



CHUANG'S CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 367



INTERIM REPORT 2012

CONTENTS

Corporate Information	2
Management Discussion on Results	4
Other Information	21
Consolidated Income Statement	27
Consolidated Statement of Comprehensive Income	28
Consolidated Balance Sheet	29
Consolidated Cash Flow Statement	31
Consolidated Statement of Changes in Equity	32
Notes to the Interim Financial Information	33

CORPORATE INFORMATION

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

CORPORATE INFORMATION *(Continued)*

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Vietnam Office	Room 704, 7th Floor Capital Place Building 6 Thai Van Lung Street, District 1 Ho Chi Minh City, Vietnam
Mongolia Office	4th Floor, Western Section The Landmark Tower Chinggis Avenue-13 Sukhbaatar District-1 14251 Ulaanbaatar, Mongolia
Stock Code	367

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, 2011. 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, 2011, and the consolidated balance sheet as at 30th September, 2011 along with the notes thereon, are set out on pages 27 to 46 of this report.

FINANCIAL REVIEW

Revenues of the Group for the six months ended 30th September, 2011 amounted to HK\$735.8 million (2010: HK\$142.8 million), representing an increase of approximately 4.2 times over that of the last corresponding period. Revenues of the Group comprise income from sales of properties of HK\$710.0 million (2010: HK\$36.2 million), income from investment properties of HK\$69.5 million (2010: HK\$69.1 million), income from sales of goods and services of HK\$130.3 million (2010: HK\$30.8 million), income from sales of grave plots and niches of HK\$1.6 million (2010: Nil) and loss from securities investment and trading business of HK\$175.6 million (2010: gain of HK\$6.7 million).

Due to the increase in revenues and profits on sales of properties, gross profit of the Group for the six months ended 30th September, 2011 increased to HK\$389.1 million (2010: HK\$66.5 million), representing an increase of approximately 4.9 times over that of the last corresponding period. Other income increased to HK\$185.9 million (2010: HK\$40.7 million) mainly due to negative goodwill arising from the acquisition of Midas International Holdings Limited (“Midas”) as a subsidiary of the Group in July 2011 after netting off the loss on deemed disposal of Midas as an associated company of the Group. A breakdown of other income is shown in note 6 on page 38 of this report. During the period, gain on disposal of investment property amounting to HK\$38.2 million (2010: HK\$134.4 million) was recorded. Furthermore, the Group also recorded an upward revaluation surplus of HK\$473.5 million (2010: HK\$190.7 million) for its investment properties, reflecting the continued improvement in property prices in Hong Kong, in particular in the high-class residential sector.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL REVIEW *(Continued)*

On the costs side, selling and marketing expenses increased to HK\$44.4 million (2010: HK\$19.6 million) mainly due to the increase in the level of property sales and the consolidation of the relevant expenses of Midas. Administrative and other operating expenses increased to HK\$142.9 million (2010: HK\$99.7 million) mainly due to a general increase in overheads and the consolidation of the relevant expenses of Midas. Finance costs increased to HK\$26.5 million (2010: HK\$22.9 million) mainly due to the consolidation of interest expenses of Midas. Share of results of associated companies amounted to HK\$4.9 million (2010: HK\$14.1 million) mainly due to the share of loss of Midas. Taxation amounted to HK\$50.4 million (2010: HK\$1.2 million) mainly relating to tax on sales of properties.

Taking all the above into account, profit attributable to equity holders of the Company for the six months ended 30th September, 2011 amounted to HK\$670.9 million (2010: HK\$270.3 million), representing an increase of approximately 1.5 times over that of the last corresponding period. Earnings per share was 42.6 HK cents (2010: 17.7 HK cents).

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of 2.0 HK cents (2010: 1.8 HK cents) per share payable on or before 29th February, 2012 by allotment of new shares with a cash option to the shareholders whose names appear on the Company's register of members on 23rd December, 2011.

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 23rd December, 2011, 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) Hong Kong Property Division

(i) *Investment Properties*

The Group's major investment properties in Hong Kong comprise (a) Chuang's London Plaza in Tsim Sha Tsui, (b) Chuang's Tower in Central, (c) Chuang's Hung Hom Plaza in Hunghom, (d) House A, No. 37 Island Road in Deep Water Bay and (e) No. 15 Gough Hill Road in The Peak (which is in the process of being redeveloped into a unique single house). The total gross floor area ("GFA") of the Group's investment property portfolio in Hong Kong amounted to approximately 350,000 *sq. ft.* comprising retail, office, high-class residential and carparking spaces. Rental and other income from investment properties in Hong Kong during the period amounted to HK\$58.6 million, representing an increase of about 4.1% compared with that of the last corresponding period after adjusting for the effect of the disposal of Chuang's Enterprises Building in February 2011.

During the period, as a rationalisation exercise of the Group, the Company acquired Chuang's Tower in Central from Chuang's China Investments Limited ("Chuang's China"), a listed subsidiary of the Group, at a valuation of HK\$790 million. Such a strategic move not only enables the Company to consolidate its interest in Chuang's Tower thereby strengthening its property investment portfolio but also enables Chuang's China to realise Chuang's Tower with substantial cashflow thereby concentrating its resources towards its property investment and development business in the People's Republic of China (the "PRC"). Upon completion of such rationalisation exercise, we strongly believe that each of the Company and Chuang's China can operate its respective business more efficiently and allocate its financial resources more effectively.

During the period, as a step to dispose certain non-core properties of the Group, the Group completed the disposal of a unit in Cheung Ka Industrial Building, Connaught Road West for a consideration of HK\$56.3 million, generating a profit of about HK\$38.2 million.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(A) Hong Kong Property Division *(Continued)*

(ii) Properties Under Development

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

The property has been developed into a 24-storey building with modern architectural design comprising 101 apartments (of which 98 are studio apartments) with clubhouse facilities and shopping units with GFA of 8,422 *sq. ft.* at the podium level (G/F and 1/F). As of to date, a total of 98 apartment units and shopping units with GFA of 2,809 *sq. ft.* have been presold for an aggregate consideration of HK\$325.2 million. Occupation permit of the property was issued on 23rd November, 2011. The Group is in the process of preparing the issuance of the completion notice to end purchasers and expects to receive the balance of the consideration amounting to approximately HK\$270 million upon handover of the sold properties to the end purchasers. The Group will continue to market the remaining 3 penthouse residential units and shopping units with GFA of 5,613 *sq. ft.*. Profit on this development will be recorded in the second half of this financial year.

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

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

(c) No. 30 Po Shan Road, Hong Kong

The Group formed a joint venture with K. Wah International Holdings Limited on a 50%:50% basis to develop the property. The property is located in a prestigious mid-level area that enjoys a glamorous sea-view and will be developed for residential purpose with GFA of about 40,200 *sq. ft.*. Revised building plans will be submitted soon to the relevant authorities for approval. Demolition works for the project has been completed and site formation and foundation works will commence once the revised building plans are approved.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(B) International Property Division

(i) Malaysia

Central Plaza, Jalan Sultan Ismail, Kuala Lumpur

Central Plaza, located in the heart of the central business district and prestigious shopping area of Kuala Lumpur, is owned by the Group for investment purpose. The property has a total GFA of 380,000 *sq. ft.* of retail, office and carparking spaces. Recently, the Group is in the final stage of seeking approval from the relevant authorities to convert one level of carpark into office use, which will result in the increase of office space by about 10,780 *sq. ft.* thereby enhancing future rental yield and capital value of the property. Alteration works are expected to commence once approval is obtained. During the period, rental and other income from the property amounted to HK\$9.9 million, representing an increase of about 12.5% compared with that of the last corresponding period.

(ii) Vietnam

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

The Group owns 70% interest in the project which covers a site area of 20,300 *sq. m.*. A residential/commercial complex with apartments, villas and clubhouse facilities with GFA of about 94,000 *sq. m.* is intended to be developed on the site. Project company has been formed and master planning of the project has been approved. The Group is in the process of applying for the land use rights to be granted to the project company and the approval of the building plans. The site is now vacant and construction of the initial phase of the development will commence once all approvals are obtained.

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

The Group had participated in a 70% interest in the project and is still in the process of negotiating with the relevant government authorities and the joint venture partner for the formation of a project company and the granting of land use rights.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(B) International Property Division *(Continued)*

(iii) Taiwan

Chuang's Lodge, Xinyi District, Taipei City

The project, located nearby the city centre of Taipei City, is a residential development comprising a villa and 7 apartment units with a total building area of about 19,700 *sq. ft.*. Superstructure works are in progress and the project is expected to be completed in first half of 2012. Marketing of the project will commence soon.

(iv) Mongolia

(a) The Edelweiss Residence, Sukhbaatar District, Ulaanbaatar

The Group owns 53% interest in the project that covers a site area of 5,600 *sq. m.*. The project is located nearby the city centre within the embassy district and two towers of apartments with GFA of about 41,000 *sq. m.* are to be developed. Concept design has been approved and building plans are in the process of being submitted for approval. Initial phase of the development will comprise GFA of about 20,000 *sq. m.*.

(b) International Finance Centre, Chinggis Avenue, Sukhbaatar District, Ulaanbaatar

The project is wholly-owned by the Group and has a site area of about 3,272 *sq. m.*. The project is located within the central business district and an office building with GFA of about 37,675 *sq. m.* is to be developed. Concept design has been approved and building plans are in the process of being submitted for approval. Site formation and foundation works will commence once the building plans are approved.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) PRC Property Division

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

(i) 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 Chuang's China Group decided to implement a series of asset disposals to strengthen the 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 Chuang's China Group maintained a strong net cash position of over HK\$800 million as at 30th September, 2011 and will closely monitor the land market so as to capture opportunities offered by market adjustments to replenish its land reserve in the PRC.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) PRC Property Division *(Continued)*

(i) Property Development *(Continued)*

- (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 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)*

(C) PRC Property Division *(Continued)*

(i) Property Development *(Continued)*

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

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.

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

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.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) PRC Property Division *(Continued)*

(i) Property Development *(Continued)*

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

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.

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

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.

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

During the period under review, the Chuang's China 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 Chuang's China Group.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) PRC Property Division *(Continued)*

(i) Property Development *(Continued)*

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

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.

- (g) Chuang's Plaza, Anshan, Liaoning (100% owned by Chuang's China)

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.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) PRC Property Division *(Continued)*

(i) Property Development *(Continued)*

- (g) Chuang's Plaza, Anshan, Liaoning (100% owned by Chuang's China) *(Continued)*

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.

- (h) Xiamen Mingjia Binhai, Xiamen, Fujian (59.5% owned by Chuang's China)

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.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) PRC Property Division *(Continued)*

(i) *Property Development (Continued)*

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

The Chuang's China 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.

(ii) *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 in the PRC 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.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(D) Midas (60.8% owned)

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

Due to the slow recovery of the economy in the United States of America and the Euro Zone sovereign debt crisis, the results of Midas have been adversely affected. For the six months ended 30th June, 2011, Midas recorded revenues of HK\$138.3 million and loss attributable to equity holders of HK\$31.1 million. For the three months ended 30th September, 2011, Midas recorded revenues of HK\$97.6 million (of which HK\$96.0 million was relating to the printing business and the balance of HK\$1.6 million was relating to the cemetery business) and incurred loss attributable to equity holders of HK\$14.2 million.

In order to alleviate the difficult trading environment and to restore the printing business into profitability, Midas will continue to take steps to strengthen sales, develop new products to improve profit margins and enhance costs controls. Furthermore, the factory in Changan, Dongguan, the PRC is located near the city centre and its surrounding area is well developed and occupied by premium residential and commercial buildings. In view of its redevelopment potential, Midas is negotiating with the local government to change the land use of the factory site to commercial/residential usage so as to enhance its value.

As for the cemetery business, in view of the recent improvement in infrastructure as a result of the completion of a new highway linking Guangzhou to the cemetery, Midas will spend greater effort in marketing and establishing a more extensive sales and agency network with a view to boost sales.

As a result of the completion of the rights issue in July 2011, the financial positions of Midas have been significantly improved. Cash and bank balances of the Midas group as at 30th September, 2011 amounted to HK\$177.1 million and bank borrowings as at the same date amounted to HK\$99.1 million, resulting in a net cash position of HK\$78.0 million.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses

- (i) *Sintex Nylon and Cotton Products (Pte) Limited (“Sintex”)*
Yuen Sang Hardware Company (1988) Limited (“Yuen Sang”)

The Group’s other businesses include investments in Sintex, a company incorporated in Singapore and engaged in the sales of home finishing products under its own brand names, and Yuen Sang, a company owned by Chuang’s China and engaged in the manufacture and sale of metalware for exports. During the period, these businesses generated revenues of HK\$34.3 million (2010: HK\$30.8 million), representing an increase of about 11.4% compared with that of the last corresponding period, and incurred slight net losses of HK\$2.7 million.

- (ii) *Securities Investment and Trading*

Due to the downgrade of the long term sovereign credit rating of the United States of America and the Euro Zone sovereign debt crisis, the global stock markets have been adversely affected. Hang Seng Index fell from 23,527 at 31st March, 2011 to 17,592 at 30th September, 2011, representing a downturn of about 25%. As a result, the securities investment and trading business of the group for the six months ended 30th September, 2011 incurred fair value loss arising from mark to market valuations of securities investments held by the Group. As at 30th September, 2011, the Group held quoted investments with values of HK\$105.3 million and financial instruments relating to commitments to purchase certain stocks listed on the Stock Exchange (such underlying stocks are constituent stocks of the MSCI China Index and Hang Seng Mainland 100 Index and are mainly related to the PRC property sector). The amount of commitments amounted to approximately HK\$350 million as at 30th September, 2011 and was reduced to HK\$176 million as at the date of this announcement, and such commitments will expire in February 2012.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL POSITIONS

As at 30th September, 2011, net assets attributable to equity holders was HK\$5,994.0 million. Net asset value per share was approximately HK\$3.80, which is calculated based on the book costs of the Group's properties for sale before taking into account their appreciated values.

As at 30th September, 2011, cash and bank balances and quoted investments of the Group amounted to HK\$2,312.5 million (31st March, 2011: HK\$1,788.9 million including restricted bank balance which was released as bank balances of the Group in April 2011). Bank borrowings as at the same date amounted to HK\$2,546.7 million (31st March, 2011: HK\$2,562.6 million). The Group's net debt to equity ratio, expressed as a percentage of bank borrowings net of cash and bank balances and quoted investments over net assets attributable to equity holders of the Company, was 3.9% (31st March, 2011: 14.3%).

Approximately 70.4% of the Group's cash and bank balances and quoted investments were denominated in Hong Kong dollar, United States dollar and Malaysian Ringgit with the balance of 29.6% denominated in Renminbi. Approximately 87.4% of the Group's bank borrowings were denominated in Hong Kong dollar, 5.1% in Renminbi and the balance of 7.5% in Malaysian Ringgit. Accordingly, there should not be material risk in foreign exchange fluctuation.

Approximately 13.2% of the Group's bank borrowings were repayable within one year, 26.6% repayable within the second year, 18.8% repayable within the third to fifth years and the balance of 41.4% repayable after five years.

PROSPECTS

Since the third quarter of 2011, with the downgrade of long term sovereign credit rating of the United States of America and the deepening of Euro Zone sovereign debt crisis, the global financial markets have been extremely volatile and there are signs that the global economic growth is facing a slowdown. Furthermore, in order to cool down the property market, the Hong Kong SAR Government and the Central Government have implemented and tightened various regulatory measures to curb speculative activities. Undoubtedly, these factors and measures have negative impact on the property markets in Hong Kong and the PRC. However, despite this short term uncertainty, with the continued sustainable growth of the economy, the rapid urbanisation trend, the increase in household income and the strong demand for better living standard in the PRC, and Hong Kong being an important gateway to the PRC and an international financial and trade centre, the Group is confident in the long term prospects of the property markets in Hong Kong and the PRC.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

PROSPECTS *(Continued)*

Looking ahead, the Group will continue to take steps to improve rental yield of our investment properties and to further unlock the store values of our property projects in Hong Kong, the PRC and elsewhere in the region by speeding up their development and sales in accordance with market conditions. As regards new investments, the Group will closely monitor the development of the current uncertain global economic situation and would capture opportunities offered by market adjustments to replenish our land reserve 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, 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:

(a) Interests in the Company

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang Shaw Swee (“Mr. Alan Chuang”)	857,421,508	<i>Note 1</i>	54.37
Mrs. Alice Siu Chuang Siu Suen (“Mrs. Siu”)	267,398,388	<i>Note 2</i>	16.96
Mr. Albert Chuang Ka Pun (“Mr. Albert Chuang”)	1,107,154	Beneficial owner	0.07
Mr. Lui Lop Kay (“Mr. Lui”)	124,434	Beneficial owner	0.008
Dr. Peter Po Fun Chan (“Dr. Chan”)	863,339	Beneficial owner	0.05

Note 1: Such interests comprised 664,300,763 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 193,120,745 shares in the Company. Mr. Alan Chuang, Mr. Albert Chuang and Miss Candy Chuang Ka Wai (“Miss Candy Chuang”) are directors of Evergain.

Note 2: Such interests comprised 74,277,643 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 193,120,745 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	868,975,218	<i>Notes 3 & 6</i>	57.04
Mrs. Siu	2,000,000	Beneficial owner	0.13
Miss Candy Chuang	1,027,100	Beneficial owner	0.07
Mr. Lui	12,838	Beneficial owner	0.001
Dr. Chan	4,231	Interest in controlled corporation	0.0003

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

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

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

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

Note 3: Such shares in Chuang's China are beneficially owned by Profit Stability Investments Limited, a wholly-owned subsidiary of the Company.

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

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

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

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, 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.

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:

Name of Shareholder	Number of shares of the Company	Capacity	Percentage of shareholding
Evergain	664,300,763	Beneficial owner, <i>Note 1</i>	42.13
Mrs. Chong Ho Pik Yu	664,300,763	<i>Note 2</i>	42.13
Madam Chuang Shau Har ("Madam Chuang")	193,873,190	<i>Note 3</i>	12.29
Mr. Lee Sai Wai ("Mr. Lee")	193,873,190	<i>Note 4</i>	12.29
Third Avenue Management LLC	107,219,571	Investment manager	6.80

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 193,120,745 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 752,445 shares in the Company arose by attribution through her spouse, Mr. Lee.

Note 4: Interests in 193,120,745 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 752,445 shares in the Company are beneficially owned by Mr. Lee.

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 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, 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. 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 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:

Name of Director	Revised annual remuneration (HK\$)[#]
Mr. Alan Chuang	5,158,000
Mr. Ko Sheung Chi	2,792,000
Mr. Albert Chuang	20,000
Mr. Lui	1,632,500
Mr. Wong Chung Wai	1,532,000

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

- (b) Mr. Alan Chuang, the Chairman and an Executive Director of the Company, has been appointed as an alternative director of CNT Group Limited with effect from 5th August, 2011.

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 Monday, 19th December, 2011 to Friday, 23rd 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 Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Friday, 16th December, 2011.

OTHER INFORMATION *(Continued)*

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. On 13th December, 2001, Midas adopted a share option scheme (the “Midas Scheme”).

The purposes of the Scheme, the Chuang’s China Scheme and the Midas 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, Chuang’s China and Midas and their respective subsidiaries to the growth of the Group, the Chuang’s China group and the Midas group and to further motivate the eligible persons to continue to contribute to the respective group’s long-term prosperity. No options have been granted under the Scheme, the Chuang’s China Scheme and the Midas Scheme since their adoption or approval.

STAFF

As at 30th September, 2011, the Group employed 2,960 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
Ko Sheung Chi
Managing Director

Hong Kong, 29th November, 2011

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30th September, 2011

	<i>Note</i>	2011 HK\$'000	2010 <i>HK\$'000</i> <i>(Restated)</i>
Revenues		735,800	142,786
Cost of sales		(346,703)	(76,266)
Gross profit		389,097	66,520
Other income, net	6	185,900	40,704
Net gain on disposal of investment property	16	38,160	134,412
Selling and marketing expenses		(44,387)	(19,609)
Administrative and other operating expenses		(142,896)	(99,742)
Change in fair value of investment properties		473,461	190,707
Operating profit	7	899,335	312,992
Finance costs	8	(26,522)	(22,948)
Share of results of associated companies		(4,897)	(14,080)
Share of result of a jointly controlled entity		(31)	(38)
Profit before taxation		867,885	275,926
Taxation	9	(50,380)	(1,185)
Profit for the period		817,505	274,741
Attributable to:			
Equity holders		670,919	270,269
Non-controlling interests		146,586	4,472
		817,505	274,741
Interim dividend	10	31,597	28,008
		<i>HK cents</i>	<i>HK cents</i> <i>(Restated)</i>
Earnings per share (basic and diluted)	11	42.55	17.68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30th September, 2011

	2011 HK\$'000	2010 <i>HK\$'000</i> <i>(Restated)</i>
Profit for the period	817,505	274,741
Other comprehensive income:		
Net exchange differences	21,171	32,049
Share of exchange reserve of an associated company	(19)	87
Realisation of exchange reserve upon disposals of subsidiaries	(27,912)	–
Realisation of exchange reserve and other reserves upon disposal of an associated company	(13,238)	–
Change in fair value of available-for-sale financial assets	(3,542)	1,962
Other comprehensive (loss)/income for the period	(23,540)	34,098
Total comprehensive income for the period	793,965	308,839
Total comprehensive income attributable to:		
Equity holders	645,636	294,671
Non-controlling interests	148,329	14,168
	793,965	308,839

CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30th September, 2011

	30th September, 2011	31st March, 2011
Note	HK\$'000	HK\$'000
Non-current assets		
Property, plant and equipment	345,183	88,309
Investment properties	4,757,326	4,265,957
Leasehold land and land use rights	88,077	13,748
Properties for/under development	519,864	404,402
Land deposits for cemetery development	527,521	–
Associated companies	8,939	218,309
Jointly controlled entity	–	–
Amount due from a jointly controlled entity	57,568	56,287
Available-for-sale financial assets	83,004	86,627
Loans and receivables	12,241	68,865
	<u>6,399,723</u>	<u>5,202,504</u>
Current assets		
Properties for sale	2,055,246	2,052,848
Inventories	127,177	74,682
Cemetery assets for sale	112,113	–
Debtors and prepayments	13 657,031	962,137
Tax recoverable	353	–
Financial assets at fair value through profit or loss	105,263	127,080
Restricted bank balance	15 –	125,004
Cash and bank balances	2,207,282	1,536,803
	<u>5,264,465</u>	<u>4,878,554</u>
Investment property held for sale	16 –	17,160
	<u>5,264,465</u>	<u>4,895,714</u>
Current liabilities		
Creditors and accruals	14 282,350	193,182
Sales deposits received	15 685,177	657,026
Derivative financial instruments	120,000	–
Short-term bank borrowings	17 58,200	–
Current portion of long-term bank borrowings	17 277,506	162,063
Dividend payable	50,460	–
Taxation payable	131,773	135,234
	<u>1,605,466</u>	<u>1,147,505</u>
Net current assets	<u>3,658,999</u>	<u>3,748,209</u>
Total assets less current liabilities	<u>10,058,722</u>	<u>8,950,713</u>

CONSOLIDATED BALANCE SHEET (UNAUDITED) *(Continued)**As at 30th September, 2011*

		30th September, 2011	31st March, 2011
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity			
Share capital	18	394,218	394,218
Reserves		5,599,807	4,950,388
Proposed final dividend		–	50,460
		<hr/>	<hr/>
Shareholders' funds		5,994,025	5,395,066
Non-controlling interests		1,433,771	952,616
		<hr/>	<hr/>
Total equity		7,427,796	6,347,682
		<hr/>	<hr/>
Non-current liabilities			
Long-term bank borrowings	17	2,211,013	2,400,552
Convertible note		43,197	–
Derivative financial instruments		–	2,566
Deferred taxation liabilities		366,552	189,759
Loans from non-controlling interests		10,164	10,154
		<hr/>	<hr/>
		2,630,926	2,603,031
		<hr/>	<hr/>
		10,058,722	8,950,713
		<hr/>	<hr/>

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	540,145	(728,293)
Net cash (used in)/from investing activities	(24,837)	385,599
Net cash (used in)/from financing activities	(106,292)	414,217
Net increase in cash and cash equivalents	409,016	71,523
Cash and cash equivalents at the beginning of the period	1,530,004	929,037
Exchange difference on cash and cash equivalents	1,370	(334)
Cash and cash equivalents at the end of the period	<u>1,940,390</u>	<u>1,000,226</u>
Analysis of cash and cash equivalents		
Cash and bank balances	2,207,282	1,005,213
Pledged bank deposits	(266,129)	(866)
Bank deposits maturing more than three months from date of placement	(763)	(958)
Bank overdraft	-	(3,163)
	<u>1,940,390</u>	<u>1,000,226</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30th September, 2011

	Share capital HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Shareholders' funds HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st April, 2011	394,218	1,179,944	3,820,904	5,395,066	952,616	6,347,682
Profit for the period	-	-	670,919	670,919	146,586	817,505
Other comprehensive income:						
Net exchange differences	-	6,165	-	6,165	15,006	21,171
Share of exchange reserve of an associated company	-	(11)	-	(11)	(8)	(19)
Realisation of exchange reserve upon disposals of subsidiaries	-	(15,921)	-	(15,921)	(11,991)	(27,912)
Realisation of exchange reserve and other reserves upon disposal of an associated company	-	(13,238)	-	(13,238)	-	(13,238)
Change in fair value of available-for-sale financial assets	-	(2,278)	-	(2,278)	(1,264)	(3,542)
Total comprehensive (loss)/income for the period	-	(25,283)	670,919	645,636	148,329	793,965
Dividend	-	-	(50,460)	(50,460)	-	(50,460)
Purchase of a subsidiary	-	29,617	(25,834)	3,783	332,826	336,609
At 30th September, 2011	<u>394,218</u>	<u>1,184,278</u>	<u>4,415,529</u>	<u>5,994,025</u>	<u>1,433,771</u>	<u>7,427,796</u>
At 1st April, 2010						
As previously reported	382,183	1,101,988	2,796,584	4,280,755	850,262	5,131,017
Prior year adjustment	-	(54)	293,217	293,163	9,117	302,280
As restated	<u>382,183</u>	<u>1,101,934</u>	<u>3,089,801</u>	<u>4,573,918</u>	<u>859,379</u>	<u>5,433,297</u>
Profit for the period, as restated	-	-	270,269	270,269	4,472	274,741
Other comprehensive income:						
Net exchange differences	-	23,196	-	23,196	8,853	32,049
Share of reserves of an associated company	-	87	-	87	-	87
Change in fair value of available-for-sale financial assets	-	1,119	-	1,119	843	1,962
Total comprehensive income for the period	-	24,402	270,269	294,671	14,168	308,839
Dividend	-	-	(30,575)	(30,575)	-	(30,575)
At 30th September, 2010, as restated	<u>382,183</u>	<u>1,126,336</u>	<u>3,329,495</u>	<u>4,838,014</u>	<u>873,547</u>	<u>5,711,561</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, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is 25th Floor, Alexandra House, 18 Chater Road, Central.

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

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 financial assets at fair value through profit or loss, 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:

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

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

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

The adoption of revised HKFRSs (Continued)

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.

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.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

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, securities investment and trading, and cemetery. The Board assesses the performance of the operating segments based on a measure of segment result.

The segment information by business lines is as follows:

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Securities investment and trading HK\$'000	Cemetery HK\$'000	Corporate HK\$'000	Total HK\$'000
2011						
Revenues	779,409*	130,303	(175,561)	1,649	-	735,800
Other income, net	4,446	3,558	-	-	177,896	185,900
Operating profit/(loss)	982,450	(8,710)	(175,561)	(3,243)	104,399	899,335
Finance costs	(23,452)	(133)	-	-	(2,937)	(26,522)
Share of results of associated companies	25	(6,928)	-	-	2,006	(4,897)
Share of result of a jointly controlled entity	(31)	-	-	-	-	(31)
Profit/(loss) before taxation	958,992	(15,771)	(175,561)	(3,243)	103,468	867,885
Taxation (charge)/credit	(51,147)	-	-	291	476	(50,380)
Profit/(loss) for the period	907,845	(15,771)	(175,561)	(2,952)	103,944	817,505
As at 30th September, 2011						
Segment assets	8,598,975	540,240	105,263	659,388	1,693,815	11,597,681
Associated companies	2,450	-	-	-	6,489	8,939
Jointly controlled entity	-	-	-	-	-	-
Amount due from a jointly controlled entity	57,568	-	-	-	-	57,568
Total assets	8,658,993	540,240	105,263	659,388	1,700,304	11,664,188
Total liabilities	3,585,350	140,360	132,033	40,950	337,699	4,236,392
2011						
Other segment items are as follows:						
Capital expenditure	362,951	8,565	-	-	78,522	450,038
Depreciation	2,416	7,235	-	260	3,364	13,275
Amortisation of leasehold land and land use rights						
- charged to income statement	97	565	-	22	-	684
- capitalised into properties	2,000	-	-	-	-	2,000
Write off of trade and other debtors	15	-	-	-	-	15

* 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	Securities investment and trading HK\$'000	Corporate HK\$'000	Total HK\$'000 (Restated)
2010					
Revenues	105,282	30,760	6,744	–	142,786
Other income	21,082	19,126	–	496	40,704
Operating profit/(loss)	351,909	8,085	6,744	(53,746)	312,992
Finance costs	(22,656)	(292)	–	–	(22,948)
Share of results of associated companies	161	(16,275)	–	2,034	(14,080)
Share of result of a jointly controlled entity	(38)	–	–	–	(38)
Profit/(loss) before taxation	329,376	(8,482)	6,744	(51,712)	275,926
Taxation	(1,156)	–	–	(29)	(1,185)
Profit/(loss) for the period	328,220	(8,482)	6,744	(51,741)	274,741
As at 31st March, 2011					
Segment assets	8,037,785	135,938	127,080	1,522,819	9,823,622
Associated companies	2,474	209,382	–	6,453	218,309
Jointly controlled entity	–	–	–	–	–
Amount due from a jointly controlled entity	56,287	–	–	–	56,287
Total assets	8,096,546	345,320	127,080	1,529,272	10,098,218
Total liabilities	3,718,769	11,948	–	19,819	3,750,536
2010					
Other segment items are as follows:					
Capital expenditure	373,058	2,459	–	140	375,657
Depreciation	2,573	1,041	–	1,518	5,132
Amortisation of leasehold land and land use rights	94	162	–	–	256
Write off of trade and other debtors	1,122	38	–	–	1,160

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 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Hong Kong	(100,131)	72,795	223,894	282,391
The PRC	713,768	37,027	188,380	88,374
Other countries	122,163	32,964	37,764	4,892
	735,800	142,786	450,038	375,657
	4,808,168	4,363,251	6,889,206	6,644,683
	996,437	207,000	4,088,847	2,784,274
	499,873	476,761	686,135	669,261
	6,304,478	5,047,012	11,664,188	10,098,218

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

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

6. Other income, net

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interest income from		
Bank deposits	10,570	1,348
Loans and receivables	1,379	4,509
Dividend income from available-for-sale financial assets	1,954	–
Negative goodwill arising from the purchase of a subsidiary	290,570	–
Loss on remeasurement of previously held equity interest in an associated company	(126,045)	–
Sale of scraped material	1,386	313
Net gain on disposal of property, plant and equipment	–	1,441
Net compensation from government for the resumption of assets	–	28,006
Sundries	6,086	5,087
	185,900	40,704

7. Operating profit

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Operating profit is stated after crediting:		
Dividend income from listed investments	2,497	15
Interest income of financial assets at fair value through profit or loss	752	–
Net realised gains of financial assets at fair value through profit or loss	12,527	4,435
Fair value gains of financial assets at fair value through profit or loss	–	2,294
and after charging:		
Cost of properties sold	219,889	30,092
Cost of inventories sold	88,131	24,677
Depreciation	13,275	5,132
Amortisation of leasehold land and land use rights	684	256
Net loss on disposal of property, plant and equipment	363	–
Write off of trade and other debtors	15	1,160
Net exchange losses	2,467	944
Fair value loss of financial assets at fair value through profit or loss	71,337	–
Fair value loss of derivative financial instruments	120,000	4,199
Staff costs, including Directors' emoluments		
Wages and salaries	54,552	40,401
Retirement benefit costs	2,164	1,734

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

8. Finance costs

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interest expenses		
Bank borrowings wholly repayable within five years	12,693	15,442
Bank borrowings wholly repayable after five years	14,394	10,495
Bank overdraft wholly repayable within five years	–	292
Convertible note wholly repayable within five years	1,515	–
	<u>28,602</u>	<u>26,229</u>
Amount capitalised into		
Properties for/under development	(688)	(106)
Properties for sale	(1,392)	(3,175)
	<u>26,522</u>	<u>22,948</u>

The above analysis shows the finance costs, including those from bank borrowings which contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates set out in the loan agreements. The interest expenses on bank borrowings which contain a repayment on demand clause amounted to HK\$84,000 (2010: HK\$7,080,000).

The capitalisation rates applied to funds borrowed for the development of properties range from 1.40% to 5.85% (2010: 1.32% to 5.40%) per annum.

9. Taxation

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> <i>(Restated)</i>
Current		
Overseas profits tax	(2)	26
PRC corporate income tax	50,264	2,269
PRC land appreciation tax	3,039	2,690
Deferred	(2,921)	(3,800)
	<u>50,380</u>	<u>1,185</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 (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 credit of associated companies for the six months ended 30th September, 2011 amounting to HK\$40,000 (2010: HK\$212,000) is included in the income statement as share of results of associated companies. There is no taxation charge/credit of the jointly controlled entity during the period (2010: Nil).

10. Interim dividend

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interim scrip dividend with a cash option of 2.0 HK cents (2010: 1.8 HK cents) per share	<u>31,597</u>	<u>28,008</u>

On 29th November, 2011, the Board declared an interim scrip dividend with a cash option of 2.0 HK cents (2010: 1.8 HK cents) per share amounting to HK\$31,597,000 (2010: HK\$28,008,000). The amount of HK\$31,597,000 is calculated based on 1,579,853,059 issued shares as at 29th November, 2011. 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\$670,919,000 (2010: HK\$270,269,000, as restated) and 1,576,872,150 (2010: 1,528,730,106) 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 and the convertible notes issued by a subsidiary are anti-dilutive.

12. Capital expenditure

For the six months ended 30th September, 2011, the Group has acquired property, plant and equipment amounting to HK\$88,245,000 (2010: HK\$4,482,000) and incurred development costs of properties amounting to HK\$361,793,000 (2010: HK\$371,175,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

13. Debtors and prepayments

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

	30th September, 2011	31st March, 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Below 30 days	42,966	21,104
31 to 60 days	30,460	3,275
61 to 90 days	18,356	3,069
Over 90 days	31,113	4,783
	122,895	32,231

Debtors and prepayments include deposits of HK\$414,280,000 (31st March, 2011: HK\$416,503,000) for property development projects and acquisition of leasehold land and land use rights in Hong Kong, the PRC, Vietnam and Mongolia.

As at 31st March, 2011, debtors and prepayments also included deposits of HK\$68,884,000 for acquisition of property, plant and equipment, and receivables of HK\$360,304,000 from the current portion of the mortgage loans provided to purchasers of the Group's properties in Hong Kong at the prevailing market rates. As at 30th September, 2011, amount of HK\$360,271,000 from such receivables has been settled.

14. Creditors and accruals

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

	30th September, 2011	31st March, 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Below 30 days	36,149	3,088
31 to 60 days	16,523	3,817
Over 60 days	28,063	1,690
	80,735	8,595

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

15. Sales deposits received

Sales deposits received represents deposits received from the sales of properties of the Group in Hong Kong and the PRC which have not yet been recognised as 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

On 9th March, 2011, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with an independent third party to dispose of an investment property in Hong Kong at the consideration of approximately HK\$56,291,000. The transaction was completed on 11th April, 2011, and a net gain of approximately HK\$38,160,000 was recorded in the period.

17. Borrowings

	30th September, 2011	31st March, 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unsecured bank borrowings		
Short-term bank borrowings	58,200	–
Long-term bank borrowings	9,360	–
	67,560	–
Secured long-term bank borrowings	2,479,159	2,562,615
Total bank borrowings	2,546,719	2,562,615

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

17. Borrowings *(Continued)*

The long-term bank borrowings are analysed as follows:

	30th September, 2011	31st March, 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Long-term bank borrowings		
Wholly repayable within five years*	1,113,273	1,153,455
Wholly repayable after five years*	1,375,246	1,409,160
	<u>2,488,519</u>	<u>2,562,615</u>
Current portion included in current liabilities		
Portion due within one year	(261,426)	(162,063)
Portion due after one year which contains a repayment on demand clause	(16,080)	–
	<u>(277,506)</u>	<u>(162,063)</u>
	<u>2,211,013</u>	<u>2,400,552</u>

* *Ignoring the effect of any repayment on demand clause*

The bank borrowings are repayable in the following periods (the amounts due have already taken into account the effect of repayment on demand clause):

	30th September, 2011	31st March, 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	335,706	162,063
Second year	676,919	609,432
Third to fifth years	479,323	705,420
After five years	1,054,771	1,085,700
	<u>2,546,719</u>	<u>2,562,615</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

18. Share capital

	30th September, 2011	31st March, 2011
	<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
<i>Issued and fully paid</i>		
1,576,872,150 shares of HK\$0.25 each	394,218	394,218

19. Financial guarantees

As at 30th September, 2011, the Company has provided a guarantee of HK\$117,000,000 (31st March, 2011: HK\$117,000,000) for the banking facility granted to a jointly controlled entity, and 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.

20. Capital commitments

As at 30th September, 2011, the Group has capital expenditure commitments contracted but not provided for in respect of property development and property, plant and equipment amounting to HK\$596,159,000 (31st March, 2011: HK\$508,000,000) and available-for-sale financial assets amounting to HK\$18,208,000 (31st March, 2011: HK\$18,521,000) respectively.

21. Pledge of assets

As at 30th September, 2011, 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 carrying value of HK\$5,118,972,000 (31st March, 2011: HK\$4,870,042,000), to secure general banking and financial guarantee facilities granted to those subsidiaries. The Group has also pledged certain bank deposits and financial assets at fair value through profit or loss of HK\$265,421,000 (31st March, 2011: Nil) and HK\$86,306,000 (31st March, 2011: Nil) respectively for the commitments to purchase certain listed equity securities.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

22. Business combination

In May 2011, the Group entered into an agreement with Midas International Holdings Limited (“Midas”), formerly the 44.6% owned listed associated company, in relation to the rights issue of Midas on the basis of one rights share for every one existing share at the subscription price of HK\$0.1 per share (the “Rights Issue”). The Group has undertaken to subscribe in full for its entitlement under the Rights Issue, and has underwritten to take up those rights shares not subscribed by the minority shareholders of Midas. The Rights Issue was completed on 20th July, 2011 and the Group’s interest in Midas was increased from 44.6% to 60.8%, making Midas a subsidiary of the Group.

The negative goodwill of HK\$290.6 million recorded in other income mainly arises from the difference between the subscription price of the Rights Issue and the net asset value per share per Midas’ book. None of the negative goodwill recognised is expected to be taxable for income tax purpose. The following table summarises the consideration, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	<i>HK\$’000</i>
Consideration	
– Cash paid for the Rights Issue	84,877
– Fair value of equity interest in Midas as an associated company	51,197
	<u>136,074</u>
Recognised amounts of identifiable assets acquired and liabilities assumed	
	Provisional fair value HK\$’000
Property, plant and equipment	182,793
Leasehold land and land use rights	75,268
Land deposits for cemetery development	527,450
Inventories	53,811
Cemetery assets for sale	113,616
Debtors and prepayments	110,051
Tax recoverable	350
Cash and bank balances	179,575
Creditors and accruals	(100,901)
Taxation payable	(7,215)
Bank borrowings	(96,161)
Convertible notes	(77,383)
Deferred taxation liabilities	(179,669)
	<u>781,585</u>
Total identifiable net assets	781,585
Non-controlling interests	(354,941)
Negative goodwill	(290,570)
	<u>136,074</u>
	<i>HK\$’000</i>
Acquisition-related costs (included in administrative and other operating expenses in the consolidated income statement for the period ended 30th September, 2011 of the Group)	1,000

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

22. **Business combination** *(Continued)*

No contingent consideration arrangements or contingent liabilities were identified at acquisition.

The Group recognised a loss on remeasurement of previously held equity interest in Midas as an associated company of HK\$126.0 million and is included in other income in the Group's consolidated income statement for the period ended 30th September, 2011. The fair value of the equity interest in Midas, a listed company, was calculated based on the market price of its listed share as at the acquisition date. The Group recognised the non-controlling interests at the proportionate share of net assets of Midas.

Midas contributed revenues of HK\$97.6 million and net loss of HK\$14.2 million to the Group for the period from the acquisition date to 30th September, 2011. If the acquisition had occurred on 1st April, 2011, the contributed revenues from Midas to the Group for the period ended 30th September, 2011 would have been approximately HK\$166.8 million and the result attributable to the equity holders of the Company would not be materially different.