



CHUANG'S  
CONSORTIUM  
INTERNATIONAL  
LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 367

**Interim Report 2014**



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# CORPORATE INFORMATION

**Directors**

Alan Chuang Shaw Swee (*Chairman*)  
Alice Siu Chuang Siu Suen (*Vice-Chairman*)  
Ko Sheung Chi (*Managing Director*)  
Albert Chuang Ka Pun  
Candy Chuang Ka Wai  
Chong Ka Fung  
Lui Lop Kay  
Wong Chung Wai  
Abraham Shek Lai Him, G.B.S., J.P.\*  
Fong Shing Kwong\*  
Yau Chi Ming\*  
David Chu Yu Lin, S.B.S., J.P.\*

*\* Independent Non-Executive Directors*

**Audit Committee**

Abraham Shek Lai Him, G.B.S., J.P.#  
Fong Shing Kwong  
Yau Chi Ming

**Nomination Committee/  
Remuneration Committee**

Abraham Shek Lai Him, G.B.S., J.P.#  
Fong Shing Kwong  
David Chu Yu Lin, S.B.S., J.P.

**Corporate Governance  
Committee**

Ko Sheung Chi#  
Albert Chuang Ka Pun  
Candy Chuang Ka Wai

*# Chairman of the relevant committee*

**Company Secretary**

Lee Wai Ching

**Auditor**

PricewaterhouseCoopers  
22nd Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

**Registrars**

**Bermuda:**  
MUFG Fund Services (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)*

<b>Principal Bankers</b>	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 AmBank (M) Berhad
<b>Registered Office</b>	Clarendon House, 2 Church Street Hamilton HM 11, Bermuda
<b>Principal Office in Hong Kong</b>	25th Floor, Alexandra House 18 Chater Road, Central, Hong Kong Telephone: (852) 2522 2013 Facsimile: (852) 2810 6213 Email address: <a href="mailto:chuangs@chuangs.com.hk">chuangs@chuangs.com.hk</a> Website: <a href="http://www.chuang-consortium.com">www.chuang-consortium.com</a>
<b>Singapore Office</b>	245 Jalan Ahmad Ibrahim, Jurong Town Singapore 629144 Republic of Singapore
<b>Malaysia Office</b>	16th Floor, Central Plaza 34 Jalan Sultan Ismail, 50250 Kuala Lumpur Malaysia
<b>Vietnam Office</b>	Room 704, 7th Floor Capital Place Building 6 Thai Van Lung Street, District 1 Ho Chi Minh City, Vietnam
<b>Mongolia Office</b>	3rd Floor, Eastern Section New Century Plaza Chinggis Avenue-15 Sukhbaatar District-1 14251 Ulaanbaatar, Mongolia
<b>Stock Code</b>	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 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 28 to 48 of this report.

### FINANCIAL REVIEW

Revenues of the Group for the six months ended 30th September, 2013 amounted to HK\$632.7 million (2012: HK\$463.9 million), representing an increase of 36.4% compared to that of the last corresponding period. This was mainly due to a higher level of property sales recognised by the Group during the period under review. Revenues of the Group comprised income from sales of properties of HK\$333.6 million (2012: HK\$209.6 million), income from rental of investment properties of HK\$71.8 million (2012: HK\$75.6 million), income from sales of goods and services of HK\$213.8 million (2012: HK\$188.6 million), income from cemetery business of HK\$5.5 million (2012: HK\$3.7 million) and income from securities investment and trading business of HK\$8.0 million (2012: loss of HK\$13.6 million).

As a result of the increase in level of property sales and profit generated from the securities investment and trading business, gross profit of the Group during the period amounted to HK\$225.6 million (2012: HK\$173.2 million), representing an increase of 30.3% compared to that of the last corresponding period. Other income and net gain increased to HK\$63.1 million (2012: HK\$45.6 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 41 of this report. Furthermore, the Group also recorded an upward revaluation surplus of HK\$297.2 million (2012: HK\$328.9 million) for its investment properties, reflecting the continued improvement in property prices in Hong Kong during the period under review.

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

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

On the costs side, selling and marketing expenses increased to HK\$61.3 million (2012: HK\$30.5 million) as a result of launching new projects for sales in Hong Kong and the People's Republic of China (the "PRC"). Administrative and other operating expenses increased to HK\$181.2 million (2012: HK\$173.4 million) mainly due to an increase in business activities of the Group and a general increase in overheads. Finance costs decreased to HK\$24.7 million (2012: HK\$27.3 million) as a result of increased capitalisation of interest expenses. Share of net profit of associated companies and a jointly controlled entity amounted to HK\$0.8 million (2012: loss of HK\$0.3 million). Taxation amounted to HK\$14.2 million (2012: HK\$24.4 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, 2013 amounted to HK\$286.9 million (2012: HK\$293.1 million). Earnings per share was 17.07 HK cents (2012: 18.40 HK cents).

### **INTERIM DIVIDEND**

The Board has resolved to pay an interim dividend of 2.0 HK cents (2012: 2.0 HK cents) per share payable on or before Thursday, 27th February, 2014 by allotment of new shares with a cash option to the shareholders whose names appear on the Company's register of members on Friday, 3rd January, 2014.

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 Friday, 3rd January, 2014, 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 (which is now under conversion into a hotel), (d) House A, No. 37 Island Road in Deep Water Bay and (e) No. 15 Gough Hill Road in The Peak (which is now under redevelopment). The total gross area of the Group's investment property portfolio in Hong Kong amounted to about 340,000 *sq. ft.* comprising retail, office, hotel, high-class residential and carparking spaces.

Rental and other income from investment properties in Hong Kong during the period amounted to HK\$56.3 million, representing a decrease of 9.1% compared with that of the last corresponding period, and this was mainly due to the vacation of Chuang's Hung Hom Plaza since the fourth quarter of 2012 to pave way for the conversion of the property into a hotel. Had the rental from Chuang's Hung Hom Plaza been excluded, rental and other income from the remaining investment properties in Hong Kong during the period showed a 24.2% increase over that of the last corresponding period.

In order to further improve the rental yield and thus the capital value of Chuang's London Plaza, the Group is exploring plans and strategies to renovate and upgrade the property with a view to increase the gross area of the ground floor and first floor levels shops and to improve the accessibility of the basement levels shops. Subject to the prevailing market conditions, the Group would also consider other options which may be available, such as the possibility of disposing of a portion or all of the upper floors of the property (3/F to 13/F) either before or after the aforesaid renovation or upgrading works (if any). Further announcement may be made by the Company regarding the progress of the above as and when required.



## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

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

##### *(ii) Investment Properties Under Conversion/Development*

- (a) Chuang's Hung Hom Plaza, No. 83 Wuhu Street, Hunghom, Kowloon (100% owned)

The property was a commercial/office building. Rezoning has been obtained from the Town Planning Board to permit the property to be operated as a hotel and approval has been obtained from the Buildings Department to convert the property into a hotel with 388 rooms together with shopping units at the ground floor and first floor levels. Conversion works are in progress and are expected to be completed in the second quarter of 2014. Recently, the Group has received enquires expressing interests in this property. In view of this and depending on the prevailing market conditions, the Group may consider to offer the property for sale by way of tender.

- (b) No. 15 Gough Hill Road, The Peak, Hong Kong (100% owned)

The property is in the process of being developed into a single house with unique architectural design. Demolition works have been completed and site formation and foundation works will commence soon. 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.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

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

##### *(iii) Properties Under Development/Held For Sale*

During the period, property sales in Hong Kong recognised as revenues of the Group amounted to HK\$7.1 million which were related to the sale of the remaining residential unit in Wuhu Residence in Hunghom. Progress of the other major development projects is as follows:

##### (a) Parkes Residence, No. 101 Parkes Street, Kowloon (100% owned)

The property is close to the Jordan Station of the mass transit railway and will be developed into a commercial/residential building comprising 114 fully furnished apartment units with clubhouse facilities and shopping units at the podium levels (G/F to 2/F). Site formation and foundation works are in progress and the project is expected to be completed in the third quarter of 2015. Pre-sale of the project was launched in March 2013. Up to the date of this report, 56 residential units and the shopping unit at the first and second floor levels have been pre-sold with an aggregate sales value of HK\$533.8 million, and deposits of about HK\$82 million have been received.

##### (b) Villa 28 and Villa 30, Po Shan Road, Hong Kong (50% owned)

The Group owns a 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. Building plans have been approved to develop the property into two semi-detached residences with gross floor area (“GFA”) of about 40,365 *sq. ft.*. However, in the 2013 Policy Address, the Chief Executive had indicated that, in order to increase the supply of housing land in the short to medium term, the Government will actively consider relaxing or lifting a moratorium currently in force which restricts the modification of lease at the mid-level area. In light of this new development, the Group has engaged consultants to evaluate the development strategy of this project with a view to maximize its development potential.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### **(B) International Property Division**

*(i) Malaysia*

Central Plaza, Jalan Sultan Ismail, Kuala Lumpur (100% owned)

Central Plaza, located in the heart of central business district and prestigious shopping area of Kuala Lumpur, has a total GFA of 380,000 *sq. ft.* of retail, office and carparking spaces. During the period, rental and other income from this property amounted to HK\$10.5 million, representing an increase of 2.9% over that of the last corresponding period.

*(ii) Vietnam*

(a) Greenview Garden, Thu Duc District, Ho Chi Minh City (100% owned)

The project covers a site area of 20,300 *sq. m.* and it is planned that a commercial/residential complex with GFA of 94,000 *sq. m.* will be developed on the site. The site is currently vacant and the Group is embarking a study on the development strategy of this project.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### **(B) International Property Division** *(Continued)*

##### *(ii) Vietnam (Continued)*

##### *(b) 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. 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 obligations under the agreement. Accordingly, the Group has made an application to the Vietnam International Arbitration Centre (“VIAC”) for specific performance pursuant to the terms of the agreement. On 2nd May, 2013, the Group was informed by the VIAC that an arbitral award against the joint venture partner was granted in favour of the Group. The arbitral award would enable the Group to take steps to demand the joint venture partner to carry out all necessary licensing procedures for the incorporation of the joint venture company, to obtain the investment licence for the joint venture company for the implementation of the project and to contribute the land use rights of the land site of the project under the joint venture partner’s name to the joint venture company. The joint venture partner has appealed the arbitral award at the court of Vietnam but the appeal was denied by the court. The Group is now in the process of taking steps to enforce the arbitral award against the joint venture partner in accordance with local laws and regulations.

##### *(iii) Taiwan*

##### *sáv Residence, Xinyi District, Taipei City (100% owned)*

The project, located nearby the city centre of Taipei City, is a residential development comprising a villa and 6 apartment units (of which 2 are duplex apartments). Occupation permit has been issued by the relevant authorities and internal decoration works will commence soon. Marketing works for the project have been commenced.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### **(B) International Property Division** *(Continued)*

##### *(iv) Mongolia*

- (a) International Finance Centre, Sukhbaatar District, Ulaanbaatar (100% owned)

The project has a site area of about 3,272 *sq. m.* and is located within the central business district. It is planned that a retail/office building will be developed. Concept design has been approved and detailed building plans have been submitted to the relevant authorities pending approval. Foundation works are completed while application for commencement of superstructure works will only be made when the detailed building plans are being approved.

- (b) The Edelweiss Residence, Sukhbaatar District, Ulaanbaatar (53% owned)

The project has a site area of about 5,600 *sq. m.* and is located nearby the city centre within the embassy district. It is planned that two towers of apartments will be developed. Concept design has been approved and detailed building plans will be submitted to the relevant authorities for approval. Initial phase of the development will comprise of one tower of apartment.

##### *(v) Philippines*

- Pacific Cebu Resort, Cebu (40% owned)

In October 2013, the Group had entered into agreements to acquire a 40% interest in Pacific Cebu Resort for a consideration of about US\$4 million, completion of which is expected to be before the end of 2013. Pacific Cebu Resort is a resort with 136 rooms and abundant diving facilities located at Lapu-Lapu City, Mactan Island in Cebu of Philippines occupying a site area of about 64,987 *sq. m.*. The resort was established in 1992 and is now in full operations. It is planned that, upon completion of the acquisition, the resort will be renovated to include villas and feasibility studies will be carried out to develop the vacant land within the resort (about 20,000 *sq. m.*) into condominiums/villas/shops for sale. The resort will be managed by Sav Hospitality Limited, the hotel management arm of the Group.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### (C) PRC Property Division

All property activities of the Group in the PRC are conducted through Chuang's China Investments Limited ("Chuang's China" and together with its subsidiaries as the "Chuang's China Group"), a 57% owned listed subsidiary of the Group. For the six months ended 30th September, 2013, Chuang's China recorded revenues of HK\$330.1 million (2012: HK\$178.7 million) and profit attributable to equity holders of HK\$66.2 million (2012: HK\$27.7 million).

##### *(i) 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 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 Guangdong province, Fujian province, 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 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.

## 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)*

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.

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.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### (C) PRC Property Division *(Continued)*

##### (i) *Property Development (Continued)*

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

Imperial Garden has a total GFA of 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)*

#### (C) PRC Property Division *(Continued)*

##### (i) Property Development *(Continued)*

- (c) *sáv* Resort & Spa, Xiamen, Fujian (59.5% owned by Chuang's China)

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.

- (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, 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.

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

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.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### (C) PRC Property Division *(Continued)*

##### (i) *Property Development (Continued)*

##### (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 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 Chuang's China 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.

##### (ii) *Property Sales*

For the six months ended 30th September, 2013, property sales of the Group in the PRC recognised as revenues amounted to HK\$318.8 million (2012: HK\$167.9 million), representing an increase of 89.9% compared to that of the last correspondence period.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### **(D) Midas International Holdings Limited (“Midas”)**

Midas is a 60.8% owned listed subsidiary of the Group and is principally engaged in the printing business and the property business focusing on the development and operation of cemetery in the PRC. For the six months ended 30th September, 2013, Midas recorded revenues of HK\$186.0 million (2012: HK\$157.4 million) and loss attributable to equity holders of HK\$14.3 million (2012: HK\$22.0 million). Revenues during the period comprised revenues from the printing business of HK\$180.5 million (2012: HK\$153.7 million) and revenues from the cemetery business of HK\$5.5 million (2012: HK\$3.7 million).

##### *(i) Printing Business*

Rapid development in digital publishing and persistent global economic uncertainty, in particular in the United States of America and Europe, continued to dampen the global printing demand. This environment caused closure of small printing service providers and accelerated the consolidation within the printing industry. With Midas’s established reputation and superior track record with its customers, this trend has benefited the Group as it enables Midas to capture more market share. As a result, during the period under review, Midas achieved a moderate sales growth of 17.4% in the printing division.

In the cost aspects, Midas has successfully streamlined its production process and tightened cost control with the ERP system. Accordingly Midas achieved improved operation efficiency and improved gross profit margin. Midas will continue to enhance the monitoring function in the ERP system and is confident that there will be further enhancement in the gross profit margin of the printing business in the coming years.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### (D) Midas *(Continued)*

##### (i) *Printing Business (Continued)*

Midas's industrial land site located at Coastal Industry Zone in Shatian, Dongguan has an area of approximately 78,000 *sq. m.*. Upon full development, the land site is capable of developing into a factory complex with total gross floor area of 120,000 *sq. m.*. Foundation works have been completed and construction of a dormitory was nearing completion. In order to maximize the utilization of this asset, Midas has expanded the business scope of the land owner to include warehouse operations and will continue to explore alternate usage plan, including wholly or partially leasing out or disposing of the land site to third parties, so as to maximize its value to the shareholders.

Another factory site of Midas is located near the city centre of the Changan, Dongguan. Its surrounding area is well developed and occupied by premium residential and commercial buildings. In view of its high development potential, the local government is considering to rezone and develop the nearby area into an integrated commercial and residential district. Midas has already substantially scaled down its production in the Changan factory and is awaiting final rezoning decision from the local government. Once the government's decision is finalized, Midas will design the layout plan with the view to fully utilize the redevelopment potential of the land.

##### (ii) *Property Business – Cemetery Operation*

Midas operated a cemetery – “Fortune Wealth Memorial Park” in Sihui, Guangdong which comprises a site of 518 mu, of which 100 mu have commenced development, and an adjacent site of 4,482 mu, which has been reserved, making up a total of 5,000 mu.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### (D) Midas *(Continued)*

##### *(ii) Property Business – Cemetery Operation (Continued)*

During the period under review, Midas has expanded its agency network and negotiated with Fengshui masters in the PRC for joint promotion so as to enhance the cemetery awareness and marketability. Furthermore, local government has also approved to establish a martyr memorial cemetery within Fortune Wealth Memorial Park to commemorate martyrs so as to attract people to pay tribute and remembrance to the martyrs. The Group believes that this martyr memorial cemetery can enhance customer awareness and improve sales in the long run.

In order to further enhance the value of the cemetery, Midas continues to review the development plan of the cemetery. Midas has planned to build an additional 2,414 grave plots on the existing 100 mu land, of which 1,042 grave plots are under construction. For long term development purpose, Midas has commenced negotiation with the local government with a view to obtain approval within the 418 mu land for expansion by phases. In the meantime, Midas has revised the master layout plan of the 418 mu land and will submit to the local government for approval. A new road within the 418 mu land is being built to prepare for further construction work on the site.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### (E) Other Businesses

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

Sintex is engaged in the sale of home finishing products under its brand names in Singapore and is 88.2% owned by the Group. During the period, Sintex recorded revenues of HK\$27.0 million (2012: HK\$27.6 million) and incurred a slight net loss of HK\$0.1 million.

(ii) *Securities Investment and Trading*

During the period, securities investment and trading business of the Group recorded a profit of HK\$8.0 million, comprising realised gain on disposal of investments of HK\$1.3 million, dividend and interest income from investments of HK\$0.9 million and fair value gain on investments of HK\$5.8 million as a result of mark to market valuations as at the balance sheet date. As at 30th September, 2013, quoted investments of the Group amounted to HK\$242.6 million, mainly comprising of securities listed on the Stock Exchange.

### FINANCIAL POSITION

As at 30th September, 2013, net assets attributable to equity holders of the Company was HK\$7,612.1 million. Net asset value per share was approximately HK\$4.53, 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, 2013, the Group’s cash and bank balances (including pledged bank balances) and quoted investments amounted to HK\$2,416.5 million (31st March, 2013: HK\$2,081.3 million). Bank borrowings as at the same date amounted to HK\$2,894.4 million (31st March, 2013: HK\$2,557.8 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 6.3% (31st March, 2013: 6.5%).

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

### **FINANCIAL POSITION** *(Continued)*

Approximately 71.1% of the Group's cash and bank balances and quoted investments were denominated in Hong Kong dollar and United States dollar, 28.7% were in Renminbi and the balance of 0.2% were in other currencies. Approximately 84.4% of the Group's bank borrowings were denominated in Hong Kong dollar, 9.6% were in Renminbi and the balance of 6.0% were 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 and ignoring the effect of any repayment on demand clause, approximately 5.4% of the Group's bank borrowings were repayable within the first year, 18.3% were repayable within the second year, 52.2% were repayable within the third to fifth years and the balance of 24.1% were repayable after the fifth year.

### **PROSPECTS**

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 measures have negative impact on the property markets in Hong Kong and the PRC in the short term. Given these uncertainties, the Group will monitor the situation closely and will be cautious and selective in making new investments.

In the coming financial years, 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 local 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, 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. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	896,436,025	<i>Note 1</i>	53.34
Mrs. Alice Siu Chuang Siu Suen ("Mrs. Siu")	273,609,710	<i>Note 2</i>	16.28
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,211,293	Beneficial owner	0.07
Mr. Lui Lop Kay ("Mr. Lui")	119,602	Beneficial owner	0.007

*Note 1: Such interests comprised 698,829,332 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 197,606,693 shares in the Company. Mr. Alan Chuang, Mr. Albert Chuang, Miss Candy Chuang Ka Wai ("Miss Candy Chuang") and Mr. Chong Ka Fung are directors of Evergain.*

*Note 2: Such interests comprised 76,003,017 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 197,606,693 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	889,069,949	Notes 3 & 6	56.92
Mrs. Siu	2,000,000	Beneficial owner	0.13
Miss Candy Chuang	1,047,961	Beneficial owner	0.07
Mr. Lui	12,838	Beneficial owner	0.001

#### (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 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, 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
Evergain	698,829,332	Beneficial owner, <i>Note 1</i>	41.58
Mrs. Chong Ho Pik Yu	698,829,332	<i>Note 2</i>	41.58
Madam Chuang Shau Har (“Madam Chuang”)	198,329,917	<i>Note 3</i>	11.80
Mr. Lee Sai Wai (“Mr. Lee”)	198,329,917	<i>Note 4</i>	11.80

*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 197,606,693 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 723,224 shares in the Company arose by attribution through her spouse, Mr. Lee.*

*Note 4: Interests in 197,606,693 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 723,224 shares in the Company are beneficially owned by Mr. Lee.*

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 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, two independent non-executive directors had not attended the 2013 annual general meeting of the Company 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, 2013 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 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. Fong Shing Kwong and Mr. Yau Chi Ming, 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 Standard 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 SCHEMES**

Pursuant to the ordinary resolutions passed in the annual general meeting of the Company held on 31st August, 2012, a share option scheme of the Company (the “Scheme”) had been adopted, and the share option scheme adopted by Chuang’s China on 31st August, 2012 (the “Chuang’s China Scheme”) and the share option scheme adopted by Midas on 29th August, 2012 (the “Midas Scheme”) had been approved respectively.

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 directors, employees or business consultants 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 group’s long-term prosperity. No options have been granted under the Scheme, the Chuang’s China Scheme and the Midas Scheme since their adoption or approval.

### **STAFF**

As at 30th September, 2013, the Group (excluding Chuang’s China, Midas and their subsidiaries) employed 258 staff, the Chuang’s China group employed 511 staff and the Midas group employed 1,640 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, 28th November, 2013

## CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30th September, 2013

		<b>2013</b>	2012
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Revenues		<b>632,665</b>	463,933
Cost of sales		<b>(407,107)</b>	(290,744)
Gross profit		<b>225,558</b>	173,189
Other income and net gain	6	<b>63,076</b>	45,621
Selling and marketing expenses		<b>(61,276)</b>	(30,469)
Administrative and other operating expenses		<b>(181,196)</b>	(173,402)
Change in fair value of investment properties		<b>297,214</b>	328,906
Operating profit	7	<b>343,376</b>	343,845
Finance costs	8	<b>(24,706)</b>	(27,256)
Share of results of associated companies		<b>879</b>	(294)
Share of result of a jointly controlled entity		<b>(35)</b>	(13)
Profit before taxation		<b>319,514</b>	316,282
Taxation	9	<b>(14,160)</b>	(24,383)
Profit for the period		<b>305,354</b>	291,899
Attributable to:			
Equity holders		<b>286,942</b>	293,143
Non-controlling interests		<b>18,412</b>	(1,244)
		<b>305,354</b>	291,899
Interim dividend	10	<b>34,077</b>	33,050
Earnings per share (basic and diluted)	11	<b>HK cents 17.07</b>	<i>HK cents</i> 18.40

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30th September, 2013

	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Profit for the period</b>	<b>305,354</b>	291,899
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Net exchange differences	<b>11,131</b>	(4,468)
Realisation of exchange reserve upon disposal of a subsidiary	<b>(423)</b>	–
Change in fair value of available-for-sale financial assets	<b>(4,216)</b>	(2,142)
Other comprehensive income/(loss) for the period	<b>6,492</b>	(6,610)
<b>Total comprehensive income for the period</b>	<b>311,846</b>	285,289
Total comprehensive income attributable to:		
Equity holders	<b>284,433</b>	290,406
Non-controlling interests	<b>27,413</b>	(5,117)
	<b>311,846</b>	285,289

# CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30th September, 2013

	<b>30th September, 2013</b>	31st March, 2013
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>		
Property, plant and equipment	<b>284,526</b>	298,872
Investment properties	<b>6,359,709</b>	6,060,410
Leasehold land and land use rights	<b>82,525</b>	83,893
Properties for/under development	<b>657,913</b>	530,120
Cemetery assets	<b>558,747</b>	551,029
Associated companies	<b>11,098</b>	10,219
Jointly controlled entity	–	–
Amount due from a jointly controlled entity	<b>62,297</b>	61,138
Available-for-sale financial assets	<b>131,194</b>	111,050
Loans and receivables	<b>13,003</b>	12,836
	<b>8,161,012</b>	7,719,567
<b>Current assets</b>		
Properties for sale	<b>2,277,594</b>	2,190,179
Inventories	<b>134,443</b>	132,704
Cemetery assets for sale	<b>111,519</b>	111,290
Debtors and prepayments	<b>618,550</b>	623,054
Tax recoverable	<b>339</b>	–
Financial assets at fair value through profit or loss	<b>242,639</b>	247,745
Pledged bank balances	<b>30,478</b>	30,516
Cash and bank balances	<b>2,143,353</b>	1,803,087
	<b>5,558,915</b>	5,138,575



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

		<b>30th September, 2013</b>	31st March, 2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current liabilities</b>			
Creditors and accruals	14	<b>445,394</b>	309,146
Sales deposits received		<b>573,157</b>	366,266
Short-term bank borrowings	15	<b>45,630</b>	26,577
Current portion of long-term bank borrowings	15	<b>245,116</b>	521,572
Convertible note		<b>55,652</b>	–
Dividend payable		<b>50,417</b>	–
Taxation payable		<b>246,939</b>	361,842
		<b>1,662,305</b>	1,585,403
<b>Net current assets</b>			
		<b>3,896,610</b>	3,553,172
<b>Total assets less current liabilities</b>			
		<b>12,057,622</b>	11,272,739
<b>Equity</b>			
Share capital	16	<b>420,138</b>	420,138
Reserves		<b>7,191,968</b>	6,907,535
Proposed final dividend		–	50,417
		<b>7,612,106</b>	7,378,090
Shareholders' funds		<b>1,478,865</b>	1,465,272
Non-controlling interests			
<b>Total equity</b>			
		<b>9,090,971</b>	8,843,362
<b>Non-current liabilities</b>			
Long-term bank borrowings	15	<b>2,603,636</b>	2,009,681
Convertible note		–	52,549
Deferred taxation liabilities		<b>352,834</b>	356,972
Loans from non-controlling interests		<b>10,181</b>	10,175
		<b>2,966,651</b>	2,429,377
		<b>12,057,622</b>	11,272,739

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30th September, 2013

	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Net cash from operating activities	<b>31,352</b>	40,840
Net cash used in investing activities	<b>(44,613)</b>	(17,066)
Net cash from financing activities	<b>342,233</b>	65,622
Net increase in cash and cash equivalents	<b>328,972</b>	89,396
Cash and cash equivalents at the beginning of the period	<b>1,787,097</b>	1,888,759
Exchange difference on cash and cash equivalents	<b>4,395</b>	(498)
Cash and cash equivalents at the end of the period	<b>2,120,464</b>	1,977,657
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	<b>2,143,353</b>	1,984,543
Bank deposits maturing more than three months from date of placement	<b>(22,889)</b>	(6,886)
	<b>2,120,464</b>	1,977,657

# 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	420,138	1,249,436	5,658,099	50,417	7,378,090	1,465,272	8,843,362
Profit for the period	-	-	286,942	-	286,942	18,412	305,354
Other comprehensive income:							
Items that may be reclassified subsequently to profit and loss							
Net exchange differences	-	132	-	-	132	10,999	11,131
Realisation of exchange reserve upon disposal of a subsidiary	-	(241)	-	-	(241)	(182)	(423)
Change in fair value of available-for-sale financial assets	-	(2,400)	-	-	(2,400)	(1,816)	(4,216)
Total comprehensive (loss)/income for the period	-	(2,509)	286,942	-	284,433	27,413	311,846
Transactions with owners:							
Dividend	-	-	-	(50,417)	(50,417)	-	(50,417)
Dividend paid to non-controlling interests	-	-	-	-	-	(13,820)	(13,820)
At 30th September, 2013	<b>420,138</b>	<b>1,246,927</b>	<b>5,945,041</b>	<b>-</b>	<b>7,612,106</b>	<b>1,478,865</b>	<b>9,090,971</b>
At 1st April, 2012	398,211	1,193,770	4,593,925	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:							
Items that may be reclassified subsequently to profit and loss							
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 (loss)/income for the period	-	(2,737)	293,143	-	290,406	(5,117)	285,289
Transactions with owners:							
Dividend	-	-	-	(55,750)	(55,750)	-	(55,750)
Dividend paid to non-controlling interests	-	-	-	-	-	(13,088)	(13,088)
At 30th September, 2012	<b>398,211</b>	<b>1,191,033</b>	<b>4,887,068</b>	<b>-</b>	<b>6,476,312</b>	<b>1,458,856</b>	<b>7,935,168</b>

# NOTES TO THE CONDENSED 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 the 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 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 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.

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

### 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.

#### (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.

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

### 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, securities investment and trading, cemetery and others (including hotel operation). 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	Securities investment and trading HK\$'000	Cemetery HK\$'000	Others and corporate HK\$'000	Total HK\$'000
<b>2013</b>						
Revenues	405,401	213,751	7,984	5,529	-	632,665
Other income and net gain/(loss)	42,902	8,144	-	(29)	12,059	63,076
Operating profit/(loss)	433,865	(13,598)	7,984	(1,788)	(83,087)	343,376
Finance costs	(21,871)	(2,463)	-	(220)	(152)	(24,706)
Share of results of associated companies	25	-	-	-	854	879
Share of result of a jointly controlled entity	(35)	-	-	-	-	(35)
Profit/(loss) before taxation	411,984	(16,061)	7,984	(2,008)	(82,385)	319,514
Taxation (charge)/credit	(14,377)	(166)	-	383	-	(14,160)
Profit/(loss) for the period	397,607	(16,227)	7,984	(1,625)	(82,385)	305,354
<b>As at 30th September, 2013</b>						
Segment assets	10,363,838	502,584	242,639	691,090	1,846,381	13,646,532
Associated companies	2,722	-	-	-	8,376	11,098
Jointly controlled entity	-	-	-	-	-	-
Amount due from a jointly controlled entity	62,297	-	-	-	-	62,297
Total assets	10,428,857	502,584	242,639	691,090	1,854,757	13,719,927
Total liabilities	4,065,646	127,284	-	181,884	254,142	4,628,956
<b>2013</b>						
Other segment items are as follows:						
Capital expenditure	324,646	6,448	-	3,723	1,097	335,914
Depreciation	1,996	14,591	-	346	6,114	23,047
Amortisation of leasehold land and land use rights						
- charged to income statement	16	1,217	-	37	-	1,270
- capitalised into properties	2,000	-	-	-	-	2,000
Write off of trade debtors	-	158	-	-	-	158
Recovery of trade debtors written off	-	919	-	-	-	919



## 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	Securities investment and trading HK\$'000	Cemetery HK\$'000	Others and corporate HK\$'000	Total HK\$'000
2012						
Revenues	285,298 <sup>#</sup>	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 31st March, 2013						
Segment assets	9,767,869	481,499	247,745	680,507	1,609,165	12,786,785
Associated companies	2,697	–	–	–	7,522	10,219
Jointly controlled entity	–	–	–	–	–	–
Amount due from a jointly controlled entity	61,138	–	–	–	–	61,138
Total assets	9,831,704	481,499	247,745	680,507	1,616,687	12,858,142
Total liabilities	3,577,760	111,247	–	177,342	148,431	4,014,780
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

<sup>#</sup> 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	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	84,743	89,909	115,150	51,027
The PRC	337,939	193,768	197,999	260,184
The United States of America	65,475	56,457	-	-
Other countries	144,508	123,799	22,765	16,926
	<b>632,665</b>	<b>463,933</b>	<b>335,914</b>	<b>328,137</b>
	<b>8,016,815</b>	<b>7,595,681</b>	<b>13,719,927</b>	<b>12,858,142</b>
	Non-current assets (Note)		Total assets	
	30th September, 2013	31st March, 2013	30th September, 2013	31st March, 2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	6,221,955	5,854,493	8,671,214	8,121,382
The PRC	1,298,920	1,255,540	4,239,747	3,957,915
Other countries	495,940	485,648	808,966	778,845
	<b>8,016,815</b>	<b>7,595,681</b>	<b>13,719,927</b>	<b>12,858,142</b>

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	9,612	11,477
Loans and receivables	–	550
Dividend income from available-for-sale financial assets	2,776	977
Sale of scraped material	2,752	2,375
Recovery of trade debtors written off	919	1,436
Gain on disposal of a subsidiary (Note)	40,491	–
Gain on transfer of properties from properties for sale to investment properties	673	18,234
Loss on disposal of an investment property	–	(41)
Net (loss)/gain on disposal of property, plant and equipment	(5)	4,141
Gain on disposal of available-for-sale financial assets	1,092	685
Net exchange (loss)/gain	(365)	83
Sundries	5,131	5,704
	<b>63,076</b>	45,621

*Note: On 27th May, 2013, a 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.*

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

7. Operating profit

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Operating profit is stated after crediting:		
Dividend income from listed investments	119	3,024
Interest income from financial assets at fair value through profit or loss	748	748
Net realised gain of financial assets at fair value through profit or loss	1,268	67,124
Fair value gain of financial assets at fair value through profit or loss	<u>5,849</u>	<u>–</u>
and after charging:		
Cost of properties sold	210,206	109,413
Cost of inventories sold	124,716	121,953
Depreciation	23,047	23,616
Amortisation of leasehold land and land use rights	1,270	1,389
Write off of trade debtors	158	2,021
Fair value loss of financial assets at fair value through profit or loss	–	54,650
Fair value loss on derivative financial instruments	–	29,867
Staff costs, including Directors' emoluments		
Wages and salaries	112,243	92,694
Retirement benefit costs	<u>2,708</u>	<u>2,300</u>

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

### 8. Finance costs

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest expenses		
Bank borrowings wholly repayable within five years	25,914	9,151
Bank borrowings wholly repayable after five years	9,347	15,106
Bank overdraft wholly repayable within five years	56	–
Convertible note wholly repayable within five years	3,721	4,030
	<u>39,038</u>	<u>28,287</u>
Fair value adjustment of trade debtors	<u>220</u>	–
Amount capitalised into		
Investment properties	(61)	–
Properties for/under development	(1,272)	–
Properties for sale	(9,498)	(1,031)
Cemetery assets	(3,721)	–
	<u>(14,552)</u>	<u>(1,031)</u>
	<u>24,706</u>	<u>27,256</u>

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 2.36% to 6.15% (2012: 1.64% to 6.15%) per annum, whereas the capitalised effective rate for cemetery assets is 14.86% (2012: N/A) per annum.

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

### 9. Taxation

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	(160)	–
Overseas profits tax	(19)	12
PRC corporate income tax	18,211	11,768
PRC land appreciation tax	1,570	4,728
Deferred taxation	(5,442)	7,875
	<u>14,160</u>	<u>24,383</u>

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit for the period (2012: Nil). Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates. PRC land appreciation tax is levied at the progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures.

Share of taxation charge of associated companies for the six months ended 30th September, 2013 of HK\$178,000 (2012: taxation credit of HK\$46,000) 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 (2012: Nil).

### 10. Interim dividend

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interim scrip dividend with a cash option of 2.0 HK cents (2012: 2.0 HK cents) per share	<u>34,077</u>	<u>33,050</u>

On 28th November, 2013, the Board of Directors declared an interim scrip dividend with a cash option of 2.0 HK cents (2012: 2.0 HK cents) per share amounting to HK\$34,077,000 (2012: HK\$33,050,000). The amount of HK\$34,077,000 is calculated based on 1,703,826,214 issued shares as at 28th 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.

## NOTES TO THE CONDENSED 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\$286,942,000 (2012: HK\$293,143,000) and the weighted average number of 1,680,550,531 (2012: 1,592,844,917) 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 and the convertible notes issued by a subsidiary are anti-dilutive.

### 12. Capital expenditure

For the six months ended 30th September, 2013, the Group acquired property, plant and equipment of HK\$9,051,000 (2012: HK\$8,775,000) and incurred acquisition and development costs of properties and cemetery assets of HK\$326,863,000 (2012: HK\$319,362,000).

### 13. Debtors and prepayments

Rental income and management fees are received 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 180 days. The aging analysis of the trade debtors of the Group is as follows:

	<b>30th September, 2013 HK\$'000</b>	31st March, 2013 HK\$'000
Below 30 days	<b>43,321</b>	63,215
31 to 60 days	<b>29,198</b>	20,322
61 to 90 days	<b>26,470</b>	12,184
Over 90 days	<b>27,951</b>	26,622
	<b>126,940</b>	122,343

Debtors and prepayments include net deposits of HK\$378,802,000 (31st March, 2013: HK\$394,583,000) for property development projects and acquisition of properties and leasehold land and land use rights in Hong Kong, the PRC and Vietnam after the accumulated impairment losses of HK\$31,000,000 (31st March, 2013: HK\$38,955,000) 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:

	<b>30th September, 2013</b>	31st March, 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Below 30 days	43,985	33,872
31 to 60 days	9,509	7,549
Over 60 days	12,368	10,331
	<u>65,862</u>	<u>51,752</u>

Creditors and accruals include the construction cost payables and accruals of HK\$137,961,000 (31st March, 2013: HK\$92,537,000) for the property development projects of the Group.

### 15. Borrowings

	<b>30th September, 2013</b>	31st March, 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unsecured bank borrowings		
Short-term bank borrowings	34,981	26,577
Long-term bank borrowings	14,880	18,840
	<u>49,861</u>	<u>45,417</u>
Secured bank borrowings		
Short-term bank borrowings	10,649	–
Long-term bank borrowings	2,833,872	2,512,413
	<u>2,844,521</u>	<u>2,512,413</u>
Total bank borrowings	<u>2,894,382</u>	<u>2,557,830</u>



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

### 15. Borrowings (Continued)

The long-term bank borrowings are analysed as follows:

	<b>30th September, 2013</b>	31st March, 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Long-term bank borrowings		
Wholly repayable within five years*	<b>1,704,796</b>	1,369,556
Wholly repayable after five years*	<b>1,143,956</b>	1,161,697
	<u><b>2,848,752</b></u>	<u>2,531,253</u>
Current portion included in current liabilities		
Portion due within one year	<b>(109,797)</b>	(388,691)
Portion due after one year which contains a repayment on demand clause	<b>(135,319)</b>	(132,881)
	<u><b>(245,116)</b></u>	<u>(521,572)</u>
	<u><b>2,603,636</b></u>	<u>2,009,681</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:

	<b>30th September, 2013</b>	31st March, 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within the first year	<b>155,427</b>	415,268
Within the second year	<b>528,945</b>	105,396
Within the third to fifth years	<b>1,513,514</b>	1,280,883
After the fifth year	<b>696,496</b>	756,283
	<u><b>2,894,382</b></u>	<u>2,557,830</u>

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

### 16. Share capital

	30th September, 2013 HK\$'000	31st March, 2013 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>		
1,680,550,531 shares of HK\$0.25 each	<u>420,138</u>	<u>420,138</u>

### 17. Financial guarantees

As at 30th September, 2013, the Company had provided a guarantee of HK\$117,000,000 (31st March, 2013: HK\$117,000,000) for the banking facility granted to a jointly controlled entity, and 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\$627,937,000 (31st March, 2013: HK\$421,266,000) and available-for-sale financial assets of HK\$101,368,000 (31st March, 2013: Nil) respectively.

### 19. Pledge of assets

As at 30th September, 2013, the Group had pledged certain assets including property, plant and equipment, investment properties, properties for sale and bank deposits, with an aggregate carrying value of HK\$6,787,922,000 (31st March, 2013: HK\$6,758,028,000), to secure general banking and financial guarantee facilities granted to the subsidiaries.