



CHUANG'S  
CONSORTIUM  
INTERNATIONAL LIMITED  
**INTERIM REPORT 2009**

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



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# CORPORATE INFORMATION

<b>Directors</b>	Alan Chuang Shaw Swee ( <i>Chairman</i> ) Alice Siu Chuang Siu Suen ( <i>Vice-Chairman</i> ) Ko Sheung Chi ( <i>Managing Director</i> ) Lui Lop Kay Albert Chuang Ka Pun 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* <i>* Independent Non-Executive Directors</i>
<b>Audit Committee/ Nomination Committee/ Remuneration Committee</b>	Peter Po Fun Chan, B.B.S., M.B.E., J.P. Abraham Shek Lai Him, S.B.S., J.P. Fong Shing Kwong
<b>Qualified Accountant</b>	Chan Chun Man
<b>Company Secretary</b>	Lee Wai Ching
<b>Auditors</b>	PricewaterhouseCoopers 22nd Floor, Prince's Building 10 Chater Road Central, Hong Kong
<b>Registrars</b>	<b>Bermuda:</b> Butterfield Fulcrum Group (Bermuda) Limited Rosebank Centre, 11 Bermudiana Road Pembroke HM 08, Bermuda  <b>Hong Kong:</b> Tricor Standard Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong

## **CORPORATE INFORMATION** *(Continued)*

<b>Principal Bankers</b>	The Hongkong and Shanghai Banking Corporation Limited Hang Seng Bank Limited Bank of China (Hong Kong) Limited China Construction Bank Corporation The Development Bank of Singapore Limited
<b>Registered Office</b>	Clarendon House, Church Street Hamilton HM 11, Bermuda
<b>Principal Office in Hong Kong</b>	25th Floor, Alexandra House 18 Chater Road, Central, Hong Kong Telephone: (852) 2522 2013 Facsimile: (852) 2810 6213 Email address: <a href="mailto:chuangs@chuangs.com.hk">chuangs@chuangs.com.hk</a> Website: <a href="http://www.chuangs-consortium.com">http://www.chuangs-consortium.com</a>
<b>Singapore Office</b>	245 Jalan Ahmad Ibrahim, Jurong Town Singapore 629144 Republic of Singapore
<b>Malaysia Office</b>	29th Floor, Central Plaza 34 Jalan Sultan Ismail, 50250 Kuala Lumpur Malaysia
<b>Vietnam Office</b>	4th Floor, Hoa Rang Building 32-34 Ngo Duc Ke Street, District 1 Ho Chi Minh City, Vietnam
<b>Stock Code</b>	367

# MANAGEMENT DISCUSSION ON RESULTS

The Board of Directors (the “Board”) of Chuang’s Consortium International 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, 2008. The consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the six months ended 30th September, 2008, and the consolidated balance sheet as at 30th September, 2008 along with the notes thereon, are set out on pages 21 to 36 of this report.

## FINANCIAL REVIEW

For the six months ended 30th September, 2008, revenues of the Group amounted to HK\$200.2 million (2007: HK\$233.7 million), representing a decrease of about 14.3% from that of last corresponding period. Revenues of the Group comprise income from property investment and development business of HK\$104.8 million (2007: HK\$147.5 million), income from manufacturing and trading business of HK\$47.8 million (2007: HK\$51.0 million) and income from securities investment and trading business of HK\$48.1 million (2007: HK\$35.3 million).

Gross profit during the period increased to HK\$119.3 million (2007: HK\$87.3 million), which was principally attributable to the increase in rental income and profits from sales of properties in Hong Kong and the People’s Republic of China (the “PRC”). Other income decreased to HK\$21.4 million (2007: HK\$148.5 million) mainly due to absence of certain non-recurring accounting profits recorded in last corresponding period. Reflecting the continuous improvement in office and retail property prices in Hong Kong and Malaysia during the period under review, the Group recorded an upward revaluation surplus of HK\$123.0 million (2007: HK\$140.6 million). On the costs side, selling and marketing expenses remained stable at HK\$11.8 million (2007: HK\$11.4 million), administrative expenses reduced slightly to HK\$87.1 million (2007: HK\$88.5 million) and other operating expenses increased to HK\$43.1 million (2007: HK\$16.5 million). Finance costs decreased to HK\$34.2 million (2007: HK\$38.5 million) and share of loss of associated companies amounted to HK\$4.9 million (2007: profit of HK\$73.0 million due to a one-off write back of provision of HK\$71.6 million). Taking all these into account, profit attributable to equity holders of the Company for the six months ended 30th September, 2008 amounted to HK\$65.1 million (2007: HK\$253.9 million). Earnings per share were 4.4 HK cents (2007: 17.1 HK cents).

## INTERIM DIVIDEND

The Board declares an interim dividend of 1.0 HK cent (2007: 1.5 HK cents) per share payable on or before 21st January, 2009 to shareholders whose names appear on the Company’s register of members on 9th January, 2009.

# MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

## BUSINESS REVIEW

### (A) **Chuang's Properties Limited (100% owned)**

All the Group's property activities in Hong Kong are conducted through this wholly-owned subsidiary.

#### *(i) Investment Properties*

The Group owns Chuang's London Plaza in Tsim Sha Tsui, Chuang's Hung Hom Plaza in Hunghom, portion of Chuang's Enterprises Building in Wanchai and Chuang's Tower in Central (through Chuang's China Investments Limited) with a total gross floor area ("GFA") of approximately 374,000 sq. ft. of retail, office and carparking spaces for investment purpose. As a result of the improved occupancy rate and the increase of rental rates upon new leases and lease renewals, rental and other income from investment properties in Hong Kong during the period amounted to HK\$50.4 million, representing an increase of about 23% compared with that of last corresponding period.

#### *(ii) Properties Under Development/For Sale*

As stated in last year annual report, there were remaining 7 units of The Notting Hill in Tung Shan Terrace with GFA of 4,695 sq. ft. available for sale. Up to the date of this report, 6 units with GFA of 4,207 sq. ft. have been sold for an aggregate consideration of HK\$26.4 million, of which HK\$17.2 million has been completed during the period under review and the remaining HK\$9.2 million will be completed in the second half of this financial year. Currently, the Group is undertaking various development projects in Hong Kong, a summary of which is as follows:

##### **(a) Midas Plaza, No. 1 Tai Yau Street, San Po Kong**

The Group participated in a 30% interest in the development of Midas Plaza, a 22-storey high-class industrial/office building, of which the occupation permit was issued in December 2007. The Group's share of the development comprises six industrial/office floors with GFA of 59,813 sq. ft., one shopping unit with GFA of 2,924 sq. ft. and six carparking spaces. Up to the date of this report, all units, with the exception of the penthouse floor with GFA of 8,457 sq. ft. and three carparking spaces, have been sold. Sales completed during the period under review amounted to HK\$53.0 million, generating a profit of about HK\$15.4 million. Sales to be completed in the second half of this financial year will amount to HK\$29.4 million and will generate an additional profit of about HK\$8.8 million. The Group is in the process of marketing the remaining penthouse floor and carparking spaces.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### (A) **Chuang's Properties Limited (100% owned)** *(Continued)*

##### *(ii) Properties Under Development/For Sale (Continued)*

##### (b) Park Villa, No. 37 Island Road, Deep Water Bay

In Deep Water Bay, the redevelopment of Park Villa into 4 houses, each with an outdoor swimming pool, spacious garden area and glamorous sea-view, is progressing satisfactorily according to schedule. Superstructure works have been completed and internal and external finishing works are in progress. The project is expected to be completed with occupation permit being issued within this financial year. Marketing works for this project have already commenced.

##### (c) No. 15 Gough Hill Road, The Peak

In the Peak, the Group plans to redevelop the property into a house with unique architectural design having a building area of about 19,000 sq. ft.. Building plans for the redevelopment have been approved by the relevant authorities. Redevelopment works will commence soon.

##### (d) Wuhu Residence, No. 111 Wuhu Street, Hunghom

The site is located adjacent to Chuang's Hung Hom Plaza. Originally, the Group intended to redevelop the property into a hotel with 140 rooms. In view of the demand for quality studio apartments in that area, the Group has modified the plan to redevelop the property into a unique building with modern architectural design of about 100 studio apartments and clubhouse facilities with a total building area of about 47,000 sq. ft.. Demolition works will commence soon.



## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### **(B) Chuang's Properties International Limited (100% owned)**

All the Group's property activities in Malaysia and Vietnam are conducted through this wholly-owned subsidiary.

##### *(i) Malaysia*

Central Plaza, Jalan Sultan Ismail, Kuala Lumpur

The Group owns Central Plaza for investment purpose which is located in "Golden Triangle" of Kuala Lumpur. The property has a total GFA of 380,000 sq. ft. of retail, office and carparking spaces. As a result of its strategic location and the recently completed upgrading works, occupancy rate and rental rate of the property improved substantially. Rental income of the property during the period amounted to HK\$7.4 million, representing an increase of about 19% compared with that of last corresponding period. In order to further enhance our rental income, approval has been sought from the relevant authorities to convert one level of carpark with GFA of about 14,000 sq. ft. into office use.

##### *(ii) Vietnam*

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

The Group has participated in a 70% interest in a project, Saigon Beverly Hills, for a commitment of US\$15 million. Saigon Beverly Hills covers a site area of 273 hectares (2,730,000 sq. m.) and is located in Duc Hoa District of Long An Province, which is in close proximity to, and is about 30 kilometres from, the city centre of Ho Chi Minh City. The site is for residential and commercial usage and it is intended that a new township with modern architectural design having a total GFA of 3,300,000 sq. m. will be developed. Master layout plan of the project has been approved by the relevant authorities. The Group is currently negotiating with our partner and the relevant authorities in Vietnam for the formation of a joint venture company in Vietnam and the amount of the land conversion fee payable for the project.

## **MANAGEMENT DISCUSSION ON RESULTS** *(Continued)*

### **BUSINESS REVIEW** *(Continued)*

#### **(B) Chuang's Properties International Limited (100% owned)** *(Continued)*

##### *(ii) Vietnam (Continued)*

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

The Group has entered into an agreement to acquire a 70% interest in a project, Greenview Garden, for US\$6.4 million, of which US\$1 million has been paid. Greenview Garden covers a site area of 2.03 hectares (20,300 sq. m.) and will be developed into a high-class residential complex with apartments, villas and clubhouse facilities having a total GFA of 120,000 sq. m.. The site is currently vacant and construction works will commence soon after all necessary government approvals have been obtained. The initial phase of the development will have a GFA of 16,000 sq. m., comprising villas, 1 block of residential tower with about 80 apartments and a clubhouse.

##### **(c) Bel Air, District 11, Ho Chi Minh City**

As stated in last year annual report, the Group has signed a memorandum of understanding to participate in an 80% interest in the project. After taking into account the amount of land premium that the relevant authorities in Vietnam have proposed, the Group is of the opinion that the project may not be viable. Accordingly, the Group has decided not to proceed with this project.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### **(C) Chuang's China Investments Limited ("Chuang's China") (Stock Code: 298) (54.4% owned)**

All the Group's property activities in the PRC are conducted through this 54.4% owned listed subsidiary.

##### *(i) Property Development*

During the financial year 2008 when the property market in the PRC was booming, the Group had planned for the full scale development of all our projects in Guangzhou, Dongguan, Changsha, Chengdu and Xiamen. However, with the implementation of a series of macro economic control policies during the period under review and the continuing correction of the property market in the PRC, the Group has cautiously reviewed and slowed down the development schedule of our projects with a view to preserve the Group's cashflow. A brief summary of the major projects is as follows:

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

The development has a total GFA of 450,000 sq. m. and the average land cost is about RMB820 per sq. m.. The first phase of the project comprising a GFA of 60,000 sq. m. residential and 10,000 sq. m. commercial and clubhouse facilities is under development. It will provide a total of 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.. Foundation works for the first phase have been completed. Superstructures of the initial 3 residential blocks have topped-off in December 2008. In view of the high price of steel and other construction materials committed by the Group during the year, construction costs of the initial 3 blocks were around RMB3,100 per sq. m.. As the current prices of steel and other construction materials are lower, the Group is actively taking steps to reduce the construction costs for the remaining 8 blocks to around RMB2,800 per sq. m.. Marketing of the initial 3 blocks will commence in early 2009.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### (C) **Chuang's China Investments Limited ("Chuang's China") (Stock Code: 298) (54.4% owned)** *(Continued)*

##### *(i) Property Development (Continued)*

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

Chuang's New City has a total GFA of 530,000 sq. m. and the average land cost is about RMB650 per sq. m.. Construction of 8 residential blocks of Imperial Garden with aggregate GFA of about 89,000 sq. m. is in progress. It provides 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.. Superstructures of these 8 blocks have topped-off in August 2008. External finishing works are now in progress. It is expected that construction works will be completed during 2009. The construction costs for these 8 blocks of about RMB3,500 per sq. m. are high because the prices of steel and construction materials were at a high level in the first half of 2008. Pre-sales of Imperial Garden have commenced in October 2008 but the progress is slow under the current market sentiment.

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

Construction works of phase I of the project for about 70,000 sq. m. GFA are in progress. Land cost is about RMB200 per sq. m. and construction costs are about RMB2,000 per sq. m.. Phase I of the project is a low density development comprising 172 bungalows, link houses and semi-detached houses and 144 units of high-rise apartments. Development of link houses and semi-detached houses have been completed in the last financial year and it is expected that handover of high-rise apartments will commence by the end of December 2008. Up to the date of this report, about 54% of the development has been sold. The Group is planning for the phase II of the project and is negotiating with the local government for a favourable land cost under the current market condition.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### (C) **Chuang's China Investments Limited ("Chuang's China") (Stock Code: 298) (54.4% owned) *(Continued)***

##### *(i) Property Development (Continued)*

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

The Group acquired the site with a total developable GFA of 640,000 sq. m. in December 2006 at the average land cost of RMB230 per sq. m.. According to the terms of the land auction, the Group had fully paid the land cost in early 2007. However, delivery of the site to the Group by the local government was delayed by one year until April 2008. As a result of such delay, the Group had missed the opportunity of launching the project during the booming property market in 2007. At present, the master layout plan of the development has been approved. The development will comprise low density link houses, semi-detached houses and bungalows with about 166,000 sq. m. GFA as well as apartments with 464,000 sq. m. GFA and commercial facilities of 10,000 sq. m. GFA. Site formation works have commenced on phase I of the project comprising 55,000 sq. m. GFA.

- (e) Xiamen Mingjia Binhai, Xiamen, Fujian (51% owned by Chuang's China)

The site, having an area of about 27,574 sq. m., is located in 思明區 (Siming Qu) of Xiamen. Land cost of this project is about RMB5,200 per sq. m.. It will be developed into high-end villas and resort with GFA of about 16,500 sq. m., providing 40 villas and a boutique hotel with about 100 keys. The development will be surrounded by tropical landscaping and glamorous water features. Master planning work for the villas and resort is progressing.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### (C) **Chuang's China Investments Limited ("Chuang's China") (Stock Code: 298) (54.4% owned)** *(Continued)*

##### *(i) Property Development (Continued)*

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

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). Land cost of this project is about RMB1,800 per sq. m.. The development will comprise residential and commercial GFA of about 120,000 sq. m. and carparking spaces of about 30,000 sq. m.. Land conversion fee has recently been determined at about RMB20 million, of which RMB10 million has been paid. Master planning is in progress. The project will be developed by stages, with the first phase of about 72,000 sq. m. providing residential, commercial GFA as well as carparking spaces.

- (g) Chuang's New Town, Huizhou, Guangdong (100% owned by Chuang's China)

In January 2008, the Group entered into an agreement with 大亞灣經濟技術開發集團公司 (Daya Bay Economic & Technological Development Group), a state-owned enterprise, to dispose of the Group's interest in a site of 55,355 sq. m. at Huizhou for about RMB195 million with original completion date before the end of April 2008. Deposit of about RMB14 million has been received. As affected by the macro economic measures in the PRC, 大亞灣經濟技術開發區國有資產管理中心 (Daya Bay State-owned Assets Supervision and Administration Commission) had proposed to defer completion of the transaction. The Group is currently considering the proposal and seeking legal advice on the deferral. Furthermore, the Group's remaining site with an area of 11,236 sq. m. will be resumed by the government to facilitate the construction of 廈深鐵路 (Shenzhen Xiamen Railway). It is expected that negotiation on the compensation for the resumption of land will commence in early 2009.

## **MANAGEMENT DISCUSSION ON RESULTS** *(Continued)*

### **BUSINESS REVIEW** *(Continued)*

#### **(C) Chuang's China Investments Limited ("Chuang's China") (Stock Code: 298) (54.4% owned)** *(Continued)*

##### *(ii) Property Sales*

For the six months ended 30th September, 2008, property sales of the Group in the PRC was HK\$28.4 million, mainly related to sales of Gold Coast in Dongguan and Beverly Hills in Changsha.

In the financial year ending 2009, the Group will market about 182,000 sq. m. GFA relating to Guangzhou, Dongguan and Changsha, and 257 carparking spaces in Dongguan. Up to the date of this report, the Group has contracted sales of about HK\$79.0 million relating to Gold Coast, Imperial Garden and Beverly Hills which have not yet been recorded as revenues.

#### **(D) Midas International Holdings Limited ("Midas") (Stock Code: 1172) (48.4% owned)**

The Group owns 48.4% interest in Midas, a listed company in Hong Kong principally engaged in printing business and the operation of cemetery in the PRC.

As regards the printing business, the trading environment continues to be difficult. The global economic instability leading to a reduction in printing demand coupled with high material and operating costs have resulted in the dampening of overall margin. As a result, the results of Midas for the six months ended 30th June, 2008 have been very disappointing with turnover dropped by 24.6% to HK\$244.3 million and Midas reported a net loss attributable to shareholders of HK\$34.8 million. In order to alleviate this difficult trading environment and restore Midas's printing business into profitability, Midas has taken proactive measures including strengthening the sales effort, improving profit margin and implementing effective cost control.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### **(D) Midas International Holdings Limited (“Midas”) (Stock Code: 1172) (48.4% owned) *(Continued)***

As regards the cemetery business, since the taking over of the management of the cemetery operation in September 2007, Midas has strengthened the management team, in particular in the sales and marketing aspect, and set up new offices and established new agency arrangements in the PRC and Hong Kong. A number of familiarisation tours have been organised for the members of the funeral business and for the general public in order to expand its market presence. The Group believes that cemetery business in the PRC has long term growth potential and will provide stable recurrent income to Midas.

In April 2008, Midas announced a rights issue to raise approximately HK\$73 million for financing its expansion plan in the printing and the cemetery operations. The Group has subscribed in full its entitlement under the rights issue and maintained its shareholding percentage in Midas. In December 2008, the Group converted HK\$12.6 million of the convertible note due 2011 of Midas into approximately 31.6 million new shares of Midas, thereby increasing the Group's shareholding interest in Midas from 46.6% to 48.4%. Following the conversion, the Group still owns HK\$16.65 million convertible note of Midas capable of converting into approximately 41.7 million new shares of Midas.

#### **(E) Other Investments**

The Group's other investments include Sintex Nylon and Cotton Products (Pte) Limited, a company incorporated in Singapore and engaged in the manufacture and sale of home finishing products, and Yuen Sang Hardware Company (1988) Limited, a company owned by Chuang's China and engaged in the manufacture and sale of metalware. Total revenues generated from manufacturing and trading business during the period amounted to HK\$47.8 million (2007: HK\$51.0 million).

Revenues generated from securities investment and trading business of the Group during the period amounted to HK\$48.1 million (2007: HK\$35.3 million). Profit contribution from securities investment and trading business of the Group during the period amounted to HK\$15.6 million (2007: HK\$62.9 million). As at the interim balance sheet date, quoted investments of the Group amounted to HK\$72.2 million and the Group has outstanding derivative financial instruments relating to certain blue chip stocks in Hong Kong. As at the date of this report, all such derivative financial instruments have been expired and the Group currently does not hold any investment in derivative financial instruments.



# MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

## FINANCIAL POSITIONS

As at 30th September, 2008, net assets attributable to equity holders was HK\$3,743.0 million. Net asset value per share was approximately HK\$2.52, which is calculated based on the book costs of the Group's properties for/under development and properties for sale, before taking into account their appreciated values.

As at 30th September, 2008, the Group's cash and bank balances and other investments amounted to HK\$1,116.3 million. Bank borrowings as at the same date amounted to HK\$2,100.7 million. The Group's debt to equity ratio, expressed as a percentage of bank borrowings net of cash and bank balances and other investments over total net assets attributable to equity holders of the Company, was approximately 26.3%.

Approximately 94.4% of the Group's cash, bank balances and other investments were denominated in Hong Kong dollar or United States dollar, with the balance of 5.6% in Renminbi. Approximately 88.2% of the Group's bank borrowings were denominated in Hong Kong dollar, 9.1% in Renminbi and the balance of 2.7% in Malaysian Ringgit and Singapore dollar. Accordingly, risk in foreign currency exchange rate fluctuation would not be material.

Approximately 16.5% of the Group's bank borrowings was repayable within one year, 15.5% repayable within one to two years, 67.2% repayable within two to five years and the balance of 0.8% repayable over five years.

## PROSPECTS

With the outbreak of global financial tsunami, which was originated from sub-prime mortgage crisis in the United States, the prospect of the economies in the United States and Europe has been adversely affected by the credit crunch and there are increasing signs that these economies may be facing a downturn in the near term. In view of this, various governments and relevant authorities have taken a series of proactive measures, including the substantially lowering of interest rates, aiming to restore the confidence of the global credit markets and to stimulate the continuous growth of the world economies, and it is expected that more of these measures will be implemented in the near future. Whilst the PRC and Hong Kong are not immune to the global financial crisis, with the continuous economic growth of the PRC given the recent relaxation of monetary policy and the stimulation of domestic consumption, and Hong Kong being a gateway to the PRC, the economies of the PRC and Hong Kong are likely to be least affected. The Group will closely monitor such developments and will implement appropriate strategies and adjust the magnitude and pace of our investments in Hong Kong, the PRC, Vietnam and Malaysia so as to mitigate any negative impact of the global financial crisis against the Group and to bring satisfactory return to our shareholders.

## OTHER INFORMATION

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

As at 30th September, 2008, 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 had 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:

#### (a) Interests in the Company

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang Shaw Swee (“Mr. Alan Chuang”)	774,028,849	<i>Note 1</i>	52.11
Mrs. Alice Siu Chuang Siu Suen (“Mrs. Siu”)	242,900,158	<i>Note 2</i>	16.35
Mr. Lui Lop Kay (“Mr. Lui”)	119,602	Beneficial owner	0.008
Mr. Albert Chuang Ka Pun (“Mr. Albert Chuang”)	20,000	Beneficial owner	0.001
Dr. Peter Po Fun Chan (“Dr. Chan”)	779,784	Beneficial owner	0.053

*Note 1: Such interests comprised 599,599,243 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 174,429,606 shares in the Company. Mr. Alan Chuang and Mr. Albert Chuang are directors of Evergain.*

*Note 2: Such interests comprised 68,470,552 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 174,429,606 shares in the Company.*

## OTHER INFORMATION *(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	831,877,218	<i>Notes 3 &amp; 6</i>	55.44
Mrs. Siu	2,000,000	Beneficial owner	0.13
Mr. Lui	12,838	Beneficial owner	0.001
Dr. Chan	4,231	Interest of 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	499,008,270	<i>Notes 4 &amp; 6</i>	54.6
Mr. Abraham Shek Lai Him	15,000	Beneficial owner	0.002

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

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	800,000	<i>Notes 5 &amp; 6</i>	80.0

*Note 3: Such interests comprised 829,277,218 shares in Chuang's China owned by Profit Stability Investments Limited, a wholly-owned subsidiary of the Company, and 2,600,000 shares in Chuang's China beneficially owned by Mr. Alan Chuang.*

*Note 4: Such interests comprised 425,700,000 ordinary shares in Midas and 73,308,270 ordinary shares to be issued by Midas upon the exercise of conversion rights attached to the 1.5% convertible note due 2011 held by Gold Throne Finance Limited, a wholly-owned subsidiary of the Company.*

*Note 5: Such interests comprised 550,000 shares owned by a corporation beneficially owned by Mr. Alan Chuang and 250,000 shares 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.*

## OTHER INFORMATION *(Continued)*

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

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 than as disclosed herein, as at 30th September, 2008, 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, 2008, 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	599,599,243	Beneficial owner, <i>Note 1</i>	40.37
Mrs. Chong Ho Pik Yu	599,599,243	<i>Note 2</i>	40.37
Madam Chuang Shau Har ("Madam Chuang")	175,152,830	<i>Note 3</i>	11.79
Mr. Lee Sai Wai ("Mr. Lee")	175,152,830	<i>Note 4</i>	11.79
Third Avenue Management LLC	105,424,000	Investment manager	7.10

## **OTHER INFORMATION** *(Continued)*

### **SUBSTANTIAL SHAREHOLDERS** *(Continued)*

*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 174,429,606 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 174,429,606 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 30th September, 2008, 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 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, 2008 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 and review the relationship with the auditors. The audit committee has held meetings in accordance with the relevant requirements and reviewed the interim report of the Group for the six months ended 30th September, 2008. The current members of the audit committee are Dr. Peter Po Fun Chan, Mr. Abraham Shek Lai Him and Mr. Fong Shing Kwong, 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)*

### **DEALINGS 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, 7th January, 2009 to Friday, 9th January, 2009, 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 Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Tuesday, 6th January, 2009.

### **SHARE OPTION SCHEMES**

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

The purposes of the Scheme and the Chuang's China Scheme are to recognise the contribution of the eligible persons as defined in the respective schemes including, inter alia, any employees, directors of the Company and Chuang's China and their respective subsidiaries to the growth of the Group and the Chuang's China group and to further motivate the eligible persons to continue to contribute to the Group's and the Chuang's China group's long-term prosperity. No options have been granted under the Scheme and the Chuang's China Scheme since their adoption or approval.

### **STAFF**

As at 30th September, 2008, the Group employed 1,064 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.

By Order of the Board of  
**Chuang's Consortium International Limited**  
**Alan Chuang Shaw Swee**  
*Chairman*

Hong Kong, 17th December, 2008

## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30th September, 2008

		2008	2007
	Note	HK\$'000	HK\$'000
Revenues	5	200,217	233,669
Cost of sales		(80,918)	(146,419)
Gross profit		119,299	87,250
Other income		21,350	148,523
Selling and marketing expenses		(11,750)	(11,373)
Administrative expenses		(87,081)	(88,546)
Other operating expenses		(43,079)	(16,474)
Change in fair value of investment properties		122,968	140,641
Operating profit	6	121,707	260,021
Finance costs	7	(34,163)	(38,455)
Share of results of associated companies	8	(4,926)	73,040
Profit before taxation		82,618	294,606
Taxation	9	(14,143)	(12,094)
Profit for the period		68,475	282,512
Attributable to:			
Equity holders		65,119	253,876
Minority interests		3,356	28,636
		68,475	282,512
Interim dividend	10	15,106	22,279
Earnings per share (basic and diluted)	11	HK cents 4.38	HK cents 17.09

# CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30th September, 2008

		30th September, 2008	31st March, 2008
	Note	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	12	90,378	93,228
Investment properties		3,183,692	3,085,052
Leasehold land and land use rights	12	24,018	25,688
Properties for/under development	12	692,312	680,684
Associated companies		298,509	269,982
Loans and receivables		69,495	78,017
Available-for-sale financial assets		38,725	55,220
Derivative financial instruments		–	1,558
Deferred taxation assets		692	807
		<u>4,397,821</u>	<u>4,290,236</u>
<b>Current assets</b>			
Properties for sale	12	1,544,693	1,367,463
Inventories		101,517	94,829
Debtors and prepayments	13	309,108	323,159
Tax recoverable		290	284
Other investments		72,182	16,117
Cash and bank balances		1,044,107	1,264,027
		<u>3,071,897</u>	<u>3,065,879</u>
<b>Current liabilities</b>			
Creditors and accruals	14	195,038	189,498
Derivative financial instruments		28,000	134,000
Short-term borrowings	15	212,774	197,108
Current portion of long-term borrowings	15	133,253	85,869
Dividend payable		29,706	–
Taxation payable		67,691	67,502
		<u>666,462</u>	<u>673,977</u>
<b>Net current assets</b>		<u>2,405,435</u>	<u>2,391,902</u>
<b>Total assets less current liabilities</b>		<u>6,803,256</u>	<u>6,682,138</u>



# CONSOLIDATED BALANCE SHEET (UNAUDITED) (Continued)

As at 30th September, 2008

		30th September, 2008	31st March, 2008
	Note	HK\$'000	HK\$'000
<b>Equity</b>			
Share capital	16	371,322	371,322
Reserves		3,371,687	3,333,608
Proposed final dividend		–	29,706
		<hr/>	<hr/>
Shareholders' funds		3,743,009	3,734,636
Minority interests		862,421	865,767
		<hr/>	<hr/>
<b>Total equity</b>		<b>4,605,430</b>	<b>4,600,403</b>
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Long-term borrowings	15	1,754,700	1,646,103
Derivative financial instruments		2,022	–
Deferred taxation liabilities		402,533	392,150
Loans from minority interests		38,571	43,482
		<hr/>	<hr/>
		2,197,826	2,081,735
		<hr/>	<hr/>
		<b>6,803,256</b>	<b>6,682,138</b>
		<hr/>	<hr/>

## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30th September, 2008

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Net cash used in operating activities	<b>(396,656)</b>	(133,176)
Net cash used in investing activities	<b>(26,587)</b>	(183,765)
Net cash from financing activities	<b>167,377</b>	725,359
Net (decrease)/increase in cash and cash equivalents	<b>(255,866)</b>	408,418
Cash and cash equivalents at the beginning of the period	<b>1,112,187</b>	964,766
Exchange difference on cash and cash equivalents	<b>7,242</b>	7,455
Cash and cash equivalents at the end of the period	<b>863,563</b>	1,380,639
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	<b>1,044,107</b>	1,385,010
Pledged bank deposits and bank deposits maturing more than three months from date of placement	<b>(175,863)</b>	(4,371)
Bank overdraft	<b>(4,681)</b>	–
	<b>863,563</b>	1,380,639

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

*For the six months ended 30th September, 2008*

	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Shareholders' funds <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2008	371,322	1,062,633	2,300,681	3,734,636	865,767	4,600,403
Changes in exchange rates	-	(14,464)	-	(14,464)	9,289	(5,175)
Share of reserves of an associated company	-	(2,021)	-	(2,021)	-	(2,021)
Change in fair value of available-for-sale financial assets	-	(10,555)	-	(10,555)	(9,060)	(19,615)
Net (expense)/income recognised directly in equity	-	(27,040)	-	(27,040)	229	(26,811)
Profit for the period	-	-	65,119	65,119	3,356	68,475
Total (expense)/income recognised for the period	-	(27,040)	65,119	38,079	3,585	41,664
Dividend	-	-	(29,706)	(29,706)	-	(29,706)
Dividend paid to minority interests	-	-	-	-	(6,931)	(6,931)
At 30th September, 2008	<u>371,322</u>	<u>1,035,593</u>	<u>2,336,094</u>	<u>3,743,009</u>	<u>862,421</u>	<u>4,605,430</u>
At 1st April, 2007	369,502	1,005,532	1,867,127	3,242,161	615,952	3,858,113
Changes in exchange rates	-	8,087	-	8,087	6,283	14,370
Share of reserves of an associated company	-	12,636	-	12,636	-	12,636
Change in fair value of available-for-sale financial assets	-	6,036	-	6,036	5,365	11,401
Net income recognised directly in equity	-	26,759	-	26,759	11,648	38,407
Profit for the period	-	-	253,876	253,876	28,636	282,512
Total income recognised for the period	-	26,759	253,876	280,635	40,284	320,919
Dividend	-	-	(14,780)	(14,780)	-	(14,780)
Dividend paid to minority interests	-	-	-	-	(7,159)	(7,159)
Capital injection by minority interests	-	-	-	-	280,922	280,922
Purchase of additional interest in subsidiaries	-	-	-	-	(68,233)	(68,233)
At 30th September, 2007	<u>369,502</u>	<u>1,032,291</u>	<u>2,106,223</u>	<u>3,508,016</u>	<u>861,766</u>	<u>4,369,782</u>

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 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, 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 the "Group") are property investment and development, manufacturing and sale of watch components, merchandise, bonded polyester fabrics and home finishing products, 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, available-for-sale financial assets, derivative financial instruments and other investments at fair values, and in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

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, 2008.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

*(Continued)*

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

The following standards, amendment and interpretation have been published and are mandatory for the Group's accounting periods beginning on or after 1st April, 2009, but have not yet been adopted by the Group:

HKAS 1 (Revised)	Presentation of Financial Statements (effective from 1st January, 2009)
HKAS 23 (Revised)	Borrowing Costs (effective from 1st January, 2009)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements (effective from 1st July, 2009)
HKFRS 2 (Amendment)	Share-based Payment: Vesting Conditions and Cancellations (effective from 1st January, 2009)
HKFRS 3 (Revised)	Business Combinations (effective from 1st July, 2009)
HKFRS 8	Operating Segments (effective from 1st January, 2009)
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate (effective from 1st January, 2009)

The Group has not yet adopted any of the above standards, amendment and interpretation. The Group has made an assessment of the impact of the above standards, amendment and interpretation. They are not expected to have a significant financial impact on the Group's 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, 2008.

## 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, 2008.

# 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 revenues, results, assets, liabilities, capital expenditure, depreciation and amortisation by business and geographical segments is as follows:

### (a) Business segments

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Securities investment and trading HK\$'000	Others, corporate and elimination HK\$'000	Total HK\$'000
<b>2008</b>					
Revenues	104,783	47,764	48,065	(395)	200,217
Other income	<u>10,730</u>	<u>894</u>	<u>-</u>	<u>9,726</u>	<u>21,350</u>
Segment results	<u>162,468</u>	<u>8</u>	<u>15,607</u>	<u>(56,376)</u>	121,707
Finance costs					(34,163)
Share of results of associated companies	11,069	(16,222)	-	227	<u>(4,926)</u>
Profit before taxation					82,618
Taxation					<u>(14,143)</u>
Profit for the period					<u>68,475</u>
<b>As at 30th September, 2008</b>					
Segment assets	5,787,060	186,892	72,220	31	6,046,203
Associated companies	26,556	268,788	-	3,165	298,509
Unallocated assets					<u>1,125,006</u>
Total assets					<u>7,469,718</u>
Segment liabilities	196,577	18,887	31,758	967	248,189
Unallocated liabilities					<u>2,616,099</u>
Total liabilities					<u>2,864,288</u>
<b>2008</b>					
Other segment items are as follows:					
Capital expenditure	196,460	400	-	2,575	199,435
Depreciation	2,642	974	-	2,514	6,130
Amortisation of leasehold land and land use rights					
- charged to income statement	470	161	-	-	631
- capitalised into properties	14,673	-	-	-	14,673
Write off of trade and other debtors	<u>1,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,620</u>

# NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

## 5. Segment information (Continued)

### (a) Business segments (Continued)

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Securities investment and trading HK\$'000	Others, corporate and elimination HK\$'000	Total HK\$'000
2007					
Revenues	147,503	50,952	35,285	(71)	233,669
Other income	<u>50,374</u>	<u>1,313</u>	<u>27,573</u>	<u>69,263</u>	<u>148,523</u>
Segment results	<u>196,127</u>	<u>(98)</u>	<u>62,854</u>	<u>1,138</u>	260,021
Finance costs					(38,455)
Share of results of associated companies	71,580	1,636	-	(176)	<u>73,040</u>
Profit before taxation					294,606
Taxation					<u>(12,094)</u>
Profit for the period					<u>282,512</u>
As at 31st March, 2008					
Segment assets	5,523,122	182,321	19,841	969	5,726,253
Associated companies	15,487	251,556	-	2,939	269,982
Unallocated assets					<u>1,359,880</u>
Total assets					<u>7,356,115</u>
Segment liabilities	210,308	11,249	134,130	849	356,536
Unallocated liabilities					<u>2,399,176</u>
Total liabilities					<u>2,755,712</u>
2007					
Other segment items are as follows:					
Capital expenditure	208,155	313	-	2,901	211,369
Depreciation	2,046	1,028	-	5,309	8,383
Amortisation of leasehold land and land use rights					
- charged to income statement	12,400	146	-	-	12,546
Write off of trade and other debtors	<u>1,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,408</u>

# NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

## 5. Segment information (Continued)

### (b) Geographical segments

	Revenues		Total assets		Capital expenditure	
	2008	2007	30th September, 2008	31st March, 2008	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	133,667	150,974	4,943,948	5,005,436	14,685	11,928
Mainland China	29,294	41,528	1,916,626	1,739,856	184,091	179,992
Other countries	37,256	41,167	609,144	610,823	659	19,449
	<u>200,217</u>	<u>233,669</u>	<u>7,469,718</u>	<u>7,356,115</u>	<u>199,435</u>	<u>211,369</u>

## 6. Operating profit

	2008 HK\$'000	2007 HK\$'000
Operating profit is stated after crediting:		
Dividend income from listed investments	1,429	3,332
Net realised gains on other investments	46,636	32,954
Net unrealised gains on other investments*	–	10,972
Interest income from bank deposits*	8,849	16,422
Interest income from loans and receivables*	1,283	2,214
Deferred profit realised on disposal of properties* (note)	–	4,566
Write back of provisions for tax liabilities undertakings* (note)	–	21,019
Net fair value gain on derivative financial instruments*	–	31,374
Deemed profit on partial disposal of a subsidiary*	–	29,728
Excess of fair value of net assets acquired over cost of acquisition of minority interests in a subsidiary*	–	21,329
	<u>–</u>	<u>21,329</u>



# NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

## 6. Operating profit (Continued)

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
and after charging:		
Cost of properties sold	26,213	88,880
Cost of inventories sold	36,494	40,813
Amortisation of leasehold land and land use rights	631	12,546
Depreciation	6,130	8,383
Write off of trade and other debtors	1,620	1,408
Net exchange loss**	3,679	301
Net unrealised loss on other investments**	27,390	–
Net fair value loss on derivative financial instruments**	8,641	–
Net loss on partial disposal of a subsidiary**	–	12,840
Staff costs, including Directors' emoluments		
Wages and salaries	35,975	28,611
Retirement benefit costs	1,504	1,235

\* Included in other income

\*\* Included in other operating expenses

*Note:* In December 2001, Chuang's China Investments Limited ("Chuang's China"), a listed subsidiary of the Group, disposed of certain properties to its then associated company and accordingly, a portion of the profit from such disposal had been deferred. In addition, Chuang's China had provided undertakings to the associated company for the tax liabilities in relation to these properties. In 2007, these properties were disposed of by the associated company to third parties and therefore the related deferred profit had been recognised and the related provisions for the undertakings had been written back by Chuang's China.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

## 7. Finance costs

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interest expenses		
Bank borrowings wholly repayable within five years	<b>36,071</b>	31,046
Bank borrowings wholly repayable after five years	<b>622</b>	8,618
Bank overdraft wholly repayable within five years	<b>150</b>	132
	<b>36,843</b>	39,796
Amount capitalised into		
Properties for/under development	<b>(1,072)</b>	(273)
Properties for sale	<b>(1,608)</b>	(1,068)
	<b>34,163</b>	38,455

The capitalisation rates applied to funds borrowed generally and used for the development of properties range from 2.87% to 8.32% (2007: 5.52% to 8.75%) per annum.

## 8. Share of results of associated companies

In 2007, share of results of associated companies included write back of provision of HK\$71,600,000.

## 9. Taxation

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current		
Hong Kong profits tax – under-provision in previous years	<b>6</b>	289
Overseas profits tax	<b>(54)</b>	52
Mainland China corporate income tax	<b>2,103</b>	27
Mainland China land appreciation tax	<b>1,299</b>	3,750
Deferred	<b>10,789</b>	7,976
	<b>14,143</b>	12,094

# NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

## 9. Taxation (Continued)

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit for the period (2007: 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, 2008 amounting to HK\$2,424,000 (2007: HK\$2,180,000) is included in the income statement as share of results of associated companies.

## 10. Interim dividend

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Interim of 1.0 HK cent (2007: 1.5 HK cents) per share	<b>15,106</b>	22,279

The amount of HK\$15,106,000 is calculated based on 1,510,589,673 issued shares as at 17th December, 2008.

## 11. Earnings per share

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$65,119,000 (2007: HK\$253,876,000) and the weighted average number of 1,485,285,977 (2007: 1,485,285,977, as restated for new shares issued from 2007 final scrip dividend) shares in issue during the period.

The dilutive earnings per share are equal to the basic earnings per share since there are no diluted potential shares in issue during the period and the convertible notes issued by an associated company are anti-dilutive.

## 12. Capital expenditure

For the six months ended 30th September, 2008, the Group has acquired property, plant and equipment amounting to HK\$4,500,000 (2007: HK\$6,893,000), incurred development costs of properties for/under development and properties for sale amounting to HK\$194,935,000 (2007: HK\$51,736,000), and disposed of property, plant and equipment with a net book amount of HK\$174,000 (2007: HK\$11,000). The Group had also acquired leasehold land and land use rights of HK\$152,740,000 in 2007.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

## 13. 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 the trade debtors of the Group is as follows:

	<b>30th September, 2008 HK\$'000</b>	31st March, 2008 HK\$'000
Below 30 days	<b>14,476</b>	14,702
31 to 60 days	<b>4,579</b>	6,530
61 to 90 days	<b>2,268</b>	2,728
Over 90 days	<b>2,490</b>	3,131
	<hr/> <b>23,813</b> <hr/>	<hr/> 27,091 <hr/>

Debtors and prepayments include deposits of HK\$207,213,000 (31st March, 2008: HK\$196,773,000) for property development projects and acquisition of leasehold land and land use rights.

## 14. Creditors and accruals

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

	<b>30th September, 2008 HK\$'000</b>	31st March, 2008 HK\$'000
Below 30 days	<b>10,366</b>	7,002
31 to 60 days	<b>6,715</b>	1,923
Over 60 days	<b>5,111</b>	7,551
	<hr/> <b>22,192</b> <hr/>	<hr/> 16,476 <hr/>

# NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

## 15. Borrowings

	<b>30th September, 2008</b>	31st March, 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured bank borrowings		
Bank overdraft	<b>4,681</b>	2,471
Short-term bank loans	<b>208,093</b>	194,637
	<hr/>	<hr/>
Short-term borrowings	<b>212,774</b>	197,108
Long-term borrowings	<b>1,867,953</b>	1,711,972
	<hr/>	<hr/>
Unsecured bank borrowings	<b>2,080,727</b>	1,909,080
Long-term borrowings	<b>20,000</b>	20,000
	<hr/>	<hr/>
Total borrowings	<b>2,100,727</b>	1,929,080
	<hr/>	<hr/>

The long-term borrowings are analysed as follows:

	<b>30th September, 2008</b>	31st March, 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Long-term bank loans		
Wholly repayable within five years	<b>1,840,073</b>	1,411,267
Wholly repayable after five years	<b>47,880</b>	320,705
	<hr/>	<hr/>
Current portion included in current liabilities	<b>1,887,953</b>	1,731,972
	<b>(133,253)</b>	(85,869)
	<hr/>	<hr/>
	<b>1,754,700</b>	1,646,103
	<hr/>	<hr/>

The borrowings are repayable in the following periods:

	<b>30th September, 2008</b>	31st March, 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<b>346,027</b>	282,977
Second year	<b>325,408</b>	346,955
Third to fifth year	<b>1,411,800</b>	1,078,367
After five years	<b>17,492</b>	220,781
	<hr/>	<hr/>
	<b>2,100,727</b>	1,929,080
	<hr/>	<hr/>

# NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

## 16. Share capital

	<b>30th September, 2008</b>	31st March, 2008
	<b>HK\$'000</b>	HK\$'000
<i>Authorised</i>		
2,500,000,000 shares of HK\$0.25 each	<b>625,000</b>	625,000
<i>Issued and fully paid</i>		
1,485,285,977 shares of HK\$0.25 each	<b>371,322</b>	371,322

## 17. Financial guarantees

As at 30th September, 2008, the Group has provided guarantees amounting to HK\$65.1 million (31st March, 2008: HK\$69.1 million) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries.

## 18. Capital commitments

As at 30th September, 2008, the Group has capital expenditure commitments contracted but not provided for in respect of property development amounting to HK\$500,080,000 (31st March, 2008: HK\$577,702,000) and available-for-sale financial assets amounting to HK\$23,790,000 (31st March, 2008: HK\$26,910,000) respectively.

## 19. Pledge of assets

As at 30th September, 2008, the Group has pledged the shares and assets of certain subsidiaries, including investment properties, leasehold land and land use rights, properties for/under development, properties for sale and bank deposits, with an aggregate net book value of HK\$3,984,136,000 (31st March, 2008: HK\$3,817,292,000), to secure general banking and financial guarantee facilities granted to those subsidiaries. The Group has also pledged certain other investments and bank deposits amounting to HK\$26,174,000 (31st March, 2008: HK\$7,724,000) and HK\$41,809,000 (31st March, 2008: HK\$241,659,000) respectively for the commitment of the purchase of listed equity securities.