



CHUANG'S CHINA INVESTMENTS LIMITED

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

Interim Report 2013

CONTENTS

Corporate Information	2
Management Discussion on Results	5
Other Information	11
Consolidated Income Statement	16
Consolidated Statement of Comprehensive Income	17
Consolidated Balance Sheet	18
Consolidated Cash Flow Statement	20
Consolidated Statement of Changes in Equity	21
Notes to the Interim Financial Information	22

CORPORATE INFORMATION

Honorary Chairman	Alan Chuang Shaw Swee
Directors	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>) Chong Ka Fung 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.*

* *Independent Non-Executive Directors*

Audit Committee/ Nomination Committee/ Remuneration Committee	Hwang Jen# David Chu Yu Lin, S.B.S., J.P. Peter Po Fun Chan, B.B.S., M.B.E., J.P.
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Corporate Governance Committee	Albert Chuang Ka Pun Ann Li Mee Sum# Chong Ka Fung
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Chairman of the relevant committee

Company Secretary	Lee Wai Ching
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Auditor	PricewaterhouseCoopers 22nd Floor, Prince's Building 10 Chater Road Central, Hong Kong
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Registrars	Bermuda: Butterfield Fulcrum Group (Bermuda) Limited 26 Burnaby Street Hamilton HM 11, Bermuda
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Hong Kong:
Tricor Progressive Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

CORPORATE INFORMATION *(Continued)*

Principal Bankers	The Hongkong and Shanghai Banking Corporation Limited Hang Seng Bank Limited Bank of China (Hong Kong) Limited Bank of China Limited China Construction Bank Corporation Industrial and Commercial Bank of China Limited
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 Website: 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 Watch Industries 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

CORPORATE INFORMATION *(Continued)*

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

Huizhou Office

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

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, 2012. 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, 2012 and the consolidated balance sheet as at 30th September, 2012 along with the notes thereon, are set out on pages 16 to 32 of this report.

FINANCIAL REVIEW

Revenues of the Group during the period decreased to approximately HK\$178.7 million (2011: HK\$717.7 million), comprising sales of properties in the People’s Republic of China (the “PRC”) amounting to approximately HK\$167.9 million (2011: HK\$709.3 million), income from manufacturing business of HK\$7.3 million (2011: HK\$6.8 million) and rental and its related income of HK\$3.5 million (2011: HK\$1.6 million). The decrease in the sales of properties in the PRC was mainly attributable to the absence of the disposal of the property development project in Xingsha (the “Xingsha Project”) as recorded in the last corresponding period.

During the six months under review, gross profit decreased to HK\$69.4 million (2011: HK\$489.1 million) mainly attributable to the absence of profit generated from the disposal of the Xingsha Project. Other income and net gain/(loss) increased to HK\$25.6 million (2011: HK\$4.2 million) mainly due to the gain recorded on the transfer of properties from properties for sale to investment properties during the period under review. A breakdown of other income and net gain/(loss) is shown in note 6 on page 28 of this report. For the period under review, the Group recorded a gain on change in fair value of investment properties in the PRC of HK\$26.3 million (2011: Nil).

On the costs side, selling and marketing expenses decreased to HK\$10.1 million (2011: HK\$29.4 million) as a result of reduction in revenues during the period. Administrative and other operating expenses increased to HK\$60.2 million (2011: HK\$52.7 million) mainly due to the general increase in overheads for the period under review.

Finance costs reduced to HK\$0.8 million (2011: HK\$2.4 million) as a result of reduced bank borrowings during the period. Share of loss of an associated company amounted to HK\$0.3 million (2011: profit of HK\$2.0 million) was in relation to the Group’s 25% interests in Treasure Auctioneer International Limited. Taxation amounted to HK\$24.7 million (2011: HK\$51.1 million) mainly relating to tax on 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, 2012 decreased to HK\$27.7 million (2011: HK\$361.6 million). Earnings per share was 1.82 HK cents (2011: 23.74 HK cents).

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of 1.0 HK cent (2011: 1.0 HK cent) per share payable on or before 14th January, 2013 to the shareholders whose names appear on the Company's register of members on 2nd January, 2013.

BUSINESS REVIEW

Property Development

There are signs of stabilisation of measures in the PRC property sector, including banks extending favorable mortgage rates to first-time home buyers, the two cuts in bank reserve rate, and cut lending rates twice for the first time. The above fine-tuning policies have contributed to overall market sentiment and transaction volume has improved in property markets.

The Group maintains a strong net cash position of over HK\$800 million and will closely monitor the land market to replenish its land reserve in cities with focus in Shenzhen, Guangzhou, Xiamen, Beijing and Shanghai.

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

The development has a total gross floor area ("GFA") of 420,000 *sq. m.* and is divided into three phases. Phase I (Block A to E) comprises completed residential properties of 113,400 *sq. m.*, providing 789 flats, commercial podium and club houses. Block A, C, D and E are virtually sold out. Block B consists of 98 flats providing 4-bedroom ranging from 202 *sq. m.* as well as duplex flats of over 400 *sq. m.*. Marketing of Block B has commenced.

Phase II (Block F, G, H, I, J, K, L, M, N and P) has an aggregate GFA of about 147,300 *sq. m.*. Block F is completed and consists of 97 flats with 95% sold. Occupancy of Block F was handed over to buyers in September 2012. Block G and H have 253 flats with total GFA of 26,610 *sq. m.*, and has 66% sold. It is expected to handover Block G and H to buyers in February 2013.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Development *(Continued)*

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

Block I, J, K, L, M and N have total GFA of about 106,500 *sq. m.*. External wall finishing works and interior partitioning works are in progress. Pre-sales for Block I and M with 436 flats were launched in July 2012 with encouraging results of 94% sold. Pre-sales for Block J, K, L and N will be launched very soon.

Phase III (Block Q, R, S, T, U, V and X) has total residential GFA of about 163,000 *sq. m.*, and Block W (GFA of 2,639 *sq. m.*) for commercial use. Foundation works of Block Q and R with total GFA of 50,154 *sq. m.* have commenced.

Pursuant to new regulations issued by the Guangzhou Land Bureau, the local authorities charged additional land premium for property developments in Panyu district with plot ratio in excess of 1.8 times. As our project in this district has an approved plot ratio of 2.13, the Group has to pay about RMB119 million as additional land premium, which has been fully settled subsequent to the period under review. Taking this into account, the land cost of this project is about RMB1,200 per *sq. m.*

As of to-date, contracted sales of this project which have not yet been recognised as revenues amounted to RMB514,930,000, of which about RMB217,908,000 are expected to be booked as revenues in the year ending 31st March, 2013 and the remaining RMB297,022,000 are expected to be booked as revenues in the year ending 31st March, 2014.

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

Imperial Garden has a total GFA of 520,000 *sq. m.*. Phase I comprises 8 residential towers with an aggregate GFA of approximately 89,000 *sq. m.*, a modern commercial shopping complex of about 6,666 *sq. m.* and 184 carparking spaces. Block 1 to Block 8 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 554 flats have been sold.

Phase II comprises Block 9 to Block 14 providing 6 residential towers (total GFA of 61,272 *sq. m.*) with flat sizes ranging from 56 *sq. m.* to 127 *sq. m.*. Construction works have kicked off and foundation works are progressing.

As of to-date, contracted sales of this project which have not yet been recognised as revenues amounted to RMB29,636,000 and are expected to be booked as revenues during the year ending 31st March, 2013.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Development *(Continued)*

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

Our luxurious resort development occupies a site with an area of about 27,574 *sq. m.*. Focusing on a low density development of just 0.3 time, the development has 18,000 *sq. m.* in GFA and stands out in its master planning, architectural and landscape design.

Foundation works are generally completed. Superstructure works will be closely following and are expected to be completed in the second quarter of 2013. Within this development, 27 private pool villas with aggregate GFA of about 8,400 *sq. m.* will either be rented out on long lease or for sale. An exclusive resort with 80 keys and 3 private pool villas (total GFA of 9,600 *sq. m.*) will be operated as hotel and resort.

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

The development will provide integrated community with residential, shopping areas, specialty business activities, SOHO and office space with total GFA of 100,000 *sq. m.*. Master planning for the project is progressing.

Relocation of underground utilities pipes are almost completed by the local authorities. Works for excavation and lateral support are in progress and will be completed by the end of November 2012. Tendering of the foundation works are underway and will be finalised shortly.

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

Adjacent to Chuang's Mid-town, the second site acquired by the Group is located in the prime city centre of Tie Dong Qu (鐵東區). With developable GFA of 390,000 *sq. m.*, the site will provide a mega integrated development including office towers, retail, food and beverage and entertainment facilities together with residential blocks. Ground investigation works will commence once the site is delivered by the local government.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Development *(Continued)*

Beverly Hills, Changsha, Hunan (54% owned)

Beverly Hills has total GFA of about 80,200 *sq. m.*. It comprises 172 low-rise villas and 144 high-rise flats with total GFA of 70,000 *sq. m.*. Commercial and SOHO properties have a total GFA of about 10,200 *sq. m.*. Portion of the properties has been sold and properties remain available for sales have a total book costs of about HK\$120 million. As at 30th September, 2012, the total investment costs of the Group in this project amounted to about HK\$69 million. As the 10-year operating license of the joint venture company in the PRC has expired, the Group is taking advice from consultants, including legal advisers, as to the next courses of action which may include dissolution of this joint venture company.

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

Situated in the prominent district within the second-ring road, Wu Hou Qu (武侯區) of Chengdu, the Group has a 51% joint development interest in a site at Hong Pai Lou (紅牌樓). As the development will involve resettlements and will take longer planning time, the Group is considering various strategy for this investment.

Other Businesses

As at 30th September, 2012, the aggregate net book value of the Group's other businesses amounted to approximately HK\$121.4 million. These include: (a) the Group's wholly-owned subsidiary, Yuen Sang Watch Industries Limited, which is engaged in the manufacturing and sale of watch components for export; (b) the 25% interests in Treasure Auctioneer International Limited; (c) the 10.39% interests in a quoted investment in CNT Group Limited, which was further increased to 14.88% subsequent to the period under review; and (d) the Level 6 of the commercial podium at Chengdu Digital Plaza in Chengdu with GFA of 4,255 *sq. m.*. In view of the appreciated value of this Chengdu property, the Group is in discussion with a third party to dispose of this investment.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL POSITIONS

During the period under review, the Group maintained strong financial positions. As at 30th September, 2012, the Group's cash and bank balances (including pledged bank balances of HK\$31.2 million) amounted to HK\$920.6 million (31st March, 2012: HK\$836.8 million). As at the same date, bank borrowings of the Group amounted to HK\$120.2 million (31st March, 2012: HK\$41.9 million). The Group has net cash of HK\$800.4 million (31st March, 2012: HK\$794.9 million) over its bank borrowings, and thus, the calculation of net debt to equity ratio was not applicable (31st March, 2012: not applicable).

Approximately 72.2% of the Group's cash and bank balances were in Hong Kong dollar and United States dollar with the remaining 27.8% in Renminbi. Approximately 32.5% of the Group's bank borrowings were in Hong Kong dollar with the remaining 67.5% in Renminbi. Accordingly, risk in exchange rate fluctuation would not be material.

Based on the agreed scheduled repayment dates in the loan agreements, all the Group's bank borrowings were repayable within the third to fifth years.

As at 30th September, 2012, the net asset value attributable to equity holders of the Company was HK\$2,450.2 million. Net asset value per share amounted to HK\$1.61, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value.

PROSPECT

Although the overall restrictive policy on the property sector is expected to remain in the near term, the PRC government has pledged to support demand driven by first-time home owners. Together with the improved availability of mortgage financing and favorable mortgage rates, the Group believes that property price and transaction volume will stabilise, in particular in the end-user mass market.

In the coming financial years, the Group will actively launch our projects in Guangzhou, Dongguan and Anshan for sales, which are well located with convenient transportation network and comprehensive facilities. The total sales value of these projects amounts to over HK\$10 billion. With the sales of these projects, the Group is confident that its value will be significantly enhanced.

OTHER INFORMATION

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

As at 30th September, 2012, 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. Lee Sai Wai	846,752	Beneficial owner	0.056
Mr. Sunny Pang Chun Kit	649,736	Beneficial owner	0.043
Dr. Hwang Jen	1,254,555	Beneficial owner	0.082
Dr. Peter Po Fun Chan	4,433	Interest in controlled corporation	0.0003

(b) Interests in Chuang’s Consortium International Limited (“CCIL”)

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Lee Sai Wai	194,456,130	<i>Note</i>	12.21
Mr. Albert Chuang Ka Pun (“Mr. Albert Chuang”)	1,187,355	Beneficial owner	0.075
Dr. Peter Po Fun Chan	925,878	Beneficial owner	0.058

Note: Interests in 193,701,423 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 754,707 shares in CCIL is beneficially owned by the Director.

OTHER INFORMATION *(Continued)*

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

(c) Interests in Midas International Holdings Limited

Name of Director	Number of shares	Capacity	Percentage of shareholding
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, 2012, 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, 2012, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of Shareholder	Number of shares of the Company	Capacity	Percentage of shareholding
Profit Stability Investments Limited (“PSI”)	910,652,683	Beneficial owner	59.78
CCIL	910,652,683	<i>Note 1</i>	59.78
Evergain Holdings Limited (“Evergain”)	910,652,683	<i>Note 1</i>	59.78
Mr. Alan Chuang Shaw Swee (“Mr. Alan Chuang”)	910,652,683	<i>Note 1</i>	59.78
Mrs. Chong Ho Pik Yu	910,652,683	<i>Note 2</i>	59.78

Note 1: Interests in 910,652,683 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 Mr. Chong Ka Fung are directors of Evergain. Mr. Albert Chuang is also a director of PSI and CCIL.

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

Save as disclosed above, as at 30th September, 2012, 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, 2012 with the code provisions set out in the Appendix 14 – Corporate Governance Code 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. The Group’s interim financial information for the period ended 30th September, 2012 have been reviewed by the audit committee of the Company and by the Company’s independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. 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.

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

Change in the information of Director since the date of the 2012 Annual Report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Mr. Abraham Shek Lai Him, an Independent Non-Executive Director of the Company, is also an independent non-executive director of Kosmopolito Hotels International Limited (“KHIL”). KHIL changed its name to Dorsett Hospitality International Limited with effect from 31st August, 2012.

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 Friday, 28th December, 2012 to Wednesday, 2nd January, 2013, 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 Thursday, 27th December, 2012.

SHARE OPTION SCHEME

The share option scheme of the Company which was adopted on 26th August, 2002 for a period of 10 years expired on 25th August, 2012. A new share option scheme (the "Share Option Scheme") of the Company has been adopted by the Company on 31st August, 2012. 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 director or employee 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, 2012, the Group employed 553 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, 26th November, 2012

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30th September, 2012

	<i>Note</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenues		178,683	717,713
Cost of sales		(109,316)	(228,633)
Gross profit		69,367	489,080
Other income and net gain/(loss)	6	25,601	4,156
Selling and marketing expenses		(10,133)	(29,385)
Administrative and other operating expenses		(60,165)	(52,726)
Change in fair value of investment properties		26,297	–
Operating profit	7	50,967	411,125
Finance costs	8	(798)	(2,416)
Share of result of an associated company		(302)	2,006
Profit before taxation		49,867	410,715
Taxation	9	(24,731)	(51,147)
Profit for the period		25,136	359,568
Attributable to:			
Equity holders		27,667	361,576
Non-controlling interests		(2,531)	(2,008)
		25,136	359,568
Interim dividend	10	15,618	15,233
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share (basic and diluted)	11	1.82	23.74

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30th September, 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Profit for the period	25,136	359,568
Other comprehensive income:		
Net exchange differences	(3,128)	(1,259)
Share of exchange reserve of an associated company	–	(19)
Change in fair value of available-for-sale financial assets	(2,942)	(2,942)
Other comprehensive loss for the period	(6,070)	(4,220)
Total comprehensive income for the period	19,066	355,348
Total comprehensive income attributable to:		
Equity holders	21,748	355,657
Non-controlling interests	(2,682)	(309)
	19,066	355,348

CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30th September, 2012

	30th September, 2012	31st March, 2012
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	96,011	99,218
Investment properties	143,910	75,860
Land use right	1,677	1,694
Properties for/under development	268,547	266,392
Associated company	7,669	7,971
Available-for-sale financial assets	71,595	74,537
Loans and receivables	12,362	12,397
	<u>601,771</u>	<u>538,069</u>
Current assets		
Properties for sale	1,675,061	1,531,707
Inventories	4,830	4,209
Debtors and prepayments	347,984	343,542
Pledged bank balances	31,171	–
Cash and bank balances	889,390	836,770
	<u>2,948,436</u>	<u>2,716,228</u>
Current liabilities		
Creditors and accruals	278,115	140,049
Sales deposits received	190,319	134,656
Current portion of long-term bank borrowings	39,000	41,939
Dividend payable	30,467	–
Taxation payable	227,182	230,708
	<u>765,083</u>	<u>547,352</u>
Net current assets	<u>2,183,353</u>	<u>2,168,876</u>
Total assets less current liabilities	<u>2,785,124</u>	<u>2,706,945</u>

CONSOLIDATED BALANCE SHEET (UNAUDITED) (Continued)

As at 30th September, 2012

		30th September, 2012	31st March, 2012
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity			
Share capital	16	76,166	76,166
Reserves		2,374,061	2,352,313
Proposed final dividend		–	30,467
		<hr/>	<hr/>
Shareholders' funds		2,450,227	2,458,946
Non-controlling interests		62,950	65,632
		<hr/>	<hr/>
Total equity		2,513,177	2,524,578
		<hr/>	<hr/>
Non-current liabilities			
Long-term bank borrowings	15	81,180	–
Deferred taxation liabilities		180,598	172,198
Loans from non-controlling interests		10,169	10,169
		<hr/>	<hr/>
		271,947	182,367
		<hr/>	<hr/>
		2,785,124	2,706,945
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30th September, 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Net cash from operating activities	2,059	493,734
Net cash (used in)/from investing activities	(32,329)	418,364
Net cash from/(used in) financing activities	78,140	(247,665)
Net increase in cash and cash equivalents	47,870	664,433
Cash and cash equivalents at the beginning of the period	836,049	220,660
Exchange difference on cash and cash equivalents	(650)	7,577
Cash and cash equivalents at the end of the period	883,269	892,670
Analysis of cash and cash equivalents		
Total cash and bank balances	920,561	893,378
Pledged bank balances	(31,171)	(708)
Bank deposits maturing more than three months from date of placement	(6,121)	–
	883,269	892,670

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30th September, 2012

	Share capital HK\$'000	Reserves HK\$'000	Proposed final dividend HK\$'000	Shareholders' funds HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1st April, 2012	76,166	2,352,313	30,467	2,458,946	65,632	2,524,578
Profit/(loss) for the period	-	27,667	-	27,667	(2,531)	25,136
Other comprehensive income:						
Net exchange differences	-	(2,977)	-	(2,977)	(151)	(3,128)
Change in fair value of available-for-sale financial assets	-	(2,942)	-	(2,942)	-	(2,942)
Total comprehensive income/(loss) for the period	-	21,748	-	21,748	(2,682)	19,066
Dividend	-	-	(30,467)	(30,467)	-	(30,467)
At 30th September, 2012	<u>76,166</u>	<u>2,374,061</u>	<u>-</u>	<u>2,450,227</u>	<u>62,950</u>	<u>2,513,177</u>
At 1st April, 2011	76,166	1,921,507	-	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	-	(2,958)	-	(2,958)	1,699	(1,259)
Share of exchange reserve of an associated company	-	(19)	-	(19)	-	(19)
Change in fair value of available-for-sale financial assets	-	(2,942)	-	(2,942)	-	(2,942)
Total comprehensive income/(loss) for the period	-	355,657	-	355,657	(309)	355,348
At 30th September, 2011	<u>76,166</u>	<u>2,277,164</u>	<u>-</u>	<u>2,353,330</u>	<u>77,868</u>	<u>2,431,198</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. General information

Chuang's China Investments Limited (the "Company") is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 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, 2012, 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, hotel operation, manufacturing and sale of watch components and merchandise, and securities investment and trading.

2. Basis of preparation

The condensed 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 interim financial information should be read in conjunction with the annual financial statements for the year ended 31st March, 2012 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, 2012, except as stated below.

The adoption of revised HKFRSs

For the six months ended 30th September, 2012, the Group adopted the following amendment that is effective for the Group's accounting periods beginning on 1st April, 2012 and relevant to the operations of the Group:

HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Transfers of Financial Assets
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The Group has assessed the impact of the adoption of this amendment 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

2. Basis of preparation *(Continued)*

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, 2013, but have not yet been adopted by the Group:

HKAS 1 (Amendment)	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)
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective from 1st January, 2014)
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (effective from 1st January, 2013)
HKFRS 9	Financial Instruments (effective from 1st January, 2015)
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 adopt 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

(a) **Financial risk factors**

The activities of the Group expose it to a variety of financial risks including credit risk, liquidity risk, cash flow and fair value interest rate risk, foreign exchange risk and price risk. The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and it should be read in conjunction with the annual financial statements for the year ended 31st March, 2012. There has been no material change in the Group's financial risk management policies since the year ended 31st March, 2012.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

3. **Financial risk management** *(Continued)*

(b) **Liquidity risk**

Compared to the year ended 31st March, 2012, there was no material change in the contractual undiscounted cash flows of financial liabilities.

(c) **Fair value estimation**

The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date, whereas the fair values of other financial assets and financial liabilities are determined in accordance with the generally accepted pricing models based on discounted cash flow analysis.

The Directors considered that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the interim financial information approximate to their fair values.

During the six months ended 30th September, 2012, there was no significant change in the business or economic circumstances that affect the fair values of the Group's financial assets and financial liabilities, no transfers of financial assets or financial liabilities between the levels in the hierarchy, and no reclassifications of financial assets.

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, 2012.

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 hotel operation and securities investment and trading). The Board assesses the performance of the operating segments based on a measure of segment result.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

5. Segment information (Continued)

(a) Segment information by business lines (Continued)

The segment information by business lines is as follows:

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Others and corporate HK\$'000	Total HK\$'000
2012				
Revenues	171,364 [#]	7,319	-	178,683
Other income and net gain	21,543	-	4,058	25,601
Operating profit/(loss)	84,006	(4,989)	(28,050)	50,967
Finance costs	(798)	-	-	(798)
Share of result of an associated company	-	-	(302)	(302)
Profit/(loss) before taxation	83,208	(4,989)	(28,352)	49,867
Taxation	(24,731)	-	-	(24,731)
Profit/(loss) for the period	58,477	(4,989)	(28,352)	25,136
As at 30th September, 2012				
Segment assets	2,711,074	6,438	825,026	3,542,538
Associated company	-	-	7,669	7,669
Total assets	2,711,074	6,438	832,695	3,550,207
Total liabilities	993,119	3,638	40,273	1,037,030
2012				
Other segment items are as follows:				
Capital expenditure	255,944	1,696	8	257,648
Depreciation	1,507	-	4,153	5,660
Amortisation of land use rights				
– charged to income statement	16	-	-	16
– capitalised into properties	2,000	-	-	2,000

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

5. Segment information (Continued)

(a) Segment information by business lines (Continued)

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Others and corporate HK\$'000	Total HK\$'000
2011				
Revenues	710,867 [#]	6,846	–	717,713
Other income and net loss	1,562	121	2,473	4,156
	<hr/>	<hr/>	<hr/>	<hr/>
Operating profit/(loss)	439,344	(3,264)	(24,955)	411,125
Finance costs	(2,416)	–	–	(2,416)
Share of result of an associated company	–	–	2,006	2,006
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) before taxation	436,928	(3,264)	(22,949)	410,715
Taxation	(51,147)	–	–	(51,147)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) for the period	385,781	(3,264)	(22,949)	359,568
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31st March, 2012				
Segment assets	2,636,408	3,659	606,259	3,246,326
Associated company	–	–	7,971	7,971
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	2,636,408	3,659	614,230	3,254,297
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	716,966	2,623	10,130	729,719
	<hr/>	<hr/>	<hr/>	<hr/>
2011				
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
	<hr/>	<hr/>	<hr/>	<hr/>

[#] The amounts include sales of properties under development and land use rights for sale in the People's Republic of China (the "PRC") of HK\$33.7 million (2011: HK\$625.4 million).

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

5. Segment information *(Continued)*

(b) Geographical segment information

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

	Revenues		Capital expenditure	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Hong Kong	6,377	6,545	1,726	78,505
The PRC	171,828	710,335	255,922	180,641
Other countries	478	833	–	–
	178,683	717,713	257,648	259,146

	Non-current assets <i>(Note)</i>		Total assets	
	30th September, 2012 HK\$'000	31st March, 2012 HK\$'000	30th September, 2012 HK\$'000	31st March, 2012 HK\$'000
Hong Kong	79,925	82,689	835,354	615,487
The PRC	437,889	368,446	2,714,480	2,638,632
Other countries	–	–	373	178
	517,814	451,135	3,550,207	3,254,297

Note: Non-current assets in geographical segment 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 and net gain/(loss)

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interest income from		
Bank deposits	5,587	4,443
Loans and receivables	550	–
Dividend income from available-for-sale financial assets	977	1,954
Sale of scraped material	–	121
Gain on transfer of properties from properties for sale to investment properties	18,234	–
Loss on disposal of property, plant and equipment	(9)	(493)
Net exchange loss	(232)	(2,612)
Sundries	494	743
	<u>25,601</u>	<u>4,156</u>

7. Operating profit

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Operating profit is stated after charging:		
Amortisation of land use right	16	16
Cost of properties sold	95,546	219,700
Cost of inventories sold	10,015	8,334
Depreciation	5,660	2,891
Staff costs, including Directors' emoluments		
Wages and salaries	21,866	20,200
Retirement benefit costs	478	557
	<u>21,866</u>	<u>20,200</u>
	<u>478</u>	<u>557</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

8. Finance costs

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interest expenses		
Bank borrowings wholly repayable within five years	1,034	3,740
Loan from ultimate holding company wholly repayable within five years	–	38
	1,034	3,778
Amount capitalised into properties for sale	(236)	(1,362)
	798	2,416

The above analysis shows the finance costs in accordance with the agreed scheduled repayment dates set out in the agreements. The capitalisation rate applied to funds borrowed for the development of properties is 6.15% (2011: 5.85%) per annum.

9. Taxation

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current taxation		
PRC corporate income tax	11,659	50,264
PRC land appreciation tax	4,728	3,039
Deferred taxation	8,344	(2,156)
	24,731	51,147

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the period (2011: Nil). PRC corporate income tax has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the PRC. 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 an associated company for the six months ended 30th September, 2012 amounting to HK\$50,000 (2011: taxation charge of HK\$273,000) is included in the income statement as share of result of an associated company.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

10. Interim dividend

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interim dividend of 1.0 HK cent (2011: 1.0 HK cent) per share	15,618	15,233

On 26th November, 2012, the Board declared an interim dividend of 1.0 HK cent (2011: 1.0 HK cent) per share amounting to HK\$15,618,000 (2011: HK\$15,233,000). The amount of HK\$15,618,000 is calculated based on 1,561,840,530 issued shares as at 26th November, 2012. 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, 2013.

11. Earnings per share

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$27,667,000 (2011: HK\$361,576,000) and 1,523,328,700 (2011: 1,523,328,700) shares in issue during the period.

The dilutive earnings per share is 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, 2012, the Group has acquired property, plant and equipment amounting to HK\$2,571,000 (2011: HK\$79,526,000) and incurred development costs of properties amounting to HK\$255,077,000 (2011: HK\$179,620,000).

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, 2012 <i>HK\$'000</i>	31st March, 2012 <i>HK\$'000</i>
Below 30 days	5,544	9,932
31 to 60 days	1,315	792
61 to 90 days	682	107
Over 90 days	3,212	2,640
	10,753	13,471

Debtors and prepayments include deposits of HK\$277,949,000 (31st March, 2012: HK\$273,471,000) for property development projects and acquisition of land use rights in the PRC.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

14. Creditors and accruals

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

	30th September, 2012 HK\$'000	31st March, 2012 HK\$'000
Below 30 days	1,046	575
31 to 60 days	497	244
61 to 90 days	434	297
Over 90 days	225	319
	2,202	1,435

Other creditors and accruals are mainly related to the construction cost payables and accruals of HK\$223,169,000 (31st March, 2012: HK\$91,500,000) for the PRC property development projects of the Group.

15. Borrowings

	30th September, 2012 HK\$'000	31st March, 2012 HK\$'000
Secured long-term bank borrowings	120,180	41,939

The long-term bank borrowings are analysed as follows:

	30th September, 2012 HK\$'000	31st March, 2012 HK\$'000
Long-term bank borrowings wholly repayable within five years*	120,180	41,939
Current portion included in current liabilities		
Portion due within one year	–	(41,939)
Portion due after one year which contains a repayment on demand clause	(39,000)	–
	(39,000)	(41,939)
	81,180	–

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

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

15. Borrowings *(Continued)*

The bank borrowings are repayable in the following periods based on the agreed scheduled repayment dates set out in the loan agreements:

	30th September, 2012 HK\$'000	31st March, 2012 HK\$'000
Within the first year	–	41,939
Within the third to fifth years	120,180	–
	120,180	41,939

16. Share capital

	30th September, 2012 HK\$'000	31st March, 2012 HK\$'000
Authorised:		
18,000,000,000 shares of HK\$0.05 each	900,000	900,000
Issued and fully paid:		
1,523,328,700 shares of HK\$0.05 each	76,166	76,166

17. Financial guarantees

As at 30th September, 2012, the subsidiaries have provided guarantees amounting to HK\$381,618,000 (31st March, 2012: HK\$351,573,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

18. Commitments

As at 30th September, 2012, the Group has commitments contracted but not provided for in respect of property development amounting to HK\$449,259,000 (31st March, 2012: HK\$454,975,000).

19. Pledge of assets

As at 30th September, 2012, the Group has pledged certain assets including properties for sale and bank deposits, with an aggregate carrying value of HK\$70,321,000 (31st March, 2012: HK\$39,241,000 with the pledge of property, plant and equipment), to secure general banking and financial guarantee facilities granted to the subsidiaries.

20. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.