

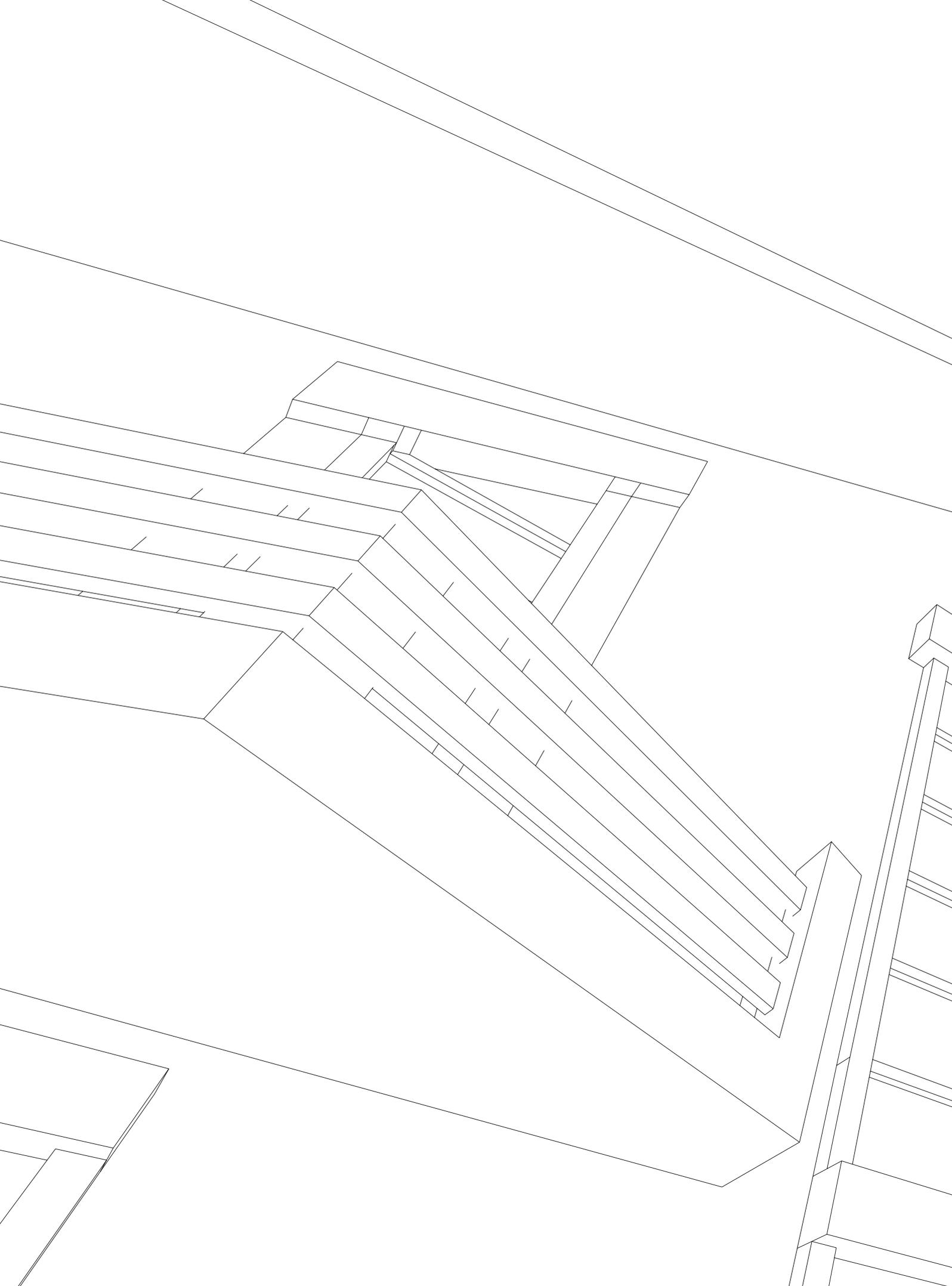


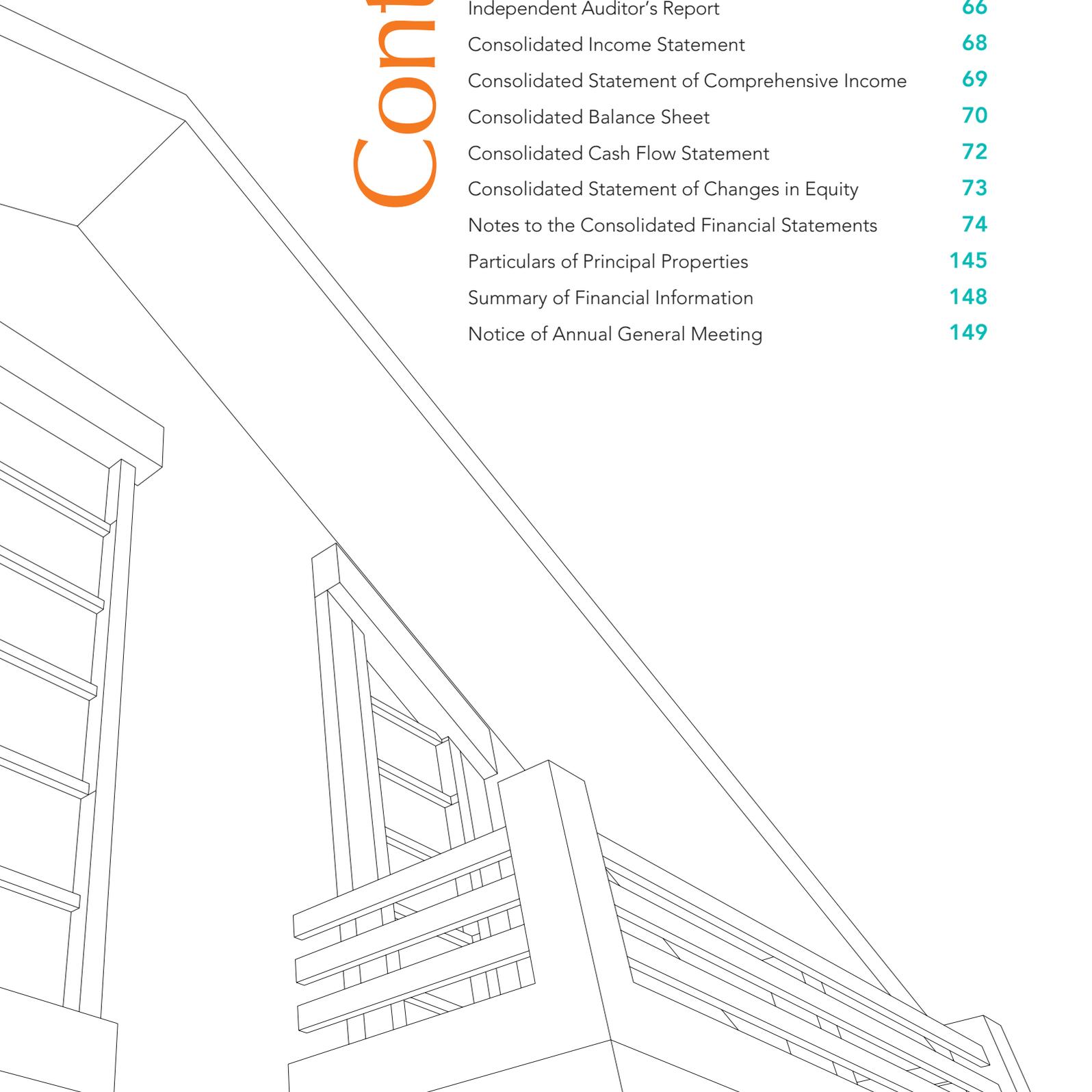
CHUANG'S CHINA INVESTMENTS LIMITED

(Incorporated in Bermuda with limited liability)

2016
ANNUAL REPORT







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Chairman's Statement

Financial Review

Revenues of the Group for the year ended 31st March, 2016 decreased by 53% to HK\$470.0 million (2015: HK\$1,008.6 million), comprising the following factors:

- ◆ decrease by 56% in sales of development properties in the People's Republic of China (the "PRC") to approximately HK\$440.5 million (2015: HK\$993.8 million)
- ◆ rental and management fee income increased by about 58% to HK\$19.1 million (2015: HK\$11.7 million), contributed by the new leases of Guangzhou office units and Changan factory during the year under review
- ◆ securities investment and trading income increased to about HK\$9.4 million (2015: HK\$0.2 million), and was derived from high yield bonds with face value of US\$27 million
- ◆ income from sales and trading business dropped to HK\$1 million (2015: HK\$2.9 million)

During the year under review, gross profit decreased by 51% to HK\$191.4 million (2015: HK\$393.8 million) and was generally in line with the drop in sales of properties in the PRC. Gross profit margin during the year rose to about 41% when compared with 39% in the previous financial year. The increase in gross profit margin was due to higher profit margin derived from rental income and securities trading income.

Other income and net gain was HK\$78.0 million (2015: HK\$39.9 million). The increase was mainly related to the gain on reversal of tax indemnity from disposal of a subsidiary as announced in May 2013. 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\$72.1 million (2015: HK\$7.7 million), comprising completed investment properties in Dongguan, Guangzhou, Chengdu and investment properties under construction in Anshan. Furthermore, share of result of a joint venture of HK\$64.3 million (2015: Nil) was related to the change in fair value of the investment properties owned by a joint venture.

On the costs side, selling and marketing expenses decreased by 38% to HK\$29.0 million (2015: HK\$46.9 million). Administrative and other operating expenses increased by 10.1% to HK\$142.0 million (2015: HK\$129.0 million) in view of increase in business activities as well as rising operating costs.

Finance costs increased to HK\$15.7 million (2015: HK\$1.7 million) as interests on borrowings were not capitalized when the construction of the related property development projects was completed. Share of loss of associated companies was HK\$1.8 million (2015: HK\$0.8 million). Furthermore, taxation decreased by 25% to HK\$129.1 million (2015: HK\$171.9 million) and was mainly due to the decrease in sales of properties in the PRC.

Taking into account the above, profit attributable to equity holders of the Company for the year ended 31st March, 2016 decreased by about 10% to HK\$85.0 million (2015: HK\$94.5 million). Earnings per share was 4.91 HK cents (2015: 5.50 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 2.0 HK cents (2015: 3.0 HK cents) per share for the year ended 31st March, 2016. The final dividend, if approved, will be paid on or before 14th October, 2016 to the shareholders whose names appear on the Company's register of members on 13th September, 2016.

An interim dividend of 1.0 HK cent (2015: 1.0 HK cent) per share has been paid in respect of the current financial year. Total dividends for the year will amount to 3.0 HK cents (2015: 4.0 HK cents) per share. Total dividend payments for the year will be HK\$64.8 million (2015: HK\$64.3 million).

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 approximately 87,557 sq. m., of which approximately 60% were completed properties and approximately 40% were under construction. Book value of these investment properties as at 31st March, 2016 amounted to approximately HK\$539 million. Rental and related income during the year was about HK\$11 million.

1. Chengdu Digital Plaza Level 6 at Wuhou District (武侯區), Chengdu, having a GFA of 4,255 sq. m., is subject to a new lease expiring in 2019.
2. Chuang's New City at Dongguan has two completed commercial properties with aggregate GFA of about 12,435 sq. m.. About 7,935 sq. m. of these properties are subject to various leases expiring from 2016 to 2025. The remaining 4,500 sq. m. of these commercial properties were not leased out as at 31st March, 2016 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 5,173 sq. m..
3. The Group acquired the industrial property located at Changan, Dongguan, with a GFA of about 39,081 sq. m. at RMB101.6 million (equivalent to approximately HK\$123.4 million) during the year under review. The property was leased for a term of eight years at an annual rental of about RMB6.4 million.
4. 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, 2016 and is therefore recorded in the financial statements as "Properties for sale".
5. The Group holds five office units at R&F Yingkai Square (富力盈凱廣場), which is located in the CBD of Zhujiang New Town (珠江新城) in Guangzhou. It has a total GFA of 896 sq. m. and is subject to a new lease expiring in 2018.
6. Chuang's Mid-town at Tie Dong Qu (鐵東區) in 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. Marketing has commenced on pre-leasing of the commercial podium.

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 property sales as a result of reducing GFA under development in the PRC.



B. Hotel Properties

Xiamen Mingjia Hotel

Xiamen, Fujian

59.5% OWNED



Xiamen Mingjia Hotel

思明區檢察院

金榮劇場

廈門書法廣場

曾厝垵沙灘

中亭花園

廈門市
曾厝垵小學

天上聖媽宮



1. The Xiamen Mingjia Hotel (廈門名家酒店) is developed by the Group and 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. The project provides 30 villas with an aggregate GFA of about 8,300 sq. m. and a 6-storey hotel building with 100 guest-rooms (total GFA of 9,700 sq. m.).

As the construction works and interior renovation works of the hotel have been completed, this hotel project has currently entered into the operation stage. In view of the local partner of this project is affiliated with the Xiamen Travel Bureau (廈門旅遊局), the Group has decided to jointly control this project with the local partner in order to capitalize on its expertise in Xiamen. In addition, the management has decided to lease out the 30 villas and the hotel which will generate steady recurring income stream. Marketing for leasing is in progress.

Book value of this joint venture (in which the Group owns an effective 59.5% interest) as at 31st March, 2016 amounted to approximately HK\$283 million.





2. The Group owns an effective interest of 54% of a property development project in Changsha. As at 31st March, 2016, the Group's total investment costs amounted to about HK\$80 million. Unsold properties (total residential GFA of 18,400 sq. m. and commercial GFA of 11,600 sq. m.) of this project have a total book costs of about HK\$114 million. Within the commercial area, the Group is planning for a hotel with 117 guest-rooms. The Group will liaise with the local government authorities in renewing the operating license of the joint venture company which has expired since 2012.

C. Property Development

The PRC property market is boosted by supportive policies including successive interest rate cuts, promoting urbanization and inventory de-stocking measures. During the year, the Group explored various investment opportunities mainly focusing on first tier cities including Shenzhen, Guangzhou, Xiamen and in Hong Kong. As for the existing portfolio of development projects, an update of their progress is as follows:



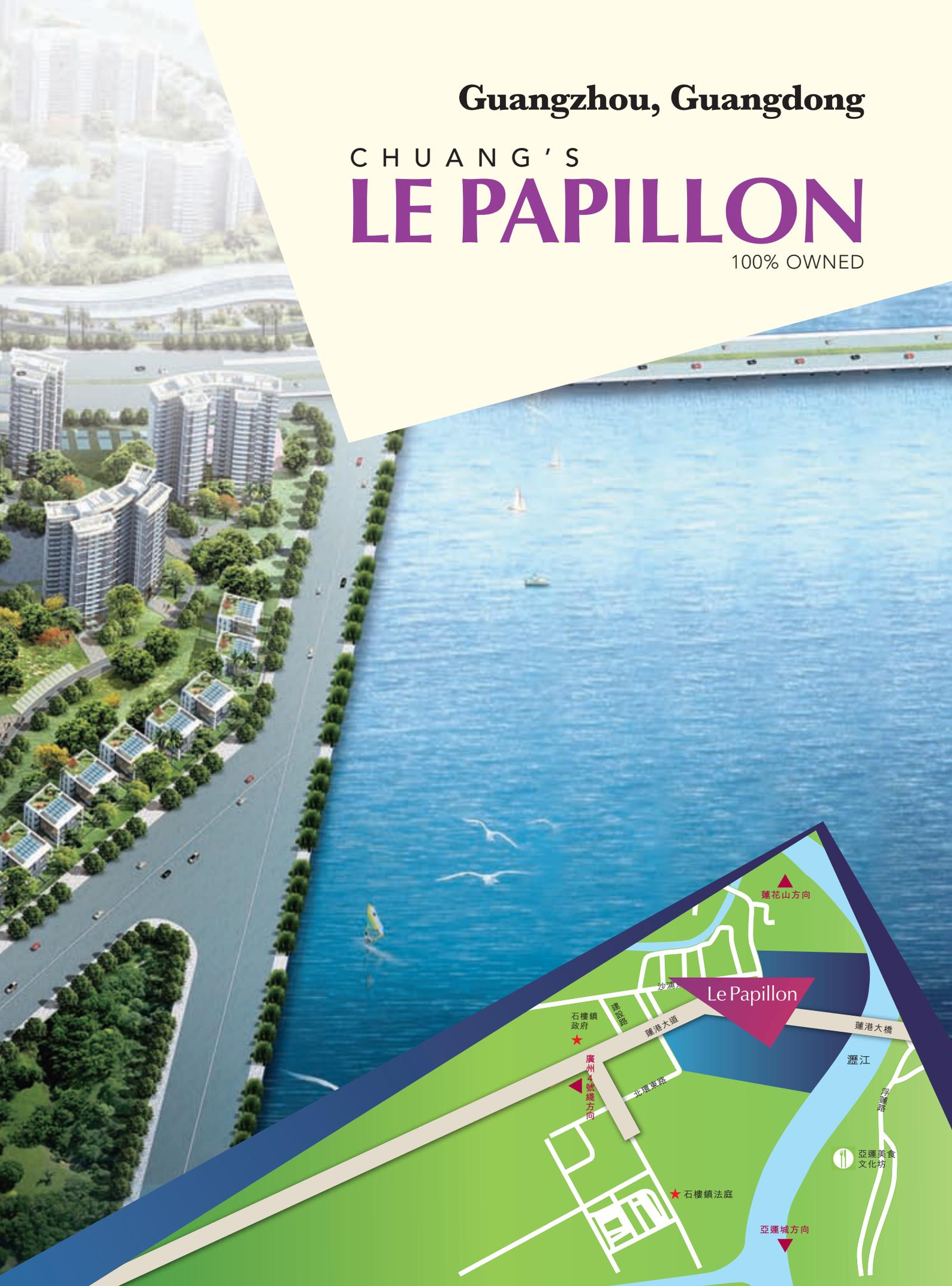


Guangzhou, Guangdong

CHUANG'S

LE PAPILLON

100% OWNED





Block
P



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.

All the high-rise blocks of Phases I and II of Chuang's Le Papillon have largely been sold out and properties are handed over to buyers. At present, marketing of the 22 villas (Block P) for leasing has been launched. As of to-date, unsold residential properties of this project excluding Block P amounted to about RMB26 million.

The Group intended to kick off Phase III of Chuang's Le Papillon with a total GFA of about 54,000 sq. m.. However, the approval process from the relevant authorities is lengthy and is progressing slow. Preparatory construction works have commenced, and superstructure works will commence once the approvals from the relevant authorities for Phase III are obtained. As for the future plan of the remaining development with a site area of about 60,276 sq. m., the Group will adopt a medium to long term planning approach while awaiting for land quota to be allocated.

Phase



Dongguan, Guangdong

IMPERIAL GARDEN

CHUANG'S NEW CITY

100% OWNED





獅子洋

IMPERIAL GARDEN

沙田鎮工商局

沙田鎮政府

人人樂商場

沙田中心小學

郵政局

鎮標

葆麗酒店

嘉福海港酒店

海關大樓

港口大道

工商銀行

天母藍鳥咖啡西餐廳

建設銀行

肯德基餐廳

SPA超市

世紀豪庭大酒店

沙田輕軌站

橫街

亞歷山大路

廣江路

廣江路

廣深港高速鐵路

橫街

沙田大道

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) of Imperial Garden 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 Phase I and II were handed over to buyers in previous financial years. As of to-date, unsold residential properties of Imperial Garden (Phase I and II) amounted to about RMB48 million.

Phase III of Imperial Garden (comprising Blocks 29 to 31) has a total GFA of approximately 40,000 sq. m. and has been completely pre-sold at about RMB298 million (equivalent to approximately HK\$352 million). During the year under review, these sales cannot be recorded as revenues because properties are not yet ready to handover to buyers. It is expected that occupancy will be handed over to buyers before the end of December 2016.



Phase IV of Imperial Garden (comprising Blocks 15 to 20) has a total GFA of about 83,000 sq. m.. Foundation works for Phase IV have substantially been completed. The Group will decide on the appropriate time to carry out the superstructure works in order for presales of Phase IV to be launched in the first half of 2017. Development plan for the remaining GFA of about 234,000 sq. m. will be carried out by phases in the next few years.

Subject to the prevailing market conditions, the Group will also consider other option which may be available, such as the possibility of disposing of its entire interests in this project with total GFA of about 317,000 sq. m. in its existing state. This option will allow the Group to unlock the stored value in this project and to accelerate the return in this investment.



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 29,616 sq. m.. Above the podium will be a twin tower (Block AB and C) 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 and the twin tower have topped off in November 2015. Internal and external finishing works are in satisfactory progress.

The residential property market in Anshan is relatively weak, thus the selling price and pace of property sales will not be as strong as the Group's two projects in the Guangdong Province. However, in view of the prime location of Chuang's Mid-town which is adjacent to the train station in city centre, the Group will emphasize on brand building, quality and the market niche of the project. Discussions to lease the entire Block A is in progress, whereas marketing to lease out the commercial podium and Block C has also been launched.



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 planning is in progress and the Group will adopt a longer term planning for this project.

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.

Building plans of the development project have been approved. Contract for excavation and lateral support works and foundation works has been awarded. Excavation and lateral support works have recently commenced and it is expected that foundation works will be completed in the third quarter of 2017.



Other property project in the PRC

The Group holds a 51% development interest in a project in Wuhou District, Chengdu. As at 31st March, 2016, the Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK\$173.2 million). In view of the unresolved problems that hindered the development since 2007, the Group decided to proceed with legal proceeding as one of the exit strategies to this project. On 31st May, 2016, the Group received notification from the Sichuan Court that the claims lodged by the Group have been accepted. The aggregate amounts demanded by the Group is approximately RMB435 million (equivalent to approximately HK\$513 million), which comprise: (i) payment of an amount representing the Group's 51% share in the market value of the project; (ii) payment of an amount representing the Group's 51% share of the rental income within the projects together with interest accrued thereon up to 31st May, 2016; and (iii) repayment of the advances by the Group's in relation to the project together with interest accrued thereon up to 31st May, 2016. Further announcement(s) about the legal proceeding will be made by the Company as and when appropriate.

Sales and revenues recognition for PRC projects

The Group has contracted sales of about RMB340 million (equivalent to approximately HK\$401 million). Amongst this, contracted sales relating to completed properties amounted to about RMB42 million (equivalent to approximately HK\$49 million) whereas contracted sales related to properties under construction amounted to about RMB298 million (equivalent to approximately HK\$352 million), which are entirely related to Blocks 29 to 31 of Imperial Garden at Dongguan. Contracted sales will only be recognized as revenues of the Group when they are completed and properties are handed over to buyers.

At present, the Group's projects in Guangzhou and Dongguan have unsold completed residential properties for sale of about RMB74 million (equivalent to approximately HK\$87 million) and carparks of about RMB175 million (equivalent to approximately HK\$207 million). For the financial year ending 31st March, 2017, the Group will determine the strategy for the Dongguan project and if the Phase IV development is to proceed, presales of Blocks 15 to 20 of Imperial Garden at Dongguan will be launched in the first half of 2017, with sales value of about RMB993 million (equivalent to approximately HK\$1,172 million).

D. Securities Investment and Trading

During the year under review, the Group engaged in investment and trading in securities in order to broaden the income stream. The investment is expanded to a portfolio of high yield bonds with face value of about US\$27 million, and the market value of these bonds as at 31st March, 2016 was about HK\$226.3 million.

Financial Position

Net asset value

As at 31st March, 2016, the net asset value attributable to equity holders of the Company was HK\$2,509.5 million. Net asset value per share amounted to HK\$1.55, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value. The net asset value as at 31st March, 2016 decreased from the last corresponding year after taking into account the change in exchange rate and the change in fair value of the available-for-sale financial assets for the year.

Financial resources

As at 31st March, 2016, the Group's cash and bank balances (including pledged bank balances) amounted to HK\$605.7 million (2015: HK\$911.4 million). As at the same date, bank borrowings of the Group amounted to HK\$708.7 million (2015: HK\$623.0 million). The debt to equity ratio (calculated as a percentage of bank borrowings over net asset value attributable to equity holders of the Company) was 28.2% (2015: 23.9%).

Approximately 44.3% of the Group's cash and bank balances were in Hong Kong dollar and United States dollar, with the remaining 55.7% in Renminbi. Approximately 66.1% of the Group's bank borrowings were in Hong Kong dollar with the remaining 33.9% in Renminbi.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 44.0% of the Group's bank borrowings were repayable within the first year, 2.4% were repayable within the second year and the balance of 53.6% were repayable within the third to fifth years.

Subsequent to the balance sheet date on 3rd May, 2016, the Group completed a rights issue in the proportion of one rights share for every two shares held. The net proceeds of the rights issue, after deducting expenses, amounted to about HK\$222.5 million which will be applied within 18 months after completion of the rights issue as to (i) approximately HK\$170 million for further expansion of the Group's business venture; and (ii) the remaining approximately HK\$52.5 million as general working capital of the Group.

Foreign exchange risk

The Group conducts its property business operations in the PRC, with the income and the major cost items being denominated in Renminbi. Therefore, it is expected that any fluctuation of Renminbi's exchange rate would not have material effect on the operations of the Group. However, as the Group's consolidated financial statements are presented in Hong Kong dollar, the Group's financial position is subject to exchange exposure to Renminbi. The Group would closely monitor this risk exposure from time to time.

Prospects

Despite the slow-down of the PRC economy, the real estate sector in the PRC shall be benefitted from supportive measures including urbanization as well as two-child policy in the long term. The real estate market will become more fragmented with the first tier cities in the PRC remaining to be robust and strong.

The Group will consolidate its development strategy to focus on property development in first tier cities as well to further diversify to other businesses with steady income. In particular, the Group will broaden its investment properties portfolio, by leasing out the existing Xiamen hotel project and the Anshan project. For future expansion plan, the Group will identify opportunities for acquisition of investment properties at prime location, which will provide sustainable and stable income. Geographically, the Group will seek for opportunities not only in Hong Kong and the PRC but also to expand to other developed countries. Furthermore, the Group will proactively explore business innovations to achieve long-term sustainable development, and will focus on those ventures that require similar skill-sets of land acquisition, land planning and utilization.

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, 2016, the Group employed 287 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.

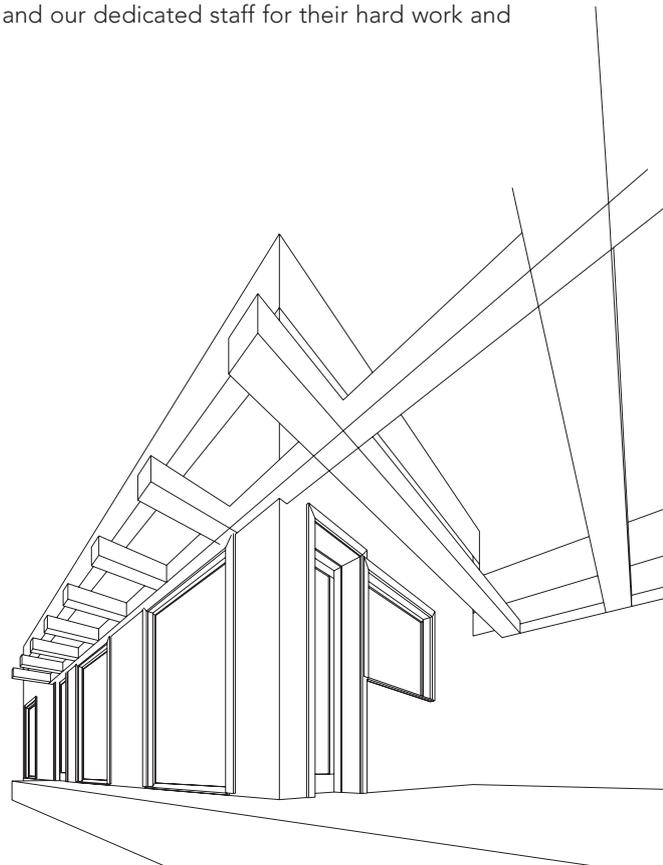
Appreciation

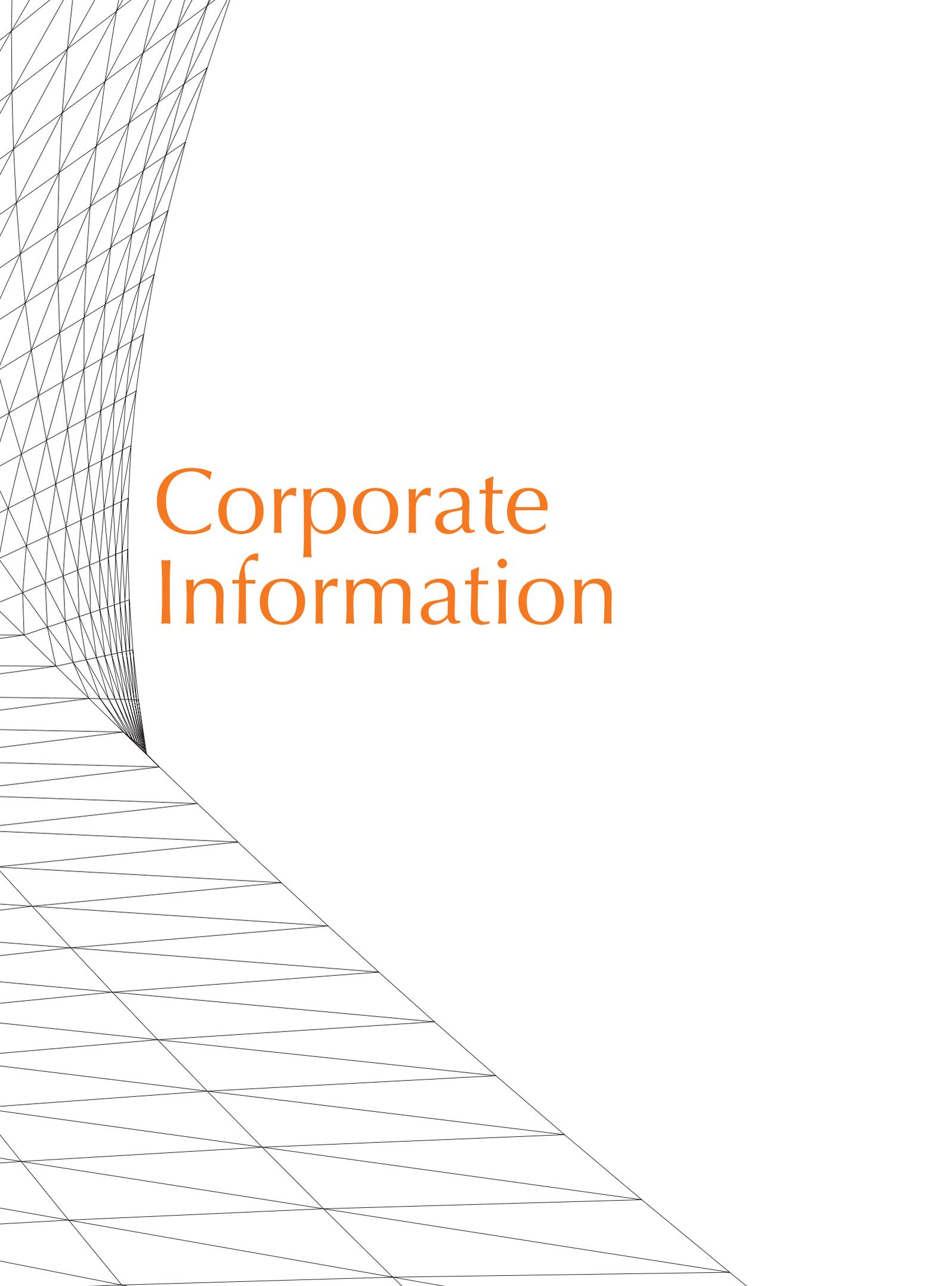
On behalf of the Board, I would like to thank my fellow Directors and our dedicated staff for their hard work and contribution during the year.

Abraham Shek Lai Him

Chairman

Hong Kong, 27th June, 2016





Corporate Information

Honorary Chairman

Alan Chuang Shaw Swee

Directors

Abraham Shek Lai Him, G.B.S., J.P.* (*Chairman*)

Ann Li Mee Sum (*Deputy Chairman*)

Albert Chuang Ka Pun (*Managing Director*)

Chong Ka Fung (*Deputy Managing Director*)

Sunny Pang Chun Kit

Peter Lo Wing Cheung

David Chu Yu Lin, S.B.S., J.P.*

Andrew Fan Chun Wah, J.P.*

* *Independent Non-Executive Directors*

Audit Committee/ Nomination Committee/ Remuneration Committee

Abraham Shek Lai Him, G.B.S., J.P.#

David Chu Yu Lin, S.B.S., J.P.

Andrew Fan Chun Wah, J.P.

Corporate Governance Committee

Ann Li Mee Sum#

Albert Chuang Ka Pun

Chong Ka Fung

Chairman of the relevant committee

Company Secretary

Lee Wai Ching

Auditor

PricewaterhouseCoopers

22nd Floor, Prince's Building,

10 Chater Road,

Central, Hong Kong

Registrars

Bermuda:

MUFG Fund Services (Bermuda) Limited

The Belvedere Building,

69 Pitts Bay Road,

Pembroke HM08,

Bermuda

Hong Kong:

Tricor Progressive Limited

Level 22, Hopewell Centre,

183 Queen's Road East,

Hong Kong

Corporate Information (Continued)

Principal Bankers

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

Registered Office

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

Principal Office in Hong Kong

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

Other Offices in the People's Republic of China (the "PRC")

Beijing Office

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

Guangzhou Office

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

Dongguan Office

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

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

Chengdu Office

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

Xiamen Office

Xiamen Mingjia Binhai Resort Company Limited
No. 382 Long Hu Shan Road,
Siming District, Xiamen,
Fujian, the PRC

Sales Offices in the PRC

Chuang's Le Papillon Sales Office

Liangang Road, Guangzhou,
Guangdong, the PRC

Imperial Garden Sales Office

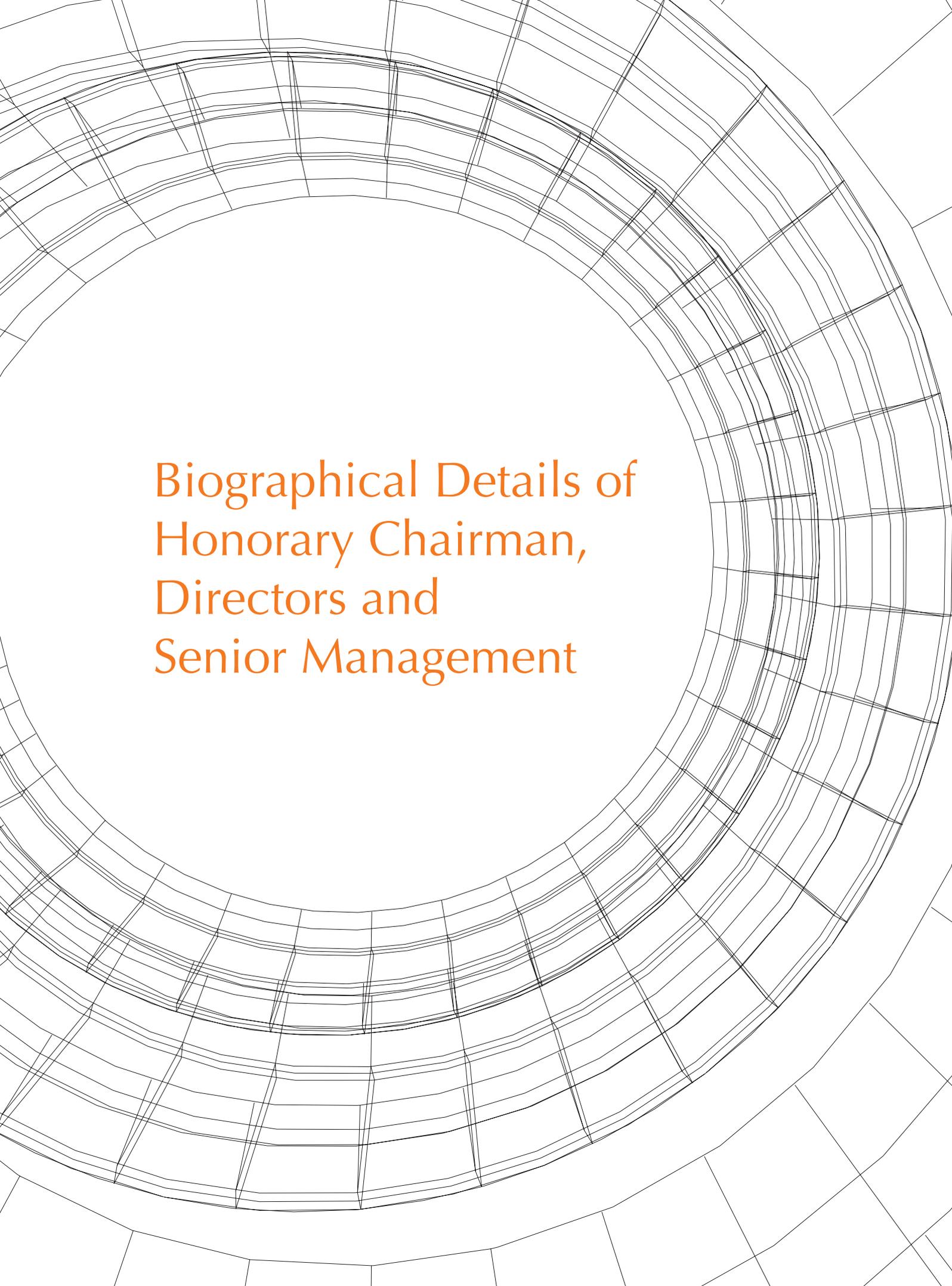
Ground Floor, Chuang's New City Administrative Centre,
No. 8 Chuang's Road, Dongguan,
Guangdong, the PRC

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 64), 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 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, the Honorary President 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 71), 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, ITC Properties Group Limited, China Resources Cement Holdings Limited, Lai Fung Holdings Limited, Cosmopolitan International Holdings Limited and TUS International Limited, all are listed on the Stock Exchange. 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 55), the deputy chairman, has over 30 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 36), the managing director, has over 12 years of experience in property business and general management. He is also a joint managing 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 Twelfth 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 31), the deputy managing director, has over 6 years of experience in architecture, interior design and general management. He is also a joint managing 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 58), an executive director, has over 38 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 45), an executive director, has over 21 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 72), 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 J.P., (aged 37), was appointed as an independent non-executive director in 2013. He is a practising certified public accountant in Hong Kong with over 10 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, Sinomax Group Limited, Fulum Group Holdings Limited, Culturecom Holdings Limited, Hong Kong Resources Holdings Company Limited, On Real International Holdings Limited and Nameson 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 and the vice chairman of Zhejiang Province United Youth Association.

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

Senior Management

Mr. Huang Shi Zhao (aged 60), the general manager of the Group's operation in Guangdong, the PRC. He has over 42 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 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 34), the general manager of the Group's development project in Panyu, the PRC. He has over 9 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 46), the general manager of the Group's development project in Anshan, the PRC. He has 24 years of experience in project planning, design and management. He joined the Group in 1992.

Mr. Zhuang Xue Nong (aged 42), the deputy general manager of the Group's project in Guangdong, the PRC. He has over 21 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. Liu Jian (aged 29), a development surveyor, 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.

Miss Yung Miu Chuen (aged 35), the senior accounting manager, has over 11 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.

Senior Management (Continued)

Mr. David Yeung Man Yung (aged 45), the general manager of the Group's watch and innovative products division. He has 23 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 55), the company secretary, has over 32 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.

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.

Corporate Governance Report (Continued)

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")	Deputy Managing 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.

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.

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

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

Report on corporate governance practices (Continued)

(A) The Board (Continued)

(iii) Nomination Committee

A Nomination Committee was established 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	1/1

* Chairman of the Nomination Committee

(iv) Board meetings

The Board held five 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 Deputy Chairman and 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	5/5
Miss Ann Li	Deputy Chairman	5/5
Mr. Albert Chuang	Managing Director	5/5
Mr. Edwin Chong	Deputy Managing Director	4/5
Mr. Sunny Pang	Executive Director	5/5
Mr. Peter Lo (appointed on 8th June, 2015)	Executive Director	3/5
Mr. David Chu	Independent Non-Executive Director	5/5
Mr. Andrew Fan	Independent Non-Executive Director	5/5

Corporate Governance Report (Continued)

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 had arranged seminar 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:

Name	Reading regulatory updates relating to the director's duties and responsibilities or information relevant to the Group or its business	Reading newspapers, journals and updates relating to the economy, environment and social issues or the director's duties and responsibilities	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
Mr. Abraham Shek	✓	✓	✓
Miss Ann Li	✓	✓	✓
Mr. Albert Chuang	✓	✓	✓
Mr. Edwin Chong	✓	✓	✓
Mr. Sunny Pang	✓	✓	✓
Mr. Peter Lo	✓	✓	✓
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\$120,000. 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 66 to 67 of this annual report.

(ii) Risk management and internal control

The Board acknowledges that it is its responsibility to ensure that the Group maintains an effective risk management and internal control systems 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 by integrating them into various business processes. 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.

The Group has also established an internal audit department which reports to the Audit Committee on a regular basis. The Audit Committee has endorsed the internal audit plan prepared by the internal audit department in respect of the risk management and internal control systems. The audit plan is prepared under a risk based approach and covers the Group's significant areas of operations, which will be reviewed on an annual basis.

Upon the review of the effectiveness of the risk management and internal control systems of the Group during the year and based on the assessment made by senior management and the internal audit department of the Group, the Board, in conjunction with the Audit Committee, is satisfied that the existing risk management and internal control systems of the Group are adequate for its present requirement.

Corporate Governance Report (Continued)

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 the risk management and internal control of the Group. By the end of March 2016, the Board had approved and adopted the revised terms of reference of the Audit Committee in light of the recent amendments of the CG Code in respect of the risk management, and the same had been published on the websites of the Company and the Stock Exchange. 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 consolidated interim financial information for the six months ended 30th September, 2015 and the consolidated annual financial statements for the year ended 31st March, 2016 of the Group, and to evaluate the risk management and internal control systems of the Group.

The attendance record of each committee member is as follows:

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

* 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	1,370
Non-audit services	450
	1,820

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	1/2

* *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 2015 annual general meeting of the Company held on 31st August, 2015 (the "2015 AGM") due to other commitments, all Directors (including the Chairman of the Board and the chairmen of the respective Board Committees) attended the 2015 AGM to answer questions raised by the shareholders.

The attendance record of each Director in the 2015 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	Deputy Managing Director	Yes
Mr. Sunny Pang	Executive Director	Yes
Mr. Peter Lo	Executive Director	Yes
Mr. David Chu	Independent Non-Executive Director	No
Mr. Andrew Fan	Independent Non-Executive Director	Yes

(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.

Report on corporate governance practices (Continued)

(F) Communication with shareholders (Continued)

(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.

Corporate Governance Report (Continued)

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.

Report on corporate governance practices (Continued)

(G) Shareholders' rights (Continued)

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

(a) (Continued)

- 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;
 - 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.

Corporate Governance Report (Continued)

Report on corporate governance practices (Continued)

(G) Shareholders' rights (Continued)

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

(a) (Continued)

- 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.
- 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.

Report on corporate governance practices (Continued)

(G) Shareholders' rights (Continued)

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

- (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

Report on corporate governance practices (Continued)

(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, 2016.

Conclusion

Except as mentioned above, the Company has complied with the code provisions of the CG Code for the year ended 31st March, 2016.

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

Albert Chuang Ka Pun
Managing Director

Hong Kong, 27th June, 2016



Report of the Directors

The board of Directors (the “Board”) presents the report of the Directors together with the audited consolidated financial statements of the Company and its subsidiaries (collectively as the “Group”) for the year ended 31st March, 2016.

Business review

The review of the business of the Group during the year including discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the year ended 31st March, 2016, and an indication of likely future developments in the Group’s business are provided in the Chairman’s Statement as set out on pages 2 to 25 of this report. Financial risks of the Group are shown in note 3 to the consolidated financial statements. The key financial and business performance indicators of the Group included revenues, gross profit, profit attributable to equity holders of the Company, shareholders’ funds, debt to equity ratio and segment information. Details of these indicators are provided in the Chairman’s Statement and Summary of Financial Information as set out on pages 2 to 25 and page 148 of this report respectively, and note 6 to the consolidated financial statements.

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 41 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 appropriations

The consolidated results of the Group for the year are set out in the consolidated income statement on page 68.

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 2.0 HK cents (2015: 3.0 HK cents) per share for the year ended 31st March, 2016. The final dividend, if approved, will be paid on or before 14th October, 2016 to the shareholders whose names appear on the Company’s register of members on 13th September, 2016.

An interim dividend of 1.0 HK cent (2015: 1.0 HK cent) per share has been paid in respect of the current financial year. Total dividends for the year will amount to 3.0 HK cents (2015: 4.0 HK cents) per share. Total dividend payments for the year will be HK\$64.8 million (2015: HK\$64.3 million).

Report of the Directors (Continued)

Donations

During the year, the Group made charitable donations and sponsorships amounting to approximately HK\$1,041,000.

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 Group and the Company during the year are set out in note 31 and note 40(a) to the consolidated financial statements respectively. Total distributable reserves of the Company amounted to approximately HK\$832,206,000 as at 31st March, 2016.

Particulars of principal properties

Particulars of principal properties held by the Group as at 31st March, 2016 are set out on pages 145 to 147.

Summary of financial information

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
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

In accordance with the Company's Bye-law nos. 86(2) and 86(3), and Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Mr. Edwin Chong, Mr. David Chu Yu Lin and Mr. Andrew Fan Chun Wah will retire from the Board at the AGM and, being eligible, will offer themselves for re-election at the AGM.

Biographical details of Directors and senior management

Biographical details of the Directors and senior management as at the date of this report are set out on pages 30 to 35 of this report.

Directors' rights to acquire shares or debentures

Other than the rights issue of the Company as announced on 17th March, 2016 and stated in note 38 to the consolidated financial statements (the "Rights Issue"), 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"), at no time during the year was the Company, any of its holding companies, its subsidiaries and fellow subsidiaries or its other associated corporations 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, its specified undertaking or any of its associated corporations.

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

As at 31st March, 2016, 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 had 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	1,299,678	Beneficial owner	0.08

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, its specified undertaking or any of its associated corporations.

Report of the Directors (Continued)

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

Other than as disclosed herein, as at 31st March, 2016, 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' 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' material interests in transactions, arrangements and contracts that are significant in relation to the Group's business

Save as disclosed, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, any of its holding companies or its subsidiaries and fellow subsidiaries was a party and in which a Director of the Company and the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in competing business

Pursuant to Rule 8.10 of the Listing Rules, the Company discloses that Mr. Albert Chuang holds directorships in CCIL and a private company, and Mr. Edwin Chong holds directorship in CCIL. The principal activities of CCIL include property development in Hong Kong and securities investment and trading, whereas the principal activity of the private company includes securities investment and trading. As the properties owned by CCIL are of different types and/or in different locations from those of the Group, and the composition of the boards of directors of CCIL and the private company are different from that of the Group, the Group operates its businesses independently of, and at arm's length from, the businesses of CCIL and the private company.

Management contracts

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

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, 2016, 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")	1,361,804,923	Beneficial Owner	84.00
CCIL	1,361,804,923	Note 1	84.00
Evergain Holdings Limited ("Evergain")	1,361,804,923	Note 1	84.00
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	1,361,804,923	Note 1	84.00
Mrs. Chong Ho Pik Yu	1,361,804,923	Note 2	84.00
Kingston Securities Limited ("Kingston Securities")	356,636,798	Note 3	14.67
Galaxy Sky Investments Limited	356,636,798	Note 3	14.67
Kingston Capital Asia Limited	356,636,798	Note 3	14.67
Kingston Financial Group Limited	356,636,798	Note 3	14.67
Active Dynamic Limited	356,636,798	Note 3	14.67
Mrs. Chu Yuet Wah	356,636,798	Note 3	14.67

Note 1: Interests in 1,361,804,923 shares represented 907,869,949 shares of the Company owned by PSI and 453,934,974 rights shares to be subscribed by PSI pursuant to the irrevocable undertaking given by PSI in respect of the Rights Issue. PSI is 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.

Note 3: The 356,636,798 shares, representing approximately 22.00% of the issued share capital of the Company before the Rights Issue and approximately 14.67% of the enlarged issued share capital of the Company immediately following completion of the Rights Issue, were the rights shares which Kingston Securities was interested pursuant to the underwriting agreement executed by Kingston Securities under the Rights Issue on the assumption of no acceptance by the qualifying shareholders (other than PSI as mentioned in note 1 above) under the Rights Issue. Kingston Securities was a wholly-owned subsidiary of Galaxy Sky Investments Limited, which was wholly-owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited was wholly-owned by Kingston Financial Group Limited. Active Dynamic Limited owned 49.19% interest in Kingston Financial Group Limited. Mrs. Chu Yuet Wah owned 100% interest in Active Dynamic Limited.

Save as disclosed above, as at 31st March, 2016, 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.

Report of the Directors (Continued)

Controlling shareholder's interests in contracts

Save as the irrevocable undertaking dated 17th March, 2016 from PSI (a wholly-owned subsidiary of CCIL) to the Company in relation to the Rights Issue, and 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.

Purchase, sale or redemption of the Company's listed securities

The Company had 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 42% and 68% of the total purchases of the Group for the year respectively.

The aggregate revenues attributable to the five largest customers of the Group accounted for less than 30% of the total revenues 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) had any interest in the five largest suppliers of the Group.

Relationships with suppliers and customers

The Group establishes long-term cooperation relationships with reputable suppliers within the industries. The Group implements a series of procurement management systems and control procedures so as to select suppliers in a prudent manner.

The Group keeps good relationship and maintains effective communication mechanisms with its customers. This is to ensure that the Group is well aware of all customers' requirements or feedbacks on a timely basis and provides high quality services to its customers.

Environmental policies and performance

The Group is committed to be an environmentally-friendly corporation. Green office practices such as double-sided printing and copying, promoting using recycled papers and reducing energy consumption by switching off idle lighting and electrical appliances are encouraged in the operation of the Group's businesses. The Group will review its environmental practices from time to time and will consider implementing further practicable measures and practices to enhance environmental sustainability.

Compliance with the relevant laws and regulations

During the year under review, the Group had complied with all the relevant laws and regulations that have significant impacts on the businesses and operations of the Group. As far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

Key relationship with employees

The Group recognizes the employees as the most important and valuable assets of the Group. The objective of the Group's human resource management is to reward and to recognize performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, to promote career development and progression by appropriate training (if required) and to provide opportunities within the Group for career development.

Retirement schemes

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

Permitted indemnity provision

Under Bye-law no. 166(1) of the Company's Bye-law, the Directors for the time being acting in relation to any of the affairs of the Company, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts, provided that this indemnity shall not extend to any matter in respect of any wilful negligence, wilful default, fraud or dishonesty which may attach to any of said persons. During the year under review, the Company had taken out and maintained an insurance in respect of the Directors' liabilities.

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 6.26% 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 Directors has been revised since 1st April, 2016:

Name of Director	Revised annual remuneration [#] HK\$'000
Mr. Sunny Pang	2,084
Mr. Peter Lo	1,453

[#] 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\$123.4 million). The transaction was completed on 21st August, 2015 and the consideration was settled in full in cash at completion. Details of the transaction were set out in the announcements of the Company dated 21st April, 2015 and 21st August, 2015, and the circular of the Company dated 13th May, 2015, respectively.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, 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, 2016 and up to the date of this report.

Report of the Directors (Continued)

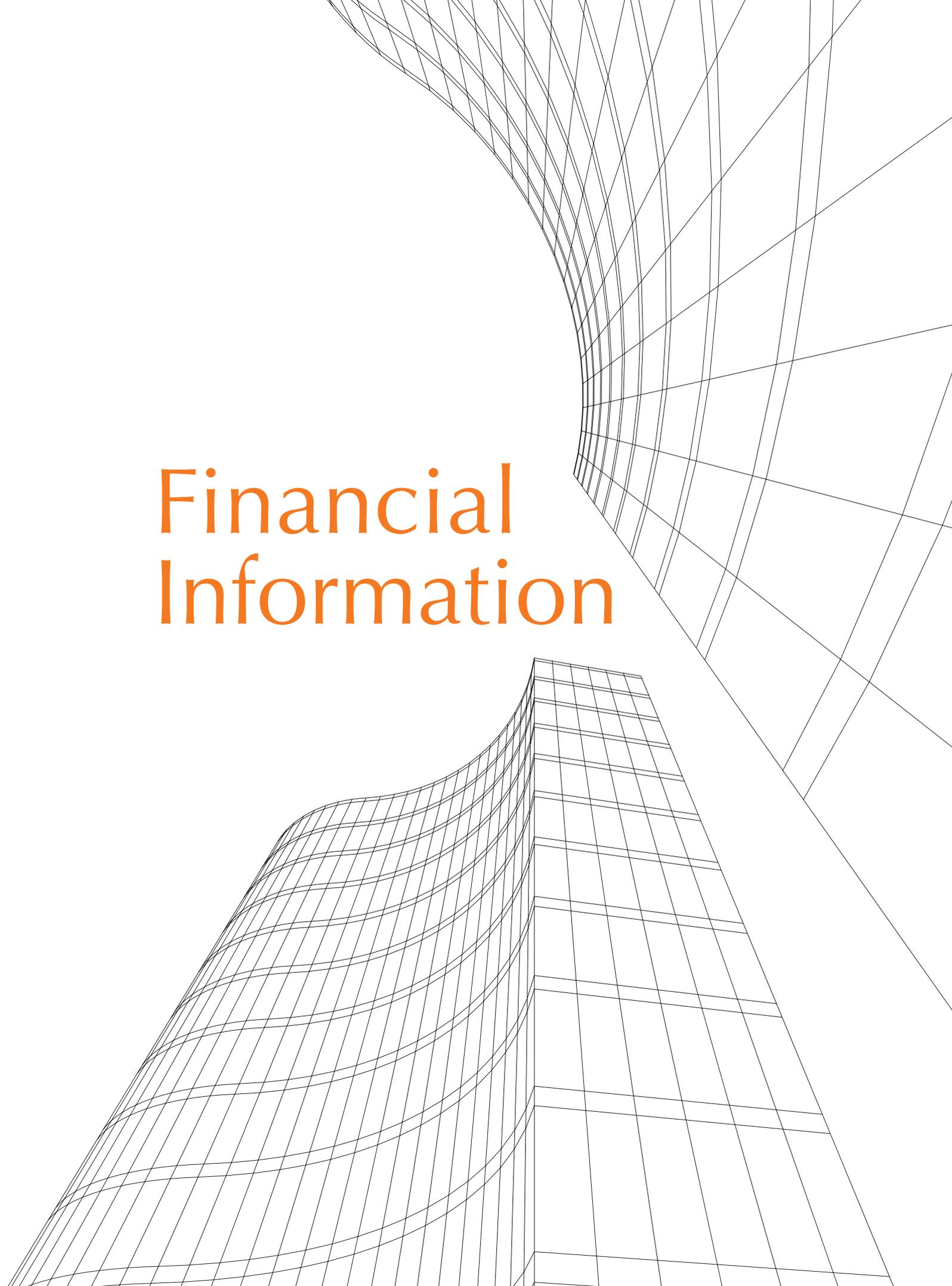
Auditor

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, 27th June, 2016



Financial Information

Independent Auditor's Report



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 set out on pages 68 to 144, which comprise the consolidated balance sheet as at 31st March, 2016, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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 financial position of the Company and its subsidiaries as at 31st March, 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27th June, 2016

Consolidated Income Statement

For the year ended 31st March, 2016

	Note	2016 HK\$'000	2015 HK\$'000
Revenues	5	470,018	1,008,613
Cost of sales		(278,659)	(614,779)
Gross profit		191,359	393,834
Other income and net gain	7	77,956	39,911
Selling and marketing expenses		(28,990)	(46,896)
Administrative and other operating expenses		(141,972)	(129,035)
Change in fair value of investment properties	16	72,062	7,699
Operating profit	8	170,415	265,513
Finance costs	10	(15,712)	(1,727)
Share of results of associated companies	19	(1,818)	(774)
Share of result of a joint venture	20	64,320	–
Profit before taxation		217,205	263,012
Taxation	12	(129,126)	(171,867)
Profit for the year		88,079	91,145
Attributable to:			
Equity holders		85,006	94,491
Non-controlling interests		3,073	(3,346)
		88,079	91,145
		HK cents	HK cents (Restated)
Earnings per share (basic and diluted)	14	4.91	5.50

The notes on pages 74 to 144 are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2016

	2016 HK\$'000	2015 HK\$'000
Profit for the year	88,079	91,145
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	(65,724)	(7,984)
Change in fair value of available-for-sale financial assets	(60,190)	34,055
Other comprehensive (loss)/income for the year	(125,914)	26,071
Total comprehensive (loss)/income for the year	(37,835)	117,216
Total comprehensive (loss)/income attributable to:		
Equity holders	(36,796)	120,481
Non-controlling interests	(1,039)	(3,265)
	(37,835)	117,216

The notes on pages 74 to 144 are an integral part of the consolidated financial statements.

Consolidated Balance Sheet

As at 31st March, 2016

	Note	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Property, plant and equipment	15	69,981	83,024
Investment properties	16	539,103	251,656
Land use right	17	1,562	1,600
Properties for/under development	18	145,769	389,435
Associated companies	19	21,721	7,576
Joint venture	20	282,554	–
Available-for-sale financial assets	21	167,924	231,114
Loans and receivables	22	12,051	12,553
		1,240,665	976,958
Current assets			
Properties for sale	23	1,779,398	1,864,368
Inventories	24	47,586	47,900
Debtors and prepayments	25	276,478	301,887
Financial assets at fair value through profit or loss	26	226,253	23,778
Pledged bank balances	27	40,173	40,269
Cash and bank balances	27	565,494	871,107
		2,935,382	3,149,309
Current liabilities			
Creditors and accruals	28	144,413	268,025
Sales deposits received	29	363,709	56,419
Short-term bank borrowings	32	–	214,550
Current portion of long-term bank borrowings	32	406,671	389,589
Taxation payable		276,131	336,509
		1,190,924	1,265,092
Net current assets		1,744,458	1,884,217
Total assets less current liabilities		2,985,123	2,861,175

	Note	2016 HK\$'000	2015 HK\$'000
Equity			
Share capital	30	81,057	80,385
Reserves	31	2,428,425	2,524,315
Shareholders' funds		2,509,482	2,604,700
Non-controlling interests		(614)	55,242
Total equity		2,508,868	2,659,942
Non-current liabilities			
Long-term bank borrowings	32	302,002	18,885
Deferred taxation liabilities	33	161,729	172,073
Loans and payables with non-controlling interests	34	12,524	10,275
		476,255	201,233
		2,985,123	2,861,175

Ann Li Mee Sum
Director

Albert Chuang Ka Pun
Director

The notes on pages 74 to 144 are an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31st March, 2016

	Note	2016 HK\$'000	2015 HK\$'000
Cash flows from operating activities			
Cash from/(used in) operations	37	40,152	(343,482)
Interest paid		(25,604)	(25,768)
Tax paid		(172,922)	(55,161)
Net cash used in operating activities		(158,374)	(424,411)
Cash flows from investing activities			
Interest income received		9,910	20,520
Dividend income received from available-for-sale financial assets		8,640	3,784
Purchase of property, plant and equipment		(1,213)	(2,349)
Additions to investment properties		(176,840)	(4,453)
Purchase of available-for-sale financial assets		–	(3,107)
Proceeds from disposal of property, plant and equipment		1,987	599
Proceed from disposal of an investment property		–	38,284
Acquisition of an associated company		(1)	–
Increase in loan to an associated company		(15,962)	–
Decrease/(increase) in pledged bank balances		96	(9,829)
Decrease in bank deposits maturing more than three months from date of placement		–	6,437
Net cash (used in)/from investing activities		(173,383)	49,886
Cash flows from financing activities			
New bank borrowings		202,192	283,273
Repayment of bank borrowings		(106,042)	(65,098)
Dividends paid to shareholders		(58,422)	(73,857)
Loans from non-controlling interests		2,266	100
Net cash from financing activities		39,994	144,418
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		871,107	1,108,191
Exchange difference on cash and cash equivalents		(13,850)	(6,977)
Cash and cash equivalents at the end of the year	27	565,494	871,107

The notes on pages 74 to 144 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2016

	Attributable to equity holders of the Company					Non-controlling interests	Total
	Share capital	Other reserves	Retained profits	Shareholders' funds	Non-controlling interests		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 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)
At 31st March, 2015	80,385	2,309,343	214,972	2,604,700	55,242		2,659,942
Profit for the year	–	–	85,006	85,006	3,073		88,079
Other comprehensive income:							
Net exchange differences	–	(61,612)	–	(61,612)	(4,112)		(65,724)
Change in fair value of available-for-sale financial assets	–	(60,190)	–	(60,190)	–		(60,190)
Total comprehensive (loss)/income for the year	–	(121,802)	85,006	(36,796)	(1,039)		(37,835)
Transfer to statutory reserve	–	37,920	(37,920)	–	–		–
Reclassification (note 20)	–	–	–	–	(54,817)		(54,817)
Transactions with owners:							
2015 final scrip dividend paid	672	5,348	(48,231)	(42,211)	–		(42,211)
2016 interim dividend paid	–	–	(16,211)	(16,211)	–		(16,211)
At 31st March, 2016	81,057	2,230,809	197,616	2,509,482	(614)		2,508,868

The notes on pages 74 to 144 are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2016

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, 2016, the Company was a 56.0% 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 board of Directors (the "Board") regards CCIL as the ultimate holding company.

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property development, investment and trading, 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 values 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 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

For the financial year ended 31st March, 2016, the Group adopted the following amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2015 and relevant to the operations of the Group:

HKAS 19 (2011) (Amendment)	Employee Benefits: Defined Benefit Plans – Employee Contributions
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle

The Group has assessed the impact of the adoption of these amendments to standards 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.

The following amendments to standards were early adopted by the Group from 1st April, 2015:

HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The early adoption of HKFRS 10 and HKAS 28 (Amendments) did not have any impact to the Group in prior periods as the Group did not have any material associated companies or joint ventures. During the year ended 31st March, 2016, a subsidiary became a joint venture of the Group. The change itself involved accounting transfer of assets and did not constitute a business combination. No gain or loss was recognized by the Group as there was no change in substance and equity interest in the entity, and no consideration was involved.

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, 2016, 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 7 (Amendment)	Cash Flow Statements – Disclosure Initiative (effective from 1st January, 2017)
HKAS 12 (Amendment)	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses (effective from 1st January, 2017)
HKAS 16 and HKAS 38 (Amendments)	Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization (effective from 1st January, 2016)
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, 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, 2018)
HKFRS 16	Leases (effective from 1st January, 2019)
HKFRSs (Amendments)	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 requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year ended 31st March, 2016 and as a result, there are changes to the presentation and disclosures of certain information in the consolidated financial statements.

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.

(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 interest's 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.

2 Summary of significant accounting policies (Continued)

(c) Subsidiaries (Continued)

(i) Business combinations (Continued)

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 unless the transaction provides evidence of an impairment of the transferred assets. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(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 means that amounts previously recognized in other comprehensive income are reclassified to the consolidated income statement.

2 Summary of significant accounting policies (Continued)

(c) Subsidiaries (Continued)

(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.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(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 the fair value of 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.

2 Summary of significant accounting policies (Continued)

(e) Associated companies

An associated company is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associated companies are accounted for under the equity method of accounting. Under the equity method, the investments are initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associated companies include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associated company, any difference between the cost of the associated company and the Group's share of the net fair value of the associated company's identifiable assets and liabilities is accounted for as goodwill.

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.

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 legal or constructive 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 results of associated companies" 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.

2 Summary of significant accounting policies (Continued)

(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.

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.

2 Summary of significant accounting policies (Continued)

(g) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets of the acquired subsidiaries, associated companies or joint ventures attributable to the Group at the effective date of acquisition, and in respect of an increase in holding in a subsidiary, 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.

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.

2 Summary of significant accounting policies (Continued)

(h) Property, plant and equipment (Continued)

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.

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.

2 Summary of significant accounting policies (Continued)

(i) Investment properties (Continued)

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 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.

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.

2 Summary of significant accounting policies (Continued)

(i) Investment properties (Continued)

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

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

If an owner-occupied property becomes an investment property because its use has changed, any difference resulting from the carrying amount and the fair value of this property at the date of transfer is recognized in other comprehensive income as revaluation reserve of property, plant and equipment. However, if the fair value gives rise to a reversal of a previous impairment, this amount is recognized in the consolidated income statement. This revaluation reserve shall remain and be transferred to retained profits upon disposal of this property.

If a property for/under development becomes an investment property when there is a change in use, any difference resulting from the fair value of the property at that date and its previous carrying amount is recognized in the consolidated income statement.

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 for/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 the amounts that are settled or expected to be settled more 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 cost, 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.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(n) Inventories

Inventories, which mainly comprise watch components, merchandise 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.

2 Summary of significant accounting policies (Continued)

(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.

(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.

2 Summary of significant accounting policies (Continued)

(r) Provisions (Continued)

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.

(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.

2 Summary of significant accounting policies (Continued)

(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 paid to the tax authorities.

Deferred taxation is recognized, 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. However, deferred taxation liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. 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 only 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.

2 Summary of significant accounting policies (Continued)

(w) Revenue and income recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns, rebates and other revenue reducing factors.

The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

- (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.
- (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.

2 Summary of significant accounting policies (Continued)

(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 in the People's Republic of China (the "PRC") 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.

(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.

2 Summary of significant accounting policies (Continued)

(aa) Translation of foreign currencies (Continued)

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

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

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.

(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.

2 Summary of significant accounting policies (Continued)

(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 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. The Board provides principles for overall risk management, as well as written policies covering specific areas.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk

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

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

The Group manages its deposits with banks and financial institutions by monitoring credit ratings and only places deposits with banks and financial institutions with no history of defaults. As at 31st March, 2016, the monies (including pledged bank balances) placed with Hong Kong and the PRC banks and financial institutions amounted to approximately HK\$269 million (2015: HK\$181 million) and HK\$334 million (2015: HK\$728 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.

In respect of the other debtors, amounts due from associated companies and joint venture 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 36).

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(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, 2016, the Group has standby banking facilities to provide contingent liquidity support which amounted to approximately HK\$647 million (2015: HK\$34 million). Details of the bank borrowings are disclosed in note 32.

The table below analyzes the Group'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
2016					
Creditors and accruals	144,413	-	-	-	144,413
Bank borrowings	423,633	27,242	297,062	-	747,937
Loans and payables with non-controlling interests	-	-	-	12,524	12,524
	568,046	27,242	297,062	12,524	904,874
Financial guarantees (note 36)	-	-	-	1,079,858	1,079,858
2015					
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
	896,067	5,014	16,203	10,275	927,559
Financial guarantees (note 36)	-	-	-	795,441	795,441

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, bank borrowings and bond investments in the financial assets at fair value through profit or loss. Bank deposits and bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. Bond investments at fixed rates expose the Group to fair value interest rate risk. The Group currently does not have any interest rate hedging policy in relation to interest rate risk. The Board monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

As at 31st March, 2016, if interest rates had been 0.5% (2015: 0.5%) higher/lower with all other variables held constant, the pre-tax result of the Group would have increased/decreased by approximately HK\$3,131,000 (2015: HK\$5,083,000).

(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% (2015: 5%) with all other variables held constant:

	Impact on pre-tax result		Impact on investment revaluation reserve	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
5% change in market price	11,313	1,189	4,799	7,808

(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 debt to equity ratio. This gearing ratio is calculated as debt divided by total capital. Debt is calculated as total borrowings (including short-term and long-term bank borrowings as shown in the consolidated balance sheet). Total capital represents shareholders' funds as shown in the consolidated balance sheet. As at 31st March, 2016, the gearing ratio is 28.2% (2015: 23.9%).

(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 price within the bid-ask spread which is the most representative of the fair value in the given circumstances.

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, 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)

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value at 31st March, 2016 and 2015. The investment properties are measured at fair value and disclosed in note 16.

	Level 1 HK\$'000	Level 3 HK\$'000	Total HK\$'000
2016			
Assets			
Available-for-sale financial assets			
– Listed securities	95,978	–	95,978
– Unlisted investments	–	71,946	71,946
	95,978	71,946	167,924
Financial assets at fair value through profit or loss			
– Listed investments	226,253	–	226,253
Total assets	322,231	71,946	394,177
2015			
Assets			
Available-for-sale financial assets			
– Listed securities	156,168	–	156,168
– Unlisted investments	–	74,946	74,946
	156,168	74,946	231,114
Financial assets at fair value through profit or loss			
– Listed investments	23,778	–	23,778
Total assets	179,946	74,946	254,892

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 and bond investments, is the current price within the bid-ask spread in stock market and bond 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 (bond investments).

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

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

There was no transfer of financial assets among fair value hierarchy classifications for the years ended 31st March, 2016 and 2015.

The following table presents the changes in level 3 instruments of the Group for the years ended 31st March, 2016 and 2015.

	Assets
	Available-for-sale financial assets
	HK\$'000
At 1st April, 2014	74,928
Changes in exchange rates	18
At 31st March, 2015	74,946
Changes in exchange rates	(3,000)
At 31st March, 2016	71,946

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31st March, 2016

3 Financial risk management (Continued)

(d) Financial instruments by category
2016

	Loans and receivables HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Available-for- sale financial assets HK\$'000	Total HK\$'000
Assets as per the consolidated balance sheet				
Loan receivable from an associated company	15,962	–	–	15,962
Amount due from a joint venture	46,441	–	–	46,441
Available-for-sale financial assets	–	–	167,924	167,924
Loans and receivables	12,051	–	–	12,051
Debtors and prepayments excluding prepayments	275,772	–	–	275,772
Financial assets at fair value through profit or loss	–	226,253	–	226,253
Pledged bank balances	40,173	–	–	40,173
Cash and bank balances	565,494	–	–	565,494
Total	955,893	226,253	167,924	1,350,070
				Financial liabilities at amortized cost HK\$'000
Liabilities as per the consolidated balance sheet				
Creditors and accruals excluding accrued expenses				129,426
Bank borrowings				708,673
Loans and payables with non-controlling interests				12,524
Total				850,623

3 Financial risk management (Continued)

(d) Financial instruments by category (Continued)

2015

	Loans and receivables HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Available-for- sale financial assets HK\$'000	Total HK\$'000
Assets as per the consolidated balance sheet				
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				
Pledged bank balances	40,269	23,778	–	23,778
Cash and bank balances	871,107	–	–	871,107
Total	1,224,936	23,778	231,114	1,479,828
Financial liabilities at amortized cost HK\$'000				
Liabilities as per the consolidated balance sheet				
Creditors and accruals excluding accrued expenses				255,039
Bank borrowings				623,024
Loans and payables with non-controlling interests				10,275
Total				888,338

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;
- (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 value 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.

4 Critical accounting estimates and judgments (Continued)

(b) Classification of investment properties

In making the judgment to determine whether a property qualifies as investment property, the Group considers whether the property (land or building) is held to earn rental or for capital appreciation rather than for use in the production or supply of goods and services or sale and the Group has the financing capability to hold the property for long-term strategic investment. The Group considers each property separately in making its judgment.

(c) Fair values of financial assets

The fair values of quoted investments are based on closing prices in stock market and bond 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).

(d) 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.

(e) Classification of investment in joint venture

Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Management judgment is required in determining whether joint control 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)

(f) 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.

(g) 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.

(h) 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.

(i) 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.

4 Critical accounting estimates and judgments (Continued)

(j) 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.

(k) 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.

(l) Critical judgment in revenue recognition for sales of properties

The Group has recognized revenues from the sales of properties as disclosed in note 5 according to the accounting policy as stated in note 2(w). The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers and whether it is probable that future economic benefit will flow to the entity requires the examination of the circumstances of the transaction and the terms of payment under sales contract.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March, 2016

5 Revenues

Revenues recognized during the year are as follows:

	2016 HK\$'000	2015 HK\$'000
Sales of properties	440,543	993,778
Rental income and management fees	19,120	11,698
Sales of goods and merchandises	932	2,911
Fair value gain of financial assets at fair value through profit or loss	7,426	150
Interest income from financial assets at fair value through profit or loss	1,997	76
	470,018	1,008,613

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, investment and trading, 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 the 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, investment and trading HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Others and corporate HK\$'000	2016 Total HK\$'000
Revenues	459,663	932	9,423	–	470,018
Other income and net gain/(loss)	69,675	(15)	(691)	8,987	77,956
Operating profit/(loss)	237,320	(1,663)	8,732	(73,974)	170,415
Finance costs	(15,712)	–	–	–	(15,712)
Share of results of associated companies	–	–	–	(1,818)	(1,818)
Share of result of a joint venture	64,320	–	–	–	64,320
Profit/(loss) before taxation	285,928	(1,663)	8,732	(75,792)	217,205
Taxation	(129,126)	–	–	–	(129,126)
Profit/(loss) for the year	156,802	(1,663)	8,732	(75,792)	88,079
Segment assets	3,127,218	51,089	226,253	467,212	3,871,772
Associated companies	–	–	–	21,721	21,721
Joint venture	282,554	–	–	–	282,554
Total assets	3,409,772	51,089	226,253	488,933	4,176,047
Total liabilities	1,651,421	569	–	15,189	1,667,179
Other segment items are as follows:					
Capital expenditure	482,102	–	–	618	482,720
Depreciation	1,367	25	–	10,189	11,581
Amortization of land use rights					
– charged to the consolidated income statement	32	–	–	–	32
– capitalized into properties	4,000	–	–	–	4,000
Provision for impairment of properties for sale	2,263	–	–	–	2,263
Provision for impairment of inventories	–	521	–	–	521
Provision for impairment of trade debtors	–	235	–	–	235

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31st March, 2016

6 Segment information (Continued)

(a) Segment information by business lines (Continued)

	Property development, investment and trading 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

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	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	9,426	1,675	12,278	434,976
The PRC	459,663	1,005,514	470,442	293,896
Other countries	929	1,424	–	38,402
	470,018	1,008,613	482,720	767,274

	Non-current assets (Note)		Total assets	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	73,510	68,959	1,160,548	912,511
The PRC	987,180	664,332	2,979,366	3,176,342
Other countries	–	–	36,133	37,414
	1,060,690	733,291	4,176,047	4,126,267

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, 2016

7 Other income and net gain

	2016 HK\$'000	2015 HK\$'000
Interest income from bank deposits	9,535	20,765
Dividend income from available-for-sale financial assets	8,640	3,784
Write-back of provision for indemnity (Note)	58,546	–
Fair value gain on transfer of properties from properties for sale to investment properties	2,741	4,283
Gain on disposal of an investment property	–	11,252
Net gain on disposal of property, plant and equipment	484	419
Net exchange loss	(2,190)	(599)
Sundries	200	7
	77,956	39,911

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 approximately HK\$58.5 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 28(c)). Details of the transaction were set out in the announcement of the Company on 27th May, 2013. The write-back of provision for indemnity was related to this as the indemnity was expired during the year ended 31st March, 2016.

8 Operating profit

	2016 HK\$'000	2015 HK\$'000
Operating profit is stated after crediting:		
Gross rental income from investment properties	10,857	4,247
and after charging:		
Amortization of land use right	32	32
Auditors' remuneration		
Audit and audit related services	1,845	1,538
Non-audit services	450	450
Cost of properties sold	265,820	605,047
Cost of inventories sold	633	2,157
Depreciation	11,581	12,026
Provision for impairment of properties for sale	2,263	–
Provision for impairment of inventories	521	–
Provision for impairment of trade debtors	235	–
Operating lease rental on land and buildings	6,607	7,838
Outgoings in respect of investment properties	2,002	674
Staff costs, including Directors' emoluments		
Wages and salaries	56,582	52,300
Retirement benefit costs (note 9)	3,124	2,961

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31st March, 2016

10 Finance costs

	2016 HK\$'000	2015 HK\$'000
Interest expenses		
Bank borrowings wholly repayable within five years	25,604	25,978
Amounts capitalized into properties under development	(9,892)	(24,251)
	15,712	1,727

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 2.00% to 8.08% (2015: 2.08% to 7.20%) per annum.

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

(a) Directors' emoluments

Name of Director	(note i)	(note ii)			Total HK\$'000
	Fees HK\$'000	Salaries HK\$'000	Other benefits HK\$'000	Retirement scheme contributions HK\$'000	
2016					
Mr. Abraham Shek Lai Him ²	300	-	-	-	300
Miss Ann Li Mee Sum	20	1,800	480	171	2,471
Mr. Albert Chuang Ka Pun ¹	20	1,680	-	18	1,718
Mr. Chong Ka Fung	20	-	-	-	20
Mr. Sunny Pang Chun Kit	20	1,590	-	119	1,729
Mr. Peter Lo Wing Cheung ⁵	17	1,073	-	15	1,105
Mr. David Chu Yu Lin ²	120	-	-	-	120
Mr. Andrew Fan Chun Wah ²	120	-	-	-	120
	637	6,143	480	323	7,583

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

(a) Directors' emoluments (Continued)

Name of Director	(note i)	(note ii)			Total HK\$'000
	Fees HK\$'000	Salaries HK\$'000	Other benefits HK\$'000	Retirement scheme contributions HK\$'000	
2015					
Mr. Abraham Shek Lai Him ²	300	–	–	–	300
Miss Ann Li Mee Sum	20	1,802	478	171	2,471
Mr. Albert Chuang Ka Pun ¹	20	1,440	–	18	1,478
Mr. Lee Sai Wai ³	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 ⁴	15	–	–	–	15
Mr. David Chu Yu Lin ²	100	–	–	–	100
Mr. Andrew Fan Chun Wah ²	100	–	–	–	100
	608	5,145	602	341	6,696

¹ The Chief Executive Officer/Managing Director: Mr. Albert Chuang Ka Pun was re-designated as the Chief Executive Officer/Managing Director of the Company, whereas Miss Ann Li Mee Sum was re-designated as the Deputy Chairman of the Company, on 8th June, 2015.

² The Independent Non-Executive Directors

³ Retired on 3rd November, 2014

⁴ Resigned on 31st December, 2014

⁵ Appointed on 8th June, 2015

- (i) The amounts represented emoluments paid or receivable in respect of a person's services as a Director, whether of the Company or its subsidiary undertakings.
- (ii) The amounts represented emoluments paid or receivable in respect of Director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.
- (iii) There was no arrangement under which a Director waived or agreed to waive any emoluments during the years ended 31st March, 2016 and 2015.
- (iv) During the year, no emoluments, retirement benefits, payments or benefits in respect of termination of Directors' services were paid or made, directly or indirectly, to the Directors, nor are any payable (2015: Nil). No consideration was provided to or receivable by third parties for making available Directors' services (2015: Nil).

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

(a) Directors' emoluments (Continued)

- (v) There are no loans, quasi-loans or other dealings in favour of Directors, their controlled bodies corporate and connected entities (2015: None).
- (vi) The Directors represent key management personnel of the Company having authority and responsibility for planning, directing and controlling the activities of the Group.
- (vii) The emoluments paid to the Independent Non-Executive Directors amounted to HK\$540,000 (2015: HK\$500,000).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(c) Five highest paid individuals' emoluments

The five highest paid individuals in the Group include four (2015: three) Directors as at 31st March, 2016. Details of the emolument paid to the one (2015: two) individual, whose emolument was the five highest in the Group and who is not Director as at 31st March, 2016, are set out below:

	2016 HK\$'000	2015 HK\$'000
Salaries and other benefits	1,200	1,972
Bonuses	–	226
Retirement scheme contributions	90	128
	1,290	2,326

The emoluments of the individuals fall within the following band:

Emolument band	Number of individuals	
	2016	2015
HK\$1,000,001 to HK\$1,500,000	1	2

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

(d) 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	
	2016	2015
HK\$1,000,000 or below	7	10
HK\$1,000,001 to HK\$1,500,000	1	1
	8	11

12 Taxation

	2016 HK\$'000	2015 HK\$'000
Current taxation		
PRC corporate income tax	44,781	61,796
PRC land appreciation tax	80,437	118,153
Deferred taxation (note 33)	3,908	(8,082)
	129,126	171,867

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the year (2015: 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.

There is no taxation charge/credit of associated companies for the year ended 31st March, 2016 (2015: taxation charge of HK\$91,000 was included in the consolidated income statement as share of results of associated companies). Share of taxation charge of the joint venture for the year ended 31st March, 2016 of HK\$21,440,000 (2015: Nil) is included in the consolidated income statement as share of result of a joint venture.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March, 2016

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:

	2016 HK\$'000	2015 HK\$'000
Profit before taxation	217,205	263,012
Share of results of associated companies	1,818	774
Share of result of a joint venture	(64,320)	–
	154,703	263,786
Tax charge at the rate of 16.5% (2015: 16.5%)	25,526	43,525
Effect of different taxation rates in other countries	10,699	1,750
Income not subject to taxation	(14,402)	(1,798)
Expenses not deductible for taxation purposes	2,997	2,752
PRC land appreciation tax deductible for taxation purposes	(13,272)	(19,495)
Utilization of previously unrecognized tax losses	(909)	–
Other temporary differences and tax losses not recognized and others	25,091	16,980
	35,730	43,714
Dividend income withholding tax	12,959	10,000
PRC land appreciation tax	80,437	118,153
Taxation	129,126	171,867

13 Dividends

	2016 HK\$'000	2015 HK\$'000
Interim dividend of 1.0 HK cent (2015: 1.0 HK cent) per share	16,211	16,077
Proposed final dividend of 2.0 HK cents (2015: final scrip dividend with a cash option of 3.0 HK cents) per share	48,634	48,231
	64,845	64,308

On 27th June, 2016, the Board proposed a final dividend of 2.0 HK cents (2015: final scrip dividend with a cash option of 3.0 HK cents) per share amounting to HK\$48,634,000 (2015: HK\$48,231,000). The amount of HK\$48,634,000 is calculated based on 2,431,715,316 issued shares as at 27th June, 2016. 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, 2017 upon the approval by the shareholders.

14 Earnings per share

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$85,006,000 (2015: HK\$94,491,000) and the weighted average number of 1,732,100,698 (2015: 1,718,861,481, as restated) shares in issue during the year. The weighted average number of shares used in the calculation of earnings per share had been adjusted for the bonus element of the rights issue following the completion of the rights issue on 3rd May, 2016 (note 38) and the prior year comparative had also been restated for such effect.

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, 2016

15 Property, plant and equipment

	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Other assets HK\$'000	Total HK\$'000
Cost					
At 1st April, 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)
At 31st March, 2015	24,053	256	6,185	107,827	138,321
Changes in exchange rates	(932)	(9)	(237)	(357)	(1,535)
Additions	–	–	346	867	1,213
Disposals	(1,961)	–	(46)	(445)	(2,452)
Reclassification (note 20)	–	–	(345)	(475)	(820)
At 31st March, 2016	21,160	247	5,903	107,417	134,727
Accumulated depreciation and provision for impairment					
At 1st April, 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)
At 31st March, 2015	4,372	95	5,498	45,332	55,297
Changes in exchange rates	(175)	(4)	(216)	(315)	(710)
Charge for the year	479	26	318	10,758	11,581
Disposals	(466)	–	(44)	(439)	(949)
Reclassification (note 20)	–	–	(128)	(345)	(473)
At 31st March, 2016	4,210	117	5,428	54,991	64,746
Net book value					
At 31st March, 2016	16,950	130	475	52,426	69,981
At 31st March, 2015	19,681	161	687	62,495	83,024

- (a) The buildings are situated on land in the PRC. Other assets comprise computer equipment, motor vehicles and yachts.
- (b) Depreciation of HK\$30,000 (2015: HK\$24,000) and HK\$11,551,000 (2015: HK\$11,996,000) have been included in cost of sales and administrative and other operating expenses, respectively. In 2015, depreciation of HK\$6,000 was included in selling and marketing expenses.

16 Investment properties

	Properties under development	Completed properties	Total
	HK\$'000	HK\$'000	HK\$'000
At 1st April, 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 23)	–	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
At 31st March, 2015	143,271	108,385	251,656
Changes in exchange rates	(7,074)	(7,738)	(14,812)
Additions (note c)	53,071	123,769	176,840
Transfer from properties for sale (note 23)	–	50,616	50,616
Fair value gain on transfer of properties from properties for sale to investment properties (note 7)	–	2,741	2,741
Change in fair value	32,349	39,713	72,062
At 31st March, 2016	221,617	317,486	539,103

- (a) Investment properties of the Group are in the PRC and are for commercial use. They were revalued at 31st March, 2016 on an open market value basis by DTZ Cushman & Wakefield Limited, an independent professional property valuer.
- (b) Investment properties of HK\$356,253,000 (2015: Nil) have been pledged as securities for the borrowing facilities granted to the Group (note 32).
- (c) 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 completed property in the PRC) at a consideration of RMB101.6 million (equivalent to approximately HK\$123.4 million). The transaction was completed on 21st August, 2015 and the consideration was settled in full in cash at completion. The Group recorded the land and property acquired as completed investment properties since completion of the transaction. Details of the transaction were set out in the announcements of the Company dated 21st April, 2015 and 21st August, 2015, and the circular of the Company dated 13th May, 2015, respectively.

16 Investment properties (Continued)

(d) Valuation processes of the Group

The Group's investment properties were revalued at 31st March, 2016 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.

The Group's finance department and property department reviews the valuations performed by the independent valuers for financial reporting purposes and report directly to the senior management of the Group. Discussions of 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:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior period valuation report; and
- holds discussions with the independent valuers.

(e) 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.

16 Investment properties (Continued)

(f) 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. At 31st March, 2016, capitalization rates ranged from 4.0% to 6.0% (2015: 4.0% to 6.5%) are used in the income capitalization method for the PRC completed properties.

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, 2016 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.

17 Land use right

	2016 HK\$'000	2015 HK\$'000
Land use right, at cost, net	1,562	1,600

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

18 Properties for/under development

	2016 HK\$'000	2015 HK\$'000
At the beginning of the year	389,435	352,446
Changes in exchange rates	(15,976)	18
Additions	55,278	33,339
Interest expenses capitalized	5,023	3,632
Reclassification (<i>note 20</i>)	(287,991)	–
At the end of the year	145,769	389,435

Properties for/under development of the Group are held in the PRC. During the year, amortization of land use right classified under properties for/under development of HK\$4,000,000 (2015: HK\$4,000,000) was capitalized therein.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31st March, 2016

19 Associated companies

	2016 HK\$'000	2015 HK\$'000
Share of net assets	5,759	7,576
Loan receivable	15,962	–
	21,721	7,576
Unlisted investments, at cost, net	2,426	2,425

The movements of the carrying amounts of the associated companies are analyzed as follows:

	2016 HK\$'000	2015 HK\$'000
At the beginning of the year	7,576	8,350
Acquisition of an associated company	1	–
Loan receivable	15,962	–
Share of loss before taxation	(1,818)	(683)
Share of taxation charge	–	(91)
Share of results	(1,818)	(774)
At the end of the year	21,721	7,576

Loan receivable from an associated company is unsecured, interest free and not receivable within the next twelve months from the balance sheet date.

Particulars of the associated companies are set out below:

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group		Principal activities
			2016	2015	
Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	US\$1,000,000 with 1,000,000 shares	25.0%	25.0%	Auction services
Best Peak Developments Limited	British Virgin Islands/ Hong Kong	US\$300 with 300 shares	33.3%	–	Manufacture of yacht
Versilcraft International Limited	Hong Kong	HK\$1 with 1 share	33.3%	100%	Manufacture of yacht

19 Associated companies (Continued)

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

	2016 HK\$'000	2015 HK\$'000
Revenues	1,089	3,321
Loss for the year	(1,818)	(774)
Assets	22,240	7,849
Liabilities	(519)	(273)
	21,721	7,576

20 Joint venture

	2016 HK\$'000
Share of net assets	236,113
Amount due from a joint venture	46,441
	282,554

During the year ended 31st March, 2016, a subsidiary became a joint venture of the Group. The change itself involved accounting transfer of assets and did not constitute a business combination. No gain or loss was recognized by the Group as there was no change in substance and equity interest in the entity, and no consideration was involved.

Amount due from a joint venture is unsecured, interest free and not receivable within the next twelve months from the balance sheet date.

Particulars of the joint venture are set out below:

Name	Place of incorporation/ operation	Registered capital/ issued capital	Interest held by the Group 2016	Principal activities
Xiamen Mingjia Binhai Resort Company Limited	PRC	RMB140,000,000	70.0% (effective interest held by the Group is 59.5% for both 2016 and 2015)	Property and hotel development and investment

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March, 2016

20 Joint venture (Continued)

As at 31st March, 2016, the Group's commitment in the joint venture was HK\$32,688,000 (2015: N/A).

The joint venture is a private company and there is no quoted market price available for its shares.

Set out below is the summarized financial information for Xiamen Mingjia Binhai Resort Company Limited which is accounted for using the equity method:

Summarized balance sheet

	2016 HK\$'000
Cash and bank balances	1,342
Other current assets	2,737
Total current assets	4,079
Total current liabilities	(6,625)
Total non-current assets	426,610
Total non-current liabilities	(20,415)
	403,649

Share of result of a joint venture of HK\$64,320,000 (2015: Nil) in the consolidated income statement is the share of fair value gain (net of the related deferred taxation of HK\$21,440,000 (2015: Nil)) on the accounting transfer of properties from properties under development to investment properties during the year ended 31st March, 2016.

Reconciliation of the summarized financial information presented to the carrying amount of the joint venture is shown below:

	2016 HK\$'000
At the beginning of the year	–
Addition of joint venture	311,763
Fair value gain for the year, net of the related deferred taxation	91,886
At the end of the year	403,649
Carrying amount of the joint venture @70%	282,554

21 Available-for-sale financial assets

	2016 HK\$'000	2015 HK\$'000
Listed securities in Hong Kong	95,978	156,168
Unlisted investments, at fair value	71,946	74,946
	167,924	231,114

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

	2016 HK\$'000	2015 HK\$'000
At the beginning of the year	231,114	193,934
Changes in exchange rates	(3,000)	18
Additions	–	3,107
Change in fair value recognized in other comprehensive income	(60,190)	34,055
At the end of the year	167,924	231,114

(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.

22 Loans and receivables

	2016 HK\$'000	2015 HK\$'000
Loans to the joint venture partner	12,051	12,553

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, 2016

23 Properties for sale

	2016 HK\$'000	2015 HK\$'000
Completed properties	377,208	607,100
Properties for/under development	1,402,190	1,257,268
	1,779,398	1,864,368

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

	2016 HK\$'000	2015 HK\$'000
At the beginning of the year	1,257,268	1,125,813
Changes in exchange rates	(20,433)	570
Property development expenditure	239,463	664,480
Interest expenses capitalized	4,869	20,619
Transfer to completed properties	(78,977)	(554,214)
At the end of the year	1,402,190	1,257,268

(b) Properties for sale of the Group are located at:

	2016 HK\$'000	2015 HK\$'000
In Hong Kong	440,818	429,192
Outside Hong Kong	1,338,580	1,435,176
	1,779,398	1,864,368

(c) Properties for sale of HK\$452,728,000 (2015: HK\$520,943,000) have been pledged as securities for the borrowing facilities granted to the Group (note 32).

(d) During the year, completed properties of HK\$50,616,000 (2015: HK\$4,480,000) have been transferred to investment properties (note 16).

(e) In view of the respective market conditions, management performed impairment assessment on properties for sale and a provision for impairment of HK\$2,263,000 (2015: Nil) was recorded for completed properties for the year ended 31st March, 2016. The recoverable amount was determined based on the valuation performed by DTZ Cushman & Wakefield Limited, an independent professional property valuer.

24 Inventories

	2016 HK\$'000	2015 HK\$'000
Raw materials	–	55
Work in progress	–	259
Finished goods and merchandises	47,586	47,586
	47,586	47,900

25 Debtors and prepayments

	2016 HK\$'000	2015 HK\$'000
Trade debtors	8,444	21,410
Other debtors and prepayments	33,124	28,410
Utility and other deposits	234,910	252,067
	276,478	301,887

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:

	2016 HK\$'000	2015 HK\$'000
Below 30 days	7,193	20,614
31 to 60 days	21	2
61 to 90 days	–	11
Over 90 days	1,230	783
	8,444	21,410

As at 31st March, 2016, trade debtors of HK\$7,214,000 (2015: HK\$20,627,000) of the Group were neither past due nor impaired.

As at 31st March, 2016, trade debtors of HK\$1,230,000 (2015: HK\$783,000) 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, 2016 and 2015.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March, 2016

25 Debtors and prepayments (Continued)

Other deposits of the Group include net deposits of HK\$212,356,000 (2015: HK\$221,090,000) for property projects and acquisition of land use rights after the accumulated provision for impairment of HK\$11,272,000 (2015: HK\$11,272,000) as at 31st March, 2016.

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.

26 Financial assets at fair value through profit or loss

	2016 HK\$'000	2015 HK\$'000
Listed bonds	226,253	23,778

The balances are denominated in United States dollar.

27 Pledged bank balances and cash and bank balances

	2016 HK\$'000	2015 HK\$'000
Pledged bank balances	40,173	40,269
Cash and bank balances		
Cash at bank and in hand	343,866	726,755
Short-term deposits	221,628	144,352
	565,494	871,107
	605,667	911,376

The effective interest rates on short-term deposits range from 0.001% to 0.32% (2015: 0.001% to 4.10%) per annum and these deposits have maturities ranged from 1 to 45 days (2015: 1 to 90 days).

Pledged bank balances of HK\$40,000,000 (2015: HK\$40,000,000) and HK\$173,000 (2015: HK\$269,000) have been pledged as securities for the borrowing facilities (note 32) and the financial guarantee facilities (note 36) 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.

27 Pledged bank balances and cash and bank balances (Continued)

Cash and bank balances (including pledged bank balances) are denominated in the following currencies:

	2016 HK\$'000	2015 HK\$'000
Hong Kong dollar	268,276	110,711
Renminbi	337,187	800,291
United States dollar	133	232
Others	71	142
	605,667	911,376

28 Creditors and accruals

	2016 HK\$'000	2015 HK\$'000
Trade creditors (note a)	138	300
Other creditors and accrued expenses (note b)	140,958	205,059
Provision for indemnity (note c)	–	60,901
Amounts payable to non-controlling interests (note d)	452	459
Tenant and other deposits	2,865	1,306
	144,413	268,025

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

	2016 HK\$'000	2015 HK\$'000
Below 30 days	–	232
31 to 60 days	–	2
Over 60 days	138	66
	138	300

(b) Other creditors and accrued expenses of the Group include the construction cost payables and accruals of HK\$74,687,000 (2015: HK\$127,937,000) for the property projects of the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March, 2016

28 Creditors and accruals (Continued)

- (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 the indemnity deed. The indemnity was expired during the year ended 31st March, 2016 and write-back of provision for indemnity was recorded in "Other income and net gain" in the consolidated income statement (note 7).
- (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.

29 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.

30 Share capital

	2016 HK\$'000	2015 HK\$'000
Authorized:		
18,000,000,000 shares of HK\$0.05 each	900,000	900,000
	Number of shares	Amount HK\$'000
Issued and fully paid at HK\$0.05 each:		
At 1st April, 2014	1,595,683,140	79,784
2014 final scrip dividend (note 13)	12,011,427	601
At 31st March, 2015	1,607,694,567	80,385
2015 final scrip dividend (note 13)	13,448,977	672
At 31st March, 2016	1,621,143,544	81,057

All new shares rank pari passu with the existing shares.

The Company announced a rights issue on 17th March, 2016 which was completed after the year ended 31st March, 2016 (note 38).

30 Share capital (Continued)

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.

31 Reserves

	Capital		Capital reserve	Statutory reserve	Investment		Exchange reserve	Retained profits	Total
	Share premium	reserve on consolidation			revaluation reserve	reserve			
	HK\$'000	HK\$'000			HK\$'000	HK\$'000			
At 1st April, 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)	
At 31st March, 2015	1,533,765	97,703	457,792	73	83,787	136,223	214,972	2,524,315	
Profit for the year	-	-	-	-	-	-	85,006	85,006	
Net exchange differences	-	-	-	-	-	(61,612)	-	(61,612)	
Change in fair value of available-for-sale financial assets	-	-	-	-	(60,190)	-	-	(60,190)	
Transfer to statutory reserve	-	-	-	37,920	-	-	(37,920)	-	
2015 final scrip dividend paid	5,348	-	-	-	-	-	(48,231)	(42,883)	
2016 interim dividend paid	-	-	-	-	-	-	(16,211)	(16,211)	
At 31st March, 2016	1,539,113	97,703	457,792	37,993	23,597	74,611	197,616	2,428,425	

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31st March, 2016

32 Borrowings

	2016 HK\$'000	2015 HK\$'000
Unsecured bank borrowings		
Long-term bank borrowings	149,887	187,365
Secured bank borrowings		
Short-term bank borrowings	–	214,550
Long-term bank borrowings	558,786	221,109
	558,786	435,659
Total bank borrowings	708,673	623,024

The long-term bank borrowings are analyzed as follows:

	2016 HK\$'000	2015 HK\$'000
Long-term bank borrowings wholly repayable within five years*	708,673	408,474
Current portion included in current liabilities		
Portion due within one year	(311,671)	(106,031)
Portion due after one year which contains a repayment on demand clause	(95,000)	(283,558)
	(406,671)	(389,589)
	302,002	18,885

* Ignoring the effect of any repayment on demand clause

The bank borrowings of the Group are secured by certain assets including investment properties, properties for sale and bank deposits with an aggregate carrying value of HK\$848,981,000 (2015: HK\$560,943,000). Borrowings of HK\$708,673,000 (2015: HK\$561,818,000) are also guaranteed by the Company and a subsidiary.

32 Borrowings (Continued)

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

	2016 HK\$'000	2015 HK\$'000
Within the first year	311,671	320,581
Within the second year	16,854	287,334
Within the third to fifth years	380,148	15,109
	708,673	623,024

The effective interest rates of the bank borrowings at the balance sheet date range from 1.54% to 8.08% (2015: 2.08% to 7.20%) per annum. The fair values of the bank borrowings, based on the cash flows discounted at the borrowing rates of 1.54% to 8.08% (2015: 2.08% to 7.20%) 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:

	2016 HK\$'000	2015 HK\$'000
Hong Kong dollar	468,710	353,050
Renminbi	239,963	269,974
	708,673	623,024

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

	2016 HK\$'000	2015 HK\$'000
6 months or less	690,544	540,415
7 to 12 months	18,129	82,609
	708,673	623,024

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31st March, 2016

33 Deferred taxation liabilities

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

	HK\$'000
At 1st April, 2014	180,144
Changes in exchange rates	11
Credited to the consolidated income statement (<i>note 12</i>)	(8,082)
At 31st March, 2015	172,073
Changes in exchange rates	(1,512)
Charged to the consolidated income statement (<i>note 12</i>)	3,908
Reclassification (<i>note 20</i>)	(12,740)
At 31st March, 2016	161,729

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				Total	Deferred taxation assets
	Fair value gains	Revaluation of investment properties	Accelerated tax depreciation	Dividend income withholding tax		Tax losses
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 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
At 31st March, 2015	130,669	31,404	7,509	10,000	179,582	(7,509)
Changes in exchange rates	–	(1,512)	–	–	(1,512)	–
(Credited)/charged to the consolidated income statement	(7,120)	15,028	(1,065)	(4,000)	2,843	1,065
Reclassification	(12,740)	–	–	–	(12,740)	–
At 31st March, 2016	110,809	44,920	6,444	6,000	168,173	(6,444)

33 Deferred taxation liabilities (Continued)

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.

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\$162.5 million (2015: HK\$140.8 million) arising from unused tax losses of HK\$940.6 million (2015: HK\$823.9 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\$0.1 million (2015: HK\$0.9 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.

34 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. The balances are denominated in Hong Kong dollar and Renminbi.

35 Commitments

(a) Capital commitments

	2016 HK\$'000	2015 HK\$'000
Contracted but not provided for:		
Property projects and property, plant and equipment	262,343	263,069
Available-for-sale financial assets	47,964	49,964
	310,307	313,033

35 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:

	2016 HK\$'000	2015 HK\$'000
Within the first year	273	2,981
Within the second to fifth years	–	824
	273	3,805

(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:

	2016 HK\$'000	2015 HK\$'000
Within the first year	13,462	4,401
Within the second to fifth years	47,544	4,324
After the fifth year	22,233	2,275
	83,239	11,000

The Group leases properties under various agreements which will be terminated between 2016 to 2025 (2015: 2015 to 2025).

36 Financial guarantees

	2016 HK\$'000	2015 HK\$'000
Guarantees for mortgage loans to purchasers of properties of the Group in the PRC (Note)	1,079,858	795,441

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\$173,000 (2015: HK\$269,000) have been pledged for such financial guarantees provided by the Group (note 27).

37 Note to the consolidated cash flow statement

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

	2016 HK\$'000	2015 HK\$'000
Operating profit	170,415	265,513
Interest income from bank deposits	(9,535)	(20,765)
Dividend income from available-for-sale financial assets	(8,640)	(3,784)
Write-back of provision for indemnity	(58,546)	–
Fair value gain on transfer of properties from properties for sale to investment properties	(2,741)	(4,283)
Net gain on disposal of property, plant and equipment	(484)	(419)
Gain on disposal of an investment property	–	(11,252)
Change in fair value of investment properties	(72,062)	(7,699)
Amortization of land use right	32	32
Depreciation	11,581	12,026
Provision for impairment of properties for sale	2,263	–
Provision for impairment of inventories	521	–
Provision for impairment of trade debtors	235	–
Operating profit before working capital changes	33,039	229,369
Increase in properties for/under development and properties for sale	(108,497)	(220,171)
Increase in inventories	(207)	(43,140)
Decrease in debtors and prepayments	13,839	7,494
Increase in financial assets at fair value through profit or loss	(202,475)	(23,778)
(Decrease)/increase in creditors and accruals	(2,837)	18,900
Increase/(decrease) in sales deposits received	307,290	(312,156)
Cash from/(used in) operations	40,152	(343,482)

38 Event after the reporting period

On 17th March, 2016, the Company announced the proposal to raise approximately HK\$227.0 million, before expenses, by way of a rights issue of 810,571,772 shares at a subscription price of HK\$0.28 per rights share on the basis of one rights share for every two ordinary shares. The rights issue was subsequently completed on 3rd May, 2016. Details of the rights issue were set out in the announcements of the Company dated 17th March, 2016 and 28th April, 2016, and the prospectus of the Company dated 7th April, 2016, respectively.

39 Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board on 27th June, 2016.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31st March, 2016

40 Balance sheet and reserves movement of the Company

Balance sheet of the Company

As at 31st March, 2016

	Note	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Subsidiaries		65,036	65,036
Loan receivable from a subsidiary		223,419	214,617
		288,455	279,653
Current assets			
Debtors and prepayments		962	962
Amounts due from subsidiaries		2,357,445	2,143,176
Pledged bank balance		40,000	40,000
Cash and bank balances		224,334	135,187
		2,622,741	2,319,325
Current liability			
Creditors and accruals		1,028	300
Net current assets		2,621,713	2,319,025
Net assets		2,910,168	2,598,678
Equity			
Share capital		81,057	80,385
Reserves	a	2,829,111	2,518,293
Total equity		2,910,168	2,598,678

The balance sheet of the Company was approved by the Board on 27th June, 2016 and was signed on its behalf by:

Ann Li Mee Sum
Director

Albert Chuang Ka Pun
Director

40 Balance sheet and reserves movement of the Company (Continued)

(a) Reserves movement of the Company

	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 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)
At 31st March, 2015	1,533,765	457,792	526,736	2,518,293
Profit for the year	–	–	369,912	369,912
2015 final scrip dividend paid	5,348	–	(48,231)	(42,883)
2016 interim dividend paid	–	–	(16,211)	(16,211)
At 31st March, 2016	1,539,113	457,792	832,206	2,829,111

Total distributable reserves of the Company amounted to HK\$832,206,000 (2015: HK\$526,736,000) as at 31st March, 2016.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March, 2016

41 Principal subsidiaries

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group		Principal activities
			2016	2015	
Anshan Chuang's Property Development Company Limited	PRC	RMB170,000,000	100.0%	100.0%	Property development and investment
Anshan Chuang's Real Estate Development Company Limited	PRC	RMB210,000,000	100.0%	100.0%	Property development and investment
Chengdu Chuang's Investment Services Limited	PRC	HK\$80,000,000	100.0%	100.0%	Property development and investment
China Art Exchange Limited	Hong Kong	HK\$1,000,000 with 10,000,000 shares	100.0%	100.0%	Trading of merchandises
@ China Cyberworld Limited	Hong Kong	HK\$2 with 2 shares	100.0%	100.0%	Property development and investment
@ Chinaculture.com Limited	British Virgin Islands/ Hong Kong	US\$1 with 1 share	100.0%	100.0%	Investment holding
@ Chuang's China Enterprises Limited	Hong Kong	HK\$117,622,779 with 458,310,965 shares	100.0%	100.0%	Investment holding
@ Chuang's China Realty Limited	Bermuda/Hong Kong	HK\$100,000 with 2,000,000 shares	100.0%	100.0%	Investment holding
@ Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	US\$1 with 1 share	100.0%	100.0%	Investment holding
Chuang's Development (Anshan) Limited	Hong Kong	HK\$2 with 2 shares	100.0%	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	100.0%	100.0%	Property investment

41 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group		Principal activities
			2016	2015	
Chuang's Development (Dong Guan) Limited	Hong Kong	HK\$2 with 2 shares	100.0%	100.0%	Investment holding
Chuang's Development (Liaoning) Limited	Hong Kong	HK\$2 with 2 shares	100.0%	100.0%	Investment holding
Chuang's Development (Sichuan) Limited	Hong Kong	HK\$2 with 2 shares	100.0%	100.0%	Investment holding
Chuang's Innovation Industries Limited	Hong Kong	HK\$10 with 10 shares	70.0%	70.0%	Development, manufacture and sale of innovative products
Dongguan Chuang's Real Estate Development Company Limited	PRC	RMB135,420,000	100.0%	100.0%	Property development and investment
Dongguan Midas Printing Company Limited	PRC	RMB126,734,400	100.0%	–	Property investment
Double Wealthy Company Limited	Hong Kong	HK\$160 with 160 shares	100.0%	100.0%	Investment holding
Dragon Rich Investments Limited	Hong Kong	HK\$100 with 100 shares	85.0%	85.0%	Investment holding
Gold Capital Profits Limited	British Virgin Islands/ Hong Kong	US\$100 with 100 shares	75.0%	75.0%	Investment holding
Guangzhou Chuang's Investment Services Limited	PRC	RMB39,000,000 (2015: RMB22,500,000)	100.0%	100.0%	Investment holding and property investment

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March, 2016

41 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group		Principal activities
			2016	2015	
Guangzhou Panyu Chuang's Real Estate Development Company Limited	PRC	RMB60,000,000	100.0%	100.0%	Property development and investment
Hunan Han Ye Real Estate Development Company Limited	PRC	RMB25,000,000	54.0%	54.0%	Property development and investment
MD Limited	Hong Kong	HK\$1,000,000 with 1,000,000 shares	100.0%	100.0%	Securities investment and trading
Noble Century Investment Limited	Hong Kong	HK\$1,000,000 with 1,000,000 shares	60.0%	60.0%	Investment holding
On Profit Investment Limited	Hong Kong	HK\$2 with 2 shares	100.0%	100.0%	Property development and investment
Rich Joint Limited	Hong Kong	HK\$1 with 1 shares	100.0%	100.0%	Securities investment and trading
Silver Chase Investment Limited	Hong Kong	HK\$2 with 2 shares	100.0%	100.0%	Property development and investment
Silver Dragon Investment Limited	Hong Kong	HK\$2 with 2 shares	100.0%	100.0%	Property development and investment
Xiamen Mingjia Binhai Resort Company Limited	PRC	RMB140,000,000	N/A (Note 20)	59.5%	Property and hotel development and investment
Yuen Sang Watch Industries Limited	Hong Kong	HK\$1,168,407 with 1,000,000 shares	100.0%	100.0%	Investment holding, 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, 2016 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
Commercial podium, Phase II, Chuang's Le Papillon, Guangzhou, Guangdong	Medium lease	Commercial	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%
Industrial property, Xiaobian Village, No. 64 Dezheng Middle Road, Changan, Dongguan, Guangdong	Medium lease	Industrial	100.0%
Units 01, 02, 03, 06 and 07, 38th Floor, R&F Yingkai Square, Zhujiang New Town, Guangzhou, Guangdong	Medium lease	Office	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/Hotel projects

Location	Stage of completion	Expected completion date	Usage	Site area (sq. m.)	Gross floor area	Group's interest
The PRC						
Chuang's Le Papillon, Guangzhou, Guangdong						
- Phase I and II: Block A to N	Completed	Completed	Residential/ Commercial	119,721	5,442 (and 1,039 carparking spaces)	100.0%
Block P	Completed	Completed	Residential	3,309	6,987	100.0%
- Phase III:	Preparatory works	N/A	Comprehensive development area	33,200	54,000	100.0%
- Remaining:	Strategic planning stage	N/A	Comprehensive development area (subject to approvals)	60,276	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	7,291 (and 73 carparking spaces)	100.0%
- Phase III: Block 29 to 31	Superstructure works completed	End of 2016	Residential/ Commercial	6,610	40,344 (and 157 carparking spaces)	100.0%
- Phase IV: Block 15 to 20	Foundation works substantially completed	N/A	Residential	26,213	83,000	100.0%

2. Property/Hotel projects (Continued)

Location	Stage of completion	Expected completion date	Usage	Site area (sq. m.)	Gross floor area	Group's interest
The PRC (Continued)						
Imperial Garden, Chuang's New City (Continued)						
– Remaining:						
Block 21 to 55 (excluding Block 29 to 31)	Planning stage	N/A	Comprehensive development area	125,753	234,000	100.0%
Chuang's Mid-town, Anshan, Liaoning	Internal and external finishing 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	18,400	54.0%
	Superstructure works completed	N/A	Commercial/Hotel		11,600	54.0%
Xiamen Mingjia Hotel, Xiamen, Fujian	Interior renovation works completed	Completed	Resort and villa	27,574	18,000	59.5%
Hong Kong						
Yip Wong Road, Tuen Mun Town Lot No. 514, Tuen Mun, New Territories	Excavation and lateral support works in progress	2019	Residential	2,428	10,862	100.0%
			Commercial		2,428	

Summary of Financial Information

Results

	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Revenues	1,487,102	509,502	804,719	1,008,613	470,108
Profit attributable to equity holders	448,755	40,390	110,268	94,491	85,006
Earnings per share (HK cents)	29.46	2.62	7.00	5.50 [#]	4.91
Dividend per share (HK cents)					
Interim	1.00	1.00	1.00	1.00	1.00
Final	2.00	2.00	4.00	3.00	2.00
Total	3.00	3.00	5.00	4.00	3.00

Assets and Liabilities

	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Non-current assets	538,069	667,140	919,473	976,958	1,240,665
Current assets	2,716,228	3,088,051	3,150,286	3,149,309	2,935,382
Total assets	3,254,297	3,755,191	4,069,759	4,126,267	4,176,047
Total liabilities	(729,719)	(1,219,722)	(1,453,176)	(1,466,325)	(1,667,179)
Non-controlling interests	(65,632)	(62,363)	(58,507)	(55,242)	614
Shareholders' funds	2,458,946	2,473,106	2,558,076	2,604,700	2,509,482

Debt to Equity Ratio

	2012 HK\$'M	2013 HK\$'M	2014 HK\$'M	2015 HK\$'M	2016 HK\$'M
Cash and bank balances and investments held for trading	836.8	1,011.5 [^]	1,145.1 [^]	935.2 [^]	831.9[^]
Bank borrowings	41.9	317.8	404.7	623.0	708.7
Debt to equity ratio (%) [*]	1.7%	12.9%	15.8%	23.9%	28.2%

[#] Restated

[^] Included pledged bank balances

^{*} Calculated as a percentage of bank borrowings over shareholders' funds

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 Wednesday, 31st August, 2016 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, 2016.
2. To declare a final dividend.
3.
 - (a) To re-elect Mr. Chong Ka Fung as an executive Director.
 - (b) To re-elect Mr. David Chu Yu Lin (who has served more than nine years) as an independent non-executive Director.
 - (c) To re-elect Mr. Andrew Fan Chun Wah as an independent non-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, 2016

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 Thursday, 25th August, 2016 to Wednesday, 31st August, 2016, 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 Wednesday, 24th August, 2016.
4. The board of Directors has recommended a final dividend of 2.0 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 Tuesday, 13th September, 2016. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 7th September, 2016 to Tuesday, 13th September, 2016, 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 Tuesday, 6th September, 2016.
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 2016 Annual Report.

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www.chuangsh-china.com

Stock Code: 298