



CHUANG'S CONSORTIUM  
INTERNATIONAL LIMITED

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

*Annual Report 2012*



# **Our Mission**

Build Your Home  
From Our Heart

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# Chairman's Statement

## FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31ST MARCH, 2012

Revenues of the Group amounted to HK\$2,207.1 million, representing an increase of 4.8 times over that of the last corresponding year.

Net profit attributable to equity holders of the Company amounted to HK\$901.3 million, representing an increase of 14.1% over that of the last corresponding year.

Shareholders' funds increased by 15.7% to HK\$6,241.7 million, equivalent to HK\$3.92 per share.

Net debt to equity ratio improved to 1.8% from 14.3% in last year.

Final dividend per share amounted to 3.5 HK cents, making total dividends per share for the year increased by 10.0% to 5.5 HK cents.

## Financial Review

During the year under review, due to the disposals and the timely completion of a number of development projects in Hong Kong and the People's Republic of China (the "PRC"), property sales of the Group increased substantially over that of the last year. As a result, revenues of the Group for the year ended 31st March, 2012 amounted to HK\$2,207.1 million (2011: HK\$382.8 million), representing an increase of approximately 4.8 times over that of the last corresponding year. Revenues of the Group comprise income from sales of development properties and sites of HK\$1,780.5 million (2011: HK\$156.6 million), income from rental of investment properties of HK\$143.2 million (2011: HK\$137.1 million), income from sales of goods and services of HK\$310.5 million (2011: HK\$78.1 million), income from sales of grave plots and niches of HK\$6.6 million (2011: Nil), income from property financing activities of HK\$0.2 million (2011: HK\$7.6 million) and loss from securities investment and trading business of HK\$33.9 million (2011: profit of HK\$3.4 million).

Due to the increase in revenues and profits on sales of properties, gross profit of the Group for the year ended 31st March, 2012 amounted to HK\$1,064.7 million (2011: HK\$161.0 million), representing an increase of approximately 5.6 times over that of the last corresponding year. Other income and net gain increased to HK\$197.0 million (2011: HK\$49.8 million) mainly due to the negative goodwill arising from the acquisition of Midas International Holdings Limited ("Midas") as a subsidiary of the Group in July 2011 after netting off the loss on deemed disposal of Midas as an associated company of the Group. A breakdown of other income and net gain is shown in note 7 to the financial statements. Gain on disposal of investment properties decreased to HK\$38.2 million (2011: HK\$503.7 million) as a result of a reduced number of investment properties disposals. Furthermore, the Group also recorded an upward revaluation surplus of HK\$515.7 million (2011: HK\$488.2 million) for its investment properties, reflecting the continued improvement in property prices in Hong Kong.



On the costs side, selling and marketing expenses increased to HK\$90.8 million (2011: HK\$37.5 million) mainly due to the increase in the level of property sales and the consolidation of the relevant expenses of Midas. Administrative and other operating expenses increased to HK\$390.6 million (2011: HK\$227.2 million) mainly due to the general increase in overheads as a result of increased business activities of the Group, the consolidation of the relevant expenses of Midas and the impairment of other deposits relating to property projects in Vietnam. Finance costs increased to HK\$54.6 million (2011: HK\$46.8 million) mainly due to the consolidation of interest expenses of Midas. Share of loss of associated companies amounted to HK\$3.2 million (2011: HK\$30.8 million) mainly due to the share of loss of Midas. Taxation amounted to HK\$221.6 million (2011: HK\$64.7 million) mainly relating to tax on sales of properties.

Taking all the above factors into account, profit attributable to equity holders of the Company for the year ended 31st March, 2012 amounted to HK\$901.3 million (2011: HK\$789.7 million), representing an increase of approximately 14.1% over that of the last corresponding year. Earnings per share was 57.07 HK cents (2011: 51.20 HK cents).

## Dividends

The Board of Directors (the "Board") has resolved to recommend for the shareholders' approval at the forthcoming annual general meeting the payment of a final dividend of 3.5 HK cents (2011: 3.2 HK cents) per share for the year ended 31st March, 2012. The final

dividend, if approved, will be paid on or before 5th November, 2012 by allotment of new shares with a cash option to the shareholders whose names appear on the Company's register of members on 12th September, 2012.

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be issued pursuant to the scrip dividend scheme, new share entitlements will be calculated by reference to the par value of the shares of the Company, being HK\$0.25, or the average of the closing prices on the Stock Exchange of the shares of the Company for the five consecutive trading days up to and including 12th September, 2012, whichever is higher. A circular giving full details of the scrip dividend scheme and a form of election will be sent to the shareholders as soon as practicable.

An interim dividend of 2.0 HK cents (2011: 1.8 HK cents) per share has been paid in respect of the current financial year. Total dividends for the year, therefore, will amount to 5.5 HK cents (2011: 5.0 HK cents) per share, representing an increase of 10.0%. Total dividends for the year will amount to HK\$87.3 million (2011: HK\$78.5 million).



## Chairman's Statement Business Review

### (A) Hong Kong Property Division

All the property activities of the Group in Hong Kong are conducted through Chuang's Properties Limited, a wholly-owned subsidiary of the Group.

# Chuang's Tower

**(i) Investment Properties**

In April 2011, as a rationalisation exercise of the Group, the Company acquired Chuang's Tower in Central from Chuang's China Investments Limited ("Chuang's China"), a listed subsidiary of the Group, at a valuation of HK\$790 million. Such a strategic move not only enabled the Company to consolidate its interest in Chuang's Tower thereby strengthening its property investment portfolio but also enabled Chuang's China to realise Chuang's Tower with substantial cashflow thereby concentrating its resources towards its property business in the PRC. Upon completion of the rationalisation exercise, each of the Company and Chuang's China has been operating its respective business more efficiently and allocating its financial resources more effectively.

Chuang's  
London  
Plaza





# Chuang's Hung Hom Plaza

Major investment properties of the Group in Hong Kong comprise (a) Chuang's London Plaza in Tsim Sha Tsui, (b) Chuang's Tower in Central, (c) Chuang's Hung Hom Plaza in Hunghom and (d) House A, No. 37 Island Road in Deep Water Bay. The total gross floor area ("GFA") of the Group's investment property portfolio in Hong Kong amounted to approximately 340,000 sq. ft. comprising retail, office, high-class residential and carparking spaces. During the year, the Group has continued to carry out improvement works to upgrade the quality of our investment properties and reshuffled the tenant mix so as to enhance the quality of our tenants. As a result of our efforts, occupancy rate of our investment properties maintained at a high level throughout the year and rental and other income from investment properties in Hong Kong during the year amounted to HK\$120.7 million, representing an increase of about 7.4% compared with that of the last corresponding year after adjusting the effect of the disposal of Chuang's Enterprises Building in February 2011.



# House A

No. 37 Island Road







# No.15

Gough Hill Road

## (ii) Investment Properties Under Development/ Conversion

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

The property is in the process of being developed into a single house with unique architectural design. Demolition works are in progress which will be followed by site formation and foundation works. In view of limited supply of this type of luxurious property in that area, it is expected that rental and thus capital value of the property will be significantly enhanced upon completion of the development.

### (b) Chuang's Hung Hom Plaza, No. 83 Wuhu Street, Hunghom, Kowloon

The property is currently a commercial/office building. Rezoning has been obtained from the Town Planning Board to permit the property to be used as hotel. The Group has been conducting detailed feasibility studies for such conversion and is of the opinion that income from and capital value of the property after the conversion will be significantly improved. Accordingly, the Group has submitted building plans to the Buildings Department and approvals have been obtained to convert the property into a hotel with 395 rooms. Recently, the Group has submitted revised building plans with a view to increase the number of rooms to 398 and such plans are pending approval. Alteration works for such conversion will commence once the above approvals have been obtained. The Group has set up a hotel management company and it is currently planned that the hotel will be operated by the Group as "Hotel U Express".



**(iii) Properties Under Development/Held For Sale**

**(a) Wuhu Residence, No. 111 Wuhu Street, Hunghom, Kowloon**

The property has been developed into a 24-storey building with modern architectural design comprising 101 apartments (of which 98 are studio apartments) with clubhouse facilities and shopping units with GFA of 8,422 *sq. ft.* at the podium level (G/F and 1/F). Occupation permit of the property has been issued on 23rd November, 2011. Sales of 92 apartment units and shopping units with GFA of 2,809 *sq. ft.* have been completed prior to the balance sheet date, generating total revenues of HK\$307.6 million for this financial year. Subsequent to the balance sheet date, sales of additional 7 apartment units with total revenues of HK\$25.1 million are expected to be completed. The Group will continue to market the remaining 2 penthouse apartment units and shopping units with GFA of 5,613 *sq. ft.*

**(b) Parkes Residence, Nos. 91-105 Parkes Street, Jordan, Kowloon**

The property is located next to the Jordan station of the mass transit railway and will be developed into a commercial/residential building comprising mainly of studio apartments and shopping units with an aggregate GFA of about 44,000 *sq. ft.*. Building plans have been approved by the relevant authorities and demolition works are in progress. Marketing of the project is expected to commence in the fourth quarter of 2012.

Parkes  
Residence





# Villa 28 Villa 30

**(c) Villa 28 and Villa 30, Po Shan Road, Hong Kong**

The Group owns 50% interest in the project and is the project manager of the development. The property is located in a prestigious mid-level area that enjoys a glamorous sea-view and will be developed for residential purpose with GFA of about 40,365 sq. ft. . Revised building plans have been submitted to the relevant authorities for approval. Demolition works for the project have been completed and site formation and foundation works will commence once the revised building plans have been approved.



## (B) International Property Division

All the property activities of the Group in Malaysia, Vietnam, Taiwan and Mongolia are conducted through Chuang's Properties International Limited, a wholly-owned subsidiary of the Group.

### (i) Malaysia

#### **Central Plaza, Jalan Sultan Ismail, Kuala Lumpur**

Central Plaza, located in the heart of central business district and prestigious shopping area of Kuala Lumpur, is owned by the Group for investment purpose. The property has a total GFA of 380,000 *sq. ft.* of retail, office and carparking spaces. Recently, the Group has obtained planning approval to convert one level of carpark into office use, which will result in the increase of office space by about 10,907 *sq. ft.*, thereby enhancing future rental yield and capital value of the property. Alteration works will commence soon. During the year, rental and other income from the property amounted to HK\$20.2 million, representing an increase of about 12.3% compared with that of the last corresponding year.

# Central Plaza









## **(ii) Vietnam**

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

The Group owns 70% interest in the project which covers a site area of 20,300 *sq. m.*. A residential/commercial complex with GFA of about 94,000 *sq. m.* is planned to be developed on the site. Recently, land conversion fee for the conversion of the land into residential/commercial usage has been assessed by the relevant authorities in Vietnam at about US\$3.4 million, which is higher than the expectation of the Group of US\$1.0 million pursuant to the terms of the joint venture. In light of this, the Group is holding further discussion with the joint venture partner as to the feasibility of the project and the responsibility of paying the additional land conversion fee.

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

The Group had participated in a 70% interest in the project. Pursuant to the heads of agreement between the Group and the joint venture partner, the Group has fulfilled its obligation in advancing capital for the project. However, up to today, despite repeated negotiations, the joint venture partner has still failed to fulfil its obligation by contributing the land into the joint venture but has offered the Group the repayment of the entire amount advanced by the Group. The Group will continue to negotiate with the partner and is taking advice from consultants, including legal advisers, as to the next courses of action.



# Chuang's Lodge

## **(iii) Taiwan**

### **Chuang's Lodge, Xinyi District, Taipei City**

The project, located nearby the city centre of Taipei City, is a residential development comprising a villa and 6 apartment units with a total building area of about 19,700 *sq. ft.*. Superstructure works have been completed and internal and external finishing works are in progress. The project is expected to be completed in the fourth quarter of 2012 and marketing works will commence soon.



**(iv) Mongolia**

**(a) International Finance Centre, Chinggis Avenue, Sukhbaatar District, Ulaanbaatar**

The project is wholly-owned by the Group and has a site area of about 3,272 *sq. m.*. The project is located within the central business district and an office building with GFA of about 39,120 *sq. m.* is to be developed. Concept design has been approved and detailed building plans are in the process of being submitted for approval. Foundations works have commenced and marketing works for the project have also commenced.

International  
**Finance**  
Centre



# The Edelweiss Residence

**(b) The Edelweiss Residence, Sukhbaatar District,  
Ulaanbaatar**

The Group owns 53% interest in the project that covers a site area of 5,600 sq. m.. The project is located nearby the city centre within the embassy district. Originally, the Group intends to develop the property into apartments but the Group is now conducting market studies to determine whether it would be better to change the development into office or office/apartment complex in order to maximise the return.



## **(C) PRC Property Division**

All the property activities in the PRC are conducted through Chuang's China (together with its subsidiaries as the "Chuang's China Group"), a 57% owned listed subsidiary of the Group.

### **(i) Responsive Operating Strategies**

During the year under review, the operating environment for property developers in the PRC faced a tough tightening of liquidity and weakening of market sentiments as affected by the stringent regulations such as restricting home purchases. Whilst residential property sales slowed down, the Chuang's China Group had undertaken the disposal of a series of property projects as follows and generated additional revenues:

- In April 2011, the disposal of Chuang's Tower in Central at HK\$790 million was completed.
- In June 2011, the disposal of the wholly-owned subsidiary which held the property development project in Xingsha at RMB526 million (equivalent to HK\$625.4 million) was completed.
- In March 2012, the disposal of three development sites in Huizhou at RMB158.9 million (equivalent to HK\$193.5 million) was completed.
- After the year end date, the disposal of the remaining site in Huizhou at RMB27.5 million (equivalent to HK\$34.0 million) was completed in April 2012. This disposal will be recorded as revenues of the Chuang's China Group for the financial year ending 31st March, 2013.

During the year, the Chuang's China Group also adjusted the property development schedule and product mix by increasing the supply of flats for first time home buyers and postponing the launch of larger flat size. In addition, the Chuang's China Group noticed that transaction volumes of commercial properties were rising as this sector was not affected by the housing regulatory policies and accordingly revised its investment holding strategy to launch its completed commercial properties in Guangzhou, Dongguan and Changsha to the market for sale.

As a result of the successful implementation of the above strategies, the Chuang's China Group achieved an improved financial results and a much stronger and healthy balance sheet. For the year ended 31st March, 2012, profit attributable to equity holders of Chuang's China amounted to HK\$448.8 million, a 13-fold increase over that of the last year. As at 31st March, 2012, the Chuang's China Group had cash and bank balances of HK\$836.8 million, while bank borrowings were only HK\$41.9 million, resulted in a net cash position of HK\$794.9 million. The Chuang's China Group is therefore well placed in an advantageous position to capture attractive investment opportunities, as well as to replenish its land reserve.



### (ii) Property Development

Since November 2011, in order to stimulate the economic growth, the PRC Government has reduced the bank reserve rate in aggregate by 1.5% and cut interest rate by 0.25%. These measures have provided additional liquidity to the market and created a positive environment for the property market in the PRC. Though the home purchase restriction policy has not been relaxed, it is generally believed that no further restrictive measures will be imposed.

Against this background and given its healthy and strong financial position, the Group will in the coming financial year actively seek for opportunities to replenish its land reserve, with focus in the Guangdong Province, Fujian Province, Jiangsu Province and Zhejiang Province.

The table below contains the list of existing major projects of the Chuang's China Group:

Locations	Projects	Completed properties (GFA in sq. m.)	Developable properties (GFA in sq. m.)
<b>Southern China</b>			
Guangzhou	Chuang's Le Papillon	113,400	313,000
Dongguan	Imperial Garden	95,700	423,000
Xiamen	Resort and Villa		18,000
<b>Sub-total</b>		<b>209,100</b>	<b>754,000</b>
<b>Northern China</b>			
Anshan	Chuang's Mid-town		100,000
Anshan	Chuang's Plaza		390,000
<b>Sub-total</b>			<b>490,000</b>
<b>Central China</b>			
Changsha	Beverly Hills	80,200	
<b>TOTAL</b>		<b>289,300</b>	<b>1,244,000</b>



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



# Southern China

Enjoy the spectacular lifestyle of  
the Pearl River Delta region

**all within  
an hour's  
distance**



**1 hr**









Master Layout Plan





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



## Chairman's Statement Business Review

The project has a total GFA of over 420,000 *sq. m.* and consists of various ancillary facilities, including luxurious club houses, commercial facilities and abundant greenery.

Phase I comprises completed residential properties (Block A to E) of 113,400 *sq. m.*, commercial podium and club house with total GFA of 3,400 *sq. m.*. Block A with 135 flats has been sold out. Block B consists of 98 flats providing 4-bedroom ranging from 202 *sq. m.* as well as duplex flats of over 400 *sq. m.*. As affected by the tightening of end users' mortgage and limited purchase policies, the Group held back the launch of Block B to the market. Block C consists of 124 flats with flat size of 175 *sq. m.* and has 28 unsold flats with aggregate GFA of 4,900 *sq. m.*. Block D and E consist of 432 flats with total GFA of 50,200 *sq. m.* and were virtually sold out. Occupancy was handed over to buyers in February 2012.

**Completed Block A to C**







## Chairman's Statement Business Review

Phase II comprising Block F, G, H, I, J, K, L, M, N and P has an aggregate residential GFA of about 147,300 sq. m., details as follows:

Block	Residential GFA (sq. m.)	Flat size (sq. m.)	Number of flats
F	7,291	59 – 86	97
G	7,665	59 – 86	102
H	18,945	105 – 145	151
I	16,394	137 – 150	116
J	16,437	105 – 138	136
K	17,446	134 – 157	114
L	16,437	105 – 138	136
M	23,396	57 – 88	321
N	16,325	137 – 150	116
P (low rise villas)	6,987	318	22
<b>Total</b>	<b>147,323</b>		<b>1,311</b>





The Group planned its construction works closely in line with market conditions and prioritised the launch of receptive flats size ranging from 70 *sq. m.* to 120 *sq. m.*. Currently, Block F, G, H and I with total GFA of 50,295 *sq. m.* have been topped off. Superstructure works for Block J, L and M with total GFA of 56,270 *sq. m.* are in progress. Superstructure works for Block K and N which provide larger size flats of 134 *sq. m.* to 157 *sq. m.* and Block P (comprising 22 low rise villas) will commence in the second half of this year.

Marketing and presales of Block F, G and H were in progress with the average selling price of about RMB9,000 per *sq. m.*. Block I, J, L and M providing flat sizes from 57 *sq. m.* to 150 *sq. m.* will be launched for presales in a couple of months.



Completed Block D and E



# Construction in Progress







Block K



Block H



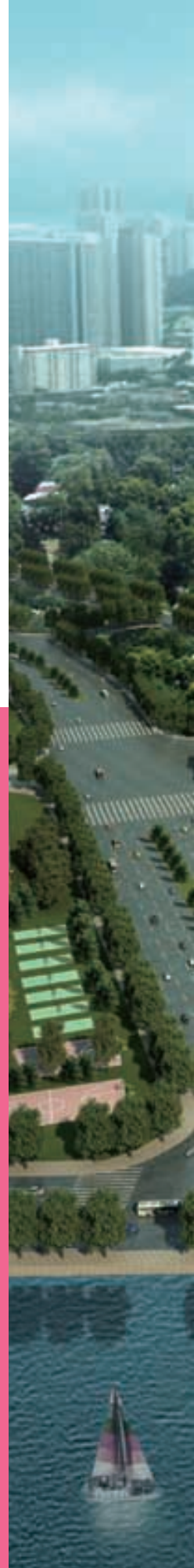
Phase III has total GFA of about 165,700 sq. m., comprising residential towers from Block Q to Block V, Block W (GFA of 2,639 sq. m.) for commercial use and Block X of 14 low rise villas. The Group is planning to raise the existing plot ratio from 1.92 to 2.5, thereby increasing GFA by about 45,000 sq. m. for commercial purpose.

The sales target for Guangzhou in the financial year ending 2013, including the unsold properties of Block F, G, H, I, the commercial properties and the presales of Block J, L and M, amounted to about RMB1.85 billion as follows:

		Contracted sales not yet recognised as revenues		Sales target		
		sq. m.	RMB	sq. m.	2012/13 RMB	2013/14 and beyond RMB
<b>Residential</b>						
Completed properties	Block A,B,C,D,E	4,760	33,084,000	28,654	271,534,000	
Phase II	Block F, G, H, I	15,790	143,065,000	34,505	316,197,000	
	Block J, L, M			56,270	506,490,000	
	Block K, N, P			40,758	684,652,000	
Phase III	Block Q, R			50,175		602,100,000
	Block S, T, U, V, X			112,879		1,473,324,000
<b>Commercial</b>						
Completed properties				1,826	54,780,000	
Phase II				900	18,500,000	
Phase III				2,639		31,668,000
<b>TOTAL</b>		<b>20,550</b>	<b>176,149,000</b>	<b>328,606</b>	<b>1,852,153,000</b>	<b>2,107,092,000</b>

(Note)

Note: These contracted sales are expected to be recognised as revenues of the Group for the year ending 31st March, 2013 when these flats are delivered to buyers.







Phase III — Perspective



# Imperial Garden













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

Embarking on the riverside park overlooking the Pearl River, Chuang's New City is well equipped with ancillary facilities such as club house, kindergarten, sports arena and shopping mall to meet residents' pursuit of a refined lifestyle. The project has a total GFA of about 520,000 sq. m., comprising 95,700 sq. m. of completed properties and 423,000 sq. m. for development.





### Completed Block 1 to 8

Phase I consists of 8 completed residential towers totaling about 89,000 *sq. m.* in GFA, a modern commercial shopping complex of about 6,666 *sq. m.* and 184 carparking spaces. Block 1 to Block 8 comprise 665 apartments with size ranging from 80 *sq. m.* to 160 *sq. m.*, 27 executive duplex of about 280 *sq. m.* and 3 simplex of 445 *sq. m.*. Up to date, a total of 511 flats have been sold at an average selling price of about RMB5,100 per *sq. m.*.

Phase II comprises Block 9 to Block 14 providing 6 residential towers (total GFA of 61,272 *sq. m.*) with flats size ranging from 56 *sq. m.* to 127 *sq. m.*. Foundation works for Block 9 to Block 14 were completed and superstructure works will commence shortly. The Group will also commence on the construction of the commercial complex with an area of 3,217 *sq. m.*.

The Group will embark on Phase III development plan of Block 15 to Block 55 comprising GFA of about 356,000 *sq. m.* in accordance with local market sentiments and sales progress.

The sales target for Dongguan for the financial year ending 2013, including the unsold properties of Block 1 to Block 8, the commercial properties and the presales of Block 9 to Block 14, amounted to about RMB662 million as follows:





		Contracted sales not yet recognised as revenues		Sales target		
		sq. m.	RMB	sq. m.	2012/13 RMB	2013/14 and beyond RMB
<b>Residential</b>						
Completed properties	Block 1 to 8	5,134	29,124,000	20,583	142,118,000	
Phase II	Block 9 to 14			61,272	376,376,000	
Phase III	Block 15 to 55			355,842		3,844,663,000
<b>Commercial</b>						
Completed properties				6,666	100,000,000	
Phase II				3,217	43,429,500	
				2,809		37,921,500
<b>TOTAL</b>		<b>5,134</b>	<b>29,124,000</b>	<b>450,389</b>	<b>661,923,500</b>	<b>3,882,584,500</b>

(Note)

Note: These contracted sales are expected to be recognised as revenues of the Group for the year ending 31st March, 2013 when these flats are delivered to buyers.







Perspective



# Resort and Villa in Xiamen









**(c) Resort and Villa,  
Xiamen, Fujian**  
(59.5% owned by  
Chuang's China)

The exquisite environment of the site, surrounded by natural landscape and nearby the popular sunbathing sandy beach, will be best delivering an exclusive high-end resort experience. The unique and private environment is specially designed to support the concept of life and health enhancement and deliver an exceptional hospitality experience in Xiamen.

Our luxurious resort development occupies a site with an area of about 27,574 *sq. m.*. Focusing on a low density development of just 0.3 time, the development has 18,000 *sq. m.* in GFA and stands out in its master planning, architectural and





landscape design. Within this development, 27 private pool villas with aggregate GFA of about 8,400 sq. m. will either be rented out on long lease or for sale. An exclusive resort with 80 keys and 3 private pool villas (total GFA of 9,600 sq. m.) will be operated as hotel and resort. There are nice landscape gardening and big body water in the centre of private villas. Through the use of waterways (including waterfalls, cascades and infinity pool concept with pavilions), gardens, landscapes and colors will be incorporated. Its accommodation options include open suites and spacious villas overlooking the glamorous water feature.



Resort - Perspective



Master planning of this development has been approved by the relevant PRC bureau. Construction works have commenced and superstructure works will be completed around mid-2013.





# Northern China





# Anshan





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

Situated right next to the Anshan rail station, this site is located at the core city centre of Tie Dong Qu (鐵東區), embracing the perfect geographical advantages of pouring crowds and flourishing logistics. The site, which has just been handed over by the local government to the Group in April 2012, will be developed into a landmark complex in Anshan allowing multi-faceted and vibrant living environment.

Master planning for the project is progressing. The development will provide integrated community with residential, shopping areas, specialty business activities, SOHO and office space with total GFA of 100,000 sq. m..







## (b) Chuang's Plaza, Anshan, Liaoning

(100% owned by Chuang's China)

Adjacent to Chuang's Mid-town, the second site acquired by the Group is located in the prime city centre of Tie Dong Qu (鐵東區). Located in the hustle and bustle commercial and shopping district in Anshan and the nearby popular outdoor walking mall, the site is well supported by comprehensive transportation network. With 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. Ground investigation works will commence once the site is delivered by the local government.

# Central China

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

Situated in Changsha County, Beverly Hills comprises completed residential and commercial properties of about 80,200 *sq. m.*. It comprises 172 bungalows, link houses and semi-detached houses and 144 units of high rise apartments with a total GFA of 70,000 *sq. m.*. Construction works of the commercial and SOHO properties with a total GFA of about 10,200 *sq. m.* have been completed. Interior fittings and marketing are in progress. The sales target of Beverly Hills for the remaining 67 unsold residential units and commercial properties amounted to RMB222 million.

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

Situated in the prominent district within the second-ring road, Wu Hou Qu (武侯區) of Chengdu, the Group has a 51% joint development interest in a site at Hong Pai Lou (紅牌樓). As the development will involve resettlements and will take longer planning time, the Group is evaluating different alternatives and the appropriate strategy for this investment.

### **(iii) Property Sales**

For the financial year ended 2012, the Group's sales of development properties and sites in the PRC amounted to about HK\$1,472.4 million. In the coming financial years, the Group will actively launch our projects in Guangzhou, Dongguan and Changsha for sales. The total sales value of these projects amount to over HK\$10 billion.



#### **(D) Midas (60.8% owned)**

Midas is listed on the Stock Exchange and is principally engaged in the printing business and the operation of cemetery in the PRC. In July 2011, Midas completed a rights issue to raise a net proceeds of approximately HK\$107 million to finance the development of its ongoing businesses. Pursuant to the terms of the rights issue, the Group has undertaken to subscribe for its entitlement under the rights issue and underwritten the balance of the rights issue. As a result of the underwriting, the Group took up additional shares in Midas and the Group's interest in Midas was increased from 44.6% to 60.8%, making Midas a subsidiary of the Group.

Due to the slow recovery of the economy in the United States of America and Euro Zone sovereign debt crisis, the results of Midas have been adversely affected. For the fifteen months ended 31st March, 2012, Midas recorded revenues of HK\$369.5 million and loss attributable to equity holders of HK\$83.5 million.

In order to alleviate the difficult trading environment of the printing business, Midas will continue to take steps to strengthen sales, improve profit margin and enhance costs control.

As for the cemetery business, Midas will spend greater effort in marketing and establishing a more extensive sales and agency network with a view to boost sales. Furthermore, in anticipation of the growing demand of prestigious grave plots, Midas has commenced negotiation with the local government with a view to obtain additional land within the cemetery for future expansion by phases.

As a result of the completion of the rights issue in July 2011, the financial positions of Midas have been strengthened. Cash and bank balances of the Midas group as at 31st March, 2012 amounted to HK\$131.1 million and bank borrowings as at the same date amounted to HK\$50.5 million, resulting in a net cash position of HK\$80.6 million.



## **(E) Other Businesses**

### **(i) Sintex Nylon and Cotton Products (Pte) Limited ("Sintex")**

#### **Yuen Sang Watch Industries Limited ("Yuen Sang")**

The Group's other businesses include investment in Sintex, a company which is engaged in the sale of home finishing products under its own brand names in Singapore, and Yuen Sang, a company owned by Chuang's China and is engaged in the manufacture and sale of watch components for export. During the year, these businesses generated revenues of HK\$85.9 million (2011: HK\$78.1 million) and incurred a net loss of HK\$6.0 million. In order to restore these businesses to profitability, the Group has taken steps to broaden their product ranges and customer bases, and implement effective costs control.

### **(ii) Securities Investment and Trading**

During the year under review, due to the Euro Zone sovereign debt crisis, the global stock markets have been adversely affected. Hang Seng Index fell from 23,527 at 31st March, 2011 to 20,555 at 30th March, 2012, representing a downturn of about 12.6%. As a result, the securities investment and trading business of the Group for the year ended 31st March, 2012 incurred a net loss of HK\$33.9 million arising mainly from mark to market valuations of securities investments held by the Group. As at 31st March, 2012, the Group held quoted investments with values of HK\$330.5 million and financial instruments relating to commitments to purchase certain stock listed on the Stock Exchange amounting to HK\$51.4 million.

## **Financial Positions**

As at 31st March, 2012, net assets attributable to equity holders of the Company was HK\$6,241.7 million. Net asset value per share was approximately HK\$3.92, which is calculated based on the book costs of the Group's properties for sale before taking into account their appreciated values.

As at 31st March, 2012, the Group's cash and bank balances and quoted investments amounted to HK\$2,220.7 million (2011: HK\$1,788.9 million including restricted bank balance which was released as bank balances of the Group in April 2011). Bank borrowings as at the same date amounted to HK\$2,335.7 million (2011: HK\$2,562.6 million). The Group's net debt to equity ratio, expressed as a percentage of bank borrowings net of cash and bank balances and quoted investments over net assets attributable to equity holders of the Company, was 1.8% (2011: 14.3%).

Approximately 75.8% of the Group's cash and bank balances and quoted investments were denominated in Hong Kong dollar, 5.4% in United States dollar, 18.4% in Renminbi and the balance of 0.4% in other currencies such as Malaysian Ringgit and Singapore dollar. Approximately 89.0% of the Group's bank borrowing were denominated in Hong Kong dollar, 2.5% in Renminbi and the balance of 8.5% in Malaysian Ringgit. Accordingly, there should not be material risk in foreign exchange fluctuation.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 18.8% of the Group's bank borrowings were repayable within one year, 16.7% repayable within the second year, 21.9% repayable within the third to fifth years and the balance of 42.6% repayable after five years.



## Prospects

With the deepening of Euro Zone sovereign debt crisis, the global financial markets have been extremely volatile and there are signs that the global economic growth is facing a slowdown. However, despite these uncertainties, with the continued sustainable growth of the economy, the rapid urbanisation trend, the increase in household income and the strong demand for better living standard in the PRC, and Hong Kong being an important gateway to the PRC and an international financial and trade centre, the Group is confident in the long term prospects of the property markets in Hong Kong and the PRC.

In the past two financial years, the Group had disposed of a number of properties in Hong Kong and the PRC. Such disposals not only generated substantial profits and cashflow to the Group but also laid a solid foundation for the future growth of the Group. In the coming financial years, the Group will continue our mission to take steps to further enhance rental yield of our investment properties and thus their capital values, and to unlock the store values of our property projects in Hong Kong, the PRC and elsewhere in the region by speeding up their development and sales. Furthermore, to take advantage of the healthy and strong financial positions of the Group, we will seek for new business opportunities in the real estate and investment sectors so as to further create value for our shareholders.

## Staff

The Group puts emphasis on training and cultivating elite talent. We are committed to providing a dynamic and enthusiastic working atmosphere and increase hiring talents of all fields. As at 31st March, 2012, the Group employed 2,870 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

## Appreciation

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

**Alan Chuang Shaw Swee**

*Chairman*

Hong Kong, 28th June, 2012

# Corporate Information

## Directors

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

\* *Independent Non-Executive Directors*

## Audit Committee/ Nomination Committee/ Remuneration Committee

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

## Corporate Governance Committee

Ko Sheung Chi  
Albert Chuang Ka Pun  
Candy Chuang Ka Wai

## Company Secretary

Lee Wai Ching

## Auditor

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

## Registrars

### Bermuda:

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

### Hong Kong:

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

## Principal Bankers

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



## Corporate Information (continued)

### 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](mailto:chuangs@chuangs.com.hk)  
Website: [www.chuang-consortium.com](http://www.chuang-consortium.com)

### Singapore Office

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

### Malaysia Office

16th Floor, Central Plaza,  
34 Jalan Sultan Ismail, 50250 Kuala Lumpur,  
Malaysia

### Vietnam Office

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

### Mongolia Office

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

### Stock Code

367

# Biographical Details of Directors and Senior Management

## Directors

**Mr. Alan Chuang Shaw Swee** (aged 60), the chairman, has extensive experience in business development and investment in Hong Kong, the People's Republic of China (the "PRC") and Southeast Asia. With his substantial connections, he has been actively involved in the development and management of investments in Hong Kong, the PRC and Southeast Asia. He is also the honorary chairman of Chuang's China Investments Limited ("Chuang's China") and Midas International Holdings Limited ("Midas"), both are subsidiaries of the Company, and an alternate director of CNT Group Limited ("CNT"), all are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was an Adviser of Hong Kong Affairs and a member of the Selection Committee for the Government of the Hong Kong Special Administrative Region. He is a member of the National Committee of The Chinese People's Political Consultative Conference, a member of All-China Federation of Returned Overseas Chinese, a member of China Overseas Friendship Association, the Deputy Chairman of Chinese Literature Fund, 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 a director of the Board of Trustees of Jimei University, Xiamen City. He is also the Vice President of the Hong Kong Factory Owners Association, the Honorary President of the Hong Kong Federation of Overseas Chinese Association, a director of the Chinese General Chamber of Commerce, 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.. He is the brother of Mrs. Alice Siu Chuang Siu Suen and the father of Mr. Albert Chuang Ka Pun and Miss Candy Chuang Ka Wai. He joined the Group in 1970.

**Mrs. Alice Siu Chuang Siu Suen** (aged 63), the vice-chairman, has over 38 years of experience in managing investment businesses and in property development and investment. She is the sister of Mr. Alan Chuang Shaw Swee and the aunt of Mr. Albert Chuang Ka Pun and Miss Candy Chuang Ka Wai. She joined the Group in 1971.

**Mr. Ko Sheung Chi** (aged 56), the managing director, has over 32 years of experience in general management. He is a non-executive director of CNT. He holds a bachelor degree in science and a master degree in business administration and is an associate member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in 1988.

**Mr. Albert Chuang Ka Pun** (aged 32), an executive director, has over 8 years of experience in property business and general management. He is the deputy chairman and an executive director of Chuang's China. He holds a bachelor degree of arts with major in economics. He is a committee member of the Eleventh All-China Youth Federation. He is the son of Mr. Alan Chuang Shaw Swee, the nephew of Mrs. Alice Siu Chuang Siu Suen and the brother of Miss Candy Chuang Ka Wai. He joined the Group in 2005.

**Miss Candy Chuang Ka Wai** (aged 30), an executive director, has 8 years of experience in general management, marketing and property business. She is an executive director of Chuang's China and Midas and the chairman of Treasure Auctioneer International Limited. She is a member of The Chinese People's Political Consultative Conference, Xiamen Committee, Beijing Youth Federation, Fujian Youth Federation, Xiamen Overseas Friendship Association, Hong Kong United Youth Association, The Y. Elites Association Limited and Hong Kong CPPCC of Fukien Province Members Association, and the vice supervisor of the General Association of Xiamen (H.K.) Ltd.. Miss Chuang is the daughter of Mr. Alan Chuang Shaw Swee, the niece of Mrs. Alice Siu Chuang Siu Suen and the sister of Mr. Albert Chuang Ka Pun. She joined the Group in 2005.



## Biographical Details of Directors and Senior Management (continued)

**Mr. Lui Lop Kay** (aged 56), an executive director, has over 30 years of experience in real estate in Hong Kong and the Asia Pacific region. He holds a bachelor degree of science in estate management and is a fellow member of the Hong Kong Institute of Surveyors and an associate member of the Royal Institution of Chartered Surveyors. He joined the Group in 1996.

**Mr. Wong Chung Wai** (aged 43), an executive director, has over 20 years of experience in architecture, project management and contract administration. He is an executive director of Chuang's China. He holds a bachelor degree of science in building technology and management and is an associate member of both the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors. He joined the Group in 2001.

**Dr. Peter Po Fun Chan** B.B.S., M.B.E., J.P., FCCA (U.K.), ACA (England and Wales), FCPA (Australia), CPA (Singapore), FCPA (H.K.) (aged 90), was appointed as an independent non-executive director in 1997. He is also an independent non-executive director of Chuang's China and VST Holdings Limited, both are listed on the Stock Exchange. He was the chairman of the former Kowloon Stock Exchange and former Hong Kong Federation of Stock Exchanges. Dr. Chan was also a Registered Dealing Director under the Securities Ordinance. He is a member of a number of scientific institutions which include Society of Petroleum Engineers and Society of Underwater Technology.

**Mr. Abraham Shek Lai Him** S.B.S., J.P. (aged 67), was appointed as an independent non-executive director in 2004. He is currently a member of the Legislative Council for the Hong Kong Special Administrative Region, the Court of The Hong Kong University of Science & Technology, the Court and the Council of The University of Hong Kong and the vice chairman of Independent Police Complaints Council. He holds a bachelor degree of arts. He is the chairman and an independent non-executive director of Chuang's China, an independent non-executive director of Midas, Paliburg Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, Titan Petrochemicals Group Limited, ITC Corporation Limited, Country Garden Holdings Company Limited, Hop Hing Group Holdings Limited, MTR Corporation Limited, Hsin Chong Construction

Group Ltd., SJM Holdings Limited, Kosmopolito Hotels International Limited, ITC Properties Group Limited and China Resources Cement Holdings Limited, all are listed on the Stock Exchange, and a director of The Hong Kong Mortgage Corporation Limited. Mr. Shek is also an independent non-executive director of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust, and Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust, both trusts are listed on the Stock Exchange.

**Mr. Fong Shing Kwong** (aged 64), was appointed as an independent non-executive director in 2008. Mr. Fong has over 34 years of experience in the hospitality industry and has extensive experience in property development, asset and facility management and investment business in the PRC. He is an executive director of New World China Land Limited, a company listed on the Stock Exchange.

### Senior Management

**Mr. Lee Yiu Sing** (aged 45), the assistant director, is responsible for property development, sales, leasing and management of the Group. He has over 19 years of experience in property leasing, marketing and management. He has a bachelor degree in science and is a member of the Chartered Institute of Housing. He joined the Group in 2005.

**Mr. Chan Ka On** (aged 44), the senior project manager, has 19 years of experience in construction and property development. He holds a bachelor of science degree in building surveying. He joined the Group in 2001.

**Mr. Peter Lui Gee Yee** (aged 33), the senior project manager, has 9 years of experience in design, planning and development of property projects. He holds a bachelor degree and a post-graduate diploma both in architectural studies. He is a chartered member of the Royal Institute of British Architects, a Chartered Environmentalist and a member of the Chartered Management Institute, the Society of Environmental Engineers, the Hong Kong Institute of Environmentalist Founding Committee, the Australian Institute of Building and Design Institute of Australia. He joined the Group in 2008.

## Biographical Details of Directors and Senior Management (continued)

**Mr. Chan Chun Man** (aged 36), the financial controller, has over 13 years of experience in finance, accounting and auditing. He holds a bachelor degree in accountancy and a master degree in business administration. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in 2003.

**Ms. Lee Wai Ching** (aged 51), the company secretary, is responsible for the Group's company secretarial matters. She has over 28 years of experience in corporate services and office administration. She holds a master degree in business administration and a master degree in laws. She is a fellow of both the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Chartered Secretaries. She joined the Group in 1998.

**Mr. Cheung Loon Hoi** (aged 66), a director and the general manager of the Singapore Division, is responsible for the Group's operation in Singapore. He holds a higher diploma in textile technology and is a member of the Textile Institute of the United Kingdom. He joined the Group in 1970.

**Mr. Cheung Ka Hang** (aged 26), the business manager, oversees the International Property Division of the Group. He has over 5 years of experience in property development and investment. He holds a bachelor degree in real estate and is a member of the Hong Kong Institute of Surveyors. He joined the Group in 2010.

**Mr. Teo Tee Way** (aged 46), the chief executive officer of the Malaysia Division, is responsible for the Group's operations in Malaysia. He has over 22 years of experience in finance and management. He is a member of Malaysian Institute of Accountants, Chartered Institute of Management Accountants and Chartered Tax Institute of Malaysia. He joined the Group in 2008.

**Mr. Tong Kwok Lun** (aged 33), the chief representative of the Vietnam Division, is responsible for the Group's development projects in Vietnam. He has over 8 years of experience in property investment and development. He holds a bachelor degree in real estate. He joined the Group in 2007.



# Corporate Governance Report

## Introduction

The Company is committed to achieving high standard of corporate governance that properly protects and promotes the interests of its shareholders.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## Report on corporate governance practices

### (A) The Board

#### (i) Board composition

The board of Directors (the “Board”) comprises 10 Directors as at the date of this report, the Board members are as follows:

Name	Position
Mr. Alan Chuang Shaw Swee (“Mr. Alan Chuang”)*	Chairman
Mrs. Alice Siu Chuang Siu Suen (“Mrs. Siu”)*	Vice-Chairman
Mr. Ko Sheung Chi	Managing Director
Mr. Albert Chuang Ka Pun (“Mr. Albert Chuang”)*	Executive Director
Miss Candy Chuang Ka Wai (“Miss Candy Chuang”)* (appointed on 31st August, 2011)	Executive Director
Mr. Lui Lop Kay	Executive Director
Mr. Wong Chung Wai	Executive Director
Dr. Peter Po Fun Chan	Independent Non-Executive Director
Mr. Abraham Shek Lai Him	Independent Non-Executive Director
Mr. Fong Shing Kwong	Independent Non-Executive Director

\* Mr. Alan Chuang is the brother of Mrs. Siu and the father of Mr. Albert Chuang and Miss Candy Chuang. Mrs. Siu is the aunt of Mr. Albert Chuang and Miss Candy Chuang. Mr. Albert Chuang is the brother of Miss Candy Chuang.

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

## Corporate Governance Report (continued)

### Report on corporate governance practices (Continued)

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

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

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

##### (iii) Board meetings

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

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

Name	Position	No. of meetings attended/held
Mr. Alan Chuang	Chairman	3/4
Mrs. Siu	Vice-Chairman	4/4
Mr. Ko Sheung Chi	Managing Director	4/4
Mr. Albert Chuang	Executive Director	4/4
Miss Candy Chuang (appointed on 31st August, 2011)	Executive Director	3/4
Mr. Lui Lop Kay	Executive Director	4/4
Mr. Wong Chung Wai	Executive Director	4/4
Dr. Peter Po Fun Chan	Independent Non-Executive Director	4/4
Mr. Abraham Shek Lai Him	Independent Non-Executive Director	4/4
Mr. Fong Shing Kwong	Independent Non-Executive Director	3/4

##### (iv) Nomination Committee

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



# Corporate Governance Report (continued)

## Report on corporate governance practices (Continued)

### (A) The Board (Continued)

#### (iv) *Nomination Committee (Continued)*

The attendance record of each committee member is as follows:

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

\* *Chairman of the Nomination Committee*

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

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

#### (vi) *Responsibilities of Directors*

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

#### (vii) *Directors' dealings in securities*

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

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

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

# Corporate Governance Report (continued)

## Report on corporate governance practices (Continued)

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

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

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

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

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

(iii) *Remuneration Committee*

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

The attendance record of each committee member is as follows:

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

\* *Chairman of the Remuneration Committee*



# Corporate Governance Report (continued)

## Report on corporate governance practices (Continued)

### (C) Accountability and audit

#### (i) Financial reporting

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

#### (ii) Internal control

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

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

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

#### (iii) Audit Committee

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

The attendance record of each committee member is as follows:

Name	No. of meetings attended/held
Dr. Peter Po Fun Chan *	3/3
Mr. Abraham Shek Lai Him	3/3
Mr. Fong Shing Kwong	3/3

\* Chairman of the Audit Committee

# Corporate Governance Report (continued)

## Report on corporate governance practices (Continued)

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

#### (iv) Auditor's remuneration

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

Services rendered	HK\$'000
Audit and audit related services	2,750
Non-audit services	1,450
	4,200

### (D) Delegation by the Board

#### (i) Board Committees

The Company has established three committees, namely Audit Committee, Nomination Committee and Remuneration Committee since 2005. To comply with the new requirements of the CG Code effective on 1st April, 2012, the Corporate Governance Committee was established on 28th March, 2012. These committees were formed with specific written terms of reference which deal clearly with the committees' authorities and duties.

#### (ii) Management function

The Board has determined which matters are to be retained by the full Board sanction and which matters are to be delegated to the executive management. The executive management has been given clear terms of reference, in particular, circumstances where the executive management should report back and obtain prior approval from the Board. All delegations to executive management are reviewed periodically to ensure that they remain appropriate.

### (E) Communication with shareholders

#### (i) Annual general meetings

The Board regards annual general meetings as the principal opportunity to meet shareholders of the Company. The Chairman and members of respective Board Committees attended the annual general meeting of the Company held on 30th August, 2011 to answer questions raised by shareholders.

#### (ii) Significant issues

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

#### (iii) Voting by poll

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



## Corporate Governance Report (continued)

### Report on corporate governance practices (Continued)

#### (E) Communication with shareholders *(Continued)*

(iv) *Corporate documents available in the 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.

### Conclusion

The Company has complied with the code provisions of the CG Code for the year ended 31st March, 2012.

On behalf of the Board of

**Chuang's Consortium International Limited**

**Ko Sheung Chi**

*Managing Director*

Hong Kong, 28th June, 2012

# Report of the Directors

The Board of Directors (the “Board”) presents the audited financial statements of the Company and its subsidiaries (collectively as the “Group”) for the year ended 31st March, 2012.

## 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 46 to the financial statements.

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

## Results and dividends

The results of the Group for the year are set out in the consolidated income statement on page 79.

The Directors have resolved to recommend for the shareholders’ approval at the forthcoming annual general meeting of the Company (the “AGM”) the payment of a final dividend of 3.5 HK cents (2011: 3.2 HK cents) per share for the year ended 31st March, 2012. The final dividend, if approved, will be paid on or before 5th November, 2012 by allotment of new shares with a cash option to the shareholders whose names appear on the Company’s register of members on 12th September, 2012.

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting listing of and permission to deal in the new shares to be issued pursuant to the scrip dividend scheme, new share entitlements will be calculated by reference to the par value of shares of the Company, being HK\$0.25, or the average of the closing prices on the Stock Exchange of the shares of the Company for the five consecutive trading days up to and including 12th September, 2012, whichever is the higher.

An interim dividend of 2.0 HK cents (2011: 1.8 HK cents) per share has been paid in respect of the current financial year. Total dividends for the year, therefore, amounted to 5.5 HK cents (2011: 5.0 HK cents) per share with total amount of HK\$87.3 million (2011: HK\$78.5 million).

## Subsidiaries

Particulars regarding the principal subsidiaries of the Company are set out in note 46 to the financial statements.

## Property, plant and equipment

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

## Share capital

Details of share capital of the Company are set out in note 35 to the financial statements.



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

### **Donations**

During the year, the Group made charitable donations and sponsorships amounting to HK\$2,531,000.

### **Pre-emptive rights**

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

### **Reserves**

Movements in reserves during the year are set out in note 36 to the financial statements.

### **Particulars of principal properties**

Particulars of principal properties held by the Group as at 31st March, 2012 are set out on pages 161 to 164.

### **Financial summary**

A summary of financial information of the Group for the five years ended 31st March, 2012 is set out on page 165.

### **Directors**

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

Mr. Alan Chuang Shaw Swee  
Mrs. Alice Siu Chuang Siu Suen  
Mr. Ko Sheung Chi  
Mr. Albert Chuang Ka Pun  
Miss Candy Chuang Ka Wai (appointed on 31st August, 2011)  
Mr. Lui Lop Kay  
Mr. Wong Chung Wai  
Dr. Peter Po Fun Chan  
Mr. Abraham Shek Lai Him  
Mr. Fong Shing Kwong

At the AGM, Mrs. Alice Siu Chuang Siu Suen, Miss Candy Chuang Ka Wai, Mr. Wong Chung Wai and Mr. Fong Shing Kwong will retire from office in accordance with the Company's Bye-laws nos. 86(2) and 87(2) and Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and, being eligible, will offer themselves for re-election.

## Report of the Directors (continued)

### Directors' rights to acquire shares or debentures

Other than the share option schemes adopted by the Company and its subsidiaries as detailed in the section headed "Share option schemes" below and the rights issue of Midas International Holdings Limited announced on 18th May, 2011, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31st March, 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

#### (a) Interests in the Company

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	841,123,587	Note 1	52.81
Mrs. Alice Siu Chuang Siu Suen ("Mrs. Siu")	257,013,986	Note 2	16.14
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,137,823	Beneficial owner	0.07
Mr. Lui Lop Kay ("Mr. Lui")	119,602	Beneficial owner	0.008
Dr. Peter Po Fun Chan ("Dr. Chan")	887,254	Beneficial owner	0.06

Note 1: Such interests comprised 655,502,676 shares in the Company owned by Evergain Holdings Limited ("Evergain"), a company beneficially owned by Mr. Alan Chuang, and the remaining interests arose as a result of Mr. Alan Chuang being a discretionary object of a discretionary trust, the trustee of which held 185,620,911 shares in the Company. Mr. Alan Chuang, Mr. Albert Chuang and Miss Candy Chuang Ka Wai are directors of Evergain.

Note 2: Such interests comprised 71,393,075 shares in the Company owned by Hilltop Assets Limited, a company beneficially owned by Mrs. Siu, and the remaining interests arose as a result of Mrs. Siu being a discretionary object of a discretionary trust, the trustee of which held 185,620,911 shares in the Company.



## Report of the Directors (continued)

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

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

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	868,975,218	Notes 3 & 6	57.04
Mrs. Siu	2,000,000	Beneficial owner	0.13
Miss Candy Chuang Ka Wai ("Miss Candy Chuang")	1,027,100	Beneficial owner	0.07
Mr. Lui	12,838	Beneficial owner	0.001
Dr. Chan	4,231	Interest in controlled corporation	0.0003

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

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	1,570,869,885	Notes 4 & 6	71.17
Mr. Abraham Shek Lai Him	30,000	Beneficial owner	0.0014

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

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

Note 3: Such interests are held by Profit Stability Investments Limited, a wholly-owned subsidiary of the Company.

Note 4: Such interests comprised 1,341,049,258 ordinary shares in Midas and 229,820,627 conversion shares to be issued by Midas upon the exercise of conversion rights attached to a convertible note due 2014. All the above interests are held by Gold Throne Finance Limited, a wholly-owned subsidiary of the Company.

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

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

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

## **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, 2012, none of the Directors and chief executive of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

### **Directors' interests in contracts**

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

### **Directors' service contracts**

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

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

Pursuant to Rule 8.10 of the Listing Rules, the Company discloses that Mr. Alan Chuang (the chairman and an executive Director of the Company) holds equity interests and directorships in, and Mr. Ko Sheung Chi, Mr. Albert Chuang and Miss Candy Chuang (all are executive Directors of the Company) hold directorships in, certain private companies (the "Private Companies") which are engaged in the businesses of luxurious residential property investment in Hong Kong. Mr. Ko Sheung Chi is also a non-executive director of CNT Group Limited ("CNT"), a company whose issued shares are listed on the Stock Exchange, the principal activities of which include property investments and developments in Hong Kong and the People's Republic of China. As the properties owned by the Private Companies and CNT are of different types and/or in different locations from those of the Group, the Group operates its businesses independently of the businesses of, and at arm's length from, the businesses of the Private Companies and CNT.



## Report of the Directors (continued)

### Substantial shareholders

So far as is known to any Directors or chief executive of the Company and save as disclosed in the section headed "Directors' interests and short positions in shares, underlying shares and debentures" above, as at 31st March, 2012, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of Shareholder	Number of shares of the Company	Capacity	Percentage of shareholding
Evergain	655,502,676	Beneficial owner, Note 1	41.15
Mrs. Chong Ho Pik Yu	655,502,676	Note 2	41.15
Madam Chuang Shau Har ("Madam Chuang")	186,344,135	Note 3	11.70
Mr. Lee Sai Wai ("Mr. Lee")	186,344,135	Note 4	11.70

*Note 1: Such interests have been mentioned in Note 1 to the section headed "Directors' interests and short positions in shares, underlying shares and debentures".*

*Note 2: Such interests arose by attribution through her spouse, Mr. Alan Chuang, whose interests have been mentioned in Note 1 to the section headed "Directors' interests and short positions in shares, underlying shares and debentures".*

*Note 3: Interests in 185,620,911 shares in the Company arose as a result of Madam Chuang being the trustee and a discretionary object of a discretionary trust which owned such shares in the Company. The remaining interests in 723,224 shares in the Company arose by attribution through her spouse, Mr. Lee.*

*Note 4: Interests in 185,620,911 shares in the Company arose by attribution through his spouse, Madam Chuang, whose interests have been mentioned in Note 3 above. The remaining interests in 723,224 shares in the Company are beneficially owned by Mr. Lee.*

Save as disclosed above, as at 31st March, 2012, there was no other person who was recorded in the register of the Company as having interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

### Controlling shareholders' interests in contracts

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

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

### **Borrowings**

Bank borrowings of the Group are set out in note 37 to the financial statements.

### **Pledge of assets**

As at 31st March, 2012, the Group has pledged the shares and assets of certain subsidiaries, including property, plant and equipment, investment properties, leasehold land and land use rights, properties for sale and bank deposits, with an aggregate carrying value of HK\$4,930,105,000 (2011: HK\$4,870,042,000), to secure general banking and financial guarantee facilities granted to those subsidiaries. The Group has also pledged certain financial assets at fair value through profit or loss of HK\$57,707,000 (2011: Nil) for the commitments to purchase certain listed securities in Hong Kong.

### **Purchase, sale or redemption of the company's listed securities**

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

### **Major suppliers and customers**

The aggregate purchases attributable to the largest supplier and five largest suppliers of the Group accounted for approximately 40% and 64% respectively of the total purchases of the Group for the year.

The aggregate turnover attributable to the largest customer and five largest customers of the Group accounted for approximately 12% and 32% respectively of the total turnover of the Group for the year.

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

### **Retirement schemes**

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



## Report of the Directors (continued)

### Share option schemes

#### (a) Share option scheme of the Company (the “Scheme”)

A summary of the Scheme is set out as follows:

- |   |  |
|---|--|
| 1. Purpose:   | To give incentive to Directors, employees or business consultants of the Group and any other party as approved under the Scheme  |
| 2. Participants:  | Including, inter alia, Directors, employees or business consultants of the Group   |
| 3. Total number of shares available for issue under the Scheme and percentage of the issued share capital that it represents as at the date of this report: | 132,800,615 shares are available for issue under the Scheme, representing approximately 8.34% of the issued share capital as at the date of this report  |
| 4. Maximum entitlement of each participant:   | 1% of the maximum aggregate number of shares that may be issued within 12 months pursuant to the Scheme  |
| 5. Period within which the shares must be taken up under an option:   | Not applicable. No share option has been granted since the date of adoption of the Scheme on 30th August, 2002   |
| 6. Amount payable on acceptance of an option and the period within which payments shall be made:  | HK\$1.00 payable to the Company upon acceptance of option which should be taken up within 28 days from the date of offer for option (“Offer Date”) (which must be a trading day)   |
| 7. The basis of determining the exercise price:   | No less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange’s daily quotation sheet on the Offer Date (which must be a trading day); (ii) the average closing price of the shares of the Company as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share of the Company |
| 8. The remaining life of the Scheme:  | Valid until 29th August, 2012 unless otherwise terminated under the terms of the Scheme  |

The Scheme was for a period of 10 years expiring on 29th August, 2012. The Board has proposed to adopt a new share option scheme of the Company which is subject to the approval of the shareholders of the Company at the AGM.

## Report of the Directors (continued)

### Share option schemes (Continued)

#### (b) Share option scheme of Chuang's China, a subsidiary of the Company (the "Chuang's China Scheme")

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

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



## Report of the Directors (continued)

### Share option schemes (Continued)

#### (b) Share option scheme of Chuang's China, a subsidiary of the Company (the "Chuang's China Scheme") (Continued)

The Chuang's China Scheme was for a period of 10 years expiring on 25th August, 2012. The directors of Chuang's China has proposed to adopt a new share option scheme of Chuang's China which is subject to the approval of the shareholders of Chuang's China at the forthcoming annual general meeting of Chuang's China and the approval of the shareholders of the Company at the AGM.

#### (c) Share option scheme of Midas, a subsidiary of the Company

As at the date of this report, Midas did not have any share option scheme and there were no options granted under any share option scheme of Midas which remained valid or exercisable.

The directors of Midas has proposed to adopt a new share option scheme of Midas which is subject to the approval of the shareholders of Midas at the forthcoming annual general meeting of Midas and the approval of the shareholders of the Company at the AGM.

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

The annual remuneration of the following Directors have been revised since 1st April, 2012:

Name of Director	Revised annual remuneration <sup>#</sup>
	HK\$'000
Mr. Ko Sheung Chi	3,035
Miss Candy Chuang	1,235
Mr. Lui	1,697
Mr. Wong Chung Wai	1,835

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

### Sufficiency of public float

The Company has maintained a sufficient public float throughout the year ended 31st March, 2012.

## Report of the Directors (continued)

### Auditor

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

On behalf of the Board of

**Chuang's Consortium International Limited**

**Ko Sheung Chi**

*Managing Director*

Hong Kong, 28th June, 2012



# Independent Auditor's Report



羅兵咸永道

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

We have audited the consolidated financial statements of Chuang's Consortium International Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 79 to 160, which comprise the consolidated and company balance sheets as at 31st March, 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Directors' responsibility for the consolidated financial statements

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

## Auditor's responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

## Independent Auditor's Report (continued)

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March, 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 28th June, 2012



# Consolidated Income Statement

For the year ended 31st March, 2012

	Note	2012 HK\$'000	2011 HK\$'000
Revenues	5	<b>2,207,128</b>	382,785
Cost of sales		<b>(1,142,430)</b>	(221,774)
Gross profit		<b>1,064,698</b>	161,011
Other income and net gain	7	<b>196,986</b>	49,807
Net gain on disposal of investment properties		<b>38,160</b>	503,742
Selling and marketing expenses		<b>(90,827)</b>	(37,505)
Administrative and other operating expenses		<b>(390,555)</b>	(227,181)
Change in fair value of investment properties	17	<b>515,726</b>	488,181
Operating profit	8	<b>1,334,188</b>	938,055
Finance costs	10	<b>(54,631)</b>	(46,772)
Share of results of associated companies	22	<b>(3,167)</b>	(30,814)
Share of result of a jointly controlled entity	23(b)	<b>(35)</b>	(214)
Profit before taxation		<b>1,276,355</b>	860,255
Taxation	12	<b>(221,570)</b>	(64,662)
Profit for the year		<b>1,054,785</b>	795,593
Attributable to:			
Equity holders	13	<b>901,313</b>	789,686
Non-controlling interests		<b>153,472</b>	5,907
		<b>1,054,785</b>	795,593
Dividends	14	<b>87,347</b>	78,468
		<b>HK cents</b>	HK cents
Earnings per share (basic and diluted)	15	<b>57.07</b>	51.20

The notes on pages 86 to 160 are an integral part of these financial statements.

# Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2012

	2012 HK\$'000	2011 HK\$'000
<b>Profit for the year</b>	<b>1,054,785</b>	795,593
Other comprehensive income:		
Net exchange differences	<b>39,440</b>	60,417
Share of exchange reserve of an associated company	<b>(19)</b>	344
Realisation of exchange reserve upon disposal of an associated company	<b>(3,723)</b>	–
Change in fair value of available-for-sale financial assets	<b>2,904</b>	7,604
Other comprehensive income for the year	<b>38,602</b>	68,365
<b>Total comprehensive income for the year</b>	<b>1,093,387</b>	863,958
Total comprehensive income attributable to:		
Equity holders	<b>917,432</b>	837,229
Non-controlling interests	<b>175,955</b>	26,729
	<b>1,093,387</b>	863,958

The notes on pages 86 to 160 are an integral part of these financial statements.



# Consolidated Balance Sheet

As at 31st March, 2012

	Note	2012 HK\$'000	2011 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	323,420	88,309
Investment properties	17	4,830,675	4,265,957
Leasehold land and land use rights	18	83,534	13,748
Properties for/under development	19, 23(a)	421,502	404,402
Cemetery assets	20	536,209	–
Associated companies	22	10,669	218,309
Jointly controlled entity	23(b)	–	–
Amount due from a jointly controlled entity	23(c)	58,685	56,287
Available-for-sale financial assets	24	92,984	86,627
Loans and receivables	23(a), 25	14,408	68,865
		<b>6,372,086</b>	5,202,504
<b>Current assets</b>			
Properties for sale	26	1,849,084	2,052,848
Inventories	27	124,713	74,682
Cemetery assets for sale	27	112,679	–
Debtors and prepayments	28	575,670	962,137
Tax recoverable		117	–
Financial assets at fair value through profit or loss	30	330,494	127,080
Restricted bank balance	33	–	125,004
Cash and bank balances	31	1,890,245	1,536,803
		<b>4,883,002</b>	4,878,554
Investment property held for sale	17	–	17,160
		<b>4,883,002</b>	4,895,714
<b>Current liabilities</b>			
Creditors and accruals	32	341,377	193,182
Sales deposits received	33	136,282	657,026
Derivative financial instruments	34	3,500	–
Short-term bank borrowings	37	14,511	–
Current portion of long-term bank borrowings	37	437,814	162,063
Taxation payable		310,142	135,234
		<b>1,243,626</b>	1,147,505
<b>Net current assets</b>		<b>3,639,376</b>	3,748,209
<b>Total assets less current liabilities</b>		<b>10,011,462</b>	8,950,713

## Consolidated Balance Sheet (continued)

As at 31st March, 2012

	Note	2012 HK\$'000	2011 HK\$'000
<b>Equity</b>			
Share capital	35	398,211	394,218
Reserves	36	5,787,695	4,950,388
Proposed final dividend	36	55,750	50,460
Shareholders' funds		6,241,656	5,395,066
Non-controlling interests		1,477,061	952,616
<b>Total equity</b>		<b>7,718,717</b>	6,347,682
<b>Non-current liabilities</b>			
Long-term bank borrowings	37	1,883,409	2,400,552
Convertible note	38	46,343	–
Derivative financial instruments	34	–	2,566
Deferred taxation liabilities	39	352,824	189,759
Loans from non-controlling interests	40	10,169	10,154
		2,292,745	2,603,031
		10,011,462	8,950,713

**Ko Sheung Chi**  
Director

**Albert Chuang Ka Pun**  
Director

The notes on pages 86 to 160 are an integral part of these financial statements.

# Balance Sheet

As at 31st March, 2012

	Note	2012 HK\$'000	2011 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	42	86
Subsidiaries	21	888,708	888,708
Loan to a subsidiary	29	56,225	56,225
		<b>944,975</b>	945,019
<b>Current assets</b>			
Debtors and prepayments	28	1,140	865
Loan to a subsidiary	29	–	180,000
Amounts due from subsidiaries	29	549,172	349,729
Cash and bank balances	31	886,319	1,272,851
		<b>1,436,631</b>	1,803,445
<b>Current liabilities</b>			
Creditors and accruals	32	2,465	2,285
Amount due to a subsidiary	29	–	304,494
		<b>2,465</b>	306,779
<b>Net current assets</b>		<b>1,434,166</b>	1,496,666
<b>Net assets</b>		<b>2,379,141</b>	2,441,685
<b>Equity</b>			
Share capital	35	398,211	394,218
Reserves	36	1,925,180	1,997,007
Proposed final dividend	36	55,750	50,460
<b>Total equity</b>		<b>2,379,141</b>	2,441,685

**Ko Sheung Chi**  
Director

**Albert Chuang Ka Pun**  
Director

The notes on pages 86 to 160 are an integral part of these financial statements.



# Consolidated Cash Flow Statement

For the year ended 31st March, 2012

	Note	2012 HK\$'000	2011 HK\$'000
<b>Cash flows from operating activities</b>			
Cash from/(used in) operations	44(a)	773,079	(780,408)
Interest paid		(58,709)	(53,122)
Overseas tax paid		(79,941)	(10,265)
Net cash from/(used in) operating activities		634,429	(843,795)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(21,534)	(22,625)
Purchase of investment properties		(51,489)	(110,846)
Purchase of available-for-sale financial assets		(3,674)	(5,918)
Proceeds from disposal of property, plant and equipment		1,807	2,859
Net proceeds from disposal of investment properties		55,320	1,514,160
Net proceeds from disposal of available-for-sale financial assets		458	2,372
Net cash inflow from business combination	43	94,698	–
Net proceeds of compensation from governments for the resumption of assets		–	41,588
Increase/(decrease) in amount payable to an associated company		656	(347)
Increase in amount due from a jointly controlled entity		(2,433)	(4,311)
Decrease in pledged bank deposits		119	20,079
Decrease/(increase) in bank deposits maturing more than three months from date of placement		5,194	(5,009)
Interest income received		29,347	7,941
Dividend income received		3,954	50
Net cash from investing activities		112,423	1,439,993
<b>Cash flows from financing activities</b>			
New bank borrowings		58,988	566,000
Repayment of bank borrowings		(384,447)	(553,277)
Capital injection by non-controlling interests		–	364
Dividends paid to shareholders		(70,841)	(16,081)
Dividend paid to non-controlling interests		(6,544)	–
Net cash used in financing activities		(402,844)	(2,994)
<b>Net increase in cash and cash equivalents</b>		344,008	593,204
Cash and cash equivalents at the beginning of the year		1,530,004	929,037
Exchange difference on cash and cash equivalents		14,747	7,763
<b>Cash and cash equivalents at the end of the year</b>	44(b)	1,888,759	1,530,004

The notes on pages 86 to 160 are an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31st March, 2012

	Share capital HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Shareholders' funds HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1st April, 2010	382,183	1,101,934	3,059,226	30,575	4,573,918	859,379	5,433,297
Profit for the year	–	–	789,686	–	789,686	5,907	795,593
Other comprehensive income:							
Net exchange differences	–	41,702	–	–	41,702	18,715	60,417
Share of reserves of associated companies	–	344	–	–	344	–	344
Change in fair value of available-for-sale financial assets	–	5,497	–	–	5,497	2,107	7,604
Total comprehensive income for the year	–	47,543	789,686	–	837,229	26,729	863,958
Dividends paid	12,035	30,467	(28,008)	(30,575)	(16,081)	–	(16,081)
2011 proposed final scrip dividend	–	–	(50,460)	50,460	–	–	–
Capital injection by non-controlling interests	–	–	–	–	–	66,508	66,508
At 31st March, 2011	394,218	1,179,944	3,770,444	50,460	5,395,066	952,616	6,347,682
Profit for the year	–	–	901,313	–	901,313	153,472	1,054,785
Other comprehensive income:							
Net exchange differences	–	19,055	–	–	19,055	20,385	39,440
Share of exchange reserve of an associated company	–	(11)	–	–	(11)	(8)	(19)
Realisation of reserves upon disposal of an associated company	–	(13,238)	9,515	–	(3,723)	–	(3,723)
Change in fair value of available-for-sale financial assets	–	797	–	–	797	2,107	2,904
Total comprehensive income for the year	–	6,603	910,828	–	917,431	175,956	1,093,387
Dividends paid	3,993	7,223	(31,597)	(50,460)	(70,841)	(6,544)	(77,385)
2012 proposed final scrip dividend	–	–	(55,750)	55,750	–	–	–
Purchase of a subsidiary	–	–	–	–	–	355,033	355,033
<b>At 31st March, 2012</b>	<b>398,211</b>	<b>1,193,770</b>	<b>4,593,925</b>	<b>55,750</b>	<b>6,241,656</b>	<b>1,477,061</b>	<b>7,718,717</b>

The notes on pages 86 to 160 are an integral part of these financial statements.

# Notes to the Financial Statements

For the year ended 31st March, 2012

## 1 General information

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

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property investment and development, hotel operation, manufacturing and sale of watch components, merchandise, bonded polyester fabrics, home finishing products and printed products, securities investment and trading, and development and operation of cemetery.

## 2 Summary of significant accounting policies

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

### (a) Basis of preparation

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

The preparation of 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 financial statements, are disclosed in note 4 below.

#### *The adoption of revised HKFRSs*

For the financial year ended 31st March, 2012, the Group adopted the following revised standards, amendments and interpretation of HKFRSs that are effective for the Group's accounting periods beginning on 1st April, 2011 and relevant to the operations of the Group:

HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
HKICPA's annual improvements to certain HKFRSs published in May 2010:	
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Financial Instruments: Presentation
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures

The Group has assessed the impact of the adoption of these revised standards, amendments and interpretation of HKFRSs 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 financial statements.



# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 2 Summary of significant accounting policies (Continued)

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

*Standards and amendments to existing standards that are not yet effective*

The following new and revised standards and amendments have been published which are relevant to the Group's operation and are mandatory for the Group's accounting periods beginning on or after 1st April, 2012, but have not yet been adopted by the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements (effective from 1st July, 2012)
HKAS 19 (Revised)	Employee Benefits (effective from 1st January, 2013)
HKAS 27 (Revised)	Separate Financial Statements (effective from 1st January, 2013)
HKAS 28 (Revised)	Investments in Associates and Joint Ventures (effective from 1st January, 2013)
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities (effective from 1st January, 2014)
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Transfers of Financial Assets (effective from 1st July, 2011)
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (effective from 1st January, 2013)
HKFRS 9	Financial Instruments (effective from 1st January, 2015)
HKFRS 10	Consolidated Financial Statements (effective from 1st January, 2013)
HKFRS 11	Joint Arrangements (effective from 1st January, 2013)
HKFRS 12	Disclosures of Interests in Other Entities (effective from 1st January, 2013)
HKFRS 13	Fair Value Measurement (effective from 1st January, 2013)

The Group will apply the above new and revised standards and amendments as and when they become effective and is not yet in a position to state whether any substantial changes to the Group's results of operations and financial position will be resulted.

### (b) Consolidation

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

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

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

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 2 Summary of significant accounting policies (Continued)

#### (c) Subsidiaries

Subsidiaries are companies in which the Group has the power to exercise control governing the financial and operating policies of the company, generally accompanying a direct or indirect shareholding of more than half of the voting power, or holds more than half of the issued equity capital. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

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

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 recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

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

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

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

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 2 Summary of significant accounting policies (Continued)

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

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

#### (e) Associated companies

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

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

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

The Group determines at each reporting 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 recognises the amount adjacent to “share of results of associated companies” in the income statement.

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

#### (f) Joint ventures

##### *Jointly controlled asset*

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



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 2 Summary of significant accounting policies (Continued)

#### (f) Joint ventures (Continued)

##### *Jointly controlled entity*

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

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

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

#### (g) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets of the acquired subsidiaries, associated companies or joint ventures attributable to the Group at the effective date of acquisition, and in respect of an increase in holding in a subsidiary, it is regarded as a transaction with non-controlling interest. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchanged, plus costs directly attributable to the acquisition.

Goodwill on acquisitions of subsidiaries is included in intangible assets while goodwill on acquisitions of associated companies or joint ventures is included in investments in associated companies or joint ventures respectively. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the income statement.

Goodwill is tested for impairment at least annually and whenever there is an indication for impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose has been identified according to operating segment.

# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 2 Summary of significant accounting policies (Continued)

### (g) Goodwill (Continued)

Impairment testing of the investments in subsidiaries, associated companies and joint ventures is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries, associated companies and joint ventures in the period the dividend is declared or if the carrying amounts of the investments in the separate financial statements exceeds 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 cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

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

Buildings	2% to 5%
Plant and machinery	6.7% to 30%
Furniture and fixtures	10% to 30%
Other assets	10% to 30%

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

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

### (i) Investment properties

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

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

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

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 2 Summary of significant accounting policies (Continued)

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

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

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

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

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

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

Subsequent expenditure is capitalised to the carrying amount of the property only when it is probable that future economic benefits associated with the property will flow to the Group and the cost can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 2 Summary of significant accounting policies (Continued)

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

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

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

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

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

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

#### (j) Leasehold land and land use rights

Leasehold land and land use rights represent non-refundable rental payments for lease of land. The upfront prepayments made for leasehold land and land use rights are amortised on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. The amortisation of the leasehold land and land use rights is capitalised under the relevant assets when the properties on the land are under construction. In all other cases, the amortisation is recognised in the income statement. No amortisation is made for the leasehold land and land use rights recorded under properties for sale.

#### (k) Cemetery assets

Cemetery assets represent premium on prepaid land use rights for cemetery in which development has not yet commenced, and are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for cemetery assets is provided on a straight-line basis over the estimated useful life of the cemetery assets and is recognised in the income statement.

Upon commencement of development of the grave plots and niches for cremation urns with the intention of sale in the ordinary course of business of the Group, the related carrying amounts of the cemetery assets attributable to the grave plots and niches for cremation urns are transferred to inventories.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 2 Summary of significant accounting policies (Continued)

#### (l) Properties for/under development

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

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

#### (m) Properties for sale

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

#### (n) 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 and re-evaluates this designation at every balance sheet date.

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

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

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

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 2 Summary of significant accounting policies (Continued)

#### (n) Financial assets (*Continued*)

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

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

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

#### (o) Derivative financial instruments

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

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

#### (p) Convertible note

Convertible note issued by a subsidiary of the Group that contains both the liability and conversion option components is classified by the subsidiary separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the subsidiary's own equity instruments is classified as an equity instrument of the subsidiary.



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 2 Summary of significant accounting policies (Continued)

#### (p) Convertible note (Continued)

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceed of the issue of the convertible note and the fair value assigned to the liability component, representing the conversion option for the holder to convert the convertible note into equity, is included in equity (convertible note equity reserve) of the subsidiary.

In subsequent periods, the liability component of the convertible note is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the subsidiary, will remain in convertible note equity reserve of the subsidiary until the embedded option is exercised (in which case the balance stated in convertible note equity reserve of the subsidiary will be transferred to share premium of the subsidiary). Where the option remains unexercised at the expiry date, the balance stated in convertible note equity reserve of the subsidiary will be released to the retained profits of the subsidiary. No gain or loss is recognised in the profit or loss of the subsidiary upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible note are allocated to the liability and equity components of the subsidiary in proportion to the allocation of the gross proceed. Transaction costs relating to the equity component are charged directly to equity of the subsidiary. Transaction costs relating to the liability component are included in the carrying amount of the liability portion of the subsidiary and amortised over the period of the convertible note using the effective interest method.

The liability component (or part of the liability component) of the convertible note of the subsidiary is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

#### (q) Inventories and cemetery assets for sale

Inventories, which mainly comprise watch components, merchandise, printed products, bonded polyester fabrics and home finishing products, and cemetery assets for sale, which mainly comprise grave plots and niches for cremation urns, are stated at the lower of cost and net realisable value. Costs, calculated on the first-in first-out basis or weighted average basis, include material cost, direct labour cost and an appropriate proportion of production overhead expenditure, and for cemetery assets for sale, they also include the attributable cost of the cemetery assets and costs of development expenditures incurred. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

#### (r) Trade and other debtors

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

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 2 Summary of significant accounting policies (Continued)

#### (r) Trade and other debtors (*Continued*)

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

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

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

#### (t) Creditors and accruals

Creditors and accruals are obligations to pay for goods 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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### (u) Provisions

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

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

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 recognised as interest expense.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 2 Summary of significant accounting policies (Continued)

#### (v) 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 until the shares are cancelled or reissued. 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.

#### (w) Borrowings

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

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

#### (x) Current and deferred taxation

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group, its associated companies and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be payable to the tax authorities.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 2 Summary of significant accounting policies (Continued)

#### (x) Current and deferred taxation (*Continued*)

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.

#### (y) Operating leases

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

#### (z) Revenue and income recognition

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

- (i) Sales of properties are recognised when the significant risks and rewards of the properties have been passed to the purchasers, which is when the construction of the relevant properties have been completed, notification of delivery of properties has been issued to the purchasers and the collectability of related receivables pursuant to the sale agreements is reasonably assured. Deposits and instalments received on properties sold prior to the transfer of the significant risks and rewards of the properties are included as sales deposits received under current liabilities.
- (ii) Rental income, net of incentives given to lessees, is recognised on a straight-line basis over the period of the respective leases.
- (iii) Sales of goods are recognised on the transfer of risks and rewards of ownership, which generally coincide with the time when goods are delivered to the customers and legal title has been passed.
- (iv) Gain or loss from securities trading is recognised on the transaction date when the relevant sale and purchase contracts are entered into.
- (v) A conveyance of the right to use grave plots and niches for cremation urns is recognised as revenue from sales of the grave plots and niches for cremation urns when the Group has transferred to the customers the right to use the grave plots and niches for cremation urns upon the execution of a binding agreement.
- (vi) Sales of tomb sets are recognised when the tomb sets are delivered and title has been passed.
- (vii) Service and management fees are recognised when the services are rendered.
- (viii) Interest income is recognised on a time proportion basis, using the effective interest method, taking into account the principal amounts outstanding and the interest rates applicable.
- (ix) Dividend income is recognised when the right to receive payment is established.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 2 Summary of significant accounting policies (Continued)

#### (aa) Borrowing costs

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

#### (ab) Employee benefits

Contributions to defined contribution retirement schemes such as the Mandatory Provident Fund Scheme in Hong Kong and the respective government employee retirement benefit schemes are charged to the income statement in the financial period to which the contributions relate.

Employee entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick and maternity leaves are not recognised until the time of leaves.

Provisions for bonus entitlements are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Such bonuses are payable within twelve months from the balance sheet date.

#### (ac) Cash and cash equivalents

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

#### (ad) Translation of foreign currencies

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

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

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

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

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 2 Summary of significant accounting policies (Continued)

#### (ad) Translation of foreign currencies (*Continued*)

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

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

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

#### (ae) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors (the "Board") and the management that make strategic decisions.

#### (af) Dividend distribution

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

#### (ag) Financial guarantee liabilities

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

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

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



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 3 Financial risk management

#### (a) Financial risk factors

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

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

##### (i) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial assets (other than available-for-sale financial assets and financial assets at fair value through profit or loss) after deducting any impairment provision in the balance sheet. The Group's exposure to credit risk arising from debtors and prepayments is set out in Note 28.

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

The Group manages its deposits with banks and financial institutions by monitoring credit ratings and only places deposits to banks and financial institutions with no history of defaults. As at 31st March, 2012, the monies placed in Hong Kong listed banks and financial institutions and the PRC state-owned banks amounted to approximately HK\$1,487 million (2011: HK\$1,310 million) and HK\$393 million (2011: HK\$342 million, including restricted bank balance) respectively.

In respect of credit exposures to customers, the Group normally receives deposits or progress payments from customers prior to the completion of sale of property transactions. Customers are assessed and rated individually based on the credit quality by taking into account their financial position, credit history and other factors. Rentals in respect of investment properties are payable in advance by tenants in accordance with the lease agreements. It has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases. Loans and receivables are generally supported by the respective underlying assets. For customers of sales of goods transactions, the Group has purchased a credit insurance from Export Credit Insurance Corporation on certain overseas sales to compensate for losses from debts that are not collectible.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 3 Financial risk management (Continued)

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

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

In addition, the Group has other monitoring procedures to ensure that follow up action is taken to recover overdue debts. The Group reviews regularly the recoverable amount of each individual debtor to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk as the receivables consist of a large number of customers, and the customers are widely dispersed across diverse geographical areas.

In respect of the other debtors, amount due from a jointly controlled entity and loans and receivables, the Group monitors the recovery of the balances closely and ensures that adequate impairment has been made for the estimated irrecoverable amounts.

The Group has provided guarantees in respect of mortgage loans made by certain banks to certain purchasers of the Group's properties in the PRC. Since the Group is able to retain the purchasers' deposits and sell 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 42).

##### (ii) Liquidity risk

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

# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 3 Financial risk management (Continued)

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

#### (ii) Liquidity risk (Continued)

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

	Within one year HK\$'000	Second year HK\$'000	Third to fifth years HK\$'000	After five years HK\$'000	Total HK\$'000
<b>Group</b>					
<b>2012</b>					
Creditors and accruals	341,377	–	–	–	341,377
Sales deposits received	136,282	–	–	–	136,282
Bank borrowings	495,267	417,812	579,135	1,046,965	2,539,179
Convertible note	–	–	47,424	–	47,424
Loans from non-controlling interests	–	–	–	10,169	10,169
	972,926	417,812	626,559	1,057,134	3,074,431
<b>2011</b>					
Creditors and accruals	193,182	–	–	–	193,182
Sales deposits received	657,026	–	–	–	657,026
Bank borrowings	202,194	661,421	767,732	1,135,590	2,766,937
Loans from non-controlling interests	–	–	–	10,154	10,154
	1,052,402	661,421	767,732	1,145,744	3,627,299
<b>Company</b>					
<b>2012</b>					
Creditors and accruals	2,465	–	–	–	2,465
<b>2011</b>					
Creditors and accruals	2,285	–	–	–	2,285
Amount due to a subsidiary	304,494	–	–	–	304,494
	306,779	–	–	–	306,779

#### (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.



# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 3 Financial risk management (Continued)

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

#### (iii) Cash flow and fair value interest rate risk (Continued)

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

As at 31st March, 2012, if interest rates had been 0.5% higher/lower with all other variables held constant, the pre-tax result of the Group would have decreased/increased by approximately HK\$4,391,000 (2011: HK\$5,627,000).

#### (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, the PRC, Singapore, Malaysia, Vietnam and Mongolia. The Group has no significant foreign exchange risk due to limited foreign currency transactions other than the functional currencies of the respective entities.

#### (v) Price risk

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

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

	Impact on pre-tax result		Impact on investment revaluation reserve	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
5% change in market price	16,525	6,354	3,048	2,836

# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 3 Financial risk management (Continued)

### (b) Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings (including short-term and long-term bank borrowings as shown in the consolidated balance sheet) less cash and bank balances (including restricted bank balance) and financial assets at fair value through profit or loss. Total capital represents shareholders' funds as shown in the consolidated balance sheet. The gearing ratio at 31st March, 2012 is 1.8% (2011: 14.3%).

### (c) Fair value estimation

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

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

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

The Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 3 Financial risk management (Continued)

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31st March, 2012 and 2011.

	Level 1 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Group</b>			
<b>2012</b>			
<b>Assets</b>			
Available-for-sale financial assets			
– Listed securities	74,537	–	74,537
– Unlisted investments	–	18,447	18,447
	74,537	18,447	92,984
Financial assets at fair value through profit or loss			
– Listed securities	330,494	–	330,494
<b>Total assets</b>	<b>405,031</b>	<b>18,447</b>	<b>423,478</b>
<b>Liabilities</b>			
Derivative financial instruments	–	(3,500)	(3,500)
<b>2011</b>			
<b>Assets</b>			
Available-for-sale financial assets			
– Listed securities	69,633	–	69,633
– Unlisted investments	–	16,994	16,994
	69,633	16,994	86,627
Financial assets at fair value through profit or loss			
– Listed securities	127,080	–	127,080
<b>Total assets</b>	<b>196,713</b>	<b>16,994</b>	<b>213,707</b>
<b>Liabilities</b>			
Derivative financial instruments	–	(2,566)	(2,566)



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 3 Financial risk management (Continued)

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

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

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

Specific valuation techniques used to value financial instruments include:

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

# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 3 Financial risk management (Continued)

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

The following table presents the changes in level 3 instruments of the Group for the years ended 31st March, 2012 and 2011.

	Assets		Liabilities	
	Available- for-sale financial assets	Derivative financial instruments	Total	Derivative financial instruments
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Group</b>				
At 1st April, 2010	10,249	14,237	24,486	(1,442)
Additions	5,918	–	5,918	–
Disposals	(1,873)	–	(1,873)	–
Change in fair value recognised in the income statement	–	(13,700)	(13,700)	–
Change in fair value recognised in other comprehensive income	2,700	–	2,700	–
Conversion of convertible note	–	(3,481)	(3,481)	–
Share of convertible note equity reserve of an associated company	–	1,820	1,820	–
Reclassification	–	1,124	1,124	(1,124)
At 31st March, 2011	16,994	–	16,994	(2,566)
Elimination upon purchase of a subsidiary	–	–	–	2,566
Additions	3,674	–	3,674	–
Disposals	(221)	–	(221)	–
Change in fair value recognised in the income statement	–	–	–	(3,500)
Change in fair value recognised in other comprehensive income	(2,000)	–	(2,000)	–
<b>At 31st March, 2012</b>	<b>18,447</b>	<b>–</b>	<b>18,447</b>	<b>(3,500)</b>
<b>Total loss for the year in the income statement for instruments held as at the balance sheet date</b>				
<b>2012</b>				
Fair value loss	–	–	–	<b>3,500</b>
<b>2011</b>				
Fair value loss	–	13,700	13,700	–

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 3 Financial risk management (Continued)

#### (d) Financial instruments by category

Group

2012

	Loans and receivables HK\$'000	Assets at fair value through profit and loss HK\$'000	Available- for-sale HK\$'000	Total HK\$'000
<b>Assets as per balance sheet</b>				
Amount due from a jointly controlled entity	58,685	–	–	58,685
Available-for-sale financial assets	–	–	92,984	92,984
Loans and receivables	14,408	–	–	14,408
Debtors and prepayments excluding prepayments	565,393	–	–	565,393
Financial assets at fair value through profit or loss	–	330,494	–	330,494
Cash and bank balances	1,890,245	–	–	1,890,245
<b>Total</b>	<b>2,528,731</b>	<b>330,494</b>	<b>92,984</b>	<b>2,952,209</b>

	Liabilities at fair value through profit and loss HK\$'000	Other financial liabilities at amortised cost HK\$'000	Total HK\$'000
<b>Liabilities as per balance sheet</b>			
Creditors and accruals excluding accrued expenses	–	306,570	306,570
Sales deposits received	–	136,282	136,282
Derivative financial instruments	3,500	–	3,500
Bank borrowings	–	2,335,734	2,335,734
Convertible note	–	46,343	46,343
Loans from non-controlling interests	–	10,169	10,169
	<b>3,500</b>	<b>2,835,098</b>	<b>2,838,598</b>



# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 3 Financial risk management (Continued)

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

Group (Continued)

2011

	Loans and receivables HK\$'000	Assets at fair value through profit and loss HK\$'000	Available- for-sale HK\$'000	Total HK\$'000
Assets as per balance sheet				
Amount due from a jointly controlled entity	56,287	–	–	56,287
Available-for-sale financial assets	–	–	86,627	86,627
Loans and receivables	68,865	–	–	68,865
Debtors and prepayments excluding prepayments	953,317	–	–	953,317
Financial assets at fair value through profit or loss	–	127,080	–	127,080
Restricted bank balance	125,004	–	–	125,004
Cash and bank balances	1,536,803	–	–	1,536,803
<b>Total</b>	<b>2,740,276</b>	<b>127,080</b>	<b>86,627</b>	<b>2,953,983</b>

	Liabilities at fair value through profit and loss HK\$'000	Other financial liabilities at amortised cost HK\$'000	Total HK\$'000
Liabilities as per balance sheet			
Creditors and accruals excluding accrued expenses	–	178,746	178,746
Sales deposits received	–	657,026	657,026
Derivative financial instruments	2,566	–	2,566
Bank borrowings	–	2,562,615	2,562,615
Loans from non-controlling interests	–	10,154	10,154
	<b>2,566</b>	<b>3,408,541</b>	<b>3,411,107</b>

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 3 Financial risk management (Continued)

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

##### Company

	<b>Loans and receivables</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Assets as per balance sheet</b>		
Loans to subsidiaries	<b>56,225</b>	236,225
Debtors and prepayments excluding prepayments	<b>1,084</b>	809
Amounts due from subsidiaries	<b>549,172</b>	349,729
Cash and bank balances	<b>886,319</b>	1,272,851
<b>Total</b>	<b>1,492,800</b>	1,859,614
	<b>Financial liabilities at amortised cost</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Liabilities as per balance sheet</b>		
Creditors and accruals excluding accrued expenses	<b>2,465</b>	2,285
Amount due to a subsidiary	<b>–</b>	304,494
<b>Total</b>	<b>2,465</b>	306,779

### 4 Critical accounting estimates and judgments

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

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

The valuation of investment properties is mainly performed in accordance with the "The HKIS Valuation Standards on Properties (First Edition 2005)" published by the Hong Kong Institute of Surveyors and other international valuation standards. 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;

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

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

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

- (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 capitalisation rates that reflect current market assessments of the uncertainty in the amount and timing of the rental income; and
- (iv) estimated costs to completion for investment properties under construction with reference to past experience and committed contracts as well as allowances for contingencies.

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

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

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

#### (b) Fair values of derivative financial instruments

The fair values of derivative financial instruments that are not traded in active markets are determined by using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the fair values of derivative financial instruments. Details of the carrying amounts of the derivative financial instruments are disclosed in note 34.



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

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

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

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

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

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. Details of the carrying amounts of the available-for-sale financial assets are disclosed in note 24.

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

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

#### (f) Impairment of cemetery assets

The Group assesses the carrying amount of cemetery assets according to its estimated recoverable amount. The estimated recoverable amount is based on the valuation reports from independent valuers, in which the reports are prepared according to the cash flow projection from the management. Provision for impairment is made when events or changes in circumstances indicate that the carrying amount may not be realised. The assessment requires the use of judgment and estimates.

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

The Group assesses the carrying amounts of property, plant and equipment with their recoverable amounts, which are the higher of the net realisable 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. Provision for impairment is made when events or changes in circumstances indicate that the carrying amount may not be realised. The assessment requires the use of judgment and estimates.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

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

#### (h) Impairment of receivables

The Group assesses the carrying amounts 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.

#### (i) Impairment of inventories

The Group assesses the carrying amounts 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.

#### (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 recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these estimates is different from the amounts that are initially recorded, such differences will impact the current and deferred taxation in the financial period in which such determination is made.

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

Borrowing costs directly attributable to the construction of properties under development, and amortisation of leasehold land and land use rights of properties not for sale, are capitalised from the date that expenditure is incurred and development activities on the qualifying asset commence. As part of this assessment, judgment is required in determining the unit of account in circumstances where development will be performed in phases. Management assesses the date from which capitalisation of borrowing costs and amortisation of leasehold land and land use rights should commence on a project-by-project basis. Key indicators used by the management to identify a standalone development include that all properties in the development are:

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

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 5 Revenues

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

	2012 HK\$'000	2011 HK\$'000
Sales of properties	1,780,436	156,622
Rental income and management fees	143,217	137,110
Interest income from loans and receivables for property financing	244	7,578
Sales of goods	310,506	78,074
Securities trading	(37,866)	2,939
Interest income from financial assets at fair value through profit or loss	1,500	447
Dividend income from listed investments	2,497	15
Revenue from sales of grave plots and niches for cremation urns	6,321	–
Sales of tomb sets	273	–
	2,207,128	382,785

Sales of properties for the year ended 31st March, 2012 include sales of properties under development and land use rights for sale in the PRC of HK\$818.9 million (2011: Nil).

### 6 Segment information

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

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

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



# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 6 Segment information (Continued)

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

The segment information by business lines is as follows:

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Securities investment and trading HK\$'000	Cemetery HK\$'000	Others and corporate HK\$'000	2012 Total HK\$'000
Revenues	1,923,897	310,506	(33,869)	6,594	–	2,207,128
Other income and net gain	13,374	10,940	–	18	172,654	196,986
Operating profit/(loss)	1,424,961	(40,320)	(33,869)	(15,129)	(1,455)	1,334,188
Finance costs	(45,740)	(342)	–	–	(8,549)	(54,631)
Share of results of associated companies	274	(6,928)	–	–	3,487	(3,167)
Share of result of a jointly controlled entity	(35)	–	–	–	–	(35)
Profit/(loss) before taxation	1,379,460	(47,590)	(33,869)	(15,129)	(6,517)	1,276,355
Taxation (charge)/credit	(226,542)	2,151	–	2,818	3	(221,570)
Profit/(loss) for the year	1,152,918	(45,439)	(33,869)	(12,311)	(6,514)	1,054,785
Segment assets	8,023,607	496,917	330,494	666,116	1,668,600	11,185,734
Associated companies	2,699	–	–	–	7,970	10,669
Jointly controlled entity	–	–	–	–	–	–
Amount due from a jointly controlled entity	58,685	–	–	–	–	58,685
Total assets	8,084,991	496,917	330,494	666,116	1,676,570	11,255,088
Total liabilities	3,119,149	111,733	3,500	22,153	279,836	3,536,371
Other segment items are as follows:						
Capital expenditure	610,897	9,144	–	252	9,613	629,906
Depreciation	4,444	21,063	–	492	9,833	35,832
Amortisation of leasehold land and land use rights						
– charged to income statement	193	2,775	–	54	–	3,022
– capitalised into properties	4,000	–	–	–	–	4,000
Amortisation of cemetery assets	–	–	–	8,212	–	8,212
Write off of trade and other debtors	967	1,669	–	–	–	2,636
Impairment of property, plant and equipment	–	2,623	–	–	–	2,623
Impairment of inventories	–	1,119	–	–	–	1,119
Impairment of other deposits	34,955	–	–	–	–	34,955

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 6 Segment information (Continued)

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

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

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 6 Segment information (Continued)

#### (b) Geographical segment information

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

	Revenues		Capital expenditure	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Hong Kong	425,700	139,805	208,947	402,254
The PRC	1,484,554	158,163	383,245	316,160
The United States of America	75,585	–	–	–
The United Kingdom	40,543	–	–	–
Other countries	180,746	84,817	37,714	10,064
	2,207,128	382,785	629,906	728,478

	Non-current assets (Note)		Total assets	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Hong Kong	4,638,633	4,363,251	6,974,598	6,644,683
The PRC	1,147,743	207,000	3,596,739	2,784,274
The United States of America	–	–	–	–
The United Kingdom	–	–	–	–
Other countries	478,318	476,761	683,751	669,261
	6,264,694	5,047,012	11,255,088	10,098,218

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



# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 7 Other income and net gain

	2012 HK\$'000	2011 HK\$'000
Interest income from		
Bank deposits	26,308	4,119
Loans and receivables	740	5,017
Dividend income from available-for-sale financial assets	1,954	–
Negative goodwill arising from the purchase of a subsidiary	290,570	–
Loss on remeasurement of previously held equity interest in an associated company	(135,560)	–
Sale of scraped material	3,144	413
Gain on disposal of available-for-sale financial assets	237	499
Compensation for late delivery of land use right	2,923	–
Net compensation from governments for the resumption of assets	–	32,390
Forfeited deposits from sales of properties	1,472	–
Recovery of trade debtor written off	–	1,712
Net (loss)/gain on disposal of property, plant and equipment	(161)	2,130
Net exchange losses	(5,043)	(1,233)
Sundries	10,402	4,760
	<b>196,986</b>	<b>49,807</b>

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 8 Operating profit

	2012 HK\$'000	2011 HK\$'000
Operating profit is stated after crediting:		
Gross rental income from investment properties	126,610	116,717
Net realised gains of financial assets at fair value through profit or loss	22,825	8,944
and after charging:		
Cost of properties sold	844,440	121,805
Cost of inventories sold	238,281	57,065
Depreciation	35,832	11,169
Amortisation of leasehold land and land use rights	3,022	525
Amortisation of cemetery assets	8,212	–
Write off of trade and other debtors	2,636	852
Impairment of property, plant and equipment	2,623	–
Impairment of inventories	1,119	–
Impairment of other deposits	34,955	–
Fair value loss of financial assets at fair value through profit or loss	57,191	6,005
Fair value loss on derivative financial instruments	3,500	13,700
Staff costs, including Directors' emoluments		
Wages and salaries	168,247	85,835
Retirement benefit costs (note 9)	4,862	3,651
Operating lease rental on land and buildings	16,502	14,102
Outgoings in respect of investment properties	43,066	39,404
Auditors' remuneration		
Audit and audit related services	4,767	2,409
Non-audit services	2,118	920

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 9 Employee retirement benefits

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

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

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

### 10 Finance costs

	2012 HK\$'000	2011 HK\$'000
Interest expenses		
Bank borrowings wholly repayable within five years	23,926	29,095
Bank borrowings wholly repayable after five years	28,904	23,546
Bank overdraft wholly repayable within five years	342	513
Convertible note wholly repayable within five years	4,660	–
	57,832	53,154
Amount capitalised into		
Properties for/under development	(1,414)	(743)
Properties for sale	(1,787)	(5,639)
	54,631	46,772

The above analysis shows the finance costs in accordance with the agreed scheduled repayment dates set out in the agreements, except that those from bank borrowings which contain a repayment on demand clause are included in the “bank borrowings wholly repayable within five years” band regardless of the probability of the banks choosing to exercise their rights.

The capitalisation rates applied to funds borrowed for the development of properties range from 1.50% to 5.85% (2011: 1.30% to 5.85%) per annum.



# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 11 Directors' and five highest paid individuals' emoluments

### (a) Directors' emoluments

Name of Director	Fees HK\$'000	Salaries and bonuses HK\$'000	Other benefits HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>2012</b>					
Mr. Alan Chuang Shaw Swee	30	2,440	2,400	288	5,158
Mrs. Alice Siu Chuang Siu Suen	20	600	–	45	665
Mr. Ko Sheung Chi	20	2,064	696	12	2,792
Mr. Albert Chuang Ka Pun	20	–	–	–	20
Miss Candy Chuang Ka Wai <sup>1</sup>	20	1,200	–	12	1,232
Mr. Lui Lop Kay	20	1,500	–	112	1,632
Mr. Wong Chung Wai	20	1,674	–	12	1,706
Dr. Peter Po Fun Chan	100	–	–	–	100
Mr. Abraham Shek Lai Him	100	–	–	–	100
Mr. Fong Shing Kwong	100	–	–	–	100
	<b>450</b>	<b>9,478</b>	<b>3,096</b>	<b>481</b>	<b>13,505</b>
<b>2011</b>					
Mr. Alan Chuang Shaw Swee	30	1,600	2,400	225	4,255
Mrs. Alice Siu Chuang Siu Suen	20	600	–	45	665
Mr. Ko Sheung Chi	20	2,099	696	12	2,827
Mr. Albert Chuang Ka Pun	20	960	–	12	992
Mr. Lui Lop Kay	20	1,620	–	108	1,748
Mr. Wong Chung Wai	20	1,620	–	12	1,652
Dr. Peter Po Fun Chan	100	–	–	–	100
Mr. Abraham Shek Lai Him	100	–	–	–	100
Mr. Fong Shing Kwong	100	–	–	–	100
	<b>430</b>	<b>8,499</b>	<b>3,096</b>	<b>414</b>	<b>12,439</b>

<sup>1</sup> Appointed on 31st August, 2011

The emoluments paid to the Independent Non-Executive Directors amounted to HK\$300,000 (2011: HK\$300,000).

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 11 Directors' and five highest paid individuals' emoluments (Continued)

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

The five highest paid individuals in the Group include four (2011: four) Directors. Details of the emolument paid to the one (2011: one) individual, whose emolument was one of the five highest in the Group and who is not Director, is set out below:

	2012 HK\$'000	2011 HK\$'000
Salaries, bonuses and other benefits	1,940	1,944
Retirement scheme contributions	144	133
	2,084	2,077

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

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

### 12 Taxation

	2012 HK\$'000	2011 HK\$'000
Current taxation		
Hong Kong profits tax	6,000	55,000
Overseas profits tax	93	(83)
PRC corporate income tax	107,170	(5,493)
PRC land appreciation tax	129,972	8,198
Deferred taxation (note 39)	(21,665)	7,040
	221,570	64,662

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates. PRC land appreciation tax is levied at the progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures.

Share of taxation charge of associated companies for the year ended 31st March, 2012 amounting to HK\$282,000 (2011: HK\$422,000) is included in the income statement as share of results of associated companies. There is no taxation charge of the jointly controlled entity for the year ended 31st March, 2012 (2011: Nil).

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 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:

	2012 HK\$'000	2011 HK\$'000
Profit before taxation	1,276,355	860,255
Share of results of associated companies	3,167	30,814
Share of result of a jointly controlled entity	35	214
	<b>1,279,557</b>	891,283
Tax charge at the rate of 16.5% (2011: 16.5%)	211,127	147,062
Effect of different taxation rates in other countries	(31,656)	(2,269)
Income not subject to taxation	(153,987)	(73,500)
Expenses not deductible for taxation purposes	52,636	12,186
PRC land appreciation tax deductible for taxation purposes	(8,333)	(1,353)
Utilisation of previously unrecognised tax losses	(13,028)	(42,829)
Other temporary difference and tax losses not recognised	34,839	21,722
Write back of deferred taxation in previous years and others	–	(4,555)
	<b>91,598</b>	56,464
PRC land appreciation tax	129,972	8,198
Taxation	<b>221,570</b>	64,662

### 13 Profit attributable to equity holders

Profit attributable to equity holders includes HK\$8,297,000 (2011: HK\$8,047,000) which is dealt with in the financial statements of the Company.



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 14 Dividends

	2012 HK\$'000	2011 HK\$'000
Interim scrip dividend with a cash option of 2.0 HK cents (2011: 1.8 HK cents) per share	<b>31,597</b>	28,008
Proposed final scrip dividend with a cash option of 3.5 HK cents (2011: 3.2 HK cents) per share	<b>55,750</b>	50,460
	<b>87,347</b>	78,468

On 28th June, 2012, the Board proposed a final scrip dividend with a cash option of 3.5 HK cents (2011: 3.2 HK cents) per share amounting to HK\$55,750,000 (2011: HK\$50,460,000). The amount of HK\$55,750,000 is calculated based on 1,592,844,917 issued shares as at 28th June, 2012. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected and accounted for as an appropriation of reserves in the year ending 31st March, 2013 upon the approval by the shareholders.

### 15 Earnings per share

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$901,313,000 (2011: HK\$789,686,000) and the weighted average number of 1,579,186,093 (2011: 1,542,241,876) shares in issue during the year.

The dilutive earnings per share are equal to the basic earnings per share since there are no diluted potential shares in issue during the years and the convertible notes issued by a subsidiary are anti-dilutive.

# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 16 Property, plant and equipment

### Group

	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Other assets HK\$'000	Total HK\$'000
<b>Cost</b>					
At 1st April, 2010	71,321	31,455	48,454	47,996	199,226
Changes in exchange rates	5,384	1,553	1,426	805	9,168
Additions	1,876	295	4,423	16,031	22,625
Transfer to properties for sale	(11,532)	–	–	–	(11,532)
Disposals	–	(15,832)	(1,442)	(6,560)	(23,834)
At 31st March, 2011	67,049	17,471	52,861	58,272	195,653
Changes in exchange rates	4,643	12	164	320	5,139
Additions	–	7,554	2,227	11,753	21,534
Transfer from debtors and prepayments	–	–	–	68,884	68,884
Purchase of a subsidiary	125,783	344,837	47,314	5,821	523,755
Disposals	–	(4,110)	(5,318)	(5,363)	(14,791)
Impairment	–	(4,339)	(3,012)	(1,086)	(8,437)
<b>At 31st March, 2012</b>	<b>197,475</b>	<b>361,425</b>	<b>94,236</b>	<b>138,601</b>	<b>791,737</b>
<b>Accumulated depreciation and impairment</b>					
At 1st April, 2010	17,225	30,077	32,651	36,508	116,461
Changes in exchange rates	1,661	1,531	855	596	4,643
Charge for the year	1,493	414	4,550	4,712	11,169
Transfer to properties for sale	(1,824)	–	–	–	(1,824)
Disposals	–	(15,700)	(1,389)	(6,016)	(23,105)
At 31st March, 2011	18,555	16,322	36,667	35,800	107,344
Changes in exchange rates	86	11	130	214	441
Charge for the year	7,078	11,660	6,384	10,710	35,832
Purchase of a subsidiary	23,575	273,658	41,226	4,878	343,337
Disposals	–	(3,558)	(4,415)	(4,850)	(12,823)
Impairment	–	(3,656)	(1,173)	(985)	(5,814)
<b>At 31st March, 2012</b>	<b>49,294</b>	<b>294,437</b>	<b>78,819</b>	<b>45,767</b>	<b>468,317</b>
<b>Net book value</b>					
<b>At 31st March, 2012</b>	<b>148,181</b>	<b>66,988</b>	<b>15,417</b>	<b>92,834</b>	<b>323,420</b>
At 31st March, 2011	48,494	1,149	16,194	22,472	88,309

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 16 Property, plant and equipment (Continued)

#### Company

	<b>Other assets</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
<b>Cost</b>		
At the beginning and end of the year	<b>532</b>	532
<b>Accumulated depreciation</b>		
At the beginning of the year	<b>446</b>	372
Charge for the year	<b>44</b>	74
At the end of the year	<b>490</b>	446
<b>Net book value</b>		
At the end of the year	<b>42</b>	86

- (a) Other assets comprise computer equipment, motor vehicles and yacht.
- (b) Buildings of the Group with net book value of HK\$23,264,000 (2011: Nil) have been pledged as securities for the borrowing facilities granted to the Group (note 37).
- (c) Buildings of the Group are situated on land with the following lease terms:

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Outside Hong Kong		
Long-term leases	<b>21,041</b>	20,771
Medium-term leases	<b>127,140</b>	27,723
	<b>148,181</b>	48,494

- (d) Depreciation of the Group of HK\$15,730,000 (2011: HK\$1,612,000), HK\$23,000 (2011: HK\$6,000) and HK\$20,079,000 (2011: HK\$9,551,000) have been included in cost of sales, selling and marketing expenses, and administrative and other operating expenses, respectively.
- (e) In view of the respective performance of the sale of goods and services segment, management assessed the impairment on the respective property, plant and equipment and impairment of HK\$2,623,000 (2011: Nil) was recorded. The recoverable amounts were determined based on the cash flow projections from the management, taking into account the estimated useful lives of the respective property, plant and equipment.

# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 17 Investment properties

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
At the beginning of the year	<b>4,265,957</b>	4,315,360
Changes in exchange rates	<b>(2,497)</b>	29,277
Additions	<b>51,489</b>	124,668
Transfer from properties for sale	–	10,631
Disposals	–	(685,000)
Change in fair value	<b>515,726</b>	488,181
	<b>4,830,675</b>	4,283,117
Reclassified as investment property held for sale (note d)	–	(17,160)
At the end of the year	<b>4,830,675</b>	4,265,957

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

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
In Hong Kong		
Long-term leases	<b>971,690</b>	843,574
Medium-term leases	<b>3,402,680</b>	2,996,260
	<b>4,374,370</b>	3,839,834
Outside Hong Kong		
Freehold	<b>380,445</b>	372,983
Long-term leases	<b>75,860</b>	70,300
	<b>456,305</b>	443,283
	<b>4,830,675</b>	4,283,117

- (b) Investment properties in Hong Kong, Malaysia and the PRC were revalued at 31st March, 2012 on an open market value basis by Vigers Appraisal And Consulting Limited, VPC Alliance (KL) Sendirian Berhad and DTZ Debenham Tie Leung Limited, independent professional property valuers, respectively.
- (c) Investment properties with net book value of HK\$4,703,845,000 (2011: HK\$4,173,643,000) have been pledged as securities for the borrowing facilities granted to the Group (note 37).
- (d) On 9th March, 2011, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with an independent third party to dispose of an investment property in Hong Kong at the consideration of approximately HK\$56,291,000. The transaction was completed on 11th April, 2011, and a net gain of approximately HK\$38,160,000 was recorded in the year.



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 18 Leasehold land and land use rights

	Group	
	2012	2011
	HK\$'000	HK\$'000
At the beginning of the year	13,748	12,979
Changes in exchange rates	823	1,316
Purchase of a subsidiary	74,446	–
Transfer to properties for/under development	(2,359)	–
Amortisation	(3,022)	(525)
Disposals	(102)	(22)
At the end of the year	83,534	13,748

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

	2012	2011
	HK\$'000	HK\$'000
Long-term leases	1,694	4,095
Medium-term leases	81,840	9,653
	83,534	13,748

- (b) The interests in leasehold land and land use rights represent prepaid operating lease payments, and leasehold land and land use rights of HK\$1,694,000 (2011: Nil) have been pledged as securities for the borrowing facilities granted to the Group (note 37).
- (c) Amounts of HK\$220,000 (2011: HK\$149,000) and HK\$2,802,000 (2011: HK\$376,000) of amortisation charged to income statement from leasehold land and land use rights have been included in cost of sales and administrative and other operating expenses, respectively.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 19 Properties for/under development

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
At the beginning of the year	<b>404,402</b>	70,521
Changes in exchange rates	<b>3,832</b>	1,433
Additions	<b>128,609</b>	352,359
Interest expenses capitalised	<b>1,414</b>	743
Transfer from leasehold land and land use rights	<b>2,359</b>	–
Transfer from properties for sale	<b>149,903</b>	2,721
Transfer to properties for sale	<b>(269,017)</b>	(23,375)
At the end of the year	<b>421,502</b>	404,402

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

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
In Hong Kong		
Long-term leases	<b>98,746</b>	241,402
Outside Hong Kong		
Freehold	–	37,551
Long-term leases	<b>171,376</b>	19,410
Medium-term leases	<b>116,489</b>	106,039
Short-term leases	<b>34,891</b>	–
	<b>322,756</b>	163,000
	<b>421,502</b>	404,402

- (b) As at 31st March, 2011, properties for/under development of HK\$168,687,000 had been pledged as securities for the borrowing facilities granted to the Group (note 37).
- (c) During the year, amortisation of leasehold land and land use rights classified under properties for/under development of HK\$4,000,000 (2011: HK\$1,666,000) was capitalised therein.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 20 Cemetery assets

	Group 2012 HK\$'000	2011 HK\$'000
<b>Cost</b>		
At the beginning of the year	–	–
Purchase of a subsidiary	567,066	–
Changes in exchange rates	17,596	–
At the end of the year	584,662	–
<b>Accumulated amortisation</b>		
At the beginning of the year	–	–
Purchase of a subsidiary	39,616	–
Charge for the year	8,212	–
Changes in exchange rates	625	–
At the end of the year	48,453	–
<b>Net book value</b>		
At the end of the year	536,209	–

- (a) Cemetery assets represent premium on prepaid land use rights for cemetery, for which development had not yet commenced, and cemetery brand name in Zhaoqing, Guangdong, the PRC. As at 31st March, 2012, the Group has not obtained the land use rights certificates and the Group will apply for the land use rights certificates when it commences the development.
- (b) Amortisation from cemetery assets has been included in administrative and other operating expenses.
- (c) In view of the respective performance of the cemetery segment, management performed impairment exercise on the cemetery assets as at 31st March, 2012. The carrying amount of the cemetery assets is assessed with its estimated recoverable amount. The management has engaged independent valuers to measure the recoverable amount of the cemetery assets. A discounted cash flow method has been adopted to estimate the value-in-use of the cemetery assets. The cash flow projections are based on the financial budgets approved by the management, whereas estimates and assumptions with judgment are made, together with the discount rate which is determined based on the weighted average cost of capital of the cemetery operation. The cash flow projections cover a 10-year period, and future cash flows beyond the 10-year period for another 30 years are extrapolated using a steady growth rate with a range of 4% to 25% depending on the types of products. Based on the values assessed by the independent valuers, the management determined that there is no impairment on the cemetery assets as at 31st March, 2012.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 21 Subsidiaries

	<b>Company</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Unlisted investments, at cost	<b>888,708</b>	888,708

Particulars of principal subsidiaries which, in the opinion of the Directors, materially affect the results or net assets of the Group are set out in note 46 to the financial statements.

### 22 Associated companies

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Share of net assets	<b>10,669</b>	218,309
Investments, at cost, net		
Listed shares in Hong Kong	–	205,907
Unlisted shares	<b>2,479</b>	2,479
	<b>2,479</b>	208,386
Market value of listed shares in Hong Kong	–	84,180

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

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
At the beginning of the year	<b>218,309</b>	241,269
Share of loss before taxation	<b>(2,885)</b>	(29,203)
Share of taxation	<b>(282)</b>	(422)
Negative goodwill from conversion of convertible note	–	3,472
Deemed loss on dilution of interests in an associated company	–	(4,661)
	<b>(3,167)</b>	(30,814)
Additions from conversion of convertible note	–	9,380
Share of reserves	<b>(19)</b>	344
Share of convertible note equity reserve of an associated company	–	(1,820)
Deemed disposal of an associated company	<b>(202,454)</b>	–
Dividend income received	<b>(2,000)</b>	(50)
At the end of the year	<b>10,669</b>	218,309



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 22 Associated companies (Continued)

Particulars of the associated companies are set out in note 47 to the financial statements.

In 2011, share of results of associated companies in the income statement included a negative goodwill HK\$3,472,000 arising from the conversion of convertible note of Midas International Holdings Limited ("Midas"), a listed associated company of the Group at that time, and a deemed loss on dilution of interests in Midas of HK\$4,661,000 as a result of the issue of shares by Midas to a third party noteholder. Accordingly, the interest of the Group in Midas was changed to 44.6% as at 31st March, 2011.

The Group's share of the revenues and results of its associated companies for the year (for Midas, up to the day just before it ceased to be an associated company of the Group), and their aggregate assets (including goodwill) and liabilities as at 31st March, 2012 (excluding Midas as it ceased to be an associated company of the Group) and 2011, are as follows:

	2012 HK\$'000	2011 HK\$'000
Revenues	44,064	144,397
Loss for the year	(3,167)	(29,625)
Assets	23,967	424,347
Liabilities	(13,298)	(206,038)
Net assets	10,669	218,309

In May 2011, the Group entered into an agreement with Midas in relation to the rights issue of Midas on the basis of one rights share for every one existing share at the subscription price of HK\$0.1 per share (the "Rights Issue"). The Group had undertaken to subscribe in full for its entitlement under the Rights Issue, and had underwritten the balance of the Rights Issue. The Rights Issue was completed on 20th July, 2011 and as a result of the underwriting arrangement, the Group took up additional shares of Midas and the Group's interest in Midas was increased from 44.6% as at 31st March, 2011 to 60.8%, making Midas a subsidiary of the Group (note 43).

The Group recognised a net loss on remeasurement of previously held equity interest in Midas as an associated company of HK\$126.1 million, in which a loss of HK\$135.6 million was included in other income and net gain in the Group's income statement for the year ended 31st March, 2012, and a gain of HK\$9.5 million arising from the realisation of the convertible note equity reserve was transferred directly to the retained profits of the Group. The fair value of the equity interest in Midas, a listed company, was calculated based on the market price of its listed share as at the acquisition date.

In June 2007, the Group subscribed for a 1.5% convertible note due 2011 of Midas in the principal amount of HK\$49.5 million. There was no conversion of the convertible note into new shares of Midas during the year (2011: Nil). The remaining principal amount of the outstanding convertible note of approximately HK\$16.7 million had been fully redeemed at par by the Group on its maturity date during the year.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 22 Associated companies (Continued)

In August 2009, the Group subscribed for another 1% convertible note due 2014 of Midas in the principal sum of HK\$60 million. In 2011, the Group converted part of the convertible note into 35 million new shares of Midas. There was no conversion of the convertible note into new shares of Midas during the year. The remaining principal amount of the outstanding convertible note was approximately HK\$51.3 million as at 31st March, 2012.

As at 31st March, 2011 and up to the day just before Midas ceased to be an associated company of the Group, both convertible notes were recorded as loans and receivables (note 25) and derivative financial instruments (note 34), and the Group had equity accounted for the reserve movements of Midas which included a share of the equity element of both convertible notes as shown in the equity of the financial statements of Midas. As a consequence, the Group had net off such share of the equity element of both convertible notes against the values of the respective derivative financial instruments of the convertible notes.

Since Midas became a subsidiary of the Group, as at 31st March, 2012, the respective loans and receivables and derivative financial instruments of the 1% convertible note due 2014 recorded by the Group were eliminated with the respective portions of such convertible note recorded by Midas upon the consolidation of Midas' financial statements.

### 23 Joint ventures

#### (a) Investment in jointly controlled assets

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

For the year ended 31st March, 2012, the Chuang's China Group's interest in the jointly controlled assets was 51% (2011: 51%). The Chuang's China Group's share of the net loss of the jointly controlled assets for the year amounted to HK\$72,000 (2011: HK\$52,000) and the net assets of the jointly controlled assets as at 31st March, 2012 amounted to HK\$149,475,000 (2011: HK\$142,445,000).

As at 31st March, 2012, the Chuang's China Group had made an advance to the joint venture partner amounting to HK\$12,397,000 (2011: HK\$11,934,000) (note 25(b)). The proportionate interest of the Chuang's China Group in the jointly controlled assets' commitment was HK\$2,904,000 (2011: HK\$2,889,000).

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 23 Joint ventures (Continued)

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

In 2010, the Group set up a jointly controlled entity in Hong Kong with a third party. Particulars of the jointly controlled entity are set out below:

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2012	2011	
Ample Excellent Limited	Hong Kong	2 shares of HK\$1 each	50.0	50.0	Property development and investment

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

	Group	
	2012	2011
	HK\$'000	HK\$'000
Revenue	–	–
Loss for the year	(35)	(214)
Assets	176,172	173,322
Liabilities	(176,438)	(173,553)
Net liabilities	(266)	(231)

As at 31st March, 2012, the Group had made an advance to the jointly controlled entity amounting to HK\$58,951,000 (2011: HK\$56,518,000) (note 23(c)). During the year, a loss of HK\$35,000 (2011: HK\$214,000) was shared from the jointly controlled entity and the accumulated losses shared were setoff against the advance made by the Group to it. The proportionate interest of the Group in the jointly controlled entity's commitment was HK\$4,840,000 (2011: HK\$2,834,000).

As at 31st March, 2012, the Company had provided a guarantee of HK\$117,000,000 (2011: HK\$117,000,000) for the banking facility granted to the jointly controlled entity (note 42).

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

Amount due from a jointly controlled entity is the advance to the jointly controlled entity for the acquisition of leasehold land and land use rights in Hong Kong, and the financing of the property development (note 23(b)). It is unsecured, interest free and not receivable within the next twelve months from the balance sheet date. The advance will be repaid from the Group's share of the net proceeds upon the sale of properties.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 24 Available-for-sale financial assets

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Listed securities in Hong Kong, at market value	<b>74,537</b>	69,633
Unlisted investments, at fair value	<b>18,447</b>	16,994
	<b>92,984</b>	86,627

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

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
At the beginning of the year	<b>86,627</b>	74,978
Additions	<b>3,674</b>	5,918
Disposals	<b>(221)</b>	(1,873)
Change in fair value recognised in other comprehensive income	<b>2,904</b>	7,604
At the end of the year	<b>92,984</b>	86,627

(b) The listed securities in Hong Kong are denominated in Hong Kong dollar, whereas the unlisted investments are denominated in United States dollar. The unlisted investments represent the Group's interest in an investment fund established and managed by an investment bank for investments in various long-term projects.

### 25 Loans and receivables

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Mortgage loans (note a)	<b>2,011</b>	364,006
Convertible notes of an associated company (note 22)	<b>–</b>	53,229
Advance to the joint venture partner (note b)	<b>12,397</b>	11,934
	<b>14,408</b>	429,169
Current portions included in debtors and prepayments (note 28)		
Mortgage loans (note a)	<b>–</b>	(360,304)
	<b>14,408</b>	68,865

(a) Mortgage loans are provided to purchasers of the Group's properties in Hong Kong and other independent third parties in Hong Kong at the prevailing market rates. Please also refer to note 28 for the subsequent settlement for the 2011 balance.

(b) Advance to the joint venture partner by the Chuang's China Group is provided for financing the property development in Chengdu, the PRC (note 23(a)) and carries interest at prevailing lending rate quoted by the People's Bank of China. According to the agreement, the advance and interests accrued thereon will be repaid from the joint venture partner's share of net proceeds upon the sale of properties.



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 26 Properties for sale

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Completed properties	<b>459,653</b>	506,746
Leasehold land and land use rights for sale	<b>4,974</b>	44,141
Properties under development	<b>1,384,457</b>	1,501,961
	<b>1,849,084</b>	2,052,848

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

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
At the beginning of the year	<b>1,501,961</b>	1,363,249
Changes in exchange rates	<b>25,014</b>	24,813
Property development expenditure	<b>423,694</b>	208,124
Interest expenses capitalised	<b>1,787</b>	5,639
Disposals	<b>(190,463)</b>	–
Transfer from properties for/under development	<b>269,017</b>	23,375
Transfer to properties for/under development	<b>(149,903)</b>	(2,721)
Transfer to completed properties	<b>(496,650)</b>	(109,887)
Transfer to investment properties	<b>–</b>	(10,631)
At the end of the year	<b>1,384,457</b>	1,501,961

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

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
In Hong Kong		
Long-term leases	<b>223,958</b>	–
Medium-term leases	<b>47,501</b>	155,678
	<b>271,459</b>	155,678
Outside Hong Kong		
Freehold	<b>45,059</b>	–
Long-term leases	<b>1,491,450</b>	1,857,587
Medium-term leases	<b>41,116</b>	39,583
	<b>1,577,625</b>	1,897,170
	<b>1,849,084</b>	2,052,848

- (c) Properties for sale amounting to HK\$200,581,000 (2011: HK\$526,872,000) have been pledged as securities for the borrowing facilities granted to the Group (note 37).

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 27 Inventories and cemetery assets for sale

	Group 2012 HK\$'000	2011 HK\$'000
Inventories		
Raw materials	30,382	1,416
Work in progress	13,050	597
Finished goods and merchandise	96,038	78,669
	139,470	80,682
Impairment	(14,757)	(6,000)
	124,713	74,682
Cemetery assets for sale		
Grave plots and niches for cremation urns	112,679	–
Total	237,392	74,682

As at 31st March, 2012, finished goods and merchandise of inventories of HK\$3,555,000 (2011: Nil) were carried at net realisable value, and grave plots and niches for cremation urns of cemetery assets for sale of HK\$100,338,000 (2011: Nil) were expected to be realised more than twelve months after the balance sheet date. The cemetery assets for sale are situated on land with medium-term leases outside Hong Kong.

### 28 Debtors and prepayments

	Group 2012 HK\$'000	2011 HK\$'000	Company 2012 HK\$'000	2011 HK\$'000
Trade debtors	102,575	32,231	–	–
Other debtors and prepayments	47,892	415,173	1,140	865
Utility and other deposits	425,203	514,733	–	–
	575,670	962,137	1,140	865

Rental income and management fees are receivable in advance, whereas receivables from cemetery operation are settled in accordance with the terms of respective contracts. Credit terms of sales of goods mainly ranged from 30 days to 90 days. The aging analysis of the trade debtors of the Group is as follows:

	2012 HK\$'000	2011 HK\$'000
Below 30 days	44,948	21,104
31 to 60 days	19,790	3,275
61 to 90 days	13,186	3,069
Over 90 days	24,651	4,783
	102,575	32,231

As at 31st March, 2012, trade debtors of HK\$72,312,000 (2011: HK\$20,227,000) of the Group were neither past due nor impaired.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 28 Debtors and prepayments (Continued)

As at 31st March, 2012, trade debtors of HK\$30,263,000 (2011: HK\$12,004,000) of the Group were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debtors is as follows:

	2012 HK\$'000	2011 HK\$'000
Below 30 days	3,794	4,484
31 to 60 days	5,941	75
61 to 90 days	2,592	2,662
Over 90 days	17,936	4,783
	<b>30,263</b>	12,004

Other deposits include deposits of HK\$392,459,000 (2011: HK\$416,503,000) for property development projects and acquisition of leasehold land and land use rights in Hong Kong, the PRC and Vietnam after the impairment of HK\$34,955,000 (2011: Nil).

As at 31st March, 2011, other deposits also included deposits of HK\$68,884,000 for acquisition of property, plant and equipment, and other debtors included receivables of HK\$360,304,000 from the current portion of the mortgage loans provided to purchasers of the Group's properties in Hong Kong at the prevailing market rates (note 25(a)). As at 31st March, 2012, such receivables have been settled.

The maximum exposure to credit risk at the reporting 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, Renminbi and United States dollar.

### 29 Loans and amounts due from/to subsidiaries

	Company 2012 HK\$'000	2011 HK\$'000
Loans receivable	56,225	236,225
Included in current assets	–	(180,000)
	<b>56,225</b>	56,225
Amounts receivable	1,959,408	1,759,965
Impairment	(1,410,236)	(1,410,236)
	<b>549,172</b>	349,729
Amount payable	–	(304,494)

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 29 Loans and amounts due from/to subsidiaries (Continued)

The loans receivable are unsecured and interest bearing at prevailing market rates. Loan receivable included in non-current assets is not receivable within the next twelve months from the balance sheet date. Loan receivable included in current assets in 2011 was receivable within the next twelve months from the balance sheet date and had been fully settled during the year.

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

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

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Listed securities in Hong Kong, at market value	<b>330,494</b>	127,080

Financial assets at fair value through profit or loss amounting to HK\$57,707,000 (2011: Nil) are pledged as securities for the derivative financial instruments to purchase certain listed securities in Hong Kong (note 34).

### 31 Cash and bank balances

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Cash at bank and in hand	<b>340,373</b>	409,919	<b>3,493</b>	178,884
Short-term deposits	<b>1,549,872</b>	1,126,884	<b>882,826</b>	1,093,967
	<b>1,890,245</b>	1,536,803	<b>886,319</b>	1,272,851

The effective interest rates on short-term deposits range from 0.001% to 3.10% (2011: 0.001% to 2.25%) per annum and these deposits have maturities ranged from 1 to 366 days (2011: 1 to 365 days).

Cash and bank balances of HK\$721,000 (2011: HK\$840,000) have been pledged as securities for the financial guarantee facilities granted to the Group (note 42).

Cash and bank balances of HK\$10,635,000 (2011: HK\$21,962,000) are restricted and can only be used for the payments of development costs of certain properties for sale, and the repayment of bank borrowings on these properties.

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated 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.



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 31 Cash and bank balances (Continued)

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong dollar	<b>1,352,286</b>	1,324,963	<b>885,437</b>	1,272,788
Renminbi	<b>407,727</b>	188,939	–	–
United States dollar	<b>120,025</b>	14,810	<b>802</b>	16
Others	<b>10,207</b>	8,091	<b>80</b>	47
	<b>1,890,245</b>	1,536,803	<b>886,319</b>	1,272,851

### 32 Creditors and accruals

	Group		Company	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade creditors	<b>54,019</b>	8,595	–	–
Other creditors and accrued expenses	<b>242,720</b>	150,898	<b>2,465</b>	2,285
Amounts payable to non-controlling interests	<b>1,782</b>	416	–	–
Tenant and other deposits	<b>42,856</b>	33,273	–	–
	<b>341,377</b>	193,182	<b>2,465</b>	2,285

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

	2012	2011
	HK\$'000	HK\$'000
Below 30 days	<b>26,876</b>	3,088
31 to 60 days	<b>11,163</b>	3,817
Over 60 days	<b>15,980</b>	1,690
	<b>54,019</b>	8,595

Other creditors and accrued expenses of the Group are mainly related to the construction cost payables and accruals of the property development projects of the Group.

Other creditors include an amount payable to an associated company of HK\$4,057,000 (2011: HK\$3,401,000). Both the amounts payable to the associated company and non-controlling interests are unsecured, interest free and repayable on demand.

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

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 33 Sales deposits received

Sales deposits received represents deposits received from the sales of properties of the Group in Hong Kong and the PRC which have not yet been recognised as revenues for the year. Among the sales deposits received, an amount of HK\$125,004,000 was recorded as restricted bank balance in the financial statements as at 31st March, 2011 as certain restrictions were imposed. As at 31st March, 2012, these restrictions were released and the restricted bank balance became the Group's bank deposit and the sales deposits were recognised as revenue for the year.

### 34 Derivative financial instruments

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
<b>Current liabilities</b>		
Derivative financial instruments to purchase certain listed securities in Hong Kong, at fair value	<b>3,500</b>	–
<b>Non-current liabilities</b>		
Derivative financial instruments for the convertible notes of an associated company at fair value, net off with the share of convertible note equity reserve of the associated company in 2011, and were fully eliminated in 2012 (note 22)	–	2,566

As at 31st March, 2012, the Group held derivative financial instruments relating to commitments to purchase certain listed securities in Hong Kong amounting to approximately HK\$51.4 million. Certain financial assets at fair value through profit or loss of HK\$57,707,000 are pledged as securities for such derivative financial instruments (note 30).

### 35 Share capital

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Authorised: 2,500,000,000 shares of HK\$0.25 each	<b>625,000</b>	625,000
	<b>Number of</b>	<b>Amount</b>
	<b>shares</b>	<b>HK\$'000</b>
Issued and fully paid at HK\$0.25 each:		
At 1st April, 2010	1,528,730,106	382,183
2010 final scrip dividend and 2011 interim scrip dividend (note 14)	48,142,044	12,035
At 31st March, 2011	1,576,872,150	394,218
2011 final scrip dividend and 2012 interim scrip dividend (note 14)	15,972,767	3,993
<b>At 31st March, 2012</b>	<b>1,592,844,917</b>	<b>398,211</b>

All new shares rank pari passu to the existing shares.

# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 35 Share capital (Continued)

The Company adopted a share option scheme (the "Scheme") pursuant to the annual general meeting held on 30th August, 2002, which is valid and effective for a term of ten years from the date of its adoption. Under the Scheme, the Directors of the Company may grant options to the eligible persons as defined in the Scheme, inter alia, any employees, Directors or business consultants of the Company and its subsidiaries, to subscribe for shares in the Company under the terms and conditions stipulated therein. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company as at 30th August, 2002. No options have been granted under the Scheme since its adoption. As the Scheme will expire in August 2012, the Board has proposed to adopt a new share option scheme of the Company which is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company.

## 36 Reserves

### Group

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Investment revaluation reserve HK\$'000	Convertible note equity reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000
At 1st April, 2010	684,478	4,462	419,537	349	24,277	11,247	(42,416)	3,059,226	30,575	4,191,735
Profit for the year	–	–	–	–	–	–	–	789,686	–	789,686
Net exchange differences	–	–	–	–	–	–	41,702	–	–	41,702
Share of reserves of associated companies	–	–	1,732	–	–	(1,732)	344	–	–	344
Change in fair value of available-for-sale financial assets	–	–	–	–	5,497	–	–	–	–	5,497
2010 final scrip dividend paid	14,665	–	–	–	–	–	–	–	(30,575)	(15,910)
2011 interim scrip dividend paid	15,802	–	–	–	–	–	–	(28,008)	–	(12,206)
2011 proposed final scrip dividend	–	–	–	–	–	–	–	(50,460)	50,460	–
At 31st March, 2011	714,945	4,462	421,269	349	29,774	9,515	(370)	3,770,444	50,460	5,000,848
Profit for the year	–	–	–	–	–	–	–	901,313	–	901,313
Net exchange differences	–	–	–	–	–	–	19,055	–	–	19,055
Share of exchange reserve of an associated company	–	–	–	–	–	–	(11)	–	–	(11)
Realisation of reserves upon disposal of an associated company	–	–	–	–	–	(9,515)	(3,723)	9,515	–	(3,723)
Change in fair value of available-for-sale financial assets	–	–	–	–	797	–	–	–	–	797
2011 final scrip dividend paid	1,175	–	–	–	–	–	–	–	(50,460)	(49,285)
2012 interim scrip dividend paid	6,048	–	–	–	–	–	–	(31,597)	–	(25,549)
2012 proposed final scrip dividend	–	–	–	–	–	–	–	(55,750)	55,750	–
<b>At 31st March, 2012</b>	<b>722,168</b>	<b>4,462</b>	<b>421,269</b>	<b>349</b>	<b>30,571</b>	<b>–</b>	<b>14,951</b>	<b>4,593,925</b>	<b>55,750</b>	<b>5,843,445</b>

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

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 36 Reserves (Continued)

#### Company

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000
At 1st April, 2010	684,478	4,462	196,313	1,151,708	30,575	2,067,536
Profit for the year	–	–	–	8,047	–	8,047
2010 final scrip dividend paid	14,665	–	–	–	(30,575)	(15,910)
2011 interim scrip dividend paid	15,802	–	(28,008)	–	–	(12,206)
2011 proposed final scrip dividend	–	–	(50,460)	–	50,460	–
At 31st March, 2011	714,945	4,462	117,845	1,159,755	50,460	2,047,467
Profit for the year	–	–	–	8,297	–	8,297
2011 final scrip dividend paid	1,175	–	–	–	(50,460)	(49,285)
2012 interim scrip dividend paid	6,048	–	(31,597)	–	–	(25,549)
2012 proposed final scrip dividend	–	–	(55,750)	–	55,750	–
<b>At 31st March, 2012</b>	<b>722,168</b>	<b>4,462</b>	<b>30,498</b>	<b>1,168,052</b>	<b>55,750</b>	<b>1,980,930</b>

Under the Companies Act 1981 of Bermuda and the Bye-laws of the Company, the contributed surplus which arose as a result of a group reorganisation in 1991 is also distributable to shareholders of the Company. Total distributable reserves of the Company amounted to HK\$1,254,300,000 (2011: HK\$1,328,060,000) as at 31st March, 2012.



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 37 Borrowings

	Group 2012 HK\$'000	2011 HK\$'000
Unsecured bank borrowings		
Short-term bank borrowings	14,511	–
Long-term bank borrowings	26,760	–
	41,271	–
Secured long-term bank borrowings	2,294,463	2,562,615
Total bank borrowings	2,335,734	2,562,615

The long-term bank borrowings are analysed as follows:

	2012 HK\$'000	2011 HK\$'000
Long-term bank borrowings		
Wholly repayable within five years*	961,419	1,153,455
Wholly repayable after five years *	1,359,804	1,409,160
	2,321,223	2,562,615
Current portion included in current liabilities		
Portion due within one year	(424,374)	(162,063)
Portion due after one year which contains a repayment on demand clause	(13,440)	–
	(437,814)	(162,063)
	1,883,409	2,400,552

\* Ignoring the effect of any repayment on demand clause

The bank borrowings of the Group are secured by certain property, plant and equipment, investment properties, leasehold land and land use rights and properties for sale with an aggregate carrying amount of HK\$4,929,384,000 (2011: HK\$4,869,202,000), shares of certain subsidiaries and guaranteed by the Company and Midas, and bank borrowings of HK\$1,702,804,000 (2011: HK\$1,776,160,000) are also secured by the assignment of rental income.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 37 Borrowings (Continued)

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

	2012 HK\$'000	2011 HK\$'000
Within one year	438,885	162,063
Second year	388,925	609,432
Third to fifth years	511,159	705,420
After five years	996,765	1,085,700
	<b>2,335,734</b>	2,562,615

The effective interest rates of the bank borrowings at the balance sheet date are ranging from 0.95% to 7.11% (2011: 0.86% to 5.85%) per annum. The fair values of the bank borrowings, based on cash flows discounted at the borrowing rates of 0.95% to 7.11% (2011: 0.86% to 5.85%) per annum, approximate their carrying amounts.

The bank borrowings are denominated in the following currencies:

	2012 HK\$'000	2011 HK\$'000
Hong Kong dollar	2,077,898	2,205,028
Renminbi	59,159	154,376
Malaysian Ringgit	198,677	203,211
	<b>2,335,734</b>	2,562,615

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

	2012 HK\$'000	2011 HK\$'000
6 months or less	2,293,795	2,408,239
6 to 12 months	41,939	154,376
	<b>2,335,734</b>	2,562,615

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 38 Convertible note

	2012 HK\$'000	2011 HK\$'000
Convertible note		
At carrying value	46,343	–
At principal amount	61,750	–

The convertible note was issued by Midas, a listed subsidiary of the Group, to its shareholder at the principal sum of HK\$130 million on 19th September, 2007. It is denominated in Hong Kong dollar and its maturity date is on 3rd August, 2014. Its coupon rate is 1% per annum and the conversion price is HK\$0.223 per share. The effective interest rate during the year is 14.86% per annum.

The convertible note entitles the holder an option to convert, in whole or in part, the principal amount into ordinary shares of Midas on any business day prior to five business days before its maturity date. Unless previously converted, the convertible note will be redeemed at par on its maturity date.

Midas also issued two convertible notes to the Group, in which one was redeemed in full at par on its maturity date during the year and the remaining one is eliminated in the financial statements of the Group when Midas became subsidiary of the Group. Please also refer to note 22 for details.

### 39 Deferred taxation liabilities

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

	HK\$'000
<b>Group</b>	
At 1st April, 2010	182,531
Changes in exchange rates	188
Charged to income statement (note 12)	7,040
At 31st March, 2011	189,759
Purchase of a subsidiary	179,577
Changes in exchange rates	5,153
Credited to income statement (note 12)	(21,665)
<b>At 31st March, 2012</b>	<b>352,824</b>

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 39 Deferred taxation liabilities (Continued)

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

	Deferred taxation liabilities			Deferred taxation assets	
	Fair value gains	Revaluation of investment properties	Accelerated tax depreciation	Total	Tax losses
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2010	180,912	778	19,440	201,130	(18,599)
Changes in exchange rates	34	62	92	188	–
Charged/(credited) to income statement	5,394	1,594	4,000	10,988	(3,948)
At 31st March, 2011	186,340	2,434	23,532	212,306	(22,547)
Purchase of a subsidiary	177,232	–	2,345	179,577	–
Changes in exchange rates	5,051	102	–	5,153	–
(Credited)/charged to income statement	(20,085)	579	7,372	(12,134)	(9,531)
<b>At 31st March, 2012</b>	<b>348,538</b>	<b>3,115</b>	<b>33,249</b>	<b>384,902</b>	<b>(32,078)</b>

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

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

Deferred taxation assets of HK\$265.8 million (2011: HK\$231 million) arising from unused tax losses of HK\$1,611 million (2011: HK\$1,400 million) and HK\$0.3 million (2011: HK\$0.4 million) on temporary differences in respect of accelerated tax depreciation of HK\$2.0 million (2011: HK\$2.3 million) have not been recognised in the financial statements respectively. The tax losses have no expiry dates.



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 40 Loans from non-controlling interests

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

### 41 Commitments

#### (a) Capital commitments

	Group 2012 HK\$'000	2011 HK\$'000
Contracted but not provided for:		
Property development expenditure and property, plant and equipment	560,027	508,000
Available-for-sale financial assets	–	18,521
	560,027	526,521

#### (b) Operating lease rental payable

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

	Group 2012 HK\$'000	2011 HK\$'000
Within one year	16,879	14,659
Second to fifth years	16,715	28,627
	33,594	43,286

#### (c) Operating lease rental receivable

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

	Group 2012 HK\$'000	2011 HK\$'000
Within one year	85,250	85,213
Second to fifth years	36,934	74,933
After five years	3,299	5,305
	125,483	165,451

The Group leases properties under various agreements which will be terminated between 2012 to 2025 (2011: 2011 to 2025).

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 42 Financial guarantees

	Group		Company	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees for bank borrowings of subsidiaries (note 37)	–	–	<b>2,243,344</b>	2,041,240
Guarantee for bank borrowing of a jointly controlled entity (note 23(b))	–	–	<b>117,000</b>	117,000
Guarantees for mortgage loans to purchasers of properties of the Group in the PRC	<b>351,573</b>	193,712	–	–
	<b>351,573</b>	193,712	<b>2,360,344</b>	2,158,240

The financial guarantees provided by the Group represented the guarantees in respect of mortgage loans made by certain banks to certain purchasers of the Group's properties in the PRC. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees will be terminated upon the earlier of (i) issuance of the property ownership certificates which is generally available within six months to one year after the purchasers take possession of the relevant properties; or (ii) the satisfaction of mortgage loans by the purchasers of properties. 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 fair value of the financial guarantees is not material and hence not recognised in the financial statements. Bank deposits of HK\$721,000 (2011: HK\$840,000) have been pledged for such financial guarantees provided by the Group (note 31).

### 43 Business combination

In May 2011, the Group entered into an agreement with Midas, formerly the 44.6% owned listed associated company, in relation to the Rights Issue of Midas. The Group subscribed in full for its entitlement under the Rights Issue, and took up the balance of the Rights Issue. The Rights Issue was completed on 20th July, 2011 and the Group's interest in Midas was increased from 44.6% to 60.8%, making Midas a subsidiary of the Group. Please also refer to note 22 for details.

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 43 Business combination (Continued)

The negative goodwill of HK\$290.6 million recorded in other income and net gain mainly arises from the difference between the subscription price of HK\$0.1 per share of the Rights Issue and the net asset value per share per Midas' book. None of the negative goodwill recognised is expected to be taxable for income tax purposes. The following table summarises the consideration, the amounts of the assets acquired and liabilities assumed recognised at the acquisition date, the acquisition-related costs and the analysis of cash flows from business combination:

	HK\$'000
Consideration:	
Cash paid for the Rights Issue	84,877
Fair value of equity interest in Midas as an associated company	51,197
	136,074
Recognised amounts of identifiable assets acquired and liabilities assumed at fair value:	
Property, plant and equipment	180,418
Leasehold land and land use rights	74,446
Cemetery assets	527,450
Inventories	53,811
Cemetery assets for sale	116,813
Debtors and prepayments	110,051
Tax recoverable	350
Cash and bank balances	179,575
Creditors and accruals	(100,901)
Taxation payable	(7,215)
Bank borrowings	(96,161)
Convertible notes	(77,383)
Deferred taxation liabilities	(179,577)
Total identifiable net assets	781,677
Non-controlling interests	(355,033)
Negative goodwill	(290,570)
	136,074
Acquisition-related costs (included in administrative and other operating expenses in the income statement for the year ended 31st March, 2012 of the Group)	1,000
Analysis of cash flows from business combination:	
Cash paid for the Rights Issue as consideration	(84,877)
Cash and bank balances acquired	179,575
Net cash inflow from business combination	94,698

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 43 Business combination (Continued)

No contingent consideration arrangements or contingent liabilities were identified at acquisition. The Group recognised the non-controlling interests at their proportionate share of net assets of Midas.

Midas contributed revenues of HK\$231.2 million and net loss of HK\$52.4 million to the Group for the period from the acquisition date to 31st March, 2012. If the acquisition had occurred on 1st April, 2011, the contributed revenues from Midas to the Group for the year ended 31st March, 2012 would have been approximately HK\$300.4 million and the result attributable to the equity holders of the Company would not be materially different.

### 44 Notes to the consolidated cash flow statement

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

	2012 HK\$'000	2011 HK\$'000
Operating profit	1,334,188	938,055
Interest income	(27,048)	(9,136)
Dividend income from available-for-sale financial assets	(1,954)	–
Depreciation	35,832	11,169
Amortisation of leasehold land and land use rights	3,022	525
Amortisation of cemetery assets	8,212	–
Change in fair value of investment properties	(515,726)	(488,181)
Net loss/(gain) on disposal of property, plant and equipment	161	(2,130)
Net gain on disposal of investment properties	(38,160)	(503,742)
Gain on disposal of available-for-sale financial assets	(237)	(499)
Negative goodwill arising from the purchase of a subsidiary	(290,570)	–
Loss on remeasurement of previously held equity interest in an associated company	135,560	–
Net compensation from governments for the resumption of assets	–	(32,390)
Write off of trade and other debtors	2,636	852
Impairment of property, plant and equipment	2,623	–
Impairment of inventories	1,119	–
Impairment of other deposits	34,955	–
Fair value loss on derivative financial instruments	3,500	13,700
Operating profit/(loss) before working capital changes	688,113	(71,777)
Decrease/(increase) in loans and receivables	394,211	(357,629)
Decrease/(increase) in leasehold land and land use rights, properties for/under development and properties for sale	273,204	(393,633)
Decrease in inventories and cemetery assets for sale	6,795	4,335
Decrease/(increase) in debtors and prepayments	18,596	(257,356)
Increase in financial assets at fair value through profit or loss	(203,414)	(80,392)
Decrease/(increase) in restricted bank balance	125,004	(125,004)
Decrease in creditors and accruals	(8,686)	(72,043)
(Decrease)/increase in sales deposits received	(520,744)	573,091
Cash from/(used in) operations	773,079	(780,408)



## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 44 Notes to the consolidated cash flow statement (Continued)

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

	2012 HK\$'000	2011 HK\$'000
Cash and bank balances	1,890,245	1,536,803
Pledged bank deposits	(721)	(840)
Bank deposits maturing more than three months from date of placement	(765)	(5,959)
	1,888,759	1,530,004

### 45 Approval of financial statements

The financial statements were approved by the Board on 28th June, 2012.

### 46 Principal subsidiaries

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2012	2011	
# Anshan Chuang's Property Development Company Limited	PRC	RMB50,000,000	57.0	57.0	Property development and investment
# Anshan Chuang's Real Estate Development Company Limited	PRC	RMB170,000,000 (2011: RMB160,000,000)	57.0	57.0	Property development and investment
# Chengdu Chuang's Investment Services Limited	PRC	HK\$80,000,000	57.0	57.0	Property development and investment
China Cyberworld Limited	Hong Kong	2 shares of HK\$1 each	57.0	57.0	Investment holding
China Policy Limited	British Virgin Islands/ Vietnam	1 share of US\$1	100.0	100.0	Investment holding
Chinaculture.com Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	57.0	57.0	Investment holding

# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 46 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2012	2011	
Chuang's China Enterprises Limited	Hong Kong	458,310,965 shares of HK\$0.20 each	57.0	57.0	Investment holding
* Chuang's China Investments Limited	Bermuda/Hong Kong	1,523,328,700 shares of HK\$0.05 each	57.0	57.0	Investment holding
Chuang's China Realty Limited	Bermuda/Hong Kong	2,000,000 shares of HK\$0.05 each	57.0	57.0	Investment holding
Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	1 share of US\$1	57.0	57.0	Investment holding
@ Chuang's Consortium Limited	Hong Kong	4,000 shares of HK\$0.25 each	100.0	100.0	Investment holding
Chuang's Credit Limited	Hong Kong	10,300,000 shares of HK\$1 each	100.0	100.0	Money lending
Chuang's Development (Chengdu) Limited	Hong Kong	2 shares of HK\$10 each 100,000 non-voting deferred shares of HK\$10 each	57.0	57.0	Property investment
Chuang's Development (China) Limited	Hong Kong	2 shares of HK\$10 each	57.0	57.0	Property development and investment
Chuang's Development (Dong Guan) Limited	Hong Kong	2 shares of HK\$1 each	57.0	57.0	Investment holding
# Chuang's Development (Huiyang) Real Estate Company Limited	PRC	HK\$50,000,000	57.0	57.0	Investment holding
# Chuang's-Edelweiss LLC	Mongolia	100,000 shares of US\$1 each	53.0	53.0	Property development and investment
Chuang's Finance & Investments Limited	Hong Kong	110,000 shares of HK\$10 each	100.0	100.0	Property investment

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 46 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2012	2011	
Chuang's Industrial (Holdings) Limited	Hong Kong	189,231,936 shares of HK\$1 each	100.0	100.0	Investment holding, hire of assets and trading of merchandise
# Chuang's Properties (Central Plaza) Sdn. Bhd.	Malaysia	5,000,000 shares of MYR1 each	100.0	100.0	Property investment
@ Chuang's Properties International Limited	British Virgin Islands/ Hong Kong	10 shares of US\$1 each	100.0	100.0	Investment holding, property development and investment
Chuang's Properties Limited	Hong Kong	300,000,000 shares of HK\$1 each	100.0	100.0	Investment holding
Chuang's Properties Mongolia Limited	British Virgin Islands/ Mongolia	1 share of US\$1	100.0	100.0	Investment holding
Chuang's Properties Vietnam Limited	British Virgin Islands/ Vietnam	10 shares of US\$1 each	100.0	100.0	Investment holding
Chuang's Real Estate Agency Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property agency services
# Dongguan Chuang's Real Estate Development Company Limited	PRC	RMB135,420,000	57.0	57.0	Property development and investment
Double Wealthy Company Limited	Hong Kong	160 shares of HK\$1 each	57.0	57.0	Investment holding
^ Dragon Rich Investments Limited	Hong Kong	100 shares of HK\$1 each	48.5	48.5	Investment holding
Equity King Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Securities trading
Ever Favour Limited	Hong Kong	1 share of HK\$1	100.0	100.0	Property development and investment

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 46 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2012	2011	
Fanus Limited	British Virgin Islands/ Hong Kong	100 shares of US\$1 each	100.0	100.0	Investment holding
# Farmtec (Malaysia) Sdn. Bhd.	Malaysia	1,000,000 shares of MYR1 each	100.0	100.0	Property development and investment
#Δ Fortune Wealth Memorial Park Limited	Hong Kong	1,000 shares of HK\$10 each	53.2	39.0	Investment holding
#Δ Fortune Wealth Memorial Park (Si Hui) Limited	PRC	HK\$36,380,000	50.7	37.2	Development and construction of cemetery and provision of related management services in the PRC
General Nominees Limited	Hong Kong	500 shares of HK\$10 each	100.0	100.0	Nominee and secretarial services
@ Gold Throne Finance Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100.0	100.0	Investment holding
#Δ Guangdong Boluo Yuanzhou Midas Printing Limited	PRC	US\$12,503,119	60.8	44.6	Manufacture and sale of printed products
# Guangzhou Panyu Chuang's Real Estate Development Company Limited	PRC	RMB60,000,000	57.0	57.0	Property development and investment
^ # Hunan Han Ye Real Estate Development Company Limited	PRC	RMB25,000,000	30.8	30.8	Property development and investment
# Ilham Kencana Sdn. Bhd.	Malaysia	10,000 shares of MYR1 each	100.0	100.0	Property development and investment



# Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

## 46 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2012	2011	
Income Holdings Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100.0	100.0	Investment holding
Jannerson Limited	Hong Kong	5,000 shares of HK\$1 each	100.0	100.0	Property investment
Koledo Company Limited	Hong Kong	2 shares of HK\$100 each 2 non-voting deferred shares of HK\$100 each	100.0	57.0	Property investment
Ladona Limited	British Virgin Islands/ Vietnam	10 shares of US\$1 each	100.0	100.0	Investment holding
Lambda Industrial Limited	Hong Kong	3,000,000 shares of HK\$1 each	100.0	100.0	Property development and investment
Mega Well Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment
*#Δ Midas International Holdings Limited	Cayman Islands/ Hong Kong	2,207,208,278 (2011: 1,103,604,139) ordinary shares of HK\$0.10 each	60.8	44.6	Investment holding
#Δ Midas Printing (HK) Limited	Hong Kong	2 shares of HK\$1 each	60.8	44.6	Trading of printed products
#Δ Midas Printing International Limited	Hong Kong	7,000 shares of HK\$1 each	60.8	44.6	Trading of printed products
# Mongolia Property Development LLC	Mongolia	1,000 shares of US\$100 each	100.0	100.0	Property development and investment
On Profit Investment Limited	Hong Kong	2 shares of HK\$1 each	57.0	57.0	Property development and investment

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 46 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2012	2011	
Option Success Limited	British Virgin Islands/ Mongolia	1 share of US\$1	<b>100.0</b>	100.0	Investment holding
@ Profit Stability Investments Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	<b>100.0</b>	100.0	Investment holding
Silver Chase Investment Limited	Hong Kong	2 shares of HK\$1 each	<b>57.0</b>	57.0	Property development and investment
Silver Dragon Investment Limited	Hong Kong	2 shares of HK\$1 each	<b>57.0</b>	57.0	Property development and investment
# Sintex Nylon and Cotton Products (Pte) Limited	Singapore	8,500 shares of S\$100 each	<b>88.2</b>	88.2	Manufacture and sale of bonded polyester fabrics and home finishing products
#Δ Success Gain Investment Limited	Hong Kong	2 shares of HK\$1 each	<b>60.8</b>	44.6	Investment holding
Tian Shi Company Limited	Hong Kong	2 shares of HK\$1 each	<b>100.0</b>	100.0	Property development and investment
Uniworld Property Management Limited	Hong Kong	2 shares of HK\$1 each	<b>100.0</b>	100.0	Property management and carparking services
Winfred Investment Limited	Republic of Liberia/ Hong Kong	2 shares of no par value	<b>100.0</b>	100.0	Investment holding
# ^ Xiamen Mingjia Binhai Resort Company Limited	PRC	RMB75,000,000	<b>33.9</b>	33.9	Property and hotel development and investment

## Notes to the Financial Statements (continued)

For the year ended 31st March, 2012

### 46 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2012	2011	
Yuen Sang Hardware Company (1988) Limited (later known as Yuen Sang Watch Industries Limited)	Hong Kong	1,000,000 shares of HK\$1 each	57.0	57.0	Manufacture and sale of watch components
<p>* Listed in Hong Kong</p> <p>@ Directly held by the Company</p> <p># Not audited by PricewaterhouseCoopers</p> <p>^ As at 31st March, 2012, these companies are subsidiaries of Chuang's China of which the Group holds 57.0% (2011: 57.0%) equity interest. Accordingly, these companies are classified as subsidiaries of the Group.</p> <p>Δ As at 31st March, 2012, these companies are subsidiaries of Midas of which the Group holds 60.8% equity interest after the Rights Issue, and Midas was just an associated company of the Group as at 31st March, 2011 since the Group only held 44.6% equity interest at that time.</p>					

### 47 Associated companies

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2012	2011	
# Dragon Pacific Development Limited	Hong Kong	10 shares of HK\$1 each	30.0	30.0	Property development
*# Δ Midas International Holdings Limited	Cayman Islands/ Hong Kong	2,207,208,278 (2011: 1,103,604,139) ordinary shares of HK\$0.10 each	60.8	44.6	Investment holding
# ^ Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	1,000,000 shares of US\$1 each	14.3	14.3	Auction services
Yuen Sang Property Management Company Limited	Hong Kong	2 shares of HK\$1 each	50.0	50.0	Property management
<p>* Listed in Hong Kong</p> <p># Not audited by PricewaterhouseCoopers</p> <p>^ As at 31st March, 2012, Chuang's China holds 25% (2011: 25%) equity interest in Treasure Auctioneer International Limited. Accordingly, it is an associated company of the Group.</p> <p>Δ As at 31st March, 2012, the Group holds 60.8% equity interest in Midas as it became a subsidiary of the Group after the Rights Issue. Midas was an associated company of the Group as at 31st March, 2011.</p>					

# Particulars of Principal Properties

The following list contains only properties held by the Group as at 31st March, 2012 which are material to the Group as the Directors are of the opinion that a complete list will be of excessive length.

## 1. Investment properties

Location	Term	Usage	Group's interest
<b>Hong Kong</b>			
Chuang's London Plaza, No. 219 Nathan Road, Tsim Sha Tsui, K.I.L. No. 6345	Medium lease	Commercial	100.0%
Chuang's Hung Hom Plaza, No. 83 Wuhu Street, Hung Hom, H.H.I.L. Nos. 428, 440 S.A., 440 R.P., 304, 305, 394, 462, 443, 456, 455, 470, 466 and 452	Medium lease	Commercial/Offices/ Carparking spaces	100.0%
House A, No. 37 Island Road, Deep Water Bay, R.B.L. No. 599	Medium lease	Residential	100.0%
No. 15 Gough Hill Road, The Peak, R.B.L. No. 723	Medium lease	Residential	100.0%
Chuang's Tower, Nos. 30–32 Connaught Road Central, Central, M.L. Nos. 410, 375 and 376	Long lease	Commercial/Offices	100.0%
<b>Malaysia</b>			
Central Plaza, No. 34 Jalan Sultan Ismail, 50250 Kuala Lumpur, Lot No. 1221, Section 57, Kuala Lumpur, Federal Territory	Freehold	Commercial/Offices/ Carparking spaces	100.0%



## Particulars of Principal Properties (continued)

### 1. Investment properties (Continued)

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

### 2. Property projects

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
<b>Hong Kong</b>					
Parkes Residence, Nos. 91–105 Parkes Street, Jordan, K.I.L. No. 1511, R.P.S.A., S.D., S.E., S.S.2.S.C., R.P.S.C., S.B., and R.P. of K.I.L. No. 1510	Demolition works in progress	2014	Residential/ Commercial	Site area – about 5,537 sq. ft. Gross floor area – about 44,000 sq. ft.	100.0%
Villa 28 and Villa 30, Po Shan Road, I.L. No. 6070	Demolition works completed	N/A	Residential	Site area – about 10,000 sq. ft. Gross floor area – about 40,365 sq. ft.	50.0%
<b>Vietnam</b>					
Greenview Garden, Thu Duc District, Ho Chi Minh City	Planning stage	N/A	Residential/ Commercial	Site area – about 20,300 sq. m. Gross floor area – about 94,000 sq. ft.	70.0%
<b>Taiwan</b>					
Chuang's Lodge Xinyi District, Taipei City	Superstructure works completed	Fourth quarter of 2012	Residential	Site area – about 12,500 sq. ft. Gross building area – about 19,700 sq. ft.	100.0%
<b>Mongolia</b>					
International Finance Centre, Chinggis Avenue, Sukhbaatar District, Ulaanbaatar	Foundation works commenced	2015	Commercial	Site area – about 3,272 sq. m. Gross floor area – about 39,120 sq. m.	100.0%
The Edelweiss Residence, Sukhbaatar District, Ulaanbaatar	Planning stage	N/A	Residential/ Commercial	Site area – about 5,600 sq. m. Gross floor area – about 41,000 sq. m.	53.0%

## Particulars of Principal Properties (continued)

### 2. Property projects (Continued)

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
The People's Republic of China					
Chuang's Le Papillon, Guangzhou, Guangdong					
– Block A, B, C, D, E	Completed	Completed	Residential	Site area – about 53,519 sq. m. Unsold gross floor area – about 32,978 sq. m. (and 257 carparking spaces)	57.0%
– Phase II	Under construction	2012–2014	Residential	Site area – about 69,511 sq. m. Gross floor area – about 147,323 sq. m.	57.0%
			Commercial	Gross floor area – about 900 sq. m.	57.0%
– Phase III	Master planning completed	Beyond 2013	Comprehensive development area	Site area – about 91,987 sq. m. Gross floor area – about 163,054 sq. m.	57.0%
			Commercial	Gross floor area – about 2,639 sq. m.	57.0%
Chuang's New City, Dongguan, Guangdong					
Gold Coast	Completed	Completed	Residential	Site area – about 30,242 sq. m. Unsold gross floor area – about 1,968 sq. m. (and 254 carparking spaces)	57.0%
Imperial Garden					
– Phase I	Completed	Completed	Residential	Site area – about 23,775 sq. m. Unsold gross floor area – about 27,683 sq. m. (and 169 carparking spaces)	57.0%
			Commercial	Gross floor area – about 6,666 sq. m.	57.0%

## Particulars of Principal Properties (continued)

### 2. Property projects (Continued)

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
<b>The People's Republic of China (Continued)</b>					
Imperial Garden (Continued)					
– Phase II	Under construction	2013–2014	Residential	Site area – about 9,500 sq. m. Gross floor area – about 61,272 sq. m.	57.0%
			Commercial	Gross floor area – about 6,026 sq. m.	57.0%
– Phase III	Planning stage	N/A	Comprehensive development area	Site area – about 158,576 sq. m. Gross floor area – about 355,842 sq. m.	57.0%
Resort and Villa, Xiamen, Fujian	Under construction	Mid-2013	Resort and Villa	Site area – about 27,574 sq. m. Gross floor area – about 18,000 sq. m.	33.9%
Chuang's Mid-town, Anshan, Liaoning	Master planning in progress	N/A	Comprehensive development area	Site area – about 11,000 sq. m. Gross floor area – about 100,000 sq. m.	57.0%
Chuang's Plaza, Anshan, Liaoning	Planning stage	N/A	Comprehensive development area	Site area – about 39,500 sq. m. Gross floor area – about 390,000 sq. m.	57.0%
Beverly Hills, Changsha, Hunan	– Phase I	Completed	Residential	Site area – about 95,948 sq. m. Unsold gross floor area – about 19,779 sq. m.	30.8%
	Completed	Completed	Residential/Commercial	Gross floor area – about 10,200 sq. m.	30.8%
Chuang's Le Printemps, Chengdu, Sichuan	Planning stage	N/A	Residential/Commercial	Site area – about 30,000 sq. m.	29.1%

# Summary of Financial Information

## Results

	2008 HK\$'000	2009 HK\$'000 (Restated)	2010 HK\$'000 (Restated)	2011 HK\$'000	2012 HK\$'000
Revenues	472,453	283,456	560,887	382,785	<b>2,207,128</b>
Profit/(loss) attributable to equity holders	468,889	(273,828)	915,684	789,686	<b>901,313</b>
Earnings/(loss) per share (HK cents)	31.66	(18.30)	60.45	51.20	<b>57.07</b>
Dividend per share (HK cents)					
Interim	1.50	1.00	1.00	1.80	<b>2.00</b>
Final	2.00	0.50	2.00	3.20	<b>3.50</b>
Total	3.50	1.50	3.00	5.00	<b>5.50</b>

## Assets and liabilities

	2008 HK\$'000	2009 HK\$'000 (Restated)	2010 HK\$'000 (Restated)	2011 HK\$'000	2012 HK\$'000
Non-current assets	4,290,236	4,102,076	4,936,671	5,202,504	<b>6,372,086</b>
Current assets	3,065,879	3,173,402	3,632,098	4,895,714	<b>4,883,002</b>
Total assets	7,356,115	7,275,478	8,568,769	10,098,218	<b>11,255,088</b>
Total liabilities	(2,755,712)	(2,860,859)	(3,135,472)	(3,750,536)	<b>(3,536,371)</b>
Non-controlling interests	(865,767)	(816,637)	(859,379)	(952,616)	<b>(1,477,061)</b>
Shareholders' funds	3,734,636	3,597,982	4,573,918	5,395,066	<b>6,241,656</b>
Net asset value per share (HK\$)	2.51	2.38	2.99	3.42	<b>3.92</b>

## Net debt to equity ratio

	2008 HK\$'M	2009 HK\$'M (Restated)	2010 HK\$'M (Restated)	2011 HK\$'M	2012 HK\$'M
Cash and bank balances and quoted investments	1,280.1	1,187.6	1,001.5	1,788.9 <sup>®</sup>	<b>2,220.7</b>
Bank borrowings	1,929.1	2,361.6	2,529.7	2,562.6	<b>2,335.7</b>
Net debt to equity ratio (%)	17.4	32.6	33.4	14.3	<b>1.8</b>

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

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



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Chuang's Consortium International Limited (the "Company") will be held at Chater Room, 2nd Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Friday, 31st August, 2012 at 12:00 noon for the following purposes:

1. To receive and consider the audited financial statements and the reports of the Directors and the auditor for the year ended 31st March, 2012.
2. To declare a final dividend.
3.
  - (a) To re-elect Mrs. Alice Siu Chuang Siu Suen as an executive Director;
  - (b) To re-elect Miss Candy Chuang Ka Wai as an executive Director;
  - (c) To re-elect Mr. Wong Chung Wai as an executive Director;
  - (d) To re-elect Mr. Fong Shing Kwong as an independent non-executive Director;
  - (e) To authorise the board of Directors to fix the remuneration of the Directors.
4. To re-appoint auditor and to authorise the board of Directors to fix its remuneration.
5. To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

## Ordinary Resolutions

(A) **"THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares of HK\$0.25 each (the "Shares") in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and

## 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 authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and other rights, and issue warrants and other securities, which might require the exercise of such powers after the end of the Relevant Period;
  - (c) the aggregate nominal amount of share capital allotted or to be allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to or in consequence of:
    - (i) a Rights Issue (as defined below); or
    - (ii) the exercise of any option under any option scheme 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

## Notice of Annual General Meeting (continued)

- (v) a specific authority granted by the shareholders of the Company in general meeting,

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

- (d) for the purpose of this Resolution:

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

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

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

## Notice of Annual General Meeting (continued)

- (C) **“THAT** subject to the passing of Resolutions numbered 5(A) and 5(B), the general mandate granted to the Directors of the Company to allot, issue and deal with unissued Shares in the capital of the Company pursuant to Resolution numbered 5(B) be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of Shares in the capital of the Company repurchased by the Company under the authority granted pursuant to the general mandate to repurchase Shares (as referred to in Resolution numbered 5(A) set out in the notice convening this meeting), provided that such amount of securities so repurchased shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of the ordinary resolution approving the said general mandate to repurchase Shares.”

- (D) **“THAT:**

conditional upon the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the new share option scheme of the Company referred to in the circular despatched to the shareholders of the Company on the same day as this notice, a copy of which has been tabled at the meeting marked “A” and signed by the chairman of this meeting for identification purpose (the **“New Share Option Scheme”**), the rules of the New Share Option Scheme be and are hereby approved and adopted and that the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with the Shares which fall to be issued pursuant to the exercise of any option granted under the New Share Option Scheme and to take all such steps and do all such acts as may be necessary or expedient in order to give effect to the New Share Option Scheme.”

- (E) **“THAT:**

conditional upon the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the ordinary shares of HK\$0.05 each (**“CC Shares”**) in the capital of Chuang’s China Investments Limited (**“Chuang’s China”**) to be issued pursuant to the exercise of any options which may be granted under the new share option scheme of Chuang’s China referred to in the circular despatched to the shareholders of the Company on the same day as this notice, a copy of which has been tabled at the meeting marked “B” and signed by the chairman of this meeting for identification purpose (the **“New CC Scheme”**), the adoption of the rules of the New CC Scheme by Chuang’s China be and is hereby approved and the directors of the Company be and are hereby authorised to approve any amendments to the rules of the New CC Scheme as may be acceptable to or not objected to by the Stock Exchange and to do take all such steps and do all such acts as may be necessary or expedient in order to give effect to the New CC Scheme.”



## Notice of Annual General Meeting (continued)

(F) **"THAT:**

conditional upon the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the ordinary shares of HK\$0.1 each ("**Midas Shares**") in the capital of Midas International Holdings Limited ("**Midas**") to be issued pursuant to the exercise of any options which may be granted under the new share option scheme of Midas referred to in the circular despatched to the shareholders of the Company on the same day as this notice, a copy of which has been tabled at the meeting marked "C" and signed by the chairman of this meeting for identification purpose (the "**New Midas Scheme**"), the adoption of the rules of the New Midas Scheme by Midas be and is hereby approved and the directors of the Company be and are hereby authorised to approve any amendments to the rules of the New Midas Scheme as may be acceptable to or not objected to by the Stock Exchange and to do take all such steps and do all such acts as may be necessary or expedient in order to give effect to the New Midas Scheme."

6. To consider and, if though fit, pass with or without amendments the following resolutions as special resolutions of the Company:

## Special Resolutions

(A) **"THAT:**

the bye-laws of the Company (the "Bye-laws") be amended as follows:

(a) Bye-law 1

By deleting the existing definition of "Company" and substituting therefor the following:

“Company” Chuang’s Consortium International Limited 莊士機構國際有限公司.”;

(b) Bye-law 44

By deleting the first sentence of the existing Bye-law 44 and substituting therefor the following:

“Except when the Register is closed under the Act or in accordance with these Bye-laws, the Register and branch register of Members, as the case may be, shall be open to inspection between 10 a.m. and 12 noon on every business day by members of the public without charge at the Office or such other place at which the Register is kept in accordance with the Act.”;

## Notice of Annual General Meeting (continued)

(c) Bye-law 89

By deleting the words “a Member (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his” in the existing Bye-law 89 and replacing therewith the following:

“a Member or Members (not being the person or persons to be proposed) who holds or collectively hold not less than 5% in nominal value of the issued shares of any class of the Company and is/are entitled to attend and vote at the meeting for which such notice is given, of his/their”; and

(d) Bye-law 138

By adding the following words to the end of the existing Bye-law 138:

“if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities”.

(B) **“THAT:**

subject to passing of special resolution numbered 6(A) in the notice convening this meeting, a new set of Bye-laws which consolidates all of the proposed amendments referred to in resolution numbered 6(A) in the notice convening this meeting and all previous amendments made pursuant to resolutions passed by the shareholders of the Company at general meetings, a copy of which has been tabled at the meeting marked “D” and signed by the chairman of this meeting for identification purpose, be and is hereby adopted as the new Bye-laws of the Company in substitution for and to the exclusion of the existing Bye-laws of the Company with immediate effect.”

7. To transact any other business.

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

Hong Kong, 30th July, 2012

## Notice of Annual General Meeting (continued)

### Notes:

1. Any member entitled to attend and vote at the annual general meeting ("AGM") is entitled to appoint one or more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the Company's principal office in Hong Kong at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong, not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.
3. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 28th August, 2012 to Friday, 31st August, 2012, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 27th August, 2012.
4. The board of Directors has recommended a final scrip dividend (with a cash option) of 3.5 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 Wednesday, 12th September, 2012. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 6th September, 2012 to Wednesday, 12th September, 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 5th September, 2012.
6. Concerning Resolutions numbered 3, 5 and 6 above, the information necessary to enable the shareholders to make decisions on whether to vote for or against the Resolutions, as required by the Listing Rules, will be set out in a separate document from the Company to be enclosed with the 2012 Annual Report.





CHUANG'S CONSORTIUM INTERNATIONAL LIMITED

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

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