



# CHUANG'S CHINA INVESTMENTS LIMITED

(Incorporated in Bermuda with limited liability)  
Stock Code: 298



INTERIM REPORT 2012



# CONTENTS

Corporate Information	2
Management Discussion on Results	5
Other Information	13
Consolidated Income Statement	19
Consolidated Statement of Comprehensive Income	20
Consolidated Balance Sheet	21
Consolidated Cash Flow Statement	23
Consolidated Statement of Changes in Equity	24
Notes to the Interim Financial Information	25

# CORPORATE INFORMATION

<b>Honorary Chairman</b>	Alan Chuang Shaw Swee
<b>Directors</b>	Abraham Shek Lai Him, S.B.S., J.P.* ( <i>Chairman</i> ) Lee Sai Wai ( <i>Deputy Chairman</i> ) Albert Chuang Ka Pun ( <i>Deputy Chairman</i> ) Ann Li Mee Sum ( <i>Managing Director</i> ) Candy Chuang Ka Wai Sunny Pang Chun Kit Wong Chung Wai Hwang Jen* David Chu Yu Lin, S.B.S., J.P.* Peter Po Fun Chan, B.B.S., M.B.E., J.P.* * <i>Independent Non-Executive Directors</i>
<b>Audit Committee/ Nomination Committee/ Remuneration Committee</b>	Hwang Jen David Chu Yu Lin, S.B.S., J.P. Peter Po Fun Chan, B.B.S., M.B.E., J.P.
<b>Company Secretary</b>	Lee Wai Ching
<b>Auditor</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 Progressive Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
<b>Principal Bankers</b>	The Hongkong and Shanghai Banking Corporation Limited HSBC Bank (China) Company Limited Hang Seng Bank Limited Bank of China (Hong Kong) Limited Bank of China Limited Industrial and Commercial Bank of China Limited

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

### **Registered Office**

Clarendon House, 2 Church Street  
Hamilton HM 11, Bermuda

### **Principal Office in Hong Kong**

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

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

#### **Tsuen Wan Office**

Yuen Sang Hardware Company (1988) Limited  
1st Floor, 100 Texaco Road  
Tsuen Wan, New Territories, Hong Kong

#### **Beijing Office**

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

#### **Guangzhou Office**

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

#### **Dongguan Office**

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

#### **Huizhou Office**

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

## CORPORATE INFORMATION *(Continued)*

### **Other Offices in Hong Kong and in the PRC** *(Continued)*

#### **Changsha Office**

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

#### **Anshan Office**

Anshan Chuang's Property Development  
Company Limited  
Anshan Chuang's Real Estate Development  
Company Limited  
Rooms 1303–1308, 13th Floor, Block C  
Da Shang • Shang Cheng Guo Ji  
Tiedong Liudaojie, Tie Dong Qu  
Anshan, Liaoning, the PRC

#### **Xiamen Office**

Xiamen Mingjia Binhai Resort Company Limited  
Room F, 24th Floor  
International Bank Building  
No. 8 Lujiang Road, Xiamen  
Fujian, the PRC

#### **Chengdu Office**

Chengdu Chuang's Investment Services Limited  
Room 1204, Block B  
Air China Century Centre  
No. 1 Hangkong Road  
Chengdu, Sichuan, the PRC

### **Stock Code**

298

## MANAGEMENT DISCUSSION ON RESULTS

The Board of Directors (the “Board”) of Chuang’s China Investments Limited (the “Company”) presents the interim report including the interim financial information of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30th September, 2011. The consolidated income statement, the consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for the six months ended 30th September, 2011 and the consolidated balance sheet as at 30th September, 2011 along with the notes thereon, are set out on pages 19 to 36 of this report.

### FINANCIAL REVIEW

Property sales of the Group during the period substantially increased to approximately HK\$1,499.3 million, comprising sales of Chuang’s Tower, an investment property in Hong Kong, amounting to HK\$790 million and sales of development properties in the People’s Republic of China (the “PRC”) amounting to approximately HK\$709.3 million (2010: HK\$36.2 million). Sales of development properties in the PRC were recorded as revenues of the Group. The remaining revenues of the Group comprise income from manufacturing business of HK\$6.8 million (2010: HK\$7.2 million) and rental and its related income of HK\$1.6 million (2010: HK\$14.3 million). Accordingly, total revenues of the Group for the six months ended 30th September, 2011 amounted to approximately HK\$717.7 million (2010: HK\$57.7 million).

During the six months under review, gross profit increased to HK\$489.1 million (2010: HK\$16.8 million) mainly as a result of increase in revenues and profits from sales of development properties in the PRC. Other income decreased to HK\$15.1 million (2010: HK\$31.2 million) mainly due to the absence of land resumption compensation received by the Group in the last corresponding period. A breakdown of other income is shown in note 6 on page 31 of this report.

On the costs side, selling and marketing expenses increased to HK\$29.4 million (2010: HK\$7.9 million) as a result of increased sales of properties during the period. Administrative and other operating expenses increased to HK\$63.7 million (2010: HK\$46.4 million) and that was due to general increase in overheads and increase in business activities of the Group for the period under review.

Finance costs reduced to HK\$2.4 million (2010: HK\$7.2 million) as a result of reduced bank borrowings. Share of results of an associated company amounted to HK\$2.0 million (2010: HK\$2.0 million) in relation to the Group’s 25% interests in Treasure Auctioneer International Limited. Taxation increased to HK\$51.1 million (2010: HK\$1.2 million) mainly related to increase in sales of properties in the PRC.

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

## **FINANCIAL REVIEW** *(Continued)*

Taking these factors into account, profit attributable to equity holders of the Company for the six months ended 30th September, 2011 increased by 22.8 times to HK\$361.6 million (2010: HK\$15.2 million). Earnings per share was 23.74 HK cents (2010: 1.00 HK cent).

## **INTERIM DIVIDEND**

The Board has resolved to pay an interim dividend of 1.0 HK cent (2010: Nil) per share payable on or before 3rd January, 2012 to the shareholders whose names appear on the Company's register of members on 16th December, 2011.

## **BUSINESS REVIEW**

### **Property Development**

The property market in the PRC was overshadowed by various negative factors since 2010 as the measures to regulate the property market have been strictly enforced and intensified. Against these negative factors, the Group predicted that the tightening of monetary policies, including home purchase restriction and property loan restriction, will eventually affect cash flow cycle of property developers in the PRC. During such volatile market condition, at the end of 2010, the Group decided to implement a series of asset disposals to strengthen our cash flow position and to provide a strong financial pillar for the development projects in the PRC.

During 2011, completion of the disposal of the development site in Huizhou is accelerated, while the disposal of Chuang's Tower in Central at HK\$790 million was completed in April 2011 and the disposal of the property development project in Xingsha at RMB526 million (equivalent to HK\$625.4 million) was completed in June 2011.

Following these disposals, the Group maintains a strong net cash position of over HK\$800 million. The Group will closely monitor the land market and capture opportunities offered by market adjustments to replenish its land reserve.



## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### Property Development *(Continued)*

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

The development has a total gross floor area (“GFA”) of 450,000 *sq. m.* and is divided into three phases. Phase I (Block A, B and C) of the project, comprising GFA of about 59,800 *sq. m.* residential and 3,400 *sq. m.* commercial and clubhouse facilities, has been completed. It provides a total of 357 apartment units of 93 *sq. m.* to 202 *sq. m.* and 254 carparking spaces. Sales of Block A and C are progressing well with about 87% (225 flats) being sold. Under the home purchase restriction policy, sales of larger size flats may be affected. Accordingly, the Group’s business strategy is to launch Block B which consists of 98 flats of larger size 4 bedroom apartments at a later stage. The Group holds the commercial properties and clubhouse of Phase I of Chuang’s Le Papillon for investment purpose, of which the commercial complex is already leased to a supermarket chain store.

Phase II (Block D, E, F, G, H, I, J, K, L, M, N and P) has an aggregate GFA of about 197,200 *sq. m.*. Construction works of Block D, E, F, G and H with total GFA of 84,000 *sq. m.* comprising 782 apartments of 60 *sq. m.* to 145 *sq. m.* have been topped off. Construction works for Block I, J, K, L, M, N and P with total GFA of about 113,200 *sq. m.* are in progress. Presales of Block D, E, F, G and H were launched during 2011 with 545 flats being sold. Block I with 116 flats of 137 *sq. m.* to 150 *sq. m.* will be launched in the coming months.

About RMB519,500,000 of the above contracted sales are not yet recognised as revenue, of which about RMB433,700,000 are expected to be booked in the year ending 31st March, 2012 and the remaining contracted sales of about RMB85,800,000 will be booked in the following financial year.

Construction master plans for Phase III with total GFA of about 167,000 *sq. m.* have been submitted to the relevant PRC authorities for approval. It comprises 18 towers of residential buildings, 14 low rise villas and 1 tower of commercial property. The Group will gauge the development progress of this phase according to local market condition.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### Property Development *(Continued)*

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

Imperial Garden has a total GFA of 530,000 *sq. m.*. Construction of Phase I of Imperial Garden comprising 8 residential towers with an aggregate GFA of approximately 89,000 *sq. m.* and 184 carparking spaces has been completed. It provides 665 residential units with flat sizes ranging from 80 *sq. m.* to 160 *sq. m.*, executive duplex units of 280 *sq. m.* and unique simplex units of 445 *sq. m.*. Up to date, a total of 467 flats have been sold. About RMB51,200,000 of these contracted sales are not yet recognised as revenue and are expected to be booked when these contracted sales are completed and flats are delivered to buyers during the year ending 31st March, 2012.

The commercial properties of Chuang's New City, including that of Gold Coast and Imperial Garden, have an aggregate GFA of 17,500 *sq. m.*. About 5,800 *sq. m.* are operated as clubhouse providing recreational facilities, a bilingual kindergarten and a convenience store under the brand "HomeMark" providing household goods and about 4,200 *sq. m.* are occupied as office premises. The remaining 7,500 *sq. m.* of retail spaces are held for rental purpose. The Group holds these commercial properties as investments and believes its value will be benefited from the urbanisation and infrastructural improvements in the region.

##### *Chuang's New Town, Huizhou, Guangdong (100% owned)*

In January 2008, the Group entered into an agreement with Daya Bay Economic & Technological Development Group (大亞灣經濟技術開發集團公司), a state-owned enterprise, to dispose of the Group's interest in four adjoining sites with total developable area of about 190,000 *sq. m.* in Huizhou. Based on the supplemental agreement in August 2011 to exclude driveway of 5,500 *sq. m.*, the disposal consideration is adjusted to about RMB186.5 million.

Up to the date of this report, the Group has received total deposits of RMB141.1 million. It is expected that about RMB21.6 million will be paid to the Group before the end of November 2011, and about RMB15.8 million before the end of April 2012, whereas the balance of RMB8.0 million will be paid to the Group before the end of June 2012. On this basis, it is expected that completion of three sites amounting to about RMB159 million will be booked as revenue for the year ending 31st March, 2012 and the remaining of about RMB27.5 million will be booked as revenue in the following financial year.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### Property Development *(Continued)*

##### *Beverly Hills, Changsha, Hunan (54% owned)*

The project comprises completed residential properties of about 70,000 *sq. m.* and completed commercial properties of about 10,200 *sq. m.*. The residential area comprises 172 bungalows, link houses and semi-detached houses and 144 units of high rise apartments. Up to the date of this report, about 72% of the development has been sold. The total sales value of the unsold residential properties is about RMB163 million. In addition, the Group will commence on internal fitting out of the commercial properties as furnished hotel apartments having GFA of about 5,400 *sq. m.* with estimated sales value of about RMB32 million for sale.

##### *Chuang's Palazzo Caesar, Changsha, Hunan (100% owned)*

During the period under review, the Group completed the disposal of its wholly-owned subsidiary which holds the property development project in Xingsha at RMB526 million (equivalent to HK\$625.4 million) in cash. The net cash proceeds will be used for the property development business and as general working capital of the Group.

##### *Chuang's Mid-town, Anshan, Liaoning (100% owned)*

In April 2010, the Group participated in government land auction and successfully bid for the development site in Anshan, Liaoning province. Chuang's Mid-town is located in the prime city centre of Tie Dong Qu (鐵東區) of Anshan, right next to the Anshan rail station and the nearby popular outdoor walking mall. It will be developed into a comprehensive complex for residential and commercial purpose and with a plot ratio of 10 times, residential GFA will be 90,000 *sq. m.* and commercial GFA will be 20,000 *sq. m.*

Land cost for the site in the sum of RMB44.5 million has been fully paid. According to the terms of the land auction, the site should be delivered to the Group before 30th July, 2010. Up to the date of this report, the local government has not yet fulfilled its obligation to handover the site. Recently, the Group has been informed by the local government that the site will be handed over by the end of December 2011. The Group is finalising the master layout plan for the project and will commence on ground investigation works once the site is delivered by the local government.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### Property Development *(Continued)*

##### *Chuang's Plaza, Anshan, Liaoning (100% owned)*

During the government land auction in April 2010, the Group had successfully bid for the second development site in Anshan. Situated within 1 km from the first site, the second site acquired by the Group is located in the prime city centre of Tie Dong Qu (鐵東區) and is within walking distance to the Anshan rail station and the popular local marketplace as well as the local government offices. This site will be developed into comprehensive complex for residential and commercial purpose with developable GFA of 390,000 *sq. m.* based on a plot ratio of 10 times.

Land cost for the site in the sum of RMB157.8 million has been fully paid. According to the terms of the land auction, the site should be delivered to the Group before 30th July, 2010. However, up to the date of this report, the local government has not yet fulfilled its obligation to handover the site. In recent months, resettlements and demolition works on the site are in progress by the local government and the Group will closely follow up with the local government about site handover. The Group has commenced on the master layout plan for the project and will commence on ground investigation works once the site is delivered by the local government.

##### *Xiamen Mingjia Binhai, Xiamen, Fujian (59.5% owned)*

The site is located along the coastline of Siming Qu (思明區), abutting the well-known scenic route of Xiamen Ring Road (環島路) with land area of 27,574 *sq. m.*. It will be developed into luxurious high end villas and resort with GFA of about 18,000 *sq. m.*. On the site, about 30 villas will be developed with a plot ratio of just 0.3, aiming to create a secluded elegant lifestyle. A deluxe boutique hotel with about 84 keys will be built and water features including waterfalls, cascades and infinity pool concept will be incorporated. Master planning of the development has been approved by the relevant PRC authorities. The Group has commenced on site preparation works and plans to start construction works in December 2011.

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

The Group has a 51% joint development interests in a vacant development site located in the prominent district within the second-ring road, Wu Hou Qu (武侯區) of Chengdu. The Group has been holding discussions with the local partner to speed up the development but the progress is slow. The Group is now evaluating different alternatives and the appropriate strategy for this investment.

# MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

## BUSINESS REVIEW *(Continued)*

### Property Sales

For the six months ended 30th September, 2011, the Group's sales of development properties in the PRC amounted to about HK\$709.3 million including the sales of the development site in Xingsha and property sales of Chuang's Le Papillon in Guangzhou, Imperial Garden in Dongguan and Beverly Hills in Changsha.

As at the date of this report, the Group has contracted sales of about RMB757 million which have not yet been recorded as revenue, including the disposals of the Huizhou project as mentioned above, as well as property sales related to Chuang's Le Papillon and Imperial Garden. Upon completion of the disposals and delivery of the properties to buyers, the Group expects that majority of these contracted sales will be recorded as revenue for the financial year ending 2012.

In the remaining financial year ending 2012, the Group targets to market an aggregate GFA of about 117,400 *sq. m.* in Chuang's Le Papillon (with aggregate estimated sales value of RMB667 million), Imperial Garden (with aggregate estimated sales value of RMB195 million) and Beverly Hills (with aggregate estimated sales value of RMB163 million), and the total value amounts to about RMB1,025 million based on current market prices.

### Other Investments

As at 30th September, 2011, the Group's other assets include Yuen Sang Hardware Company (1988) Limited which engaged in the manufacture and sale of metalware for exports. Furthermore the Group holds 25% interests in Treasure Auctioneer International Limited and approximately 10.4% interests in a quoted investment in CNT Group Limited. The aggregate book values of these other investments amounted to approximately HK\$77 million.

## FINANCIAL POSITIONS

During the period under review, the Group's financial positions have significantly improved. As at 30th September, 2011, the Group's cash and bank balances amounted to HK\$893.4 million (31st March, 2011: HK\$351.7 million including restricted bank balance which was released as bank balances of the Group in April 2011). As at the same date, bank borrowings of the Group amounted to HK\$90.1 million (31st March, 2011: HK\$154.4 million excluding bank borrowings related to assets to be disposed of). The Group has net cash of HK\$803.3 million (31st March, 2011: HK\$197.3 million) over its bank borrowings, and thus, the calculation of net debt to equity ratio was not applicable (31st March, 2011: not applicable).

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

### **FINANCIAL POSITIONS** *(Continued)*

Approximately 23.9% of the Group's cash and bank balances were in Hong Kong dollar with the remaining 76.1% in Renminbi. The Group's entire bank borrowings were in Renminbi and were repayable within one year. Risk in exchange rate fluctuation would not be material.

As at 30th September, 2011, the net asset value attributable to equity holders of the Company was HK\$2,353.3 million. Net asset value per share amounted to HK\$1.54, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value.

### **PROSPECTS**

There is no doubt that the tightening policies in the PRC's property market will have certain negative impact on the Group's business performance in the short term, nevertheless these measures would be beneficial for the long term healthy development of the property market.

In the second half of the financial year, the Group will closely monitor market trends and policy changes and will make swift and proactive adjustments in response to such market changes. The Group will speed up the development and sale of its existing projects in accordance with market conditions and will seek to capitalise on its financial strength by taking advantage of attractive acquisitions to replenish its land reserve.

## OTHER INFORMATION

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

As at 30th September, 2011, 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:

Name of Director	Interests in the Company		
	Number of shares	Capacity	Percentage of shareholding
Mr. Lee Sai Wai	808,000	Beneficial owner	0.05
Miss Candy Chuang Ka Wai (“Miss Candy Chuang”)	1,027,100	Beneficial owner	0.07
Mr. Sunny Pang Chun Kit	620,000	Beneficial owner	0.04
Dr. Hwang Jen	1,197,139	Beneficial owner	0.08
Dr. Peter Po Fun Chan	4,231	Interest in controlled corporation	0.0003

Name of Director	Interests in Chuang’s Consortium International Limited (“CCIL”)		
	Number of shares	Capacity	Percentage of shareholding
Mr. Lee Sai Wai	193,873,190	<i>Note</i>	12.29
Mr. Albert Chuang Ka Pun (“Mr. Albert Chuang”)	1,107,154	Beneficial owner	0.07
Dr. Peter Po Fun Chan	863,339	Beneficial owner	0.05

*Note: Interests in 193,120,745 shares in CCIL arose by attribution through his spouse who is a discretionary object and the trustee of a discretionary trust which owned such shares. The remaining interests in 752,445 shares in CCIL is beneficially owned by the Director.*

## OTHER INFORMATION *(Continued)*

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

Name of Director	Interests in Midas International Holdings Limited		Percentage of shareholding
	Number of shares	Capacity	
Mr. Abraham Shek Lai Him	30,000	Beneficial owner	0.0014

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, 2011, 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.



## OTHER INFORMATION *(Continued)*

### SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executive of the Company and save as disclosed in the section headed “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, as at 30th September, 2011, 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:

<b>Name of Shareholder</b>	<b>Number of shares of the Company</b>	<b>Capacity</b>	<b>Percentage of shareholding</b>
Profit Stability Investments Limited (“PSI”)	868,975,218	Beneficial owner	57.04
CCIL	868,975,218	<i>Note 1</i>	57.04
Evergain Holdings Limited (“Evergain”)	868,975,218	<i>Note 1</i>	57.04
Mr. Alan Chuang Shaw Swee (“Mr. Alan Chuang”)	868,975,218	<i>Note 1</i>	57.04
Mrs. Chong Ho Pik Yu	868,975,218	<i>Note 2</i>	57.04

*Note 1: Interests in 868,975,218 shares of the Company arose through the interests in the relevant shares owned by PSI, a wholly-owned subsidiary of CCIL. Mr. Alan Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of CCIL through Evergain, a company beneficially owned by Mr. Alan Chuang. Mr. Albert Chuang and Miss Candy Chuang are directors of Evergain.*

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

Save as disclosed above, as at 30th September, 2011, there was no other person who was recorded in the register of the Company as having interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

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

### **CORPORATE GOVERNANCE**

The Company has complied throughout the six months ended 30th September, 2011 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, 2011. The current members of the audit committee are Dr. Hwang Jen, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan, the Independent Non-Executive Directors of the Company.

The Company has also adopted the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors of the Company, the Company received confirmations from all Directors that they have complied with the required standard as set out in the Model Code.

## OTHER INFORMATION *(Continued)*

### 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 2011 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) During the period, the annual remuneration of the following Directors have been revised:

<b>Name of Director</b>	<b>Revised annual remuneration (HK\$)#</b>
Mr. Lee Sai Wai	1,310,000
Mr. Albert Chuang	1,472,000
Miss Ann Li Mee Sum	2,084,000
Miss Candy Chuang	20,000

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

- (b) Miss Candy Chuang, an Executive Director of the Company, has been appointed as an executive director of CCIL with effect from 31st August, 2011.

### DEALING IN THE COMPANY'S SECURITIES

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

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

### **CLOSING OF REGISTER**

The register of members of the Company will be closed from Wednesday, 14th December, 2011 to Friday, 16th December, 2011, 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 registrar in Hong Kong, Tricor Progressive Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Tuesday, 13th December, 2011.

### **SHARE OPTION SCHEME**

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

### **STAFF**

As at 30th September, 2011, the Group employed 531 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 China Investments Limited**  
**Ann Li Mee Sum**  
*Managing Director*

Hong Kong, 25th November, 2011

## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

*For the six months ended 30th September, 2011*

	<i>Note</i>	<b>2011</b> <b>HK\$'000</b>	2010 <i>HK\$'000</i> <i>(Restated)</i>
Revenues		<b>717,713</b>	57,683
Cost of sales		<b>(228,633)</b>	(40,870)
Gross profit		<b>489,080</b>	16,813
Other income	6	<b>15,094</b>	31,212
Selling and marketing expenses		<b>(29,385)</b>	(7,871)
Administrative and other operating expenses		<b>(63,664)</b>	(46,388)
Change in fair value of investment properties		<b>–</b>	26,000
Operating profit	7	<b>411,125</b>	19,766
Finance costs	8	<b>(2,416)</b>	(7,194)
Share of results of an associated company		<b>2,006</b>	2,034
Profit before taxation		<b>410,715</b>	14,606
Taxation	9	<b>(51,147)</b>	(1,159)
Profit for the period		<b>359,568</b>	13,447
Attributable to:			
Equity holders		<b>361,576</b>	15,197
Non-controlling interests		<b>(2,008)</b>	(1,750)
		<b>359,568</b>	13,447
Interim dividend	10	<b>15,233</b>	–
		<b>HK cents</b>	<i>HK cent</i> <i>(Restated)</i>
Earnings per share (basic and diluted)	11	<b>23.74</b>	1.00

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30th September, 2011

	<b>2011</b> <b>HK\$'000</b>	2010 HK\$'000 (Restated)
<b>Profit for the period</b>	<b>359,568</b>	13,447
Other comprehensive income:		
Net exchange differences	<b>35,653</b>	18,925
Share of exchange reserve of an associated company	<b>(19)</b>	–
Realisation of exchange reserve and capital reserve on consolidation upon disposals of subsidiaries	<b>(36,912)</b>	–
Change in fair value of available-for-sale financial assets	<b>(2,942)</b>	1,962
Other comprehensive (loss)/income for the period	<b>(4,220)</b>	20,887
<b>Total comprehensive income for the period</b>	<b>355,348</b>	34,334
Total comprehensive income attributable to:		
Equity holders	<b>355,657</b>	35,554
Non-controlling interests	<b>(309)</b>	(1,220)
	<b>355,348</b>	34,334

# CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30th September, 2011

		30th September, 2011	31st March, 2011
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		107,308	30,940
Investment properties		72,106	70,300
Land use right		1,707	1,718
Property for/under development		110,124	106,039
Associated company		6,489	6,453
Available-for-sale financial assets		66,691	69,633
Loans and receivables		12,241	11,934
		<hr/>	<hr/>
		376,666	297,017
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current assets</b>			
Properties for sale		1,862,722	1,896,065
Inventories		4,530	3,470
Debtors and prepayments	13	347,955	404,660
Restricted bank balance	15	–	125,004
Cash and bank balances		893,378	226,699
		<hr/>	<hr/>
		3,108,585	2,655,898
Investment property held for sale	16	–	790,000
		<hr/>	<hr/>
		3,108,585	3,445,898
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current liabilities</b>			
Creditors and accruals	14	74,535	79,658
Sales deposits received	15	633,999	609,760
Current portion of long-term bank borrowings	17	90,132	65,313
Loan from ultimate holding company	18	–	180,000
Taxation payable		58,531	69,375
		<hr/>	<hr/>
		857,197	1,004,106
Liabilities of investment property held for sale	16	–	374,968
		<hr/>	<hr/>
		857,197	1,379,074
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Net current assets</b>		<hr/> <b>2,251,388</b> <hr/>	<hr/> 2,066,824 <hr/>
<b>Total assets less current liabilities</b>		<hr/> <b>2,628,054</b> <hr/>	<hr/> 2,363,841 <hr/>

# CONSOLIDATED BALANCE SHEET (UNAUDITED) (Continued)

As at 30th September, 2011

		<b>30th September, 2011</b>	31st March, 2011
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Equity</b>			
Share capital	19	<b>76,166</b>	76,166
Reserves		<b>2,277,164</b>	1,921,507
		<hr/>	<hr/>
Shareholders' funds		<b>2,353,330</b>	1,997,673
Non-controlling interests		<b>77,868</b>	78,177
		<hr/>	<hr/>
<b>Total equity</b>		<b>2,431,198</b>	2,075,850
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Non-current liabilities</b>			
Long-term bank borrowings	17	–	89,063
Deferred taxation liabilities		<b>186,692</b>	188,774
Loans from non-controlling interests		<b>10,164</b>	10,154
		<hr/>	<hr/>
		<b>196,856</b>	287,991
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
		<b>2,628,054</b>	2,363,841
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>



## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30th September, 2011

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Net cash from/(used in) operating activities	493,734	(193,255)
Net cash from investing activities	238,364	19,040
Net cash (used in)/from financing activities	<u>(67,665)</u>	<u>12,533</u>
Net increase/(decrease) in cash and cash equivalents	664,433	(161,682)
Cash and cash equivalents at the beginning of the period	220,660	272,811
Exchange difference on cash and cash equivalents	<u>7,577</u>	<u>2,538</u>
Cash and cash equivalents at the end of the period	<u><b>892,670</b></u>	<u>113,667</u>
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	893,378	114,728
Pledged bank deposits	(708)	(866)
Bank deposits maturing more than three months from date of placement	<u>-</u>	<u>(195)</u>
	<u><b>892,670</b></u>	<u>113,667</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30th September, 2011

	Share capital HK\$'000	Other reserves HK\$'000	(Accumulated losses)/ retained profit HK\$'000	Shareholders' funds HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1st April, 2011	76,166	2,212,023	(290,516)	1,997,673	78,177	2,075,850
Profit/(loss) for the period	-	-	361,576	361,576	(2,008)	359,568
Other comprehensive income:						
Net exchange differences	-	33,954	-	33,954	1,699	35,653
Share of exchange reserve of an associated company	-	(19)	-	(19)	-	(19)
Realisation of exchange reserve and capital reserve on consolidation upon disposals of subsidiaries	-	(36,912)	-	(36,912)	-	(36,912)
Change in fair value of available-for-sale financial assets	-	(2,942)	-	(2,942)	-	(2,942)
Total comprehensive (loss)/ income for the period	-	(5,919)	361,576	355,657	(309)	355,348
At 30th September, 2011	<b>76,166</b>	<b>2,206,104</b>	<b>71,060</b>	<b>2,353,330</b>	<b>77,868</b>	<b>2,431,198</b>
At 1st April, 2010						
As previously reported	76,166	2,167,721	(343,395)	1,900,492	18,869	1,919,361
Prior year adjustment	-	-	20,970	20,970	-	20,970
As restated	76,166	2,167,721	(322,425)	1,921,462	18,869	1,940,331
Profit/(loss) for the period, as restated	-	-	15,197	15,197	(1,750)	13,447
Other comprehensive income:						
Net exchange differences	-	18,395	-	18,395	530	18,925
Change in fair value of available-for-sale financial assets	-	1,962	-	1,962	-	1,962
Total comprehensive income/ (loss) for the period	-	20,357	15,197	35,554	(1,220)	34,334
At 30th September, 2010, as restated	<b>76,166</b>	<b>2,188,078</b>	<b>(307,228)</b>	<b>1,957,016</b>	<b>17,649</b>	<b>1,974,665</b>

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 1. General information

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

As at 30th September, 2011, the Company was a 57.04% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Directors regard CCIL as the ultimate holding company.

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property investment and development, manufacturing and sale of watch components and merchandise, 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 and available-for-sale financial assets 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 "HKICPA"). The interim financial information should be read in conjunction with the annual financial statements for the year ended 31st March, 2011 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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, 2011.

### *The adoption of revised HKFRSs*

In 2011, the Group adopted the following revised standards, amendments and interpretation of HKFRSs that are effective for the Group's accounting periods beginning on 1st April, 2011 and relevant to the operations of the Group:

## NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

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

#### *The adoption of revised HKFRSs (Continued)*

HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

HKICPA's annual improvements	to certain HKFRSs published in May 2010:
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Financial Instruments: Presentation
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures

The Group has assessed the impact of the adoption of these revised standards, amendments and interpretation of HKFRSs and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the interim financial information.

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

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

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

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

## 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, 2011.

### 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, 2011.

### 5. **Segment information**

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

The chief operating decision maker has been identified as the Board of Directors (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 others (including 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:

	<b>Property investment and development</b>	<b>Sale of goods and services</b>	<b>Others and corporate</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>2011</b>				
Revenues	710,867 <sup>#</sup>	6,846	–	717,713
Other income	11,890	121	3,083	15,094
	<u>439,344</u>	<u>(3,264)</u>	<u>(24,955)</u>	<u>411,125</u>
Operating profit/(loss)				
Finance costs	(2,416)	–	–	(2,416)
Share of results of an associated company	–	–	2,006	2,006
	<u>436,928</u>	<u>(3,264)</u>	<u>(22,949)</u>	<u>410,715</u>
Profit/(loss) before taxation				
Taxation	(51,147)	–	–	(51,147)
	<u>385,781</u>	<u>(3,264)</u>	<u>(22,949)</u>	<u>359,568</u>
<b>As at 30th September, 2011</b>				
Segment assets	3,113,702	8,020	357,040	3,478,762
Associated company	–	–	6,489	6,489
	<u>3,113,702</u>	<u>8,020</u>	<u>363,529</u>	<u>3,485,251</u>
Total assets				
	<u>1,038,517</u>	<u>4,161</u>	<u>11,375</u>	<u>1,054,053</u>
Total liabilities				
<b>2011</b>				
Other segment items are as follows:				
Capital expenditure	180,369	280	78,497	259,146
Depreciation	1,321	447	1,123	2,891
Amortisation of land use rights				
– charged to income statement	16	–	–	16
– capitalised into properties	2,000	–	–	2,000
	<u>2,000</u>	<u>–</u>	<u>–</u>	<u>2,000</u>

<sup>#</sup> The amount includes sale of properties under development in the People's Republic of China (the "PRC") amounting to HK\$625.4 million.

## NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

### 5. Segment information (Continued)

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

	Property investment and development HK\$'000 (Restated)	Sale of goods and services HK\$'000	Others and corporate HK\$'000	Total HK\$'000 (Restated)
2010				
Revenues	50,476	7,207	–	57,683
Other income	<u>14,621</u>	<u>16,576</u>	<u>15</u>	<u>31,212</u>
Operating profit/(loss)	21,421	13,355	(15,010)	19,766
Finance costs	(7,194)	–	–	(7,194)
Share of results of an associated company	<u>–</u>	<u>–</u>	<u>2,034</u>	<u>2,034</u>
Profit/(loss) before taxation	14,227	13,355	(12,976)	14,606
Taxation	<u>(1,156)</u>	<u>–</u>	<u>(3)</u>	<u>(1,159)</u>
Profit/(loss) for the period	<u>13,071</u>	<u>13,355</u>	<u>(12,979)</u>	<u>13,447</u>
As at 31st March, 2011				
Segment assets	3,572,342	6,250	157,870	3,736,462
Associated company	<u>–</u>	<u>–</u>	<u>6,453</u>	<u>6,453</u>
Total assets	<u>3,572,342</u>	<u>6,250</u>	<u>164,323</u>	<u>3,742,915</u>
Total liabilities	<u>1,657,747</u>	<u>2,824</u>	<u>6,494</u>	<u>1,667,065</u>
2010				
Other segment items are as follows:				
Capital expenditure	86,228	2,451	58	88,737
Depreciation	1,469	309	641	2,419
Amortisation of land use right	16	–	–	16
Write off of trade and other debtors	<u>1,111</u>	<u>38</u>	<u>–</u>	<u>1,149</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

### 5. Segment information *(Continued)*

#### *(b) Geographical segment information*

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

	Revenues		Capital expenditure	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Hong Kong	6,545	20,199	78,505	363
The PRC	710,335	37,027	180,641	88,374
Other countries	833	457	–	–
	<u>717,713</u>	<u>57,683</u>	<u>259,146</u>	<u>88,737</u>
	Non-current assets <i>(Note)</i>		Total assets	
	30th September, 2011 HK\$'000	31st March, 2011 HK\$'000	30th September, 2011 HK\$'000	31st March, 2011 HK\$'000
Hong Kong	85,444	8,450	369,763	958,215
The PRC	212,290	207,000	3,115,488	2,784,274
Other countries	–	–	–	426
	<u>297,734</u>	<u>215,450</u>	<u>3,485,251</u>	<u>3,742,915</u>

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



## NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

### 6. Other income

	<b>2011</b>	2010
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Dividend income from available-for-sale financial assets	<b>1,954</b>	–
Net gain on disposals of subsidiaries	<b>7,833</b>	–
Sale of scraped material	<b>121</b>	313
Interest income	<b>4,443</b>	943
Net gain on disposal of property, plant and equipment	–	1,451
Net compensation from government for the resumption of assets	–	28,006
Sundries	<b>743</b>	499
	<b><u>15,094</u></b>	<u>31,212</u>

### 7. Operating profit

	<b>2011</b>	2010
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Operating profit is stated after charging:		
Amortisation of land use right	<b>16</b>	16
Cost of properties sold	<b>219,700</b>	30,092
Cost of inventories sold	<b>8,334</b>	8,396
Depreciation	<b>2,891</b>	2,419
Net exchange losses	<b>2,612</b>	980
Net loss on disposal of property, plant and equipment	<b>493</b>	–
Staff costs, including Directors' emoluments		
Wages and salaries	<b>20,200</b>	18,540
Retirement benefit costs	<b>557</b>	532
Write off of trade and other debtors	–	1,149
	<b><u>          </u></b>	<u>          </u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

### 8. Finance costs

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interest expenses		
Bank borrowings wholly repayable within five years	<b>3,740</b>	9,634
Loan from ultimate holding company wholly repayable within five years	<b>38</b>	711
	<b>3,778</b>	10,345
Amount capitalised into properties for sale	<b>(1,362)</b>	(3,151)
	<b>2,416</b>	7,194

The capitalisation rate applied to funds borrowed for the development of properties is 5.85% (2010: 5.40%) per annum.

### 9. Taxation

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i> <i>(Restated)</i>
Current		
PRC corporate income tax	<b>50,264</b>	2,269
PRC land appreciation tax	<b>3,039</b>	2,690
Deferred taxation	<b>(2,156)</b>	(3,800)
	<b>51,147</b>	1,159

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the period (2010: 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 charge of an associated company for the six months ended 30th September, 2011 amounting to HK\$273,000 (2010: HK\$304,000) is included in the income statement as share of results of an associated company.

## NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

### 10. Interim dividend

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interim dividend of 1.0 HK cent (2010: Nil) per share	<u>15,233</u>	<u>–</u>

On 25th November, 2011, the Board declared an interim dividend of 1.0 HK cent (2010: Nil) per share amounting to HK\$15,233,000 (2010: Nil). 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, 2012.

### 11. Earnings per share

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$361,576,000 (2010: HK\$15,197,000, as restated) and 1,523,328,700 (2010: 1,523,328,700) 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 periods.

### 12. Capital expenditure

For the six months ended 30th September, 2011, the Group has acquired property, plant and equipment amounting to HK\$79,526,000 (2010: HK\$3,266,000) and incurred development costs of properties amounting to HK\$179,620,000 (2010: HK\$85,471,000).

### 13. Debtors and prepayments

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

	30th September, 2011 <i>HK\$'000</i>	31st March, 2011 <i>HK\$'000</i>
Below 30 days	2,893	15,030
31 to 60 days	1,197	108
61 to 90 days	864	409
Over 90 days	<u>2,788</u>	<u>3,663</u>
	<u>7,742</u>	<u>19,210</u>

Debtors and prepayments include deposits of HK\$256,211,000 (31st March, 2011: HK\$252,647,000) for property development projects and acquisition of land use rights in the PRC. As at 31st March, 2011, debtors and prepayments also included deposits of HK\$68,884,000 for acquisition of property, plant and equipment.

## NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

### 14. Creditors and accruals

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

	<b>30th September, 2011 HK\$'000</b>	31st March, 2011 HK\$'000
Below 30 days	320	337
31 to 60 days	462	171
61 to 90 days	357	115
Over 90 days	<u>1,417</u>	<u>581</u>
	<b><u>2,556</u></b>	<b><u>1,204</u></b>

### 15. Sales deposits received

Sales deposits received represents deposits received from the sales of properties of the Group in the PRC which have not yet been recognised as revenue for the period. Among the sales deposits received, an amount of HK\$125,004,000 was recorded as restricted bank balance in the financial statements as at 31st March, 2011 as certain restrictions were imposed. As at 30th September, 2011, these restrictions were released and the restricted bank balance became the Group's bank deposit and the sales deposits were recognised as revenue for the period.

### 16. Investment property held for sale and its liabilities

On 1st March, 2011, the Company entered into a sale and purchase agreement with CCIL to dispose of a wholly-owned subsidiary (the main asset is an investment property in Hong Kong) together with the shareholder loan owed to the Company at the consideration of HK\$790,000,000 less the amounts of bank borrowing and the tenants' deposits received as at the completion date. Details of the transaction were set out in the announcement and circular of the Company dated 2nd March, 2011 and 21st March, 2011 respectively. The transaction was completed on 7th April, 2011.

## NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

### 17. Borrowings

	<b>30th September, 2011</b>	31st March, 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured bank borrowings		
Long-term bank borrowings	<b>90,132</b>	521,376
Reclassified as liabilities of investment property held for sale	–	(367,000)
	<u>–</u>	<u>(367,000)</u>
	<b>90,132</b>	154,376
	<u><b>90,132</b></u>	<u>154,376</u>

The long-term bank borrowings are analysed as follows:

	<b>30th September, 2011</b>	31st March, 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Long-term bank borrowings		
Wholly repayable within five years	<b>90,132</b>	521,376
Current portion included in current liabilities	<b>(90,132)</b>	(65,313)
Reclassified as liabilities of investment property held for sale	–	(367,000)
	<u>–</u>	<u>(367,000)</u>
	<b>–</b>	89,063
	<u><b>–</b></u>	<u>89,063</u>

The bank borrowings (excluding the liabilities of investment property held for sale which were reclassified as current liabilities) are repayable in the following periods:

	<b>30th September, 2011</b>	31st March, 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<b>90,132</b>	65,313
Second year	–	89,063
	<u>–</u>	<u>89,063</u>
	<b>90,132</b>	154,376
	<u><b>90,132</b></u>	<u>154,376</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

### 18. Loan from ultimate holding company

Loan from ultimate holding company as at 31st March, 2011 was unsecured, interest bearing at prevailing market rates and was repayable within the next twelve months from the balance sheet date.

### 19. Share capital

	<b>30th September, 2011</b>	31st March, 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Authorised:</i>		
18,000,000,000 shares of HK\$0.05 each	<b>900,000</b>	900,000
<i>Issued and fully paid:</i>		
1,523,328,700 shares of HK\$0.05 each	<b>76,166</b>	76,166

### 20. Financial guarantees

As at 30th September, 2011, the subsidiaries have provided guarantees amounting to HK\$329,144,000 (31st March, 2011: HK\$193,712,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

### 21. Capital commitments

As at 30th September, 2011, the Group has capital expenditure commitments contracted but not provided for in respect of property development amounting to HK\$451,321,000 (31st March, 2011: HK\$255,894,000).

### 22. Pledge of assets

As at 30th September, 2011, the Group has pledged the assets of certain subsidiaries, including property, plant and equipment, land use right, properties for sale and bank deposits, with an aggregate carrying value of HK\$97,157,000 (31st March, 2011: HK\$1,162,034,000 with the pledge of investment property held for sale), to secure general banking and financial guarantee facilities granted to those subsidiaries.