calculated are not material and hence not recognized in the consolidated financial statements. Bank deposits of HK\$269,000 (2014: HK\$440,000) have been pledged for such financial guarantees provided by the Group (note 29).

### 39 Notes to the consolidated cash flow statement

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

	2015 HK\$'000	2014 HK\$'000
Operating profit	<b>265,513</b>	211,040
Interest income	<b>(20,765)</b>	(16,043)
Dividend income from available-for-sale financial assets	<b>(3,784)</b>	(2,776)
Gain on disposal of an investment property	<b>(11,252)</b>	–
Gain on disposal of a subsidiary	–	(40,491)
Fair value gain on transfer of properties from properties for sale to investment properties	<b>(4,283)</b>	(78,215)
Net gain on disposal of property, plant and equipment	<b>(419)</b>	(359)
Change in fair value of investment properties	<b>(7,699)</b>	(1,680)
Amortization of land use right	<b>32</b>	32
Depreciation	<b>12,026</b>	11,161
Provision for impairment of property, plant and equipment	–	2,321
Provision for impairment of inventories	–	1,404
Provision for impairment of trade debtors	–	770
Provision for impairment of other deposits	–	7,272
Operating profit before working capital changes	<b>229,369</b>	94,436
(Increase)/decrease in properties for/under development and properties for sale	<b>(220,171)</b>	74,014
Increase in inventories	<b>(43,140)</b>	(1,528)
Decrease in debtors and prepayments	<b>7,494</b>	19,997
Increase in financial assets at fair value through profit or loss	<b>(23,778)</b>	–
Increase in creditors and accruals	<b>18,900</b>	12,527
(Decrease)/increase in sales deposits received	<b>(312,156)</b>	38,238
Cash (used in)/from operations	<b>(343,482)</b>	237,684

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

	2015 HK\$'000	2014 HK\$'000
Cash and bank balances	<b>871,107</b>	1,114,628
Bank deposits maturing more than three months from date of placement	–	(6,437)
Cash and cash equivalents	<b>871,107</b>	1,108,191

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March, 2015

## 40 Event after the reporting period

On 21st April, 2015, the Company and its wholly-owned subsidiary entered into a sale and purchase agreement with Midas International Holdings Limited ("Midas") (a listed subsidiary of CCIL) and its wholly-owned subsidiary to acquire the entire registered capital of a PRC wholly-owned subsidiary of Midas (the major assets are the land and property in the PRC) at a consideration of RMB101.6 million (equivalent to approximately HK\$127.0 million) (subject to adjustment). The consideration will be settled in full in cash at completion, which will be on the seventh business day after the last outstanding conditions precedent of the transaction is fulfilled. Details of the transaction were set out in the announcement and the circular of the Company dated 21st April, 2015 and 13th May, 2015 respectively.

## 41 Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board on 26th June, 2015.

## 42 Principal subsidiaries

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2015	2014	
Anshan Chuang's Property Development Company Limited	PRC	RMB170,000,000 (2014: RMB130,000,000)	<b>100.0%</b>	100.0%	Property development and investment
Anshan Chuang's Real Estate Development Company Limited	PRC	RMB210,000,000	<b>100.0%</b>	100.0%	Property development and investment
Chengdu Chuang's Investment Services Limited	PRC	HK\$80,000,000	<b>100.0%</b>	100.0%	Property development and investment
China Art Exchange Limited	Hong Kong	HK\$1,000,000 with 10,000,000 shares	<b>100.0%</b>	100.0%	Trading of merchandises
@ China Cyberworld Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Property development and investment
@ Chinaculture.com Limited	British Virgin Islands/ Hong Kong	US\$1 with 1 share	<b>100.0%</b>	100.0%	Investment holding
@ Chuang's China Enterprises Limited	Hong Kong	HK\$117,622,779 with 458,310,965 shares	<b>100.0%</b>	100.0%	Investment holding

## 42 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2015	2014	
@ Chuang's China Realty Limited	Bermuda/Hong Kong	HK\$100,000 with 2,000,000 shares	<b>100.0%</b>	100.0%	Investment holding
@ Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	US\$1 with 1 share	<b>100.0%</b>	100.0%	Investment holding
Chuang's Development (Anshan) Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Investment holding
Chuang's Development (Chengdu) Limited	Hong Kong	HK\$20 with 2 shares HK\$1,000,000 with 100,000 non-voting deferred shares	<b>100.0%</b>	100.0%	Property investment
Chuang's Development (Dong Guan) Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Investment holding
Chuang's Development (Liaoning) Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Investment holding
Chuang's Development (Sichuan) Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Investment holding
Chuang's Innovation Industries Limited (formerly known as Uman Hotels & Resorts Limited)	Hong Kong	HK\$10 with 10 shares	<b>70.0%</b>	100.0%	Development, manufacture and sale of innovative products
Dongguan Chuang's Real Estate Development Company Limited	PRC	RMB135,420,000	<b>100.0%</b>	100.0%	Property development and investment
Double Wealthy Company Limited	Hong Kong	HK\$160 with 160 shares	<b>100.0%</b>	100.0%	Investment holding
Dragon Rich Investments Limited	Hong Kong	HK\$100 with 100 shares	<b>85.0%</b>	85.0%	Investment holding
Gold Capital Profits Limited	British Virgin Islands/ Hong Kong	US\$100 with 100 shares	<b>75.0%</b>	75.0%	Investment holding
Guangzhou Chuang's Investment Services Limited	PRC	RMB22,500,000	<b>100.0%</b>	100.0%	Investment holding and property investment



Notes to the Consolidated Financial Statements (Continued)  
For the year ended 31st March, 2015

**42 Principal subsidiaries (Continued)**

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2015	2014	
Guangzhou Panyu Chuang's Real Estate Development Company Limited	PRC	RMB60,000,000	<b>100.0%</b>	100.0%	Property development and investment
Hunan Han Ye Real Estate Development Company Limited	PRC	RMB25,000,000	<b>54.0%</b>	54.0%	Property development and investment
MD Limited	Hong Kong	HK\$1,000,000 with 1,000,000 shares	<b>100.0%</b>	100.0%	Securities investment and trading
Noble Century Investment Limited	Hong Kong	HK\$1,000,000 with 1,000,000 shares	<b>60.0%</b>	60.0%	Investment holding
On Profit Investment Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Property development and investment
Rich Joint Limited	Hong Kong	HK\$1 with 1 share	<b>100.0%</b>	100.0%	Securities investment and trading
Silver Chase Investment Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Property development and investment
Silver Dragon Investment Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Property development and investment
Xiamen Mingjia Binhai Resort Company Limited	PRC	RMB140,000,000 (2014: RMB75,000,000)	<b>59.5%</b>	59.5%	Property and hotel development and investment
Yuen Sang Watch Industries Limited	Hong Kong	HK\$1,168,407 with 1,000,000 shares	<b>100.0%</b>	100.0%	Manufacture and sale of watch components

@ Directly held by the Company

## Particulars of Principal Properties

The following list contains only properties held by the Group as at 31st March, 2015 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 in the People's Republic of China (the "PRC")

Location	Term	Usage	Group's interest
Chuang's Le Papillon, Guangzhou, Guangdong			
– Phase II: Commercial podium	Medium lease	Commercial	100.0%
– Remaining: Commercial podium	Medium lease	Commercial, planning stage	100.0%
Chuang's New City, Dongguan, Guangdong			
– Gold Coast: Club house	Medium lease	Commercial	100.0%
– Imperial Garden Phase I: Commercial podium	Medium lease	Commercial	100.0%
– Imperial Garden Phase III: Commercial podium	Medium lease	Commercial, works in progress	100.0%
6th Floor, Chengdu Digital Plaza, No. 1 Renmin South Road, Section 4, Wuhou District, Chengdu, Sichuan Province	Medium lease	Commercial	100.0%
Commercial podium, Chuang's Mid-town, Anshan, Liaoning	Medium lease	Commercial, works in progress	100.0%

## Particulars of Principal Properties (Continued)

### 2. Property projects

Location	Stage of completion	Expected completion date	Usage	Site area (sq. m.)	Gross floor area	Group's interest
<b>The PRC</b>						
Chuang's Le Papillon, Guangzhou, Guangdong						
- Phase I and II: Block A to N	Completed	Completed	Residential/ Commercial	119,721	27,697 (and 1,114 carparking spaces)	100.0%
Block P	Superstructure works completed	Second half of 2015	Residential	3,309	6,987	100.0%
- Remaining:	Strategic planning stage	N/A	Comprehensive development area	93,476	N/A	100.0%
Imperial Garden, Chuang's New City, Dongguan, Guangdong						
- Phase I and II: Block 1 to 14	Completed	Completed	Residential	33,275	26,905 (and 113 carparking spaces)	100.0%
- Phase III: Block 29 to 31	Superstructure works in progress	2016-2017	Residential/ Commercial	6,610	40,341	100.0%
- Phase IV: Block 15 to 20	Planning stage	N/A	Residential	22,763	83,000	100.0%
- Remaining: Block 21 to 55 (excluding Block 29 to 31)	Planning stage	N/A	Comprehensive development area	129,203	232,501	100.0%

## 2. Property projects (Continued)

Location	Stage of completion	Expected completion date	Usage	Site area (sq. m.)	Gross floor area	Group's interest
<b>The PRC (Continued)</b>						
sáv Resort & Spa, Xiamen, Fujian	Fitting out works in progress	Second half of 2015	Resort and villa	27,574	18,000	59.5%
Chuang's Mid-town, Anshan, Liaoning	Superstructure works in progress	2016–2017	Comprehensive development area	11,000	100,000	100.0%
Chuang's Plaza, Anshan, Liaoning	Master planning in progress	N/A	Comprehensive development area	39,500	390,000	100.0%
Phase I, Beverly Hills, Changsha, Hunan	Completed	Completed	Residential	95,948	19,000	54.0%
	Superstructure works completed	N/A	Commercial		11,600	54.0%
<b>Hong Kong</b>						
Yip Wong Road, Tuen Mun Town Lot No. 514, Tuen Mun, New Territories	Ground investigation works completed	2019	Residential	2,428	10,862	100.0%
			Commercial		2,428	

## Summary of Financial Information

### Results

	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Revenues	198,024	1,487,102	509,502	804,719	<b>1,008,613</b>
Profit attributable to equity holders	31,909	448,755	40,390	110,268	<b>94,491</b>
Earnings per share (HK cents)	2.09	29.46	2.62	7.00	<b>5.90</b>
Dividend per share (HK cents)					
Interim	–	1.00	1.00	1.00	<b>1.00</b>
Final	–	2.00	2.00	4.00	<b>3.00</b>
Total	–	3.00	3.00	5.00	<b>4.00</b>

### Assets and Liabilities

	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Non-current assets	297,017	538,069	667,140	919,473	<b>976,958</b>
Current assets	3,445,898	2,716,228	3,088,051	3,150,286	<b>3,149,309</b>
Total assets	3,742,915	3,254,297	3,755,191	4,069,759	<b>4,126,267</b>
Total liabilities	(1,667,065)	(729,719)	(1,219,722)	(1,453,176)	<b>(1,466,325)</b>
Non-controlling interests	(78,177)	(65,632)	(62,363)	(58,507)	<b>(55,242)</b>
Shareholders' funds	1,997,673	2,458,946	2,473,106	2,558,076	<b>2,604,700</b>

### Net Debt to Equity Ratio

	2011 HK\$'M	2012 HK\$'M	2013 HK\$'M	2014 HK\$'M	2015 HK\$'M
Cash and bank balances and investments held for trading	351.7 <sup>@</sup>	836.8	1,011.5 <sup>^</sup>	1,145.1 <sup>^</sup>	<b>935.2<sup>^</sup></b>
Bank borrowings	154.4 <sup>#</sup>	41.9	317.8	404.7	<b>623.0</b>
Net debt to equity ratio (%)	N/A	N/A	N/A	N/A	<b>N/A</b>

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

<sup>#</sup> Excluded bank borrowings related to investment property held for sale

<sup>^</sup> Included pledged bank balances



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Chuang's China Investments Limited (the "Company") will be held at Chater Room, 2nd Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Monday, 31st August, 2015 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the Directors and the auditor for the year ended 31st March, 2015.
2. To declare a final dividend.
3.
  - (a) To re-elect Miss Ann Li Mee Sum as an executive Director.
  - (b) To re-elect Mr. Albert Chuang Ka Pun as an executive Director.
  - (c) To re-elect Mr. Peter Lo Wing Cheung as an executive Director.
  - (d) To authorize the board of Directors to fix the remuneration of the Directors.
4. To re-appoint PricewaterhouseCoopers as the auditor and to authorize 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\$0.05 each (the "Shares") in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate number 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 number of issued Shares 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)

- (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."
  
- (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 authorize 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 number of Shares 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 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 number of issued Shares of the Company at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution:

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

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

**“Rights Issue”** means an offer of Shares in the Company, or an offer of warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the Directors of the Company, to holders of Shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to be offered to them) on a fixed record date in proportion to their then holdings of Shares (or, where appropriate, such other securities), subject in all cases to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized 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 the number of Shares 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 number of the issued Shares of the Company at the date of the ordinary resolution approving the said general mandate to repurchase Shares.”

6. To transact any other business.

By order of the Board of  
**Chuang’s China Investments Limited**  
**Lee Wai Ching**  
*Company Secretary*

Hong Kong, 28th July, 2015


## Notice of Annual General Meeting (Continued)

### Notes:

1. Any member entitled to attend and vote at the annual general meeting of the Company (the "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.
2. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the Company's share registrar in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.
3. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 25th August, 2015 to Monday, 31st August, 2015, both dates 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 Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 24th August, 2015.
4. The board of Directors has recommended a final scrip dividend (with a cash option) of 3.0 HK cents per share.
5. 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 Friday, 11th September, 2015. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 7th September, 2015 to Friday, 11th September, 2015, both dates 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 Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 4th September, 2015.
6. 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 2015 Annual Report.







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

[www.chuangsh-china.com](http://www.chuangsh-china.com)

Stock Code: 298