



CHUANG'S
CHINA
INVESTMENTS
LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 298

Interim Report 2014

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CORPORATE INFORMATION

Honorary Chairman	Alan Chuang Shaw Swee
Directors	Abraham Shek Lai Him, G.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 David Chu Yu Lin, S.B.S., J.P.* Andrew Fan Chun Wah*

* *Independent Non-Executive Directors*

Audit Committee/ Nomination Committee/ Remuneration Committee	Abraham Shek Lai Him, G.B.S., J.P.# David Chu Yu Lin, S.B.S., J.P. Andrew Fan Chun Wah
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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: MUGF Fund Services (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 Hang Seng Bank (China) Limited Bank of China (Hong Kong) Limited Bank of China Limited China Construction Bank Corporation
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)

Anshan Office

Anshan Chuang's Property Development
Company Limited
Anshan Chuang's Real Estate Development
Company Limited
3rd Floor, No. 738 Jian Guo Avenue
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

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MANAGEMENT DISCUSSION ON RESULTS

The Board of Directors (the “Board”) of Chuang’s China Investments Limited (the “Company”) presents the interim report including the condensed interim financial information of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30th September, 2013. The condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the six months ended 30th September, 2013 and the condensed consolidated balance sheet as at 30th September, 2013 along with the notes thereon, are set out on pages 15 to 32 of this report.

FINANCIAL REVIEW

Revenues of the Group during the period increased to approximately HK\$330.1 million (2012: HK\$178.7 million), comprising an increase in sales of properties in the People’s Republic of China (the “PRC”) to approximately HK\$318.8 million (2012: HK\$167.9 million), income from manufacturing business of HK\$6.3 million (2012: HK\$7.3 million) and rental and its related income of HK\$5.0 million (2012: HK\$3.5 million).

During the six months under review, gross profit increased to HK\$116.2 million (2012: HK\$69.4 million) mainly attributable to the increase in sales of properties in the PRC. Other income and net gain increased to HK\$51.3 million (2012: HK\$25.6 million) mainly due to the gain on disposal of a subsidiary as announced on 27th May, 2013. A breakdown of other income and net gain is shown in note 6 on page 27 of this report. For the period under review, the Group recorded a slight gain on change in fair value of investment properties in the PRC of HK\$0.3 million (2012: HK\$26.3 million).

On the costs side, selling and marketing expenses increased to HK\$21.6 million (2012: HK\$10.1 million) as a result of rise in sales of properties during the period. Administrative and other operating expenses increased to HK\$68.6 million (2012: HK\$60.2 million) mainly due to the general increase in overheads and increase in business activities of the Group for the period under review.

Finance costs reduced to HK\$0.2 million (2012: HK\$0.8 million) as a result of increased capitalisation of interest expenses to properties under development in the PRC during the period. Share of result of an associated company amounted to HK\$0.9 million (2012: loss of HK\$0.3 million) was in relation to the Group’s 25% interests in Treasure Auctioneer International Limited. Taxation reduced to HK\$14.4 million (2012: HK\$24.7 million) and was mainly due to the decrease of deferred tax on properties in the PRC.

Taking these factors into account, profit attributable to equity holders of the Company for the six months ended 30th September, 2013 increased to HK\$66.2 million (2012: HK\$27.7 million). Earnings per share was 4.24 HK cents (2012: 1.82 HK cents).

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of 1.0 HK cent (2012: 1.0 HK cent) per share payable on or before Monday, 13th January, 2014 to the shareholders whose names appear on the Company's register of members on Friday, 3rd January, 2014.

BUSINESS REVIEW

Property Development

Although the regulatory controls such as restrictions on home purchase and mortgage loan had not yet been loosened, the property market in the PRC saw signs of recovery in view of rigid demand, and as a result rises in both home price and transaction volume were seen.

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 Guangdong province, Fujian province, 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 different phases. Phase I and II (Block A to P) have an aggregate GFA of 260,800 *sq. m.*, providing an aggregate of 2,077 residential flats and 22 villas, commercial podium and club houses with total GFA of 8,780 *sq. m.* and 1,497 carparking spaces. Occupancy of Block A to H were handed over to buyers in previous financial years. During the period under review, occupancy of Block I are handed over to buyers.

Superstructure works of Phase II for Block J, K, L, M and N with total GFA of about 90,100 *sq. m.* are completed and external auxiliary services works are proceeding satisfactorily. Foundation works for Block P that comprises 22 villas of about 7,000 *sq. m.* are also in progress.

Phase III (Block Q to X) has a total GFA of about 166,000 *sq. m.* Foundation works for Block Q and R with total GFA of about 50,000 *sq. m.* have commenced. For the development of the remaining Phase III with total residential and commercial GFA of about 116,000 *sq. m.*, the Group will carry out a review of the development timeline and the master layout plan in order to achieve a higher return as the local community continues to mature.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Development *(Continued)*

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

Regarding the sales progress for Phase I and II, all high-rise blocks have been launched to the market for sale, except Block L which will be launched during the remaining financial year. In view of the selling price control on first hand properties, the launch of Block P (22 villas) for pre-sale will be postponed. As a result, the Group has revised the sales target of this project for the financial year ending 2014 to RMB678 million, which comprised unsold units of Block A to N.

As of to-date, RMB328 million of the sales target were sold. Taking this into account, total sales of this project which have not yet been completed amounted to RMB695 million (equivalent to approximately HK\$881 million), and will be recognised as revenues when these sales are completed and properties are handed over to buyers.

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

Imperial Garden has a total GFA of 520,000 *sq. m.*. Phase I (Block 1 to 8) has been completed and provides 665 residential units 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.

Phase II (Block 9 to 14) has total GFA of 61,272 *sq. m.*, providing 574 flats ranging from 56 *sq. m.* to 127 *sq. m.*. Superstructure works for Block 9 to 11 are in progress and foundation works for Block 12 to 14 have been completed. The Group will embark on Phase III development plan of Block 15 to 55 comprising GFA of about 356,000 *sq. m.* in accordance with local market sentiments and sales progress.

Regarding the sales progress, a total of 611 flats of Phase I have been sold. For Phase II, pre-sales of Block 9 to 11 were launched in October 2013 and 185 flats were sold.

The sales target of this project for the financial year ending 2014 amounted to RMB276 million, which comprised unsold units of Block 1 to 11. As of to-date, RMB115 million of the sales target were sold. Taking this into account, total sales of Dongguan project which have not yet been completed amounted to RMB119 million (equivalent to approximately HK\$151 million), and will be recognised as revenues when these sales are completed and properties are handed over to buyers.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Development *(Continued)*

sáv Resort & Spa, Xiamen, Fujian (59.5% owned)

Our luxurious hotel and resort development occupies a site with an area of about 27,574 *sq. m.*. Focusing on a low density development, the project has 18,000 *sq. m.* in GFA and stands out in its master planning, architectural and landscape design. Superstructure works of the development are completed, while interior and fitting out works will commence.

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

The development will provide integrated community with residential, shopping areas, specialty business, SOHO and office space with total GFA of about 100,000 *sq. m.*. Master planning for the project has been approved by the relevant PRC bureau. Works for excavation and lateral support have been completed and foundation works are in progress.

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

Adjacent to Chuang's Mid-town, the second site of the Group has developable GFA of 390,000 *sq. m.*, and will provide a mega integrated development including office towers, retail, food and beverage and entertainment facilities together with residential blocks. Master planning for the project is in progress.

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\$125 million. As at 30th September, 2013, the total investment costs of the Group in this project amounted to about HK\$80 million. As the 10-year operating license of the joint venture company in the PRC has expired, the Group is proceeding to the dissolution of this joint venture company.

Other Businesses

As at 30th September, 2013, the aggregate net book value of the Group's other businesses amounted to approximately HK\$102.2 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; (b) the 25% interests in Treasure Auctioneer International Limited; and (c) the 14.88% interests in a quoted investment in CNT Group Limited.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL POSITION

During the period under review, the Group maintained strong financial position. As at 30th September, 2013, the Group's cash and bank balances (including pledged bank balances) amounted to HK\$1,152.1 million (31st March, 2013: HK\$1,011.5 million). As at the same date, bank borrowings of the Group amounted to HK\$323.5 million (31st March, 2013: HK\$317.8 million). The Group has net cash of HK\$828.6 million (31st March, 2013: HK\$693.7 million) over its bank borrowings, and thus, the calculation of net debt to equity ratio was not applicable (31st March, 2013: Not applicable).

Approximately 40.3% of the Group's cash and bank balances were in Hong Kong dollar and United States dollar with the remaining 59.7% in Renminbi. Approximately 24.0% of the Group's bank borrowings were in Hong Kong dollar with the remaining 76.0% in Renminbi. Accordingly, risk in exchange rate fluctuation would not be material.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 0.8% of the Group's bank borrowings were repayable within the first year, 72.8% were repayable within the second year and the balance of 26.4% were repayable within the third to fifth years.

As at 30th September, 2013, the net asset value attributable to equity holders of the Company was HK\$2,523.8 million. Net asset value per share amounted to HK\$1.62, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value.

PROSPECTS

The austerity measures aimed at suppressing speculative activities would not be relaxed as the main objective of the PRC government is to maintain stability in property prices. For the medium to long term, the progress of urbanisation in the PRC will continue and demand for residential housing will be a driving force for the growth of the property market. However, there are concerns that the property market may be affected by new measures to be implemented in the PRC, including property tax and accelerate supply of affordable housing by the local government. The Group remains cautiously optimistic about the future development of the property market in the PRC and will continue its endeavours to create higher value and returns for its shareholders.

OTHER INFORMATION

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

As at 30th September, 2013, 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 (the "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 ("Mr. Lee")	808,000	Beneficial owner	0.05
Mr. Sunny Pang Chun Kit	620,000	Beneficial owner	0.04

(b) Interests in Chuang's Consortium International Limited ("CCIL")

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Lee	198,329,917	<i>Note</i>	11.80
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,211,293	Beneficial owner	0.07

Note: Interests in 197,606,693 shares in CCIL arose by attribution through Mr. Lee's spouse who is a discretionary object and the trustee of a discretionary trust which owned such shares. The remaining interests in 723,224 shares in CCIL is beneficially owned by Mr. Lee.

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, 2013, 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, 2013, 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”)	889,069,949	Beneficial owner	56.92
CCIL	889,069,949	<i>Note 1</i>	56.92
Evergain Holdings Limited (“Evergain”)	889,069,949	<i>Note 1</i>	56.92
Mr. Alan Chuang Shaw Swee (“Mr. Alan Chuang”)	889,069,949	<i>Note 1</i>	56.92
Mrs. Chong Ho Pik Yu	889,069,949	<i>Note 2</i>	56.92

Note 1: Interests in 889,069,949 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 CCIL and Evergain, and Mr. Albert Chuang is also a director of PSI.

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

Save as disclosed above, as at 30th September, 2013, 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, 2013 with the code provisions set out in the 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 condensed interim financial information for the period ended 30th September, 2013 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 Mr. Abraham Shek Lai Him, Mr. David Chu Yu Lin and Mr. Andrew Fan Chun Wah, 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.

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.

CLOSING OF REGISTER

The register of members of the Company will be closed from Friday, 27th December, 2013 to Friday, 3rd January, 2014, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company’s share registrar in Hong Kong, Tricor Progressive Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Tuesday, 24th December, 2013.

OTHER INFORMATION *(Continued)*

SHARE OPTION SCHEME

On 31st August, 2012, a share option scheme (the “Share Option Scheme”) was adopted by the Company. The purpose of the Share Option Scheme is to recognise the contribution of the eligible persons as defined in the scheme including, inter alia, any Directors, employees or business consultants of the Group (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

The Group puts emphasis on training and cultivating elite talent. We are committed to providing a dynamic and enthusiastic working atmosphere and increase hiring talents of all fields. As at 30th September, 2013, the Group employed 511 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
Albert Chuang Ka Pun
Deputy Chairman

Hong Kong, 27th November, 2013

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30th September, 2013

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenues		330,090	178,683
Cost of sales		(213,940)	(109,316)
Gross profit		116,150	69,367
Other income and net gain	6	51,324	25,601
Selling and marketing expenses		(21,573)	(10,133)
Administrative and other operating expenses		(68,643)	(60,165)
Change in fair value of investment properties		258	26,297
Operating profit	7	77,516	50,967
Finance costs	8	(152)	(798)
Share of result of an associated company		854	(302)
Profit before taxation		78,218	49,867
Taxation	9	(14,376)	(24,731)
Profit for the period		63,842	25,136
Attributable to:			
Equity holders		66,200	27,667
Non-controlling interests		(2,358)	(2,531)
		63,842	25,136
Interim dividend	10	15,957	15,618
Earnings per share (basic and diluted)	11	HK cents 4.24	<i>HK cents</i> 1.82

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30th September, 2013

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	63,842	25,136
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Net exchange differences	21,619	(3,128)
Realisation of exchange reserve upon disposal of a subsidiary	(423)	–
Change in fair value of available-for-sale financial assets	(4,216)	(2,942)
Other comprehensive income/(loss) for the period	16,980	(6,070)
Total comprehensive income for the period	80,822	19,066
Total comprehensive income attributable to:		
Equity holders	81,963	21,748
Non-controlling interests	(1,141)	(2,682)
	80,822	19,066

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30th September, 2013

	30th September, 2013	31st March, 2013
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	94,414	97,762
Investment properties	157,880	151,754
Land use right	1,651	1,664
Properties for/under development	337,862	301,734
Associated company	8,376	7,522
Available-for-sale financial assets	115,278	94,152
Loans and receivables	12,734	12,552
	<u>728,195</u>	<u>667,140</u>
Current assets		
Properties for sale	1,712,773	1,726,447
Inventories	4,730	4,636
Debtors and prepayments	367,570	345,451
Pledged bank balances	30,478	30,516
Cash and bank balances	1,121,635	981,001
	<u>3,237,186</u>	<u>3,088,051</u>
Current liabilities		
Creditors and accruals	222,715	129,532
Sales deposits received	470,041	330,337
Current portion of long-term bank borrowings	80,054	75,500
Dividend payable	31,237	–
Taxation payable	153,793	258,166
	<u>957,840</u>	<u>793,535</u>
Net current assets	<u>2,279,346</u>	<u>2,294,516</u>
Total assets less current liabilities	<u>3,007,541</u>	<u>2,961,656</u>

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) *(Continued)*
As at 30th September, 2013

	30th September, 2013	31st March, 2013
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity		
Share capital	16 78,092	78,092
Reserves	2,445,740	2,363,777
Proposed final dividend	–	31,237
	<hr/>	<hr/>
Shareholders' funds	2,523,832	2,473,106
Non-controlling interests	61,222	62,363
	<hr/>	<hr/>
Total equity	2,585,054	2,535,469
	<hr/>	<hr/>
Non-current liabilities		
Long-term bank borrowings	15 243,464	242,306
Deferred taxation liabilities	168,842	173,706
Loans from non-controlling interests	10,181	10,175
	<hr/>	<hr/>
	422,487	426,187
	<hr/>	<hr/>
	3,007,541	2,961,656
	<hr/>	<hr/>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30th September, 2013

	2013 HK\$'000	2012 HK\$'000
Net cash from operating activities	151,276	2,059
Net cash used in investing activities	(25,115)	(32,329)
Net cash from financing activities	2,200	78,140
Net increase in cash and cash equivalents	128,361	47,870
Cash and cash equivalents at the beginning of the period	965,777	836,049
Exchange difference on cash and cash equivalents	5,375	(650)
Cash and cash equivalents at the end of the period	<u>1,099,513</u>	<u>883,269</u>
Analysis of cash and cash equivalents		
Cash and bank balances	1,121,635	889,390
Bank deposits maturing more than three months from date of placement	(22,122)	(6,121)
	<u>1,099,513</u>	<u>883,269</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30th September, 2013

	Attributable to equity holders of the Company						Total HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Shareholders' funds HK\$'000	Non- controlling interests HK\$'000	
At 1st April, 2013	78,092	2,257,703	106,074	31,237	2,473,106	62,363	2,535,469
Profit/(loss) for the period	-	-	66,200	-	66,200	(2,358)	63,842
Other comprehensive income:							
Items that may be reclassified subsequently to profit and loss							
Net exchange differences	-	20,402	-	-	20,402	1,217	21,619
Realisation of exchange reserve upon disposal of a subsidiary	-	(423)	-	-	(423)	-	(423)
Change in fair value of available-for-sale financial assets	-	(4,216)	-	-	(4,216)	-	(4,216)
Total comprehensive income/(loss) for the period	-	15,763	66,200	-	81,963	(1,141)	80,822
Transaction with owners:							
Dividend	-	-	-	(31,237)	(31,237)	-	(31,237)
At 30th September, 2013	78,092	2,273,466	172,274	-	2,523,832	61,222	2,585,054
At 1st April, 2012	76,166	2,239,774	112,539	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:							
Items that may be reclassified subsequently to profit and loss							
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 (loss)/income for the period	-	(5,919)	27,667	-	21,748	(2,682)	19,066
Transaction with owners:							
Dividend	-	-	-	(30,467)	(30,467)	-	(30,467)
At 30th September, 2012	76,166	2,233,855	140,206	-	2,450,227	62,950	2,513,177

NOTES TO THE CONDENSED 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, 2013, the Company was a 56.92% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands and 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 condensed interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31st March, 2013 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 condensed interim financial information are consistent with those used in the annual financial statements of the Group for the year ended 31st March, 2013, except as stated below.

The adoption of revised HKFRSs

For the six months ended 30th September, 2013, the Group adopted the following new standards and amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2013 and relevant to the operations of the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle

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

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

The adoption of revised HKFRSs *(Continued)*

The Group has assessed the impact of the adoption of these new standards and amendments to standards 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 condensed interim financial information.

New standards, amendments to standards and interpretation that are not yet effective

The following new standards, amendments to standards and interpretation have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1st April, 2014, but have not yet been adopted by the Group:

HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective from 1st January, 2014)
HKAS 36 (Amendment)	Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets (effective from 1st January, 2014)
HKFRS 7 and HKFRS 9 (Amendment)	Financial Instruments: Disclosures – Mandatory Effective Date and Transition Disclosures (effective from 1st January, 2015)
HKFRS 9	Financial Instruments (effective from 1st January, 2015)
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities (effective from 1st January, 2014)
HK(IFRIC)-Int 21	Levies (effective from 1st January, 2014)

The Group will adopt the above new standards, amendments to standards and interpretation as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

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 condensed 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 of the Group for the year ended 31st March, 2013. There has been no material change in the Group's financial risk management policies since the year ended 31st March, 2013.

(b) **Liquidity risk**

Compared to the year ended 31st March, 2013, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

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

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

(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 values of financial assets and financial liabilities recorded at amortised cost in the condensed interim financial information approximate their fair values.

During the six months ended 30th September, 2013, there were new level 3 unlisted financial instruments of HK\$25.3 million which were recorded as available-for-sale financial assets and measured at fair values as at 30th September, 2013. There was no change in fair value recognised during the six months ended 30th September, 2013 as the carrying values of such financial instruments approximate their fair values.

During the six months ended 30th September, 2013, there were 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 in preparing the condensed interim financial information 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 condensed interim financial information are consistent with those used in the annual financial statements of the Group for the year ended 31st March, 2013.

5. **Segment information**

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

The chief operating decision maker (the "CODM") has been identified as the Executive Directors and senior management. The CODM 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 CODM 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 CODM assesses the performance of the operating segments based on a measure of segment result.

NOTES TO THE CONDENSED 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
2013				
Revenues	323,806	6,284	–	330,090
Other income and net gain	42,884	91	8,349	51,324
Operating profit/(loss)	113,471	(4,638)	(31,317)	77,516
Finance costs	–	–	(152)	(152)
Share of result of an associated company	–	–	854	854
Profit/(loss) before taxation	113,471	(4,638)	(30,615)	78,218
Taxation	(14,376)	–	–	(14,376)
Profit/(loss) for the period	99,095	(4,638)	(30,615)	63,842
As at 30th September, 2013				
Segment assets	3,060,602	10,751	885,652	3,957,005
Associated company	–	–	8,376	8,376
Total assets	3,060,602	10,751	894,028	3,965,381
Total liabilities	1,311,136	3,433	65,758	1,380,327
2013				
Other segment items are as follows:				
Capital expenditure	189,288	433	531	190,252
Depreciation	1,154	158	4,281	5,593
Amortisation of land use rights				
– charged to income statement	16	–	–	16
– capitalised into properties	2,000	–	–	2,000

NOTES TO THE CONDENSED 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
2012				
Revenues	171,364 [#]	7,319	–	178,683
Other income and net gain	21,543	–	4,058	25,601
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating profit/(loss)	84,006	(4,989)	(28,050)	50,967
Finance costs	(798)	–	–	(798)
Share of result of an associated company	–	–	(302)	(302)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Profit/(loss) before taxation	83,208	(4,989)	(28,352)	49,867
Taxation	(24,731)	–	–	(24,731)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Profit/(loss) for the period	<u>58,477</u>	<u>(4,989)</u>	<u>(28,352)</u>	<u>25,136</u>
As at 31st March, 2013				
Segment assets	2,961,624	7,568	778,477	3,747,669
Associated company	–	–	7,522	7,522
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>2,961,624</u>	<u>7,568</u>	<u>785,999</u>	<u>3,755,191</u>
Total liabilities	<u>1,205,491</u>	<u>3,683</u>	<u>10,548</u>	<u>1,219,722</u>
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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

[#] For the six months ended 30th September, 2012, the amount included sale of land use right for sale in the People's Republic of China (the "PRC") of HK\$33.7 million.

NOTES TO THE CONDENSED 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	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Hong Kong	5,523	6,377	1,802	1,726
The PRC	323,806	171,828	188,450	255,922
Other countries	761	478	–	–
	330,090	178,683	190,252	257,648

	Non-current assets (Note)		Total assets	
	30th September, 2013 HK\$'000	31st March, 2013 HK\$'000	30th September, 2013 HK\$'000	31st March, 2013 HK\$'000
Hong Kong	76,203	79,913	690,995	785,853
The PRC	523,980	480,523	3,273,759	2,968,935
Other countries	–	–	627	403
	600,183	560,436	3,965,381	3,755,191

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 CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

6. Other income and net gain

	2013 HK\$'000	2012 HK\$'000
Interest income from		
Bank deposits	6,925	5,587
Loans and receivables	–	550
Dividend income from available-for-sale financial assets	2,776	977
Gain on disposal of a subsidiary (Note)	40,491	–
Gain on transfer of properties from properties for sale to investment properties	673	18,234
Net gain/(loss) on disposal of property, plant and equipment	86	(9)
Net exchange loss	(155)	(232)
Sundries	528	494
	<u>51,324</u>	<u>25,601</u>

Note: On 27th May, 2013, a wholly-owned subsidiary (the “Vendor”) of the Group entered into an agreement with an independent third party (the “Purchaser”) to dispose of its investment in a wholly-owned subsidiary at the consideration of HK\$1. The Vendor also executed an indemnity deed amounting to RMB48.8 million (equivalent to HK\$61.8 million) in favour of the Purchaser for a period of two years from the date of completion of the disposal on 15th August, 2013. Details of the transaction were set out in the announcement of the Company on 27th May, 2013.

7. Operating profit

	2013 HK\$'000	2012 HK\$'000
Operating profit is stated after charging:		
Amortisation of land use right	16	16
Cost of properties sold	200,956	95,546
Cost of inventories sold	9,139	10,015
Depreciation	5,593	5,660
Staff costs, including Directors’ emoluments		
Wages and salaries	24,956	21,866
Retirement benefit costs	575	478
	<u>575</u>	<u>478</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

8. Finance costs

	2013 HK\$'000	2012 HK\$'000
Interest expenses		
Bank borrowings wholly repayable within five years	9,318	1,034
Amount capitalised into		
Properties for/under development	(1,272)	–
Properties for sale	(7,894)	(236)
	(9,166)	(236)
	152	798

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 3.11% to 6.15% (2012: 6.15%) per annum.

9. Taxation

	2013 HK\$'000	2012 HK\$'000
Current taxation		
PRC corporate income tax	17,865	11,659
PRC land appreciation tax	1,570	4,728
Deferred taxation	(5,059)	8,344
	14,376	24,731

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the period (2012: 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 charge of an associated company for the six months ended 30th September, 2013 of HK\$172,000 (2012: taxation credit of HK\$50,000) is included in the income statement as share of result of an associated company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

10. Interim dividend

	2013 HK\$'000	2012 HK\$'000
Interim dividend of 1.0 HK cent (2012: 1.0 HK cent) per share	<u>15,957</u>	<u>15,618</u>

On 27th November, 2013, the Board of Directors declared an interim dividend of 1.0 HK cent (2012: 1.0 HK cent) per share amounting to HK\$15,957,000 (2012: HK\$15,618,000). The amount of HK\$15,957,000 is calculated based on 1,595,683,140 issued shares as at 27th November, 2013. This dividend is not reflected as a dividend payable in the condensed interim financial information, but will be reflected and accounted for as an appropriation of reserves in the year ending 31st March, 2014.

11. Earnings per share

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$66,200,000 (2012: HK\$27,667,000) and the weighted average number of 1,561,840,530 (2012: 1,523,328,700) shares in issue during the period.

The diluted earnings per share is equal to the basic earnings per share since there are no dilutive potential shares in issue during the periods.

12. Capital expenditure

For the six months ended 30th September, 2013, the Group acquired property, plant and equipment of HK\$2,178,000 (2012: HK\$2,571,000) and incurred development costs of properties of HK\$188,074,000 (2012: HK\$255,077,000).

13. Debtors and prepayments

Rental income and management fees are received 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, 2013 HK\$'000	31st March, 2013 HK\$'000
Below 30 days	4,566	35,003
31 to 60 days	1,183	261
61 to 90 days	1,166	1,097
Over 90 days	<u>3,389</u>	<u>2,880</u>
	<u>10,304</u>	<u>39,241</u>

Debtors and prepayments include net deposits of HK\$282,064,000 (31st March, 2013: HK\$232,768,000) for property development projects and acquisition of properties and land use rights in the PRC after the accumulated impairment losses of HK\$4,000,000 (31st March, 2013: HK\$4,000,000) as at 30th September, 2013.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

14. Creditors and accruals

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

	30th September, 2013	31st March, 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Below 30 days	997	853
31 to 60 days	275	561
Over 60 days	455	756
	<u>1,727</u>	<u>2,170</u>

Creditors and accruals include the construction cost payables and accruals of HK\$114,797,000 (31st March, 2013: HK\$66,555,000) for the PRC property development projects of the Group.

15. Borrowings

	30th September, 2013	31st March, 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured long-term bank borrowings	<u>323,518</u>	<u>317,806</u>

The long-term bank borrowings are analysed as follows:

	30th September, 2013	31st March, 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Long-term bank borrowings wholly repayable within five years*	<u>323,518</u>	<u>317,806</u>
Current portion included in current liabilities		
Portion due within one year	(2,554)	–
Portion due after one year which contains a repayment on demand clause	<u>(77,500)</u>	<u>(75,500)</u>
	<u>(80,054)</u>	<u>(75,500)</u>
	<u>243,464</u>	<u>242,306</u>

* Ignoring the effect of any repayment on demand clause

NOTES TO THE CONDENSED 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, 2013 HK\$'000	31st March, 2013 HK\$'000
Within the first year	2,554	–
Within the second year	235,430	12,080
Within the third to fifth years	85,534	305,726
	<u>323,518</u>	<u>317,806</u>

16. Share capital

	30th September, 2013 HK\$'000	31st March, 2013 HK\$'000
Authorised:		
18,000,000,000 shares of HK\$0.05 each	<u>900,000</u>	<u>900,000</u>
Issued and fully paid:		
1,561,840,530 shares of HK\$0.05 each	<u>78,092</u>	<u>78,092</u>

17. Financial guarantees

As at 30th September, 2013, the subsidiaries had provided guarantees of HK\$579,120,000 (31st March, 2013: HK\$443,160,000) 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, 2013, the Group had commitments contracted but not provided for in respect of property development projects and property, plant and equipment of HK\$330,808,000 (31st March, 2013: HK\$316,686,000) and available-for-sale financial assets of HK\$101,368,000 (31st March, 2013: Nil) respectively.

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

19. Pledge of assets

As at 30th September, 2013, the Group had pledged certain assets including investment properties, properties for sale and bank deposits, with an aggregate carrying value of HK\$223,530,000 (31st March, 2013: HK\$528,264,000), to secure general banking and financial guarantee facilities granted to the subsidiaries.