



Chuang's Consortium International Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 367



Interim Report
2010

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CORPORATE INFORMATION

Directors

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

**Audit Committee/
Nomination Committee/
Remuneration Committee**

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

Company Secretary Lee Wai Ching

Auditor

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

Registrars

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

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

CORPORATE INFORMATION *(Continued)*

Principal Bankers	The Hongkong and Shanghai Banking Corporation Limited Hang Seng Bank Limited Bank of China (Hong Kong) Limited Bank of China Limited China Construction Bank Corporation Industrial and Commercial Bank of China Limited AmBank (M) Berhad
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-consortium.com
Singapore Office	245 Jalan Ahmad Ibrahim, Jurong Town Singapore 629144 Republic of Singapore
Malaysia Office	29th Floor, Central Plaza 34 Jalan Sultan Ismail, 50250 Kuala Lumpur Malaysia
Vietnam Office	Room 704, 7th Floor Capital Place Building 6 Thai Van Lung Street, District 1 Ho Chi Minh City, Vietnam
Stock Code	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 as the “Group”) for the six months ended 30th September, 2009. The consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the six months ended 30th September, 2009, and the consolidated balance sheet as at 30th September, 2009 along with the notes thereon, are set out on pages 24 to 42 of this report.

FINANCIAL REVIEW

During the period under review, the Group’s businesses have been benefited from the rebound of the property markets in Hong Kong and the People’s Republic of China (the “PRC”) after the global financial tsunami and the Group recorded a substantial increase in profit for the six months ended 30th September, 2009.

Revenues of the Group during the period amounted to HK\$143.4 million (2008: HK\$167.8 million), representing a decrease of 14.5% from that of last corresponding period. Revenues of the Group comprise income from property investment business of HK\$62.5 million (2008: HK\$58.7 million), income from property development business of HK\$40.1 million (2008: HK\$45.7 million), income from manufacturing and trading business of HK\$35.2 million (2008: HK\$47.8 million) and income from securities investment and trading business of HK\$5.6 million (2008: HK\$15.6 million).

As a result of decrease of income from the manufacturing and trading as well as the securities investment and trading businesses of the Group, gross profit during the period decreased by 20.6% to HK\$68.9 million (2008: HK\$86.8 million). Other income increased to HK\$66.9 million (2008: HK\$17.0 million) mainly due to negative goodwill arising from the acquisition of additional interests in Chuang’s China Investments Limited and net gain on disposal of property, plant and equipment. A detailed analysis of other income is shown in note 6 on page 35 of this report. Reflecting the improvement in office, retail and residential property prices in Hong Kong, in particular the completion of the Group’s property project located at No. 37 Island Road, Deep Water Bay, Hong Kong, during the period under review, the Group recorded an upward revaluation surplus of HK\$463.4 million (2008: HK\$123.0 million) for its investment properties.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL REVIEW *(Continued)*

On the costs side, selling and marketing expenses increased by 54.2% to HK\$18.2 million (2008: HK\$11.8 million) mainly due to greater effort placed on marketing our property projects in the PRC. As a result of effective costs control, administrative expenses decreased by 5.2% to HK\$82.6 million (2008: HK\$87.1 million) whereas other operating expenses also decreased by 22.6% to HK\$8.2 million (2008: HK\$10.6 million) mainly due to a reduction of exchange loss. Finance costs decreased by 49.4% to HK\$17.3 million (2008: HK\$34.2 million) due to lower interest rates prevailing during the period. Share of loss of associated companies amounted to HK\$13.8 million (2008: HK\$0.6 million) mainly due to share of loss relating to Midas International Holdings Limited (“Midas”) and the deemed loss on dilution of interests in Midas. Taxation amounted to HK\$38.8 million (2008: HK\$14.1 million) mainly relating to deferred tax arising on revaluation surplus of the Group’s investment properties.

Taking into account the above, profit attributable to equity holders of the Company for the six months ended 30th September, 2009 amounted to HK\$415.0 million (2008: HK\$65.1 million), representing an increase of about 5.4 times. Earnings per share were 27.47 HK cents (2008: 4.38 HK cents).

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of 1.0 HK cent (2008: 1.0 HK cent) per share payable on or before 8th March, 2010 by allotment of new shares with a cash option to the shareholders whose names appear on the Company’s register of members on 5th January, 2010.

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting listing of and permission to deal in the new shares to be issued pursuant to the scrip dividend scheme, new share entitlements will be calculated by reference to the par value of shares of the Company, being HK\$0.25, or the average of the closing prices on the Stock Exchange of the shares of the Company for the five consecutive trading days up to and including 5th January, 2010, whichever is the higher. A circular giving full details of the scrip dividend scheme and a form of election will be sent to the shareholders as soon as practicable.

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's major investment properties in Hong Kong comprise Chuang's London Plaza in Tsim Sha Tsui, Chuang's Hung Hom Plaza in Hunghom, portion of Chuang's Enterprises Building in Wanchai, No. 37 Island Road in Deep Water Bay, No. 15 Gough Hill Road in The Peak and Chuang's Tower in Central (through Chuang's China Investments Limited). The total gross floor area ("GFA") of the Group's portfolio of investment properties amounted to approximately 400,000 sq. ft. comprising retail, office, high-class residential and carparking spaces. As a result of improved occupancy rate and the increase in rental rates upon certain new leases and lease renewals, rental and other income from investment properties in Hong Kong during the period amounted to HK\$54.3 million, representing an increase of 7.7% compared with that of last corresponding period.

The redevelopment of No. 37 Island Road, Deep Water Bay into 4 houses, each with an outdoor swimming pool, spacious garden area and glamorous sea-view, has been completed with occupation permit issued on 20th April, 2009 and accordingly the property has been reclassified from properties under development to investment properties of the Group. Currently, landscaping works and internal decoration works are in progress and are expected to be completed soon which will be followed by formal marketing of the project. In view of the strong demand and limited supply of this type of luxurious property in that area, the Group believes that the project will be well received by the market.

For No. 15 Gough Hill Road, The Peak, the Group is in the process of negotiating with the relevant authorities for premium payable on certain lease modifications. Once the negotiation is finalised, the Group will commence redevelopment of the property into a house with unique architectural design. Building plans for the redevelopment have already been approved by the relevant authorities.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(ii) Properties Under Development/For Sale

During the period, property sales in Hong Kong amounted to HK\$30.5 million, of which HK\$26.2 million were conducted through an associated company. The property sales were mainly derived from sales of remaining units of The Notting Hill in Tung Shan Terrace and Midas Plaza in San Po Kong. Progress of the Group's development projects in Hong Kong are as follows:

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

The property is located adjacent to Chuang's Hung Hom Plaza and will be redeveloped into a 22-storey unique building with modern architectural design of about 100 studio apartments with club house facilities and shopping spaces at the podium level (G/F to 1/F) with a total building area of about 47,000 sq. ft.. Demolition works have been completed and foundation works are in progress. It is expected that the project will be completed in the first quarter of 2011. Marketing works of this project will commence soon.

(b) Midas Plaza, No. 1 Tai Yau Street, San Po Kong

The Group participated in a 30% interest in this development and 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 and carparking spaces have been sold. Sales completed during the period amounted to HK\$26.2 million, generating a profit of HK\$4.9 million which was included in share of results of associated companies. Sales to be completed in the second half of this financial year amount to HK\$1.9 million.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

(i) Malaysia

Central Plaza, Jalan Sultan Ismail, Kuala Lumpur

The Group owns Central Plaza, which is located within the "Golden Triangle" of Kuala Lumpur, for investment purpose. The property has a total GFA of 380,000 sq. ft. of retail, office and carparking spaces. Due to the increase in rental rates as a result of recent renovation and upgrading works completed by the Group, rental income from this property increased by 4.1% from last corresponding period to HK\$7.7 million. In order to further enhance rental, application has been made to the relevant authorities for the conversion of one level of carpark with GFA of about 14,000 sq. ft. into office use.

(ii) Vietnam

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

The Group has entered into an agreement to acquire a 70% interest in this project which covers a site area of about 20,300 sq. m.. It is intended that a high-class residential complex with apartments, villas and club house facilities having a GFA of 120,000 sq. m. will be developed on the site. Application will soon be made to the relevant government authorities for the formation of joint venture company. The site is currently vacant and construction of the initial phase of the development will commence after all necessary government approvals have been obtained.

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

The Group has participated in a 70% interest in this project which covers a site area of about 2,730,000 sq. m.. It is intended that a new township with modern architectural design will be developed on the site. The Group is currently still in the process of negotiating with the relevant government authorities and the joint venture partner in relation to the amount of land conversion fee payable for the project in order to be granted the land use rights and the formation of project company.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(iii) Taiwan

Xinyi District, Taipei City

The project, located nearby the city centre of Taipei City, is a residential development comprising a villa and apartments with GFA of about 18,000 sq. ft.. Building plans for the development have been approved by the relevant authorities. Demolition works and site formation works will commence shortly.

(C) Chuang's China Investments Limited ("Chuang's China") (Stock code: 298 and 57.0% owned)

All the Group's property activities in the PRC are conducted through this listed subsidiary. During the period, the Group has increased its interest in Chuang's China from 54.4% as at 31st March, 2009 to 57.0% as at 30th September, 2009 through acquisitions of 39,698,000 shares in the market at an average price of about HK\$0.41 per share.

(i) Property Development

The property market in the PRC has benefited from the range of economic stimulus policies and the supportive monetary policies to home-buyers since the beginning of this year. As a result, the property market has been picking up since March 2009, with both selling prices and transaction volume of properties in the PRC recording encouraging rebound. A brief summary of the Group's major projects during the period 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 club house facilities is under development. It will provide a total of 11 residential blocks of over 350 apartments with typical flats ranging from 93 sq. m. to 202 sq. m. and executive duplex units of 343 sq. m..

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) **Chuang's China Investments Limited ("Chuang's China") (Stock code: 298 and 57.0% owned)** *(Continued)*

(i) Property Development (Continued)

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

Construction works for the initial 3 residential blocks providing GFA of about 15,000 sq. m. have been completed. Pre-sales of these 3 blocks in May 2009 have received encouraging market responses. Up to now, all units of these 3 blocks are virtually sold out at average selling price of RMB5,200 per sq. m.. It is expected that handover of these 3 blocks will be before the end of March 2010. Landscape works and club house construction are in progress and will be completed during this financial year.

Superstructures of the other 8 blocks with GFA of 45,000 sq. m. have topped off in November 2009. The flat sizes of these 8 blocks mainly range from 175 sq. m. to 202 sq. m., providing 4 to 5 bedrooms apartments. To capitalise on the opportunities from the encouraging market response, the Group will progressively launch these new blocks for pre-sales in the first quarter of 2010.

The master layout plan for Phase II development of Le Papillon with total GFA of 200,000 sq. m. has been submitted for approval. The Group will commence on the site formation works shortly and planning for pre-sales will be in the second quarter of 2010.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) **Chuang's China Investments Limited ("Chuang's China") (Stock code: 298 and 57.0% 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.. External finishing works of these 8 blocks have been completed, and at present, landscaping and utility supplies works are in progress. It is expected that handover of properties will be before the end of December 2009.

Pre-sales of Imperial Garden are progressing. Up to now, a total of 5 blocks providing 372 typical units with total GFA of 46,780 sq. m. have been launched, of which 62% has been pre-sold at average selling price of RMB4,650 per sq. m.. With the exciting infrastructures under construction, including the Guangzhou-Shenzhen-Hong Kong Express Rail Link (廣深港高速鐵路) and the Dongguan Light Rail (東莞市軌道), the Group believes that Imperial Garden will be benefited in the medium term in both property prices and transaction volume.

The Group will commence on the Phase II development of Imperial Garden which will provide total GFA of about 50,000 sq. m. and the plans for pre-sales will commence in the third quarter of 2010.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) Chuang's China Investments Limited ("Chuang's China") (Stock code: 298 and 57.0% owned) *(Continued)*

(i) Property Development (Continued)

- (c) 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 RMB15 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 the completion of the transaction. In view of the recent improvements in the PRC property market, the Group has resumed preliminary discussions with 大亞灣經濟技術開發集團公司 (Daya Bay Economic & Technological Development Group) regarding completion arrangement.

In November 2009, the Group has received notice from the local authority that the Group's remaining site at Huizhou will be resumed to facilitate the construction of 廈深鐵路 (Shenzhen Xiamen Railway). The Group has formally appointed legal adviser to commence on negotiations for the claims and compensation for such resumption.

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

Phase I of the project comprises about 70,000 sq. m. GFA. Land cost is about RMB200 per sq. m.. The residential development of Phase I of the project comprises 172 bungalows, link-houses and semi-detached houses and 144 units of high rise apartments. Development of the residential area have been completed. Up to the date of this report, about 66% of the development has been sold. The Group will market the remaining 11 link-houses, 31 semi-detached houses and 38 high rise apartments as well as the 8 bungalows. Within this phase I, the Group will also construct a boutique hotel, which occupies a site area of about 7,800 sq. m. and total GFA is about 10,600 sq. m.. External finishing works and landscaping works for the boutique hotel will be completed in the first quarter of 2010.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) **Chuang's China Investments Limited ("Chuang's China") (Stock code: 298 and 57.0% owned)** *(Continued)*

(i) *Property Development (Continued)*

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

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.

- (e) 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. at average land cost of RMB230 per sq. m.. 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 aggregate GFA of about 166,000 sq. m., apartments with GFA of 464,000 sq. m., and commercial facilities with GFA of 10,000 sq. m.. Site formation works have commenced on phase I of the project comprising 55,000 sq. m. GFA.

- (f) Xiamen Mingjia Binhai, Xiamen, Fujian (59.5% 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 exclusive resort with GFA of about 16,500 sq. m., providing 33 villas with a plot ratio of just 0.3, and a deluxe boutique hotel providing exclusive facilities to the villa residents. 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 and 57.0% owned)** *(Continued)*

(i) *Property Development (Continued)*

- (g) 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). Conversion of the site to residential/commercial use has been obtained. Land cost of this project is about RMB1,800 per sq. m.. Based on a plot ratio of 4, the development with GFA of about 130,000 sq. m. will comprise residential, commercial and carparking spaces. Master planning is currently in progress.

(ii) *Property Sales*

For the six months ended 30th September, 2009, property sales of the Group in the PRC which were recognised as revenues were about HK\$35.8 million, mainly related to sales of Gold Coast in Dongguan and Beverly Hills in Changsha.

As at the date of this report, the Group has contracted sales of about HK\$263 million in the PRC which have not yet been recorded as revenues, and are mainly related to Chuang's Le Papillon in Guangzhou, Imperial Garden in Dongguan and Beverly Hills in Changsha. It is expected that handover of these properties will be in second half of this financial year.

In the remaining financial year ending 2010, the Group will continue to market an aggregate of about 128,000 sq. m. GFA relating to projects in Guangzhou, Dongguan and Changsha, 270 carparking spaces in Guangzhou and 255 carparking spaces in Dongguan. In the financial year ending 2011, the Group plans to market an additional GFA of about 250,000 sq. m. relating to projects in Guangzhou and Dongguan, making total GFA to be marketed in two financial years ending 2011 to be about 378,000 sq. m. and based on current market prices of these properties, the total sales value are expected to exceed HK\$2.1 billion.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(D) Midas International Holdings Limited (“Midas”) (Stock code: 1172 and 44.2% owned)

Midas is principally engaged in printing business and the operation of cemetery in the PRC. During the period, as a result of issue of new shares by Midas to a third party noteholder upon the amendment of certain terms of the existing convertible note, the interest of the Group in Midas has been diluted from 48.4% as at 31st March, 2009 to 44.2% as at 30th September, 2009. The deterioration in the global consumer market caused by the global financial tsunami has not yet fully recovered in the first half of 2009. As a result, the operating results of Midas for the six months ended 30th June, 2009 continued to be disappointing with turnover dropped by 46.4% to HK\$130.9 million and Midas reported a net loss attributable to equity holders of HK\$9.2 million.

As regards the printing business, the trading environment in the second half of 2009 will continue to be difficult and Midas has taken a series of proactive measures in order to alleviate this difficult trading environment and to restore the printing operation into profitability. Such measures include strengthening sales, improving profit margin and enhancing costs control.

As regards the cemetery business, Midas will continue to strengthen its marketing team, in particular, the setting up of new sales offices and the establishment of new agency arrangements in the PRC, Hong Kong and elsewhere in the region. Furthermore, a new highway from Guangzhou to Hezhou that bypasses Sihui is expected to be completed in early 2010. This highway will shorten the travelling time to about 1 hour from the city centre of Guangzhou to Sihui where the cemetery is located. The Group believes that this enhancement in accessibility will attract more demands of the grave plots from the Guangzhou region. In view of this anticipated growth in demand, Midas has commenced the negotiation process of acquiring an additional 250 mu of land for further expansion of its cemetery.

In August 2009, the Group completed the subscription for a new convertible note due 2014 of Midas in the principal sum of HK\$60 million which, on a fully converted basis, is able to convert into 240 million new shares of Midas. Also in August 2009, Midas amended certain terms of an existing convertible note issued to a third party on 19th September, 2007. The aforesaid subscription of new convertible note by the Group and the amendment of terms of an existing convertible note by Midas have substantially strengthened the working capital position of Midas for the development of its ongoing businesses, which is beneficial to the long-term development of Midas.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses

The Group's other businesses include investments in Sintex Nylon and Cotton Products (Pte) Limited, a company incorporated in Singapore and engaged in the manufacture and sale of home finishing products under its own brand names, and Yuen Sang Hardware Company (1988) Limited, a company owned by Chuang's China and engaged in the manufacture and sale of metalware for exports. During the period, the weak consumer demand caused by the uncertainty in world economies had adversely affected these businesses. As a result, revenues generated from manufacturing and trading business during the period decreased by 26.4% to HK\$35.2 million and operating loss from these businesses during the period amounted to HK\$5.3 million. In order to restore such businesses into profitability, the Group has taken steps to broaden the product range and customer base, and implement effective costs control.

Due to the rebound of the stock market in Hong Kong during the period under review, the Group recorded a profit of HK\$5.6 million for its securities investment and trading business. As at the interim balance sheet date, the Group did not have any investment in quoted securities and derivative financial instruments.

FINANCIAL POSITIONS

As at 30th September, 2009, net assets attributable to equity holders was HK\$3,859.4 million. Net asset value per share was approximately HK\$2.55, 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, 2009, the Group's cash and bank balances amounted to HK\$1,077.8 million. Bank borrowings as at the same date amounted to HK\$2,376.8 million. The Group's debt to equity ratio, expressed as a percentage of bank borrowings net of cash and bank balances over net assets attributable to equity holders of the Company, was approximately 33.7%.

Approximately 85.9% of the Group's cash and bank balances were denominated in Hong Kong dollar, United States dollar and Malaysian Ringgit with the balance of 14.1% denominated in Renminbi. Approximately 76.6% of the Group's bank borrowings were denominated in Hong Kong dollar, 15.7% in Renminbi, 7.5% in Malaysian Ringgit and the balance of 0.2% in Singapore dollar. Accordingly, risk in foreign currency exchange rate fluctuation would not be material.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL POSITIONS *(Continued)*

Approximately 12.8% of the Group's bank borrowings was repayable within one year, 7.5% repayable within the second year, 73.2% repayable within the third to fifth years and the balance of 6.5% repayable after five years.

PROSPECTS

Since the outbreak of global financial tsunami in the second half of 2008, the international communities, including various governments and monetary authorities, have implemented a series of stimulus packages aiming to restore the growth of the world economies. With such concerted actions, the economic situations in the United States and Europe have been stabilised whilst the economy in the PRC, with the timely relaxation of monetary policy and the stimulation of domestic consumption, has been reviving and continued to register healthy and sustainable growth. Hong Kong, being a gateway to the PRC, would definitely benefit from the continual growth of the PRC economy.

During the period, the Group managed to continue to improve rental yield of our investment properties and completed the project at No. 37 Island Road in Deep Water Bay. In the second half of this financial year and the coming financial years, the Group will continue to actively develop our core projects such as Wuhu Residence in Hunghom, No. 15 Gough Hill Road in The Peak, Chuang's Le Papillon in Guangzhou and Imperial Garden in Dongguan. With the completion of these and other projects of the Group, the Group is confident that its value will be further enhanced.

The strength of our Group is our ability to identify sound projects in good locations, design and build quality properties that meet the appetite of end users and, the most important of all, market the properties at a profit. Our Group will be actively looking for real estate opportunities, through plough back of proceeds from sales of our completed projects, in Hong Kong, the PRC, Vietnam, Malaysia, Taiwan and elsewhere in the region so as to further create value for our shareholders.

OTHER INFORMATION

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

As at 30th September, 2009, 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”)	783,942,834	<i>Note 1</i>	51.90
Mrs. Alice Siu Chuang Siu Suen (“Mrs. Siu”)	244,363,493	<i>Note 2</i>	16.18
Mr. Albert Chuang Ka Pun (“Mr. Albert Chuang”)	1,008,389	Beneficial owner	0.07
Mr. Lui Lop Kay (“Mr. Lui”)	119,602	Beneficial owner	0.008
Dr. Peter Po Fun Chan (“Dr. Chan”)	786,325	Beneficial owner	0.052

Note 1: Such interests comprised 608,049,893 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 175,892,941 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 175,892,941 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	871,575,218	Notes 3 & 6	57.22
Mrs. Siu	2,000,000	Beneficial owner	0.13
Mr. Albert Chuang	500,000	Beneficial owner	0.03
Mr. Lui	12,838	Beneficial owner	0.001
Dr. Chan	4,231	Interest in controlled corporation	0.0003

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

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	739,008,270	Notes 4 & 6	71.36
Mr. Abraham Shek Lai Him	15,000	Beneficial owner	0.0014

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

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

Note 3: Such interests comprised 868,975,218 shares in Chuang's China beneficially 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 457,278,947 ordinary shares in Midas, 41,729,323 conversion shares to be issued by Midas upon the exercise of conversion rights attached to a convertible note due 2011 and 240,000,000 conversion shares to be issued by Midas upon the exercise of conversion rights attached to a convertible note due 2014. All the above interests are held by Gold Throne Finance Limited, a wholly-owned subsidiary of the Company.

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

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

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, 2009, 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, 2009, 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	608,049,893	Beneficial owner, <i>Note 1</i>	40.25
Mrs. Chong Ho Pik Yu	608,049,893	<i>Note 2</i>	40.25
Madam Chuang Shau Har ("Madam Chuang")	176,616,165	<i>Note 3</i>	11.69
Mr. Lee Sai Wai ("Mr. Lee")	176,616,165	<i>Note 4</i>	11.69
Third Avenue Management LLC	151,428,000	Investment manager	10.02

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 175,892,941 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 175,892,941 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, 2009, 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, 2009 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 auditor. 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, 2009. 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)*

UPDATE ON INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes in the information of Directors since the date of the 2009 Annual Report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

- (a) Mr. Wong Chung Wai (“Mr. Wong”), an Executive Director of the Company, has been appointed as an executive director of Chuang’s China with effect from 1st September, 2009.
- (b) During the period, the annual remuneration of Mr. Wong has been revised to HK\$1,382,000. Such remuneration includes the director’s fee, salary, discretionary bonus and pension scheme contribution, which is determined by reference to his duties and experience as well as the prevailing market conditions.

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 Tuesday, 29th December, 2009 to Tuesday, 5th January, 2010, 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 Monday, 28th December, 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.

OTHER INFORMATION *(Continued)*

SHARE OPTION SCHEMES *(Continued)*

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, 2009, the Group employed 936 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, 7th December, 2009

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30th September, 2009

	<i>Note</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenues		143,449	167,766
Cost of sales		(74,572)	(80,918)
Gross profit		68,877	86,848
Other income	6	66,892	17,034
Selling and marketing expenses		(18,152)	(11,750)
Administrative expenses		(82,585)	(87,081)
Other operating expenses		(8,241)	(10,628)
Change in fair value of investment properties		463,398	122,968
Operating profit	7	490,189	117,391
Finance costs	8	(17,282)	(34,163)
Share of results of associated companies		(13,737)	(610)
Profit before taxation		459,170	82,618
Taxation	9	(38,839)	(14,143)
Profit for the period		420,331	68,475
Attributable to:			
Equity holders		415,032	65,119
Minority interests		5,299	3,356
		420,331	68,475
Interim dividend	10	15,183	15,106
Earnings per share (basic and diluted)	11	<i>HK cents</i> 27.47	<i>HK cents</i> 4.38

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30th September, 2009

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit for the period	420,331	68,475
Other comprehensive income		
Changes in exchange rates	28,356	(5,175)
Share of reserves of an associated company	–	(2,021)
Change in fair value of available-for-sale financial assets	17,653	(19,615)
Other comprehensive income/(expense) for the period	46,009	(26,811)
Total comprehensive income for the period	466,340	41,664
Total comprehensive income attributable to:		
Equity holders	445,812	38,079
Minority interests	20,528	3,585
	466,340	41,664

CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30th September, 2009

		30th September, 2009	31st March, 2009
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	<i>12</i>	85,032	84,659
Investment properties	<i>12</i>	4,038,739	3,084,207
Leasehold land and land use rights		19,458	18,622
Properties for/under development	<i>12</i>	173,879	547,790
Associated companies		275,859	278,835
Available-for-sale financial assets		49,483	31,892
Loans and receivables		75,846	56,071
Derivative financial instruments		10,121	–
Deferred taxation assets		1,134	1,469
		<u>4,729,551</u>	<u>4,103,545</u>
Current assets			
Properties for sale	<i>12</i>	1,781,062	1,601,837
Inventories		96,226	96,422
Debtors and prepayments	<i>13</i>	271,566	287,281
Tax recoverable		239	298
Other investments		–	6,279
Cash and bank balances		1,077,829	1,181,285
		<u>3,226,922</u>	<u>3,173,402</u>
Current liabilities			
Creditors and accruals	<i>14</i>	414,236	209,214
Short-term borrowings	<i>15</i>	125,283	87,011
Current portion of long-term borrowings	<i>15</i>	178,404	171,831
Dividend payable		7,553	–
Taxation payable		73,591	67,734
		<u>799,067</u>	<u>535,790</u>
Net current assets		<u>2,427,855</u>	<u>2,637,612</u>
Total assets less current liabilities		<u>7,157,406</u>	<u>6,741,157</u>

CONSOLIDATED BALANCE SHEET (UNAUDITED) (Continued)

As at 30th September, 2009

		30th September, 2009	31st March, 2009
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity			
Share capital	<i>16</i>	377,647	377,647
Reserves		3,481,799	3,035,987
Proposed final dividend		–	7,553
		<hr/>	<hr/>
Shareholders' funds		3,859,446	3,421,187
Minority interests		790,579	814,741
		<hr/>	<hr/>
Total equity		4,650,025	4,235,928
		<hr/>	<hr/>
Non-current liabilities			
Long-term borrowings	<i>15</i>	2,073,113	2,102,711
Derivative financial instruments		–	1,442
Deferred taxation liabilities		399,348	364,892
Loans from minority interests		34,920	36,184
		<hr/>	<hr/>
		2,507,381	2,505,229
		<hr/>	<hr/>
		7,157,406	6,741,157
		<hr/>	<hr/>

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30th September, 2009

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Net cash used in operating activities	(87,241)	(396,656)
Net cash from/(used in) investing activities	30,995	(26,587)
Net cash from financing activities	3,220	167,377
Net decrease in cash and cash equivalents	(53,026)	(255,866)
Cash and cash equivalents at the beginning of the period	707,649	1,112,187
Exchange difference on cash and cash equivalents	(118)	7,242
Cash and cash equivalents at the end of the period	654,505	863,563
Analysis of cash and cash equivalents		
Cash and bank balances	1,077,829	1,044,107
Pledged bank deposits	(81,370)	(165,684)
Bank deposits maturing more than three months from date of placement	(338,282)	(10,179)
Bank overdraft	(3,672)	(4,681)
	654,505	863,563

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30th September, 2009

	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, 2009	377,647	1,036,515	2,007,025	3,421,187	814,741	4,235,928
Profit for the period	-	-	415,032	415,032	5,299	420,331
Other comprehensive income						
Changes in exchange rates	-	20,711	-	20,711	7,645	28,356
Change in fair value of available-for-sale financial assets	-	10,069	-	10,069	7,584	17,653
Total comprehensive income for the period	-	30,780	415,032	445,812	20,528	466,340
Dividend	-	-	(7,553)	(7,553)	-	(7,553)
Acquisition of additional interests in a subsidiary	-	-	-	-	(47,583)	(47,583)
Capital injection by minority interest	-	-	-	-	2,893	2,893
At 30th September, 2009	<u>377,647</u>	<u>1,067,295</u>	<u>2,414,504</u>	<u>3,859,446</u>	<u>790,579</u>	<u>4,650,025</u>
At 1st April, 2008	371,322	1,062,633	2,300,681	3,734,636	865,767	4,600,403
Profit for the period	-	-	65,119	65,119	3,356	68,475
Other comprehensive income						
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)
Total comprehensive (expense)/income 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>

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 as the "Group") are property investment and development, manufacturing and sale of watch components, merchandise, bonded polyester fabrics and home finishing products, and securities investment and trading.

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.

Except as described below, 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, 2009.

In 2009, the Group adopted the following new standard, amendments and interpretations that are effective for the Group's accounting periods beginning on 1st April, 2009 and relevant to the operations of the Group:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 40 (Amendment)	Investment Property
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

2. Basis of preparation *(Continued)*

The Group has assessed the impact of the adoption of these new standard, amendments and interpretations and considered that there were neither significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the financial statements except for the presentation of the consolidated statement of comprehensive income to present the non-owner consolidated changes in equity as required under HKAS 1 (Revised) and the segment information as required under HKFRS 8.

The following amendments have been published which are relevant to the Group's operation and are mandatory for the Group's accounting periods beginning on or after 1st April, 2010, but have not yet been early adopted by the Group:

HKAS 7 (Amendment)	Statement of Cash Flows (effective from 1st January, 2010)
HKAS 17 (Amendment)	Leases (effective from 1st January, 2010)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements (effective from 1st July, 2009)
HKAS 36 (Amendment)	Impairment of Assets (effective from 1st January, 2010)
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective from 1st July, 2009)
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards (effective from 1st July, 2009)
HKFRS 3 (Revised)	Business Combinations (effective from 1st July, 2009)
HKFRS 8 (Amendment)	Operating Segments (effective from 1st January, 2010)

The Group will apply the above amendments as and when they become effective. The Group has already commenced an assessment of the related impact to the Group and is not yet in a position to state whether any substantial changes to the Group's results of operations and financial position will be resulted.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

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, 2009.

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, 2009.

5. Segment information

(a) Segment information by business lines

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

5. Segment information (Continued)

(a) Segment information by business lines (Continued)

The segment information by business lines is as follows:

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Securities investment and trading HK\$'000	Corporate HK\$'000	Total HK\$'000
2009					
Revenues	102,657	35,175	5,617	-	143,449
Other income	4,375	1,851	-	60,666	66,892
Operating profit/(loss)	482,208	(6,084)	5,617	8,448	490,189
Finance costs	(16,973)	(305)	-	(4)	(17,282)
Share of results of associated companies	4,938	(18,751)	-	76	(13,737)
Profit/(loss) before taxation	470,173	(25,140)	5,617	8,520	459,170
Taxation	(38,824)	-	-	(15)	(38,839)
Profit/(loss) for the period	431,349	(25,140)	5,617	8,505	420,331
As at 30th September, 2009					
Segment assets	6,571,044	212,457	-	897,113	7,680,614
Associated companies	36,889	235,689	-	3,281	275,859
Total assets	6,607,933	448,146	-	900,394	7,956,473
Total liabilities	3,271,668	17,028	-	17,752	3,306,448
2009					
Other segment items are as follows:					
Capital expenditure	272,646	160	-	587	273,393
Depreciation	2,528	987	-	1,614	5,129
Amortisation of leasehold land and land use rights					
- charged to income statement	465	152	-	-	617
- capitalised into properties	10,812	-	-	-	10,812
Write off of trade and other debtors	939	-	-	-	939

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

5. Segment information (Continued)

(a) Segment information by business lines (Continued)

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Securities investment and trading HK\$'000	Corporate HK\$'000	Total HK\$'000
2008					
Revenues	104,388	47,764	15,614	–	167,766
Other income	9,503	1,767	–	5,764	17,034
Operating profit/(loss)	157,820	(2,699)	15,607	(53,337)	117,391
Finance costs	(33,737)	(150)	–	(276)	(34,163)
Share of results of associated companies	15,385	(16,222)	–	227	(610)
Profit/(loss) before taxation	139,468	(19,071)	15,607	(53,386)	82,618
Taxation (charge)/credit	(14,167)	30	–	(6)	(14,143)
Profit/(loss) for the period	125,301	(19,041)	15,607	(53,392)	68,475
As at 31st March, 2009					
Segment assets	5,913,851	166,530	6,279	911,452	6,998,112
Associated companies	31,950	243,686	–	3,199	278,835
Total assets	5,945,801	410,216	6,279	914,651	7,276,947
Total liabilities	3,010,654	18,004	–	12,361	3,041,019
2008					
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	1,620	–	–	–	1,620

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

5. Segment information (Continued)

(b) Additional information by geographical area

The business of the Group operates in three geographical areas of Hong Kong, the People's Republic of China (the "PRC") and other countries. The segment information by geographical area is as follows:

	Revenues		Total assets		Capital expenditure	
	2009	2008	30th September, 2009	31st March, 2009	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	72,864	101,216	5,154,107	4,601,350	102,760	14,685
The PRC	36,403	29,294	2,227,097	2,115,540	170,171	184,091
Other countries	34,182	37,256	575,269	560,057	462	659
	<u>143,449</u>	<u>167,766</u>	<u>7,956,473</u>	<u>7,276,947</u>	<u>273,393</u>	<u>199,435</u>

6. Other income

	2009 HK\$'000	2008 HK\$'000
Interest income from		
Bank deposits	2,763	8,849
Loans and receivables	1,486	1,283
Overdue receivables	84	85
Negative goodwill arising from the acquisition of additional interests in a subsidiary	31,137	—
Sale of scraped material	614	894
Net gain on disposal of property, plant and equipment	27,312	—
Sundries	3,496	5,923
	<u>66,892</u>	<u>17,034</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

7. Operating profit

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Operating profit is stated after crediting:		
Dividend income from listed investments	–	1,429
Net realised gains on other investments	5,617	46,636
	<hr/>	<hr/>
and after charging:		
Cost of properties sold	29,001	26,213
Cost of inventories sold	29,328	36,494
Depreciation	5,129	6,130
Amortisation of leasehold land and land use rights	617	631
Impairment on available-for-sale financial assets	2,000	–
Write off of trade and other debtors	939	1,620
Net exchange loss	20	3,679
Net unrealised loss on other investments	–	27,390
Net fair value loss on derivative financial instruments	2,037	8,641
Staff costs, including Directors' emoluments		
Wages and salaries	33,198	35,975
Retirement benefit costs	1,303	1,504
	<hr/>	<hr/>

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

8. Finance costs

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest expenses		
Bank borrowings wholly repayable within five years	26,633	36,071
Bank borrowings wholly repayable after five years	4,222	622
Bank overdrafts wholly repayable within five years	414	150
	<u>31,269</u>	<u>36,843</u>
Amount capitalised into		
Properties for/under development	(16)	(1,072)
Properties for sale	(13,971)	(1,608)
	<u>17,282</u>	<u>34,163</u>

The capitalisation rates applied to funds borrowed generally and used for the development of properties range from 0.90% to 8.32% (2008: 2.87% to 8.32%) per annum.

9. Taxation

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current		
Hong Kong profits tax – under-provision in previous years	–	6
Overseas profits tax	–	(54)
PRC corporate income tax	1,759	2,103
PRC land appreciation tax	2,469	1,299
Deferred	34,611	10,789
	<u>38,839</u>	<u>14,143</u>

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 (2008: 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. PRC land appreciation tax is levied at the progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures.

Share of taxation of associated companies for the six months ended 30th September, 2009 amounting to HK\$950,000 (2008: HK\$2,424,000) is included in the income statement as share of results of associated companies.

10. Interim dividend

	2009 HK\$'000	2008 HK\$'000
Interim scrip dividend with a cash option of 1.0 HK cent (2008: cash dividend of 1.0 HK cent) per share	15,183	15,106

On 7th December, 2009, the Board declares an interim scrip dividend with a cash option of 1.0 HK cent (2008: cash dividend of 1.0 HK cent) per share amounting to HK\$15,183,000 (2008: HK\$15,106,000). The amount of HK\$15,183,000 is calculated based on 1,518,319,753 issued shares as at 7th December, 2009. This dividend is not reflected as a dividend payable in the interim financial information, but will be reflected and accounted for as an appropriation of reserves in the year ending 31st March, 2010.

11. Earnings per share

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$415,032,000 (2008: HK\$65,119,000) and 1,510,589,673 (2008: 1,485,285,977) 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

12. Capital expenditure

For the six months ended 30th September, 2009, the Group has acquired property, plant and equipment amounting to HK\$1,926,000 (2008: HK\$4,500,000), and incurred development costs of investment properties, properties for/under development and properties for sale amounting to HK\$271,467,000 (2008: HK\$194,935,000).

13. Debtors and prepayments

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

	30th September, 2009	31st March, 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Below 30 days	20,245	11,512
31 to 60 days	2,034	3,774
61 to 90 days	1,698	1,898
Over 90 days	3,644	3,205
	<hr/> 27,621 <hr/>	<hr/> 20,389 <hr/>

Debtors and prepayments include deposits of HK\$170,651,000 (31st March, 2009: HK\$200,807,000) for property development projects and acquisition of leasehold land and land use rights in the PRC and Vietnam.

14. Creditors and accruals

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

	30th September, 2009	31st March, 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Below 30 days	3,746	3,914
31 to 60 days	3,833	2,400
Over 60 days	4,915	6,717
	<hr/> 12,494 <hr/>	<hr/> 13,031 <hr/>

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

15. Borrowings

	30th September, 2009	31st March, 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured bank borrowings		
Bank overdraft	3,672	1,998
Short-term bank loans	121,611	85,013
	<hr/>	<hr/>
Short-term borrowings	125,283	87,011
Long-term borrowings	2,251,517	2,274,542
	<hr/>	<hr/>
Total borrowings	2,376,800	2,361,553
	<hr/>	<hr/>

The long-term borrowings are analysed as follows:

	30th September, 2009	31st March, 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Long-term bank loans		
Wholly repayable within five years	2,054,330	2,085,428
Wholly repayable after five years	197,187	189,114
	<hr/>	<hr/>
	2,251,517	2,274,542
Current portion included in current liabilities	(178,404)	(171,831)
	<hr/>	<hr/>
	2,073,113	2,102,711
	<hr/>	<hr/>

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

15. Borrowings (Continued)

The bank borrowings are repayable in the following periods:

	30th September, 2009	31st March, 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	303,687	258,842
Second year	178,843	222,056
Third to fifth years	1,738,841	1,725,839
After five years	155,429	154,816
	<hr/> 2,376,800 <hr/>	<hr/> 2,361,553 <hr/>

16. Share capital

	30th September, 2009	31st March, 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Authorised</i>		
2,500,000,000 shares of HK\$0.25 each	625,000	625,000
	<hr/> 625,000 <hr/>	<hr/> 625,000 <hr/>
<i>Issued and fully paid</i>		
1,510,589,673 shares of HK\$0.25 each	377,647	377,647
	<hr/> 377,647 <hr/>	<hr/> 377,647 <hr/>

17. Financial guarantees

As at 30th September, 2009, the subsidiaries have provided guarantees amounting to HK\$107,888,000 (31st March, 2009: HK\$33,447,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Continued)

18. Capital commitments

As at 30th September, 2009, the Group has capital expenditure commitments contracted but not provided for in respect of property development amounting to HK\$432,827,000 (31st March, 2009: HK\$433,263,000) and available-for-sale financial assets amounting to HK\$24,115,000 (31st March, 2009: HK\$26,065,000) respectively.

19. Pledge of assets

As at 30th September, 2009, the Group has pledged the shares and assets of certain subsidiaries, including property, plant and equipment, investment properties, leasehold land and land use rights, properties for/under development, properties for sale and bank deposits, with an aggregate net book value of HK\$4,604,786,000 (31st March, 2009: HK\$4,064,966,000), to secure general banking and financial guarantee facilities granted to those subsidiaries.