



CHUANG'S CONSORTIUM
INTERNATIONAL LIMITED

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

Interim Report 2013

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CORPORATE INFORMATION

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|--|--|
| 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* Yau Chi Ming* |
| | <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 |
| Corporate Governance Committee | Ko Sheung Chi# Albert Chuang Ka Pun Candy Chuang Ka Wai |
| | <i># Chairman of the relevant committee</i> |
| 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 26 Burnaby Street Hamilton HM 11, Bermuda Hong Kong: Tricor Standard Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong |

CORPORATE INFORMATION *(Continued)*

| | |
|--|---|
| Principal Bankers | The Hongkong and Shanghai Banking Corporation Limited Hang Seng Bank Limited Bank of China (Hong Kong) Limited Bank of China Limited China Construction Bank Corporation Industrial and Commercial Bank of China Limited AmBank (M) Berhad |
| Registered Office | Clarendon House, 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-consortium.com |
| Singapore Office | 245 Jalan Ahmad Ibrahim, Jurong Town Singapore 629144 Republic of Singapore |
| Malaysia Office | 16th Floor, Central Plaza 34 Jalan Sultan Ismail, 50250 Kuala Lumpur Malaysia |
| Vietnam Office | Room 704, 7th Floor Capital Place Building 6 Thai Van Lung Street, District 1 Ho Chi Minh City, Vietnam |
| Mongolia Office | 3rd Floor, Eastern Section New Century Plaza Chinggis Avenue-15 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, 2012. 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, 2012, and the consolidated balance sheet as at 30th September, 2012 along with the notes thereon, are set out on pages 25 to 44 of this report.

FINANCIAL REVIEW

Revenues of the Group for the six months ended 30th September, 2012 amounted to HK\$463.9 million (2011: HK\$735.8 million), representing a decrease of 37.0% compared to that of the last corresponding period. Revenues of the Group comprise income from sales of properties of HK\$209.6 million (2011: HK\$710.0 million), income from rental of investment properties of HK\$75.6 million (2011: HK\$69.5 million), income from sales of goods and services of HK\$188.6 million (2011: HK\$130.3 million), income from sales of grave plots and niches of HK\$3.7 million (2011: HK\$1.6 million) and net loss from securities investment and trading business of HK\$13.6 million (2011: net loss of HK\$175.6 million). The decrease in the sales of properties of the Group is mainly due to the absence of the disposal of the property development project in Xingsha, the People’s Republic of China (the “Xingsha Project”) recorded in the last corresponding period.

Gross profit of the Group during the period amounted to HK\$173.2 million (2011: HK\$389.1 million), representing a decrease of 55.5% compared to that of the last corresponding period, mainly due to the absence of profit generated from the disposal of the Xingsha Project. Other income and net gain decreased to HK\$45.6 million (2011: HK\$211.7 million) mainly due to the absence of an one-off non-recurring net gain recorded in the last corresponding period relating to the negative goodwill arising from the acquisition of Midas International Holdings Limited (“Midas”) as a subsidiary of the Group after netting off the loss on deemed disposal of Midas as an associated company of the Group. A breakdown of other income and net gain is shown in note 6 on page 38 of this report. Furthermore, the Group also recorded an upward revaluation surplus of HK\$328.9 million (2011: HK\$473.5 million) for its investment properties, reflecting the continued improvement in property prices in Hong Kong.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL REVIEW *(Continued)*

On the costs side, selling and marketing expenses decreased to HK\$30.5 million (2011: HK\$44.4 million) mainly due to the decrease in revenues. Administrative and other operating expenses increased to HK\$173.4 million (2011: HK\$130.6 million) mainly due to the general increase in overheads and the full period consolidation of relevant expenses of Midas whereas in the last corresponding period only three months' relevant expenses of Midas were being consolidated. Finance costs increased slightly to HK\$27.3 million (2011: HK\$26.5 million). Share of losses of associated companies and a joint controlled entity amounted to HK\$0.3 million (2011: HK\$4.9 million). Taxation amounted to HK\$24.4 million (2011: HK\$50.4 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, 2012 amounted to HK\$293.1 million (2011: HK\$670.9 million). Earnings per share was 18.40 HK cents (2011: 42.55 HK cents).

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of 2.0 HK cents (2011: 2.0 HK cents) per share payable on or before 27th February, 2013 by allotment of new shares with a cash option to the shareholders whose names appear on the Company's register of members on 4th January, 2013.

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 the 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 4th January, 2013, 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*

Major investment properties of the Group 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 and (d) House A, No. 37 Island Road in Deep Water Bay. The total gross floor area ("GFA") of the Group's investment property portfolio in Hong Kong amounted to about 340,000 *sq. ft.* comprising retail, office, high-class residential and carparking spaces. During the period under review, occupancy rate of our investment properties maintained at high level and rental and other income from investment properties in Hong Kong amounted to HK\$61.9 million, representing an increase of about 5.6% over that of the last corresponding period.

(ii) *Investment Properties Under Development/Conversion*

(a) No. 15 Gough Hill Road, The Peak, Hong Kong

The property is in the process of being developed into a single house with unique architectural design. Demolition works are almost completed which will be followed by site formation and foundation works. In view of the limited supply of this type of luxurious property in that area, it is expected that rental and capital value of the property will be significantly enhanced upon completion of the development.

(b) Chuang's Hung Hom Plaza, No. 83 Wuhu Street, Hunghom, Kowloon

The property is currently a commercial/office building. Rezoning has been obtained from the Town Planning Board to permit the property to be operated as hotel. The Group has been conducting detailed feasibility studies for such conversion and is of the opinion that income and thus capital value of the property after the conversion will be significantly improved. Accordingly, the Group has submitted building plans to the Buildings Department and approval has been obtained to convert the property into a hotel with 399 rooms. In order to facilitate the conversion, the Group has served notices to the relevant tenants of the property to vacate the premises. Conversion works will commence once vacant possession of the property has been obtained and are expected to be completed by the first quarter of 2014.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(iii) Properties Under Development/Held For Sale

During the period under review, property sales in Hong Kong amounted to HK\$25.1 million and were mainly related to the sales of the remaining residential units in Wuhu Residence in Hunghom. Progress of the other major development projects are as follows:

(a) Parkes Residence, Nos. 91-103 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 114 studio apartment units with clubhouse facilities and shopping units having an aggregate GFA of about 44,000 *sq. ft.*. Demolition works are almost completed which will be followed by site formation and foundation works. Marketing of the project will commence soon.

(b) Villa 28 and Villa 30, Po Shan Road, Hong Kong

The Group owns 50% interest in the project and is the project manager of the development. 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 40,365 *sq. ft.*. Revised building plans have been submitted to the relevant authorities and are pending approval. Demolition works for the project have been completed.

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 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. In order to enhance the yield and capital value of the property, the Group has obtained approvals from the relevant authorities to convert one level of carpark into office use resulting in an increase in office space by about 10,907 *sq. ft.*. Alteration works have commenced and are expected to be completed by the end of 2012. During the period, rental and other income from the property amounted to HK\$10.2 million, representing an increase of about 3.0% over that of the last corresponding period.

(ii) Vietnam

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

The project covers a site area of 20,300 *sq. m.* and it is planned that a residential/commercial complex with GFA of about 94,000 *sq. m.* will be developed on the site. During the period, the Group has entered into a conditional agreement with the joint venture partner to acquire its 30% interest in the project at a consideration of about US\$1.0 million, making this project wholly-owned by the Group. The Group is now in the process of obtaining approvals from the relevant authorities for the increase in interest in the project and the detailed building plans. Initial phase of the development will commence once all approvals have been obtained.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(B) International Property Division *(Continued)*

(ii) Vietnam (Continued)

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

The Group had participated in a 70% interest in the project pursuant to an agreement entered into between the Group and the joint venture partner. As disclosed in the announcement of the Company dated 8th October, 2012, the Group has fulfilled its obligation in advancing capital for the project but, despite repeated negotiations and demands, the joint venture partner has still failed to fulfil its obligation by contributing the land use rights of the project into the joint venture. Accordingly, the Group has made an application to the Vietnam International Arbitration Centre for specific performance of the joint venture partner and the guarantors pursuant to the terms of the agreement. However, as certain guarantors have not acknowledged receipt of the notice of arbitration, the Group may decide to pursue the specific performance application against these guarantors through the court of Vietnam.

(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 6 apartment units with a total building area of about 19,700 *sq. ft.*. Superstructure works have been completed and external finishing works are in progress. The project will be completed in the first quarter of 2013 and marketing works have commenced.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(B) International Property Division *(Continued)*

(iv) Mongolia

- (a) International Finance Centre, Chinggis Avenue, Sukhbaatar District, Ulaanbaatar

The project, which is wholly-owned by the Group, has a site area of about 3,272 *sq. m.* and is located within the central business district. It is planned that an office building with GFA of about 39,120 *sq. m.* will be developed. Both foundation works and marketing works of the project have commenced.

- (b) The Edelweiss Residence, Sukhbaatar District, Ulaanbaatar

The Group owns 53% interest in the project that covers a site area of about 5,600 *sq. m.*. The project is located nearby the city centre and is within the embassy district. The Group is still conducting market studies to determine whether to develop the project into residential, office or office/apartment complex in order to maximise the return.

(C) People's Republic of China ("PRC") Property Division

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

(i) 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.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) PRC Property Division *(Continued)*

(i) Property Development *(Continued)*

The Chuang's China 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.

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

The development has a total 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.

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.

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) *(Continued)*

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.

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

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.

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) *(Continued)*

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

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

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.

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

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.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) PRC Property Division *(Continued)*

(i) Property Development *(Continued)*

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

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.

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

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 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 investments costs of the Chuang's China 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.

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

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.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) PRC Property Division *(Continued)*

(ii) Property Sales

For the six months ended 30th September, 2012, the Group's sales of properties in the PRC amounted to HK\$167.9 million. In the coming financial years, the Group will actively launch our projects in Guangzhou, Dongguan and Anshan for sales. The total sales value of these projects amounts to over HK\$10 billion.

(D) Midas

Midas is listed on the Stock Exchange and is 60.8% owned by the Group. Midas and its subsidiaries are principally engaged in the printing business and the operation of cemetery in the PRC. Due to the global economic slowdown and weak consumer confidence, the results of Midas have been adversely affected. For the six months ended 30th September, 2012, Midas recorded revenues of HK\$157.4 million (of which HK\$153.7 million was from the printing business and HK\$3.7 million was from the cemetery business) and loss attributable to equity holders of HK\$22.0 million.

In order to alleviate the difficult trading environment of the printing business, Midas will continue to take steps to strengthen sales, improve profit margin and enhance costs control. As for the cemetery business, Midas will spend greater effort in marketing and establishing an extensive sales and agency network with a view to boost sales.

As at 30th September, 2012, cash and bank balances of Midas amounted to HK\$113.5 million and bank borrowings as at same date amounted to HK\$73.6 million, resulting in a net cash position of HK\$39.9 million. Shareholders' funds of Midas as at 30th September, 2012 amounted to HK\$524.4 million.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses

(i) *Sintex Nylon and Cotton Products (Pte) Limited (“Sintex”)*

The Group’s other business includes investment in Sintex, a 88.2% owned subsidiary of the Group, which is engaged in the sale of home finishing products under its own brand names in Singapore. During the period, Sintex generated revenues of HK\$27.6 million (2011: HK\$27.5 million) and recorded a slight net loss of approximately HK\$0.2 million.

(ii) *Securities Investment and Trading*

During the period, the securities investment and trading business of the Group incurred a net loss of HK\$13.6 million arising mainly from the mark to market valuations of securities investments held by the Group. As at 30th September, 2012, the Group held quoted investments with market values of HK\$197.5 million. As at the same date, the Group also held financial instruments relating to commitments to purchase certain stock listed on the Stock Exchange amounting to about HK\$153 million, and such commitments were reduced to about HK\$27 million as at the date of this report and will expire in December 2012.

FINANCIAL POSITIONS

As at 30th September, 2012, net assets attributable to equity holders was HK\$6,476.3 million. Net asset value per share was approximately HK\$4.07, 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, 2012, cash and bank balances (including pledged bank balances) and quoted investments of the Group amounted to HK\$2,213.2 million (31st March, 2012: HK\$2,220.7 million). Bank borrowings as at the same date amounted to HK\$2,401.0 million (31st March, 2012: HK\$2,335.7 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 about 2.9% (31st March, 2012: 1.8%).

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL POSITIONS *(Continued)*

Approximately 87.7% 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 12.3% in Renminbi. Approximately 87.9% of the Group's bank borrowings were denominated in Hong Kong dollar, 4.0% in Renminbi and the balance of 8.1% in Malaysian Ringgit. Accordingly, there should not be material risk in foreign exchange fluctuation.

Based on the agreed scheduled repayment dates in the loan agreements, approximately 18.8% of the Group's bank borrowings were repayable within the first year, 3.3% repayable within the second year, 39.0% repayable within the third to fifth years and the balance of 38.9% repayable after the fifth year.

PROSPECT

With the deepening of Euro Zone sovereign debt crisis since the third quarter of last year, there are increasing signs that the global economic growth is facing a slowdown. Furthermore, in order to cool down the property markets, the Hong Kong SAR Government and the Central Government have implemented a number of regulatory measures to curb speculative activities. Undoubtedly, these factors and measures have negative impact on the property markets in Hong Kong and the PRC in the short term. Given all these uncertainties, the Group will monitor the situation closely and will be cautious and selective in making new investments.

Despite the above, looking ahead, the Group will continue our mission to take steps to further enhance rental yield of our investment properties and thus their capital values, and to 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 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, 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. Alan Chuang Shaw Swee (“Mr. Alan Chuang”) | 877,739,663 | <i>Note 1</i> | 55.11 |
| Mrs. Alice Siu Chuang Siu Suen (“Mrs. Siu”) | 268,202,405 | <i>Note 2</i> | 16.84 |
| Mr. Albert Chuang Ka Pun (“Mr. Albert Chuang”) | 1,187,355 | Beneficial owner | 0.075 |
| Mr. Lui Lop Kay (“Mr. Lui”) | 124,808 | Beneficial owner | 0.008 |
| Dr. Peter Po Fun Chan (“Dr. Chan”) | 925,878 | Beneficial owner | 0.058 |

Note 1: Such interests comprised 684,038,240 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 193,701,423 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 74,500,982 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 193,701,423 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 | 910,652,683 | Notes 3 & 6 | 59.78 |
| Mrs. Siu | 2,095,923 | Beneficial owner | 0.138 |
| Miss Candy Chuang | 1,076,361 | Beneficial owner | 0.07 |
| Mr. Lui | 13,453 | Beneficial owner | 0.001 |
| Dr. Chan | 4,433 | 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 | Notes 4 & 6 | 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 | Notes 5 & 6 | 80.0 |

Note 3: Such interests are held 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, 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 |
|---|---------------------------------|------------------------------------|----------------------------|
| Evergain | 684,038,240 | Beneficial owner, <i>Note 1</i> | 42.94 |
| Mrs. Chong Ho Pik Yu | 684,038,240 | <i>Note 2</i> | 42.94 |
| Madam Chuang Shau Har (“Madam Chuang”) | 194,456,130 | <i>Note 3</i> | 12.21 |
| Mr. Lee Sai Wai (“Mr. Lee”) | 194,456,130 | <i>Note 4</i> | 12.21 |

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 193,701,423 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 754,707 shares in the Company arose by attribution through her spouse, Mr. Lee.

Note 4: Interests in 193,701,423 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 754,707 shares in the Company are beneficially owned by Mr. Lee.

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 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.

OTHER INFORMATION *(Continued)*

CORPORATE GOVERNANCE

Due to other commitments, an independent non-executive director had not attended the 2012 annual general meeting of the Company (the “2012 AGM”) pursuant to Code A.6.7 of the Corporate Governance Code (the “CG Code”) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Except as mentioned hereof, the Company has complied throughout the six months ended 30th September, 2012 with the code provisions set out in the CG Code.

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. 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.

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 2012 Annual Report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

- (a) Mr. 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.
- (b) Miss Candy Chuang, an Executive Director of the Company, has resigned as an executive director of Chuang’s China with effect from 25th September, 2012.

OTHER INFORMATION *(Continued)*

DEALINGS IN THE COMPANY'S SECURITIES

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

CLOSING OF REGISTER

The register of members of the Company will be closed from Friday, 28th December, 2012 to Friday, 4th 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 Standard 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 SCHEMES

The share option scheme of the Company which was adopted on 30th August, 2002 for a period of 10 years expired on 29th August, 2012. Pursuant to the ordinary resolutions passed in the 2012 AGM, a new share option scheme of the Company (the "Scheme") has been adopted by the Company.

The new share option scheme of Chuang's China (the "Chuang's China Scheme") adopted by Chuang's China on 31st August, 2012 and the new share option scheme of Midas (the "Midas Scheme") adopted by Midas on 29th August, 2012 were also approved by the Company in the 2012 AGM.

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 director or employee of the Company, Chuang's China and Midas and their respective subsidiaries (the "Eligible Persons") 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 groups' 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.

OTHER INFORMATION *(Continued)*

STAFF

As at 30th September, 2012, the Group (excluding Chuang's China, Midas and their subsidiaries) employed 260 staff, the Chuang's China group employed 553 staff and the Midas group employed 1,781 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

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

Hong Kong, 29th 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 | | 463,933 | 735,800 |
| Cost of sales | | (290,744) | (346,703) |
| <hr/> | | | |
| Gross profit | | 173,189 | 389,097 |
| Other income and net gain | 6 | 45,621 | 211,715 |
| Selling and marketing expenses | | (30,469) | (44,387) |
| Administrative and other operating expenses | | (173,402) | (130,551) |
| Change in fair value of investment properties | | 328,906 | 473,461 |
| <hr/> | | | |
| Operating profit | 7 | 343,845 | 899,335 |
| Finance costs | 8 | (27,256) | (26,522) |
| Share of results of associated companies | | (294) | (4,897) |
| Share of result of a jointly controlled entity | | (13) | (31) |
| <hr/> | | | |
| Profit before taxation | | 316,282 | 867,885 |
| Taxation | 9 | (24,383) | (50,380) |
| <hr/> | | | |
| Profit for the period | | 291,899 | 817,505 |
| <hr/> | | | |
| Attributable to: | | | |
| Equity holders | | 293,143 | 670,919 |
| Non-controlling interests | | (1,244) | 146,586 |
| <hr/> | | | |
| | | 291,899 | 817,505 |
| <hr/> | | | |
| Interim dividend | 10 | 33,050 | 31,597 |
| <hr/> | | | |
| Earnings per share (basic and diluted) | 11 | HK cents 18.40 | <i>HK cents</i> 42.55 |
| <hr/> | | | |

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 | 291,899 | 817,505 |
| Other comprehensive income: | | |
| Net exchange differences | (4,468) | (34,680) |
| Share of exchange reserve of an associated company | – | (19) |
| Realisation of reserves upon disposal of an associated company | – | (3,723) |
| Change in fair value of available-for-sale financial assets | (2,142) | (3,542) |
| Other comprehensive loss for the period | (6,610) | (41,964) |
| Total comprehensive income for the period | 285,289 | 775,541 |
| Total comprehensive income attributable to: | | |
| Equity holders | 290,406 | 649,419 |
| Non-controlling interests | (5,117) | 126,122 |
| | 285,289 | 775,541 |

CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30th September, 2012

| | 30th September, 2012 | 31st March, 2012 |
|--|-------------------------|---------------------|
| Note | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Non-current assets | | |
| Property, plant and equipment | 309,040 | 323,420 |
| Investment properties | 5,185,829 | 4,830,675 |
| Leasehold land and land use rights | 85,207 | 83,534 |
| Properties for/under development | 431,204 | 421,502 |
| Cemetery assets | 532,213 | 536,209 |
| Associated companies | 10,375 | 10,669 |
| Jointly controlled entity | – | – |
| Amount due from a jointly controlled entity | 59,887 | 58,685 |
| Available-for-sale financial assets | 91,697 | 92,984 |
| Loans and receivables | 14,359 | 14,408 |
| | <u>6,719,811</u> | <u>6,372,086</u> |
| Current assets | | |
| Properties for sale | 2,047,716 | 1,849,084 |
| Inventories | 128,304 | 124,713 |
| Cemetery assets for sale | 112,664 | 112,679 |
| Debtors and prepayments | 628,748 | 575,670 |
| Tax recoverable | 117 | 117 |
| Financial assets at fair value through profit or loss | 197,504 | 330,494 |
| Pledged bank balances | 31,171 | – |
| Cash and bank balances | 1,984,543 | 1,890,245 |
| | <u>5,130,767</u> | <u>4,883,002</u> |

CONSOLIDATED BALANCE SHEET (UNAUDITED) (Continued)

As at 30th September, 2012

| | | 30th September, 2012 | 31st March, 2012 |
|--|------|-------------------------|---------------------|
| | Note | HK\$'000 | HK\$'000 |
| Current liabilities | | | |
| Creditors and accruals | 14 | 483,966 | 341,377 |
| Sales deposits received | | 215,991 | 136,282 |
| Derivative financial instruments | | 33,367 | 3,500 |
| Short-term bank borrowings | 15 | 42,857 | 14,511 |
| Current portion of long-term bank borrowings | 15 | 459,294 | 437,814 |
| Dividend payable | | 55,750 | – |
| Taxation payable | | 306,547 | 310,142 |
| | | <u>1,597,772</u> | <u>1,243,626</u> |
| Net current assets | | <u>3,532,995</u> | <u>3,639,376</u> |
| Total assets less current liabilities | | <u>10,252,806</u> | <u>10,011,462</u> |
| Equity | | | |
| Share capital | 16 | 398,211 | 398,211 |
| Reserves | | 6,078,101 | 5,787,695 |
| Proposed final dividend | | – | 55,750 |
| | | <u>6,476,312</u> | <u>6,241,656</u> |
| Shareholders' funds | | 6,476,312 | 6,241,656 |
| Non-controlling interests | | 1,458,856 | 1,477,061 |
| | | <u>7,935,168</u> | <u>7,718,717</u> |
| Total equity | | <u>7,935,168</u> | <u>7,718,717</u> |
| Non-current liabilities | | | |
| Long-term bank borrowings | 15 | 1,898,814 | 1,883,409 |
| Convertible note | | 49,002 | 46,343 |
| Deferred taxation liabilities | | 359,653 | 352,824 |
| Loans from non-controlling interests | | 10,169 | 10,169 |
| | | <u>2,317,638</u> | <u>2,292,745</u> |
| | | <u>10,252,806</u> | <u>10,011,462</u> |

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 | 40,840 | 540,145 |
| Net cash used in investing activities | (17,066) | (24,837) |
| Net cash from/(used in) financing activities | 65,622 | (106,292) |
| Net increase in cash and cash equivalents | 89,396 | 409,016 |
| Cash and cash equivalents at the beginning of the period | 1,888,759 | 1,530,004 |
| Exchange difference on cash and cash equivalents | (498) | 1,370 |
| Cash and cash equivalents at the end of the period | 1,977,657 | 1,940,390 |
| Analysis of cash and cash equivalents | | |
| Total cash and bank balances | 2,015,714 | 2,207,282 |
| Pledged bank balances | (31,171) | (266,129) |
| Bank deposits maturing more than three months from date of placement | (6,886) | (763) |
| | 1,977,657 | 1,940,390 |

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 HK\$'000 |
|---|------------------------------|----------------------|---|------------------------------------|--|-------------------|
| At 1st April, 2012 | 398,211 | 5,787,695 | 55,750 | 6,241,656 | 1,477,061 | 7,718,717 |
| Profit/(loss) for the period | - | 293,143 | - | 293,143 | (1,244) | 291,899 |
| Other comprehensive income: | | | | | | |
| Net exchange differences | - | (1,859) | - | (1,859) | (2,609) | (4,468) |
| Change in fair value of available-for-sale financial assets | - | (878) | - | (878) | (1,264) | (2,142) |
| Total comprehensive income/(loss) for the period | - | 290,406 | - | 290,406 | (5,117) | 285,289 |
| Dividends | - | - | (55,750) | (55,750) | (13,088) | (68,838) |
| At 30th September, 2012 | <u>398,211</u> | <u>6,078,101</u> | <u>-</u> | <u>6,476,312</u> | <u>1,458,856</u> | <u>7,935,168</u> |
| At 1st April, 2011 | 394,218 | 4,950,388 | 50,460 | 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 | - | (15,488) | - | (15,488) | (19,192) | (34,680) |
| Share of exchange reserve of an associated company | - | (11) | - | (11) | (8) | (19) |
| Realisation of reserves upon disposal of an associated company | - | (3,723) | - | (3,723) | - | (3,723) |
| Change in fair value of available-for-sale financial assets | - | (2,278) | - | (2,278) | (1,264) | (3,542) |
| Total comprehensive income for the period | - | 649,419 | - | 649,419 | 126,122 | 775,541 |
| Dividend | - | - | (50,460) | (50,460) | - | (50,460) |
| Purchase of a subsidiary | - | - | - | - | 355,033 | 355,033 |
| At 30th September, 2011 | <u>394,218</u> | <u>5,599,807</u> | <u>-</u> | <u>5,994,025</u> | <u>1,433,771</u> | <u>7,427,796</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, hotel operation, manufacturing and sale of watch components, merchandise, bonded polyester fabrics, home finishing products and printed products, securities investment and trading, and development and operation of cemetery.

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, available-for-sale financial assets, derivative financial instruments and financial assets at fair value through profit or loss 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 |
|---------------------|--|

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, except that some parameters used in the cash flow projections for the value-in-use calculation to determine the recoverable amount of the impairment review of the cash generating unit of the Group's cemetery business (the "Cemetery CGU") are slightly changed to be in line with the latest circumstance. The cash flow projections are based on the financial budgets approved by the management covering a 10-year period with a discount rate of 20.89%, and cash flows beyond the 10-year period are extrapolated using a steady growth rate with a range of 4% to 30% depending on the types of the products for another 30-year period. The management determined that there was no impairment of the Cemetery CGU as at 30th September, 2012.

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, cemetery and others (including hotel operation). The Board assesses the performance of the operating segments based on a measure of segment result.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

5. Segment information (Continued)

(a) Segment information by business lines (Continued)

The segment information by business lines is as follows:

| | Property investment and development HK\$'000 | Sale of goods and services HK\$'000 | Securities investment and trading HK\$'000 | Cemetery HK\$'000 | Others and corporate HK\$'000 | Total HK\$'000 |
|---|--|--|---|----------------------|-------------------------------------|-------------------|
| 2012 | | | | | | |
| Revenues | 285,298 [#] | 188,586 | (13,621) | 3,670 | - | 463,933 |
| Other income and net gain | 21,825 | 13,199 | - | 3 | 10,594 | 45,621 |
| Operating profit/(loss) | 457,800 | (18,281) | (13,621) | (3,400) | (78,653) | 343,845 |
| Finance costs | (21,655) | (1,571) | - | - | (4,030) | (27,256) |
| Share of results of associated companies | 8 | - | - | - | (302) | (294) |
| Share of result of a jointly controlled entity | (13) | - | - | - | - | (13) |
| Profit/(loss) before taxation | 436,140 | (19,852) | (13,621) | (3,400) | (82,985) | 316,282 |
| Taxation (charge)/credit | (24,731) | (121) | - | 401 | 68 | (24,383) |
| Profit/(loss) for the period | 411,409 | (19,973) | (13,621) | (2,999) | (82,917) | 291,899 |
| As at 30th September, 2012 | | | | | | |
| Segment assets | 8,467,998 | 514,022 | 197,504 | 661,628 | 1,939,164 | 11,780,316 |
| Associated companies | 2,706 | - | - | - | 7,669 | 10,375 |
| Jointly controlled entity | - | - | - | - | - | - |
| Amount due from a jointly controlled entity | 59,887 | - | - | - | - | 59,887 |
| Total assets | 8,530,591 | 514,022 | 197,504 | 661,628 | 1,946,833 | 11,850,578 |
| Total liabilities | 3,378,001 | 111,772 | 37,414 | 175,761 | 212,462 | 3,915,410 |
| 2012 | | | | | | |
| Other segment items are as follows: | | | | | | |
| Capital expenditure | 320,251 | 7,621 | - | 8 | 257 | 328,137 |
| Depreciation | 2,546 | 14,480 | - | 372 | 6,218 | 23,616 |
| Amortisation of leasehold land and land use rights | | | | | | |
| - charged to income statement | 16 | 1,336 | - | 37 | - | 1,389 |
| - capitalised into properties | 2,000 | - | - | - | - | 2,000 |
| Write off of trade debtors | 21 | 2,000 | - | - | - | 2,021 |
| Recovery of trade debtors written off | - | 1,436 | - | - | - | 1,436 |

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

5. Segment information (Continued)

(a) Segment information by business lines (Continued)

| | Property investment and development HK\$'000 | Sale of goods and services HK\$'000 | Securities investment and trading HK\$'000 | Cemetery HK\$'000 | Others and corporate HK\$'000 | Total HK\$'000 |
|---|--|--|---|----------------------|-------------------------------------|-------------------|
| 2011 | | | | | | |
| Revenues | 779,409 [#] | 130,303 | (175,561) | 1,649 | – | 735,800 |
| Other income and net gain | 40,216 | 3,748 | – | – | 167,751 | 211,715 |
| 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 31st March, 2012 | | | | | | |
| Segment assets | 8,023,607 | 496,917 | 330,494 | 666,116 | 1,668,600 | 11,185,734 |
| Associated companies | 2,699 | – | – | – | 7,970 | 10,669 |
| Jointly controlled entity | – | – | – | – | – | – |
| Amount due from a jointly controlled entity | 58,685 | – | – | – | – | 58,685 |
| Total assets | 8,084,991 | 496,917 | 330,494 | 666,116 | 1,676,570 | 11,255,088 |
| Total liabilities | 3,119,149 | 119,167 | 3,500 | 175,975 | 118,580 | 3,536,371 |
| 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 debtors | 15 | – | – | – | – | 15 |

[#] 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 | 89,909 | (100,131) | 51,027 | 223,894 |
| The PRC | 193,768 | 713,768 | 260,184 | 188,380 |
| The United States of America | 56,457 | 27,517 | – | – |
| Other countries | 123,799 | 94,646 | 16,926 | 37,764 |
| | 463,933 | 735,800 | 328,137 | 450,038 |
| | 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 | 4,941,324 | 4,638,633 | 7,465,643 | 6,974,598 |
| The PRC | 1,205,614 | 1,147,743 | 3,681,290 | 3,596,739 |
| Other countries | 466,817 | 478,318 | 703,645 | 683,751 |
| | 6,613,755 | 6,264,694 | 11,850,578 | 11,255,088 |

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

| | 2012 <i>HK\$'000</i> | 2011 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Interest income from | | |
| Bank deposits | 11,477 | 10,570 |
| Loans and receivables | 550 | 1,379 |
| Dividend income from available-for-sale financial assets | 977 | 1,954 |
| Sale of scraped material | 2,375 | 1,386 |
| Recovery of trade debtors written off | 1,436 | – |
| Negative goodwill arising from the purchase of a subsidiary | – | 290,570 |
| Loss on remeasurement of previously held equity interest in an associated company | – | (135,560) |
| Gain on transfer of properties from properties for sale to investment properties | 18,234 | – |
| (Loss)/gain on disposal of investment property | (41) | 38,160 |
| Net gain/(loss) on disposal of property, plant and equipment | 4,141 | (363) |
| Gain on disposal of available-for-sale financial assets | 685 | 204 |
| Net exchange gain/(loss) | 83 | (2,467) |
| Sundries | 5,704 | 5,882 |
| | 45,621 | 211,715 |

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

7. Operating profit

| | 2012 <i>HK\$'000</i> | 2011 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Operating profit is stated after crediting: | | |
| Dividend income from listed investments | 3,024 | 2,497 |
| Interest income of financial assets at fair value through profit or loss | 748 | 752 |
| Net realised gain of financial assets at fair value through profit or loss | <u>67,124</u> | <u>12,527</u> |
| and after charging: | | |
| Cost of properties sold | 109,413 | 219,889 |
| Cost of inventories sold | 121,953 | 88,131 |
| Depreciation | 23,616 | 13,275 |
| Amortisation of leasehold land and land use rights | 1,389 | 684 |
| Write off of trade debtors | 2,021 | 15 |
| Fair value loss of financial assets at fair value through profit or loss | 54,650 | 71,337 |
| Fair value loss on derivative financial instruments | 29,867 | 120,000 |
| Staff costs, including Directors' emoluments | | |
| Wages and salaries | 92,694 | 73,980 |
| Retirement benefit costs | <u>2,300</u> | <u>2,235</u> |

8. Finance costs

| | 2012 <i>HK\$'000</i> | 2011 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Interest expenses | | |
| Bank borrowings wholly repayable within five years | 9,151 | 12,693 |
| Bank borrowings wholly repayable after five years | 15,106 | 14,394 |
| Convertible note wholly repayable within five years | <u>4,030</u> | <u>1,515</u> |
| | 28,287 | 28,602 |
| Amount capitalised into | | |
| Properties for/under development | – | (688) |
| Properties for sale | <u>(1,031)</u> | <u>(1,392)</u> |
| | <u>27,256</u> | <u>26,522</u> |

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

8. Finance costs *(Continued)*

The above analysis shows the finance costs in accordance with the agreed scheduled repayment dates set out in the agreements. The capitalisation rates applied to funds borrowed for the development of properties range from 1.64% to 6.15% (2011: 1.40% to 5.85%) per annum.

9. Taxation

| | 2012 <i>HK\$'000</i> | 2011 <i>HK\$'000</i> |
|---------------------------|--------------------------------|-------------------------|
| Current taxation | | |
| Overseas profits tax | 12 | (2) |
| PRC corporate income tax | 11,768 | 50,264 |
| PRC land appreciation tax | 4,728 | 3,039 |
| Deferred taxation | 7,875 | (2,921) |
| | 24,383 | 50,380 |

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit for the period (2011: 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, 2012 amounting to HK\$46,000 (2011: HK\$40,000) 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 (2011: Nil).

10. Interim dividend

| | 2012 <i>HK\$'000</i> | 2011 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Interim scrip dividend with a cash option of 2.0 HK cents (2011: 2.0 HK cents) per share | 33,050 | 31,597 |

On 29th November, 2012, the Board declared an interim scrip dividend with a cash option of 2.0 HK cents (2011: 2.0 HK cents) per share amounting to HK\$33,050,000 (2011: HK\$31,597,000). The amount of HK\$33,050,000 is calculated based on 1,652,476,935 issued shares as at 29th 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

11. Earnings per share

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$293,143,000 (2011: HK\$670,919,000) and 1,592,844,917 (2011: 1,576,872,150) 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 and the convertible notes issued by a subsidiary are anti-dilutive.

12. Capital expenditure

For the six months ended 30th September, 2012, the Group has acquired property, plant and equipment amounting to HK\$8,775,000 (2011: HK\$88,245,000) and incurred acquisition and development costs of properties amounting to HK\$319,362,000 (2011: HK\$361,793,000).

13. Debtors and prepayments

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

| | 30th September, 2012 HK\$'000 | 31st March, 2012 HK\$'000 |
|---------------|--|---------------------------------|
| Below 30 days | 41,525 | 44,948 |
| 31 to 60 days | 29,586 | 19,790 |
| 61 to 90 days | 19,115 | 13,186 |
| Over 90 days | 29,367 | 24,651 |
| | <hr/> 119,593 | <hr/> 102,575 |

Debtors and prepayments include net deposits of HK\$422,286,000 (31st March, 2012: HK\$392,459,000) for property development projects and acquisition of properties and leasehold land and land use rights in Hong Kong, the PRC and Vietnam.

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 | 31st March, 2012 |
|---------------|---------------------------------|---------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Below 30 days | 20,973 | 26,876 |
| 31 to 60 days | 15,306 | 11,163 |
| Over 60 days | 14,001 | 15,980 |
| | <hr/> 50,280 <hr/> | <hr/> 54,019 <hr/> |

Other creditors and accruals are mainly related to the construction cost payables and accruals of HK\$253,291,000 (31st March, 2012: HK\$127,409,000) for the property development projects of the Group.

15. Borrowings

| | 30th September, 2012 | 31st March, 2012 |
|-----------------------------------|---------------------------------|-----------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Unsecured bank borrowings | | |
| Short-term bank borrowings | 42,857 | 14,511 |
| Long-term bank borrowings | 22,800 | 26,760 |
| | <hr/> 65,657 <hr/> | <hr/> 41,271 <hr/> |
| Secured long-term bank borrowings | 2,335,308 | 2,294,463 |
| | <hr/> 2,400,965 <hr/> | <hr/> 2,335,734 <hr/> |

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

15. Borrowings *(Continued)*

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* | 1,020,120 | 961,419 |
| Wholly repayable after five years* | 1,337,988 | 1,359,804 |
| | <u>2,358,108</u> | <u>2,321,223</u> |
| Current portion included in current liabilities | | |
| Portion due within one year | (409,494) | (424,374) |
| Portion due after one year which contains a repayment on demand clause | (49,800) | (13,440) |
| | <u>(459,294)</u> | <u>(437,814)</u> |
| | <u>1,898,814</u> | <u>1,883,409</u> |

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

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 | 452,351 | 438,885 |
| Within the second year | 79,900 | 388,925 |
| Within the third to fifth years | 936,138 | 511,159 |
| After the fifth year | 932,576 | 996,765 |
| | <u>2,400,965</u> | <u>2,335,734</u> |

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

16. Share capital

| | 30th September, 2012 HK\$'000 | 31st March, 2012 HK\$'000 |
|---------------------------------------|-------------------------------------|---------------------------------|
| <i>Authorised</i> | | |
| 2,500,000,000 shares of HK\$0.25 each | <u>625,000</u> | <u>625,000</u> |
| <i>Issued and fully paid</i> | | |
| 1,592,844,917 shares of HK\$0.25 each | <u>398,211</u> | <u>398,211</u> |

17. Financial guarantees

As at 30th September, 2012, the Company has provided a guarantee of HK\$117,000,000 (31st March, 2012: HK\$117,000,000) for the banking facility granted to a jointly controlled entity, and 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 and property, plant and equipment amounting to HK\$689,863,000 (31st March, 2012: HK\$560,027,000).

19. Pledge of assets

As at 30th September, 2012, the Group has pledged certain assets including property, plant and equipment, investment properties, leasehold land and land use rights, properties for sale and bank deposits, with an aggregate carrying value of HK\$5,345,037,000 (31st March, 2012: HK\$4,930,105,000), to secure general banking and financial guarantee facilities granted to the subsidiaries. The Group has also pledged certain financial assets at fair value through profit or loss of HK\$97,157,000 (31st March, 2012: HK\$57,707,000) for the commitments to purchase certain listed security in Hong Kong.

20. Comparative figures

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