



Building
on our Vision
Interim Report

2008

Chuang's China Investments Limited

(Incorporated in Bermuda with limited liability)

STOCK CODE: 298

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CORPORATE INFORMATION

Directors	Ko Sheung Chi (<i>Chairman</i>) Lee Sai Wai (<i>Deputy Chairman</i>) Ann Li Mee Sum (<i>Managing Director</i>) Sunny Pang Chun Kit Candy Chuang Ka Wai Hwang Jen* David Chu Yu Lin, S.B.S., J.P.* Peter Po Fun Chan, B.B.S., M.B.E., J.P.* Chan Wai Dune* * <i>Independent non-executive directors</i>
Audit Committee/ Nomination Committee/ Remuneration Committee	Hwang Jen David Chu Yu Lin, S.B.S., J.P. Peter Po Fun Chan, B.B.S., M.B.E., J.P.
Qualified Accountant	Lai Wan Han
Company Secretary	Lee Wai Ching
Auditors	PricewaterhouseCoopers 22nd Floor, Prince's Building 10 Chater Road Central, Hong Kong
Registrars	Bermuda: Butterfield Fund Services (Bermuda) Limited Rosebank Centre, 11 Bermudiana Road, Pembroke HM 08, Bermuda Hong Kong: Tricor Progressive Limited 26th Floor, Tesbury Centre 28 Queen's Road East, Wanchai, Hong Kong
Principal Bankers	Bank of China (Hong Kong) Limited China Construction Bank Corporation Hang Seng Bank Limited The Hongkong and Shanghai Banking Corporation Limited Industrial and Commercial Bank of China

CORPORATE INFORMATION *(Continued)*

Registered Office

Clarendon House, Church Street, Hamilton HM 11
Bermuda

Principal Office in Hong Kong

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

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

Kowloon Office

Yuen Sang Hardware Company (1988) Limited
5th Floor, Benson Tower, 74 Hung To Road
Kwun Tong, Kowloon, Hong Kong

Guangzhou Office

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

Dongguan Office

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

Changsha Office

Hunan Han Ye Real Estate Development
Company Limited
1st Floor, Beverly Hills Administrative Centre
No. 145 Zhongyier Road
Muyun, Changsha
Hunan, the PRC

Changsha Office

Changsha Chuang's Property Development Limited
1st Floor, Unit 109 – 110, Block A
Xingsha Commercial Zone, Changsha
Hunan, the PRC

CORPORATE INFORMATION *(Continued)*

Huizhou Office

Chuang's Development (Huiyang) Real Estate
Company Limited
Ground Floor, Block 15, Chuang's Garden
Chuang's New Town
Kai Cheng Road, Huizhou
Guangdong, the PRC

Chengdu Office

Chuang's Development (Palace) Limited
Unit B3 & B5, 20th Floor
Times Digital Building
No. 1 of Section 4 Renmin South Road,
Chengdu, Sichuan, the PRC

MANAGEMENT DISCUSSION ON RESULTS

The Board of Directors (the “Board”) of Chuang’s China Investments Limited (the “Company”) presents the interim report including the interim financial information of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th September, 2007. The consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity for the six months ended 30th September, 2007 and the consolidated balance sheet as at 30th September, 2007 along with the notes thereon, are set out on pages 15 to 28 of this report.

FINANCIAL REVIEW

The Group’s revenue for the six months ended 30th September, 2007 was HK\$75.5 million (2006: HK\$64.3 million), representing a 17.4% increase over that of last year. The increase was directly related to sale of properties in the People’s Republic of China (the “PRC”), which amounted to HK\$41.1 million and representing over 54% of the Group’s total revenue.

As a result of the increase in revenue, gross profit for the six months increased by 48.8% to HK\$25.6 million (2006: HK\$17.2 million), representing a gross profit margin of about 34%. Other income increased to HK\$46.1 million during the period. To cope with the Group’s expansion of its property development business in the PRC, distribution costs and administrative expenses have increased. The revaluation of the Group’s investment properties has led to a gain in fair value of HK\$50 million. Thus the Group reported an operating profit of HK\$71.9 million for the six months ended 30th September, 2007 (2006: loss of HK\$9.2 million) and profit attributable to equity holders of the Company was HK\$61.2 million (2006: loss of HK\$7.7 million).

INTERIM DIVIDEND

The Board declares an interim dividend of 0.5 HK cent per share (2006: Nil) payable on or before 14th January, 2008 to shareholders whose names appear on the Company’s register of members on 4th January, 2008.

BUSINESS REVIEW

Land acquisitions and land bank

2007 is a busy year for the Group. In September 2007, the Group completed the acquisition of the 15% minority interests in the subsidiary which owns Chuang’s Le Papillon in Guangzhou, and is now wholly owned by the Group. Furthermore, the Group has also in September 2007 committed two new acquisitions at an aggregate consideration of over RMB200 million, one in Chengdu and the other in Xiamen, for the development of an aggregate gross floor area (“GFA”) of about 146,500 sq. m..

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

Land acquisitions and land bank (Continued)

With the above additions, the Group's development projects increased to an aggregate GFA of about 3,426,500 sq. m. and will be sufficient to sustain our continuous development for the next three to five years. Details of the Group's projects are as follows:

	Total developable GFA <i>(sq. m.)</i>
Chuang's Le Papillon, Guangzhou	450,000
Imperial Garden, Chuang's New City, Dongguan	530,000
Chuang's New Town, Huizhou	200,000
Beverly Hills, Changsha	1,600,000*
Chuang's Palazzo Caesar, Changsha	500,000
Chuang's Le Printemps, Chengdu	130,000
Xiamen Mingjia Binhai, Xiamen	16,500
Total	<u>3,426,500</u>

* GFA to be developed includes 1.53 million sq. m. pending procedures for obtaining the land use rights

Development progress

The Group's property projects are developed by stages. Currently, about 830,000 sq. m. of GFA in Guangzhou, Dongguan, Changsha, Chengdu and Xiamen are under development. The following is a summary of the progress.

Chuang's Le Papillon, Guangzhou, Guangdong (100% interests)

The first phase comprising 70,000 sq. m. GFA is under development. It will provide 11 residential blocks of over 400 apartments with typical flats ranging from 90 sq. m. to 185 sq. m. and executive duplex units of 343 sq. m. as well as commercial and club house facilities. This phase is expected to be completed in the financial year ending 2009. The second phase development providing another 200,000 sq. m. GFA will commence shortly. On the basis of current market condition, it is expected that the average selling price will be around RMB8,500 to RMB10,000 per sq. m., which will be a remarkable revenue and profit generator to the Group.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

Development progress *(Continued)*

Imperial Garden, Chuang's New City, Dongguan, Guangdong (100% interests)

Construction of 8 residential blocks with aggregate GFA of about 86,000 sq. m. is in progress. There will be over 600 apartments with typical flats ranging from 80 sq. m. to 160 sq. m., executive duplex units of about 280 sq. m. and unique simplex units of 445 sq. m.. Piling works have been completed. Sub-structure works and super-structure works will follow immediately. Construction works for these initial 8 blocks are expected to be completed in the next financial year. Furthermore, construction of an additional 176,000 sq. m. GFA has commenced with foundation works taken-off.

Beverly Hills, Changsha, Hunan (54% interests)

At Beverly Hills of Changsha, construction works of phase I for about 77,000 sq. m. GFA are progressing satisfactorily, with at least 55,000 sq. m. to be completed for handover within the financial year ending 2008. This relates to the low density development comprising 171 bungalows, link houses and semi-detached houses and 54 units of high-rise apartments. The remaining 22,000 sq. m. under development comprises one supreme bungalow of over 1,000 sq. m. with a private swimming pool, 90 units of high-rise apartments as well as 106 units of service apartments and will be ready for handover in the next financial year. The phase II development of 480 mu is under planning stage.

Chuang's Palazzo Caesar, Changsha, Hunan (100% interests)

The site will be delivered to the Group by the local government in December 2007 and master planning work has been completed. Site formation work will commence soon on phase I of Chuang's Palazzo Caesar. In this phase, it will comprise over 300 bungalows, link houses and semi-detached houses with GFA of 77,000 sq. m. and the construction works are expected to be completed in the next financial year. The average selling price is expected to be in the region of RMB5,000 to RMB6,000 per sq. m..

Chuang's New Town, Huizhou, Guangdong (100% interests)

With the growing demand for properties buyers in Huizhou both locally and from Shenzhen, the Group has recently revised the development plan for this project, with a 30% increase in GFA to about 200,000 sq. m.. Once the master planning is finalised, the Group will review its strategy for this development project.

Chuang's Le Printemps, Chengdu, Sichuan (51% interests)

The site, having an area of about 30,000 sq. m., is situated in the prime area within the second ring road, in the region of 武侯區 (Wu Hou Qu). The development will comprise residential and commercial GFA of about 130,000 sq. m.. The Group's land cost per sq. m. of developable area is about RMB1,700 and the expected average selling prices for residential and commercial properties are around RMB9,000 and RMB15,000 per sq. m. respectively. Master planning will be completed very soon and construction will commence in early 2008.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

Development progress *(Continued)*

Xiamen Mingjia Binhai, Xiamen (51% interests)

The site, having an area of about 27,574 sq. m., is located in 思明區 (Siming Qu) of Xiamen. It will be developed into high-end villas and resort with GFA of about 16,545 sq. m. providing full hotel services and facilities surrounded by tropical landscaping and glamorous water features. Total land cost and development cost for this project are estimated to be RMB12,000 per sq. m., which has significant room for upside appreciation when compared with current selling prices of villas in the area of over RMB40,000 per sq. m.. The Group will commence on master planning work shortly.

Property Sales

For the six months ended 30th September, 2007, property sales of the Group was HK\$41.1 million, and mainly related to completed properties at Gold Coast in Dongguan, representing a 45% increase when compared to that of the last corresponding period.

Apart from the above, contracted sales of HK\$262 million mainly related to Gold Coast and Beverly Hills have not yet been recognised as revenue. With the handover of these properties to purchasers within this financial year, we expect that these contracted sales will be booked as revenue in the second half of this financial year, resulting in a significant increase in the Group's revenue.

Furthermore, the Group has properties available for sale comprising 2,403 sq. m. GFA and 334 carparking spaces at Gold Coast and 46,700 sq. m. at Beverly Hills. On the basis of the above, the Group targets to achieve sales of HK\$500 million for the 2008 financial year.

Other Investments

During the period, the Group's rental property in Hong Kong, Chuang's Tower in Central, maintained full occupancy rate. Rental and other income during the period was HK\$9.2 million, representing an increase of 30% as compared to the last corresponding period.

The Group's other assets include Yuen Sang Hardware Company (1988) Limited which engaged in the manufacture and sale of metalware for exports, and approximately 12% interests in a quoted investment in CNT Group Limited.

The aggregate book values of these other investments amounted to over HK\$665 million as at 30th September, 2007. The Group will assess the disposal of these investments when suitable opportunities arise.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL POSITION

In August this year, the Group raised net proceeds of approximately HK\$310 million by placing 220 million new shares to independent investors at HK\$1.45 per share. The share placement further solidified the Group's financial strength for its property development business.

As at 30th September, 2007, the Group's cash and bank balances amounted to HK\$559.8 million (31st March, 2007: HK\$354.2 million). Bank borrowings of the Group as at the same date amounted to HK\$328.2 million (31st March, 2007: HK\$337.5 million).

The net debt to equity ratio was zero because the Group had surplus cash of about HK\$231.6 million over bank borrowings (31st March, 2007: HK\$16.7 million).

Approximately 85.2% of the Group's cash and bank balances were in Hong Kong dollar, United States dollar with the remaining 14.8% in Renminbi. Risk in exchange rate fluctuation would not be material.

About 82.6% of the Group's bank borrowings were in Hong Kong dollar and 17.4% in Renminbi. Approximately 8.5% of the Group's bank borrowings were repayable within one year, 12.6% repayable within 1 to 2 years, 14.6% repayable within 2 to 5 years and 64.3% repayable after 5 years.

As at 30th September, 2007, the net assets value attributable to equity holders of the Company was HK\$1,848.6 million. Net asset value per share amounted to HK\$1.23, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value.

PROSPECTS

The property market in the PRC will remain healthy and demand for housing will be strong under the continuous economic growth in the country. The Group will aggressively push for the development and sales of the existing projects for delivery in the coming few years and will move firmly ahead with its strategy of achieving sustainable development.

Looking ahead, the Group is optimistic about the prospects of the projects in the cities where we are located and will continue developing high-end residential projects with an affordable average selling price. With the relatively low land cost of these projects, there is ample room for remarkable growth in turnover and profits for the Group.

OTHER INFORMATION

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

As at 30th September, 2007, 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 of Hong Kong Limited (the “Stock Exchange”) pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Interests in the Company		
	Number of shares	Capacity	Percentage of shareholding
Dr. Hwang Jen	1,137,139	Beneficial owner	0.08
Mr. Lee Sai Wai	808,000	Beneficial owner	0.05
Mr. Sunny Pang Chun Kit	620,000	Beneficial owner	0.04
Miss Candy Chuang Kai Wai	1,000,000	Beneficial owner	0.07
Dr. Peter Po Fun Chan	4,120	Interest of controlled corporation	0.0003

Name of Director	Interests in Chuang's Consortium International Limited (“CCIL”)		
	Number of shares	Capacity	Percentage of shareholding
Mr. Lee Sai Wai	169,898,927	<i>Note</i>	11.50
Dr. Peter Po Fun Chan	756,297	Beneficial owner	0.05

Note: Interests in 169,175,703 shares in CCIL arose by attribution through his spouse who is a discretionary object and the trustee of a discretionary trust which owned such shares. The remaining interests in 723,224 shares in CCIL is beneficially owned by the Director.

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

OTHER INFORMATION *(Continued)*

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

Other than as disclosed herein, as at 30th September, 2007, 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.

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 30th September, 2007, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of Shareholder	Number of shares of the Company	Capacity	Percentage of shareholding
Profit Stability Investments Limited ("PSI")	794,351,556	Beneficial owner	52.94%
CCIL	794,351,556	<i>Note 1</i>	52.94%
Evergain Holdings Limited	794,351,556	<i>Note 1</i>	52.94%
Mr. Alan Chuang Shaw Swee ("Mr. Chuang")	796,951,556	<i>Note 1</i>	53.11%
Mrs. Chong Ho Pik Yu	796,951,556	<i>Note 2</i>	53.11%
Capital Research and Management Limited	90,527,000	Investment Manager	6.03%

OTHER INFORMATION *(Continued)*

SUBSTANTIAL SHAREHOLDERS *(Continued)*

Note 1: Interests in 794,351,556 shares of the Company arose through the interests in the relevant shares owned by PSI, a wholly owned subsidiary of CCIL. Mr. Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of CCIL through Evergain Holdings Limited, a company beneficially owned by Mr. Chuang. The remaining 2,600,000 shares of the Company are beneficially owned by Mr. Chuang.

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

Save as disclosed above, as at 30th September, 2007, there was no other person who was recorded in the register of the Company as having interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30th September, 2007 with the code provisions set out in the Appendix 14 – Code on Corporate Governance Practices of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

An audit committee has been established by the Company to review and supervise the Company’s financial reporting process and internal controls. The audit committee has held meetings in accordance with the relevant requirements and reviewed the interim report for the six months ended 30th September, 2007. The current members of the audit committee are Dr. Hwang Jen, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan, the Independent Non-Executive Directors of the Company.

The Company has also adopted 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.

OTHER INFORMATION *(Continued)*

DEALING IN THE COMPANY'S SECURITIES

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

CLOSING OF REGISTER

The register of members of the Company will be closed from Wednesday, 2nd January, 2008 to Friday, 4th January, 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrars in Hong Kong, Tricor Progressive Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Monday, 31st December, 2007.

SHARE OPTION SCHEME

On 26th August, 2002, a share option scheme ("Share Option Scheme") was adopted by the Company. The purpose of the Share Option Scheme is to recognise the contribution of the eligible persons as defined in the scheme including, inter alia, any employees, Directors of the Company and its subsidiaries (the "Eligible Persons"), to the growth of the Group and to further motivate the Eligible Persons to continue to contribute to the Group's long-term prosperity. No options have been granted under the Share Option Scheme since its adoption.

STAFF

As at 30th September, 2007, the Group employed 225 staff. In addition, the subcontracting factories of the Group have about 600 workers. 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.

OTHER INFORMATION *(Continued)*

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The Group has entered into a loan agreement, which still subsists as at the date of this report, with a bank for a seven-year term loan facility of up to HK\$273 million. Pursuant to the loan agreement, CCIL is required to beneficially own 45% or more of the issued share capital of the Company at all time during the subsistence of the term loan facility. As at 30th September, 2007 the loan outstanding was HK\$271 million and the last instalment of the loan is repayable on 29th September, 2013.

By Order of the Board of
Chuang's China Investments Limited
Ann Li
Managing Director

Hong Kong, 10th December, 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the six months ended 30th September, 2007

		2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Revenue	5	75,520	64,312
Cost of sales		(49,895)	(47,086)
Gross profit		25,625	17,226
Other income		46,144	1,759
Distribution costs		(5,784)	(3,335)
Administrative expenses		(42,924)	(35,218)
Other operating expenses		(1,207)	(9,631)
Change in fair value of investment properties		50,000	20,000
Operating profit/(loss)	6	71,854	(9,199)
Finance costs	7	(8,073)	(7,781)
Share of results of associated companies		(176)	4,334
Profit/(loss) before taxation		63,605	(12,646)
Taxation	8	(4,263)	(5)
Profit/(loss) for the period		<u>59,342</u>	<u>(12,651)</u>
Attributable to:			
Equity holders		61,227	(7,714)
Minority interests		(1,885)	(4,937)
		<u>59,342</u>	<u>(12,651)</u>
Interim dividend	9	<u>7,503</u>	<u>–</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share	10	<u>4.54</u>	<u>(0.61)</u>

CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30th September, 2007

		30th September, 2007	31st March, 2007
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	11	26,511	28,636
Investment properties		618,628	567,800
Land use rights		1,029,600	882,319
Properties for/under development		50,403	23,284
Associated companies		2,494	2,651
Available-for-sale financial assets		58,845	46,920
		<u>1,786,481</u>	<u>1,551,610</u>
Current assets			
Properties for sale		176,445	176,858
Inventories		8,311	7,902
Debtors and prepayments	12	88,540	156,615
Cash and bank balances		559,813	354,161
		<u>833,109</u>	<u>695,536</u>
Current liabilities			
Creditors and accruals	13	196,319	110,920
Current portion of long-term borrowings	15	27,950	2,000
Taxation		38,554	35,010
		<u>262,823</u>	<u>147,930</u>
Net current assets		<u>570,286</u>	<u>547,606</u>
Total assets less current liabilities		<u>2,356,767</u>	<u>2,099,216</u>
Equity			
Share capital	14	75,027	64,027
Reserves		1,773,576	1,392,166
Proposed final dividend		–	12,805
Shareholders' funds		1,848,603	1,468,998
Minority interests		5,820	65,495
Total equity		<u>1,854,423</u>	<u>1,534,493</u>
Non-current liabilities			
Long-term borrowings	15	300,250	335,508
Deferred taxation liabilities		191,989	191,503
Other non-current liabilities	16	10,105	37,712
		<u>502,344</u>	<u>564,723</u>
		<u>2,356,767</u>	<u>2,099,216</u>

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30th September, 2007

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Net cash (used in)/from operating activities	(76,867)	1,677
Net cash from investing activities	3,534	352
Net cash from financing activities	277,837	144,324
	<hr/>	<hr/>
Net increase in cash and cash equivalents	204,504	146,353
Cash and cash equivalents at the beginning of the period	350,938	129,327
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	555,442	275,680
	<hr/>	<hr/>
Analysis of cash and cash equivalents		
Cash and bank balances	559,813	281,991
Bank deposits maturing more than three months from date of placement	(4,371)	(6,311)
	<hr/>	<hr/>
	555,442	275,680
	<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30th September, 2007

	Share capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Shareholders' funds HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 31st March, 2007	64,027	1,755,169	(350,198)	1,468,998	65,495	1,534,493
Changes in exchange rates	-	11,332	-	11,332	908	12,240
Change in fair value of available-for-sale financial assets	-	11,401	-	11,401	-	11,401
Net income recognised directly in equity	-	22,733	-	22,733	908	23,641
Profit/(loss) for the period	-	-	61,227	61,227	(1,885)	59,342
Total income/(expenses) recognised for the period	-	22,733	61,227	83,960	(977)	82,983
Placing of new shares	11,000	308,000	-	319,000	-	319,000
Placing expenses	-	(8,350)	-	(8,350)	-	(8,350)
2007 final dividend	-	-	(15,005)	(15,005)	-	(15,005)
Reduction of interest by minority shareholders	-	-	-	-	(58,698)	(58,698)
At 30th September, 2007	<u>75,027</u>	<u>2,077,552</u>	<u>(303,976)</u>	<u>1,848,603</u>	<u>5,820</u>	<u>1,854,423</u>
At 31st March, 2006	51,222	1,638,358	(275,444)	1,414,136	72,693	1,486,829
Changes in exchange rates	-	862	-	862	383	1,245
Change in fair value of available-for-sale financial assets	-	7,429	-	7,429	-	7,429
Net income recognised directly in equity	-	8,291	-	8,291	383	8,674
Loss for the period	-	-	(7,714)	(7,714)	(4,937)	(12,651)
Total income/(expenses) recognised for the period	-	8,291	(7,714)	577	(4,554)	(3,977)
Rights issue of new shares	12,805	89,638	-	102,443	-	102,443
Rights issue expenses	-	(1,819)	-	(1,819)	-	(1,819)
2006 final dividend	-	-	(12,805)	(12,805)	-	(12,805)
At 30th September, 2006	<u>64,027</u>	<u>1,734,468</u>	<u>(295,963)</u>	<u>1,502,532</u>	<u>68,139</u>	<u>1,570,671</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. General information

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

As at 30th September, 2007, the Company was a 52.94% owned subsidiary of Profit Stability Investments Limited, incorporated in the British Virgin Islands, which is a wholly owned subsidiary of Chuang's Consortium International Limited, incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Directors regard Chuang's Consortium International Limited as being the ultimate holding company.

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property investment and development, manufacturing and sale of watch components, securities investment and trading, and the provision of information technology services.

2. Basis of preparation

The interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets at fair values, and in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31st March, 2007.

In 2007, the Group adopted the following new standards, amendments and interpretations that are effective for the accounting periods beginning on 1st January, 2007 and relevant to the operation of the Group:

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

2. **Basis of preparation** *(Continued)*

The adoption of above standards, amendments and interpretations does not have any significant effect on the accounting policies of the Group.

The following standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1st January, 2008 or later periods but which the Group has not early adopted:

HKFRS 8	Operating Segments
HKAS 23 (Revised)	Borrowing Costs
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group is assessing the impact of these standards, amendments and interpretations but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

3. **Financial risk management**

All aspects of the financial risk management objectives and policies of the Group are consistent with those disclosed in the annual financial statements for the year ended 31st March, 2007.

4. **Critical accounting estimates and judgments**

Estimates and judgments used 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 estimates and assumptions applied in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31st March, 2007.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

5. Segment information

In accordance with the internal financial reporting and the operating activities of the Group, the primary segment reporting is business segments and the secondary segment reporting is geographical segments. Analysis of the revenue and operating profit/(loss) by business and geographical segments is as follows:

Business segments

	Property investment and development <i>HK\$'000</i>	Sale of goods and services <i>HK\$'000</i>	Others and corporate <i>HK\$'000</i>	Group <i>HK\$'000</i>
2007				
Revenue	50,709	17,075	7,736	75,520
Other income	<u>42,709</u>	<u>1,302</u>	<u>2,133</u>	<u>46,144</u>
Segment results	<u>83,126</u>	<u>(406)</u>	<u>(10,866)</u>	71,854
Finance costs				(8,073)
Share of results of associated companies	-	-	(176)	<u>(176)</u>
Profit before taxation				63,605
Taxation				<u>(4,263)</u>
Profit for the period				<u>59,342</u>
As at 30th September, 2007				
Segment assets	1,968,768	17,102	31	1,985,901
Associated companies	-	-	2,494	2,494
Unallocated assets				<u>631,195</u>
Total assets				<u>2,619,590</u>
Segment liabilities	526,125	6,250	706	533,081
Unallocated liabilities				<u>232,086</u>
Total liabilities				<u>765,167</u>
Capital expenditure	180,454	12	2,901	183,367
Depreciation	1,143	350	4,253	5,746
Amortisation of land use rights	8,359	-	-	8,359
Increase in fair value of investment properties	50,000	-	-	50,000
Impairment of other debtors	<u>1,065</u>	<u>-</u>	<u>938</u>	<u>2,003</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

5. Segment information (Continued)

Business segments (Continued)

	Property investment and development <i>HK\$'000</i>	Sale of goods and services <i>HK\$'000</i>	Others and corporate <i>HK\$'000</i>	Group <i>HK\$'000</i>
2006				
Revenue	35,882	23,631	4,799	64,312
Other income	<u>468</u>	<u>1,140</u>	<u>151</u>	<u>1,759</u>
Segment results	<u>1,674</u>	<u>1,580</u>	<u>(12,453)</u>	(9,199)
Finance costs				(7,781)
Share of results of associated companies	–	2,760	1,574	<u>4,334</u>
Loss before taxation				(12,646)
Taxation				<u>(5)</u>
Loss for the period				<u>(12,651)</u>
As at 31st March, 2007				
Segment assets	1,816,432	13,089	850	1,830,371
Associated companies	–	–	2,651	2,651
Unallocated assets				<u>414,124</u>
Total assets				<u>2,247,146</u>
Segment liabilities	478,705	4,199	605	483,509
Unallocated liabilities				<u>229,144</u>
Total liabilities				<u>712,653</u>
Capital expenditure	1,991	410	2,360	4,761
Depreciation	865	369	4,265	5,499
Amortisation of land use rights	8,405	–	–	8,405
Increase in fair value of investment properties	<u>20,000</u>	<u>–</u>	<u>–</u>	<u>20,000</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

5. Segment information (Continued)

Geographical segments

	Revenue		Total assets		Capital expenditure	
	2007	2006	30th September, 2007	31st March, 2007	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	32,604	34,077	1,123,340	885,355	3,375	1,970
Mainland China	41,859	29,031	1,495,919	1,361,462	179,992	2,791
Other countries	1,057	1,204	331	329	-	-
	<u>75,520</u>	<u>64,312</u>	<u>2,619,590</u>	<u>2,247,146</u>	<u>183,367</u>	<u>4,761</u>

6. Operating profit/(loss)

	2007 HK\$'000	2006 HK\$'000
Operating profit/(loss) is stated after crediting:		
Excess of fair value of net assets acquired over cost of acquisition of minority interests in a subsidiary	21,329	-
Write back of provisions for tax liabilities undertakings (note 17)	<u>21,019</u>	<u>-</u>
and after charging:		
Amortisation of land use rights	8,359	8,405
Cost of properties and inventories sold	48,084	45,818
Depreciation	5,746	5,499
Staff costs, including Directors' emoluments:		
Wages and salaries	13,144	11,063
Retirement benefit costs	<u>464</u>	<u>424</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

7. Finance costs

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest expenses		
Bank loans wholly repayable within five years	2,047	1,522
Bank loans not wholly repayable within five years	6,962	6,428
Overdraft wholly repayable within five years	132	–
	<u>9,141</u>	<u>7,950</u>
Amount capitalised into properties under development for sale	<u>(1,068)</u>	<u>(169)</u>
	<u><u>8,073</u></u>	<u><u>7,781</u></u>

The capitalisation rate applied to funds borrowed generally and used for the development of properties ranges from 6.93% to 7.92% (2006: 6.93%) per annum.

8. Taxation

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current (overseas)	3,777	5
Deferred	486	–
	<u><u>4,263</u></u>	<u><u>5</u></u>

No provision for Hong Kong profits tax has been made as the Group does not have any estimated assessable profits for the period (2006: Nil). Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

Share of taxation of associated companies for the six months ended 30th September, 2007 amounting to HK\$117,000 (2006: HK\$1,052,000) is included in the profit and loss account as share of results of associated companies.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

9. Dividend

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interim of 0.5 HK cent (2006: Nil) per share	<u>7,503</u>	<u>–</u>

10. Earnings/(loss) per share

The calculation of the earnings/(loss) per share is based on the profit attributable to equity holders of the Company of HK\$61,227,000 (2006: loss of HK\$7,714,000) and the weighted average number of 1,347,872,017 (2006: 1,267,221,820) shares in issue during the period.

The dilutive earnings/(loss) per share equal to the basic earnings/(loss) per share since there are no diluted potential shares in issue during the period.

11. Property, plant and equipment

For the six months ended 30th September, 2007, the Group has acquired property, plant and equipment amounting to HK\$3,581,000 (2006: HK\$2,951,000) and has disposed of property, plant and equipment with a net book amount of nil (2006: HK\$134,000).

12. Debtors and prepayments

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

	30th September, 2007 <i>HK\$'000</i>	31st March, 2007 <i>HK\$'000</i>
Below 30 days	3,833	2,946
31 to 60 days	1,448	759
61 to 90 days	1,720	486
Over 90 days	1,441	1,010
	<u>8,442</u>	<u>5,201</u>

Debtors and prepayments include deposits of HK\$44,792,000 (31st March, 2007: HK\$125,710,000) for proposed property development projects and acquisition of land use rights.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

13. Creditors and accruals

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

	30th September, 2007	31st March, 2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Below 30 days	1,959	1,874
31 to 60 days	1,476	331
61 to 90 days	1,249	518
Over 90 days	342	–
	<u>5,026</u>	<u>2,723</u>

14. Share capital

	30th September, 2007	31st March, 2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Authorised</i>		
18,000,000,000 shares of HK\$0.05 each	<u>900,000</u>	<u>900,000</u>
<i>Issued and fully paid</i>		
1,500,549,612 (31st March, 2007: 1,280,549,612) shares of HK\$0.05 each	<u>75,027</u>	<u>64,027</u>

In August 2007, the Company made a placement of 220 million new shares of HK\$0.05 each to independent investors at HK\$1.45 per share. All the new shares rank pari passu to the existing shares.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

15. Long-term borrowings

	30th September, 2007	31st March, 2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured bank loans		
Wholly repayable within five years	57,200	65,508
Not wholly repayable within five years	271,000	272,000
	<hr/>	<hr/>
	328,200	337,508
Current portion included in current liabilities	(27,950)	(2,000)
	<hr/>	<hr/>
	300,250	335,508
	<hr/> <hr/>	<hr/> <hr/>

The secured bank loans are repayable in the following year:

	30th September, 2007	31st March, 2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	27,950	2,000
Second year	41,250	41,508
Third to fifth year	48,000	75,000
After fifth year	211,000	219,000
	<hr/>	<hr/>
	328,200	337,508
	<hr/> <hr/>	<hr/> <hr/>

16. Other non-current liabilities

	30th September, 2007	31st March, 2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provisions (note 17)	–	21,019
Loans payable to minority interests	10,105	16,693
	<hr/>	<hr/>
	10,105	37,712
	<hr/> <hr/>	<hr/> <hr/>

Loans payable to minority interests of subsidiaries are unsecured, interest free and have no fixed repayment terms.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

17. Provisions

	30th September, 2007 HK\$'000	31st March, 2007 HK\$'000
At the beginning of the period/year	21,019	21,019
Write back (note 6)	(21,019)	–
	<hr/>	<hr/>
At the end of the period/year	–	21,019
	<hr/> <hr/>	<hr/> <hr/>

In December 2001, the Group disposed of certain properties and provided undertakings to the purchaser, Midas International Holdings Limited, formerly an associated company, for the tax liabilities in relation to these properties. In 2007, these properties were disposed of by the purchaser to third parties and therefore related provisions for the undertakings had been written back by the Group.

18. Financial Guarantees

As at 30th September, 2007, two subsidiaries had provided guarantees amounting to HK\$100.6 million (31st March, 2007: HK\$69.4 million) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries.

19. Capital commitments

As at 30th September, 2007, the Group had capital expenditure commitments contracted but not provided for amounting to HK\$301,277,000 (31st March, 2007: HK\$34,640,000).

20. Pledge of assets

As at 30th September, 2007, the Group had pledged the shares and assets of certain subsidiaries, including bank deposits, investment properties, land use rights, properties for/under development and properties for sale, with an aggregate carrying amount of HK\$817,190,000 (31st March, 2007: HK\$751,646,000), to secure general banking and financial guarantee facilities granted to those subsidiaries.