



CHUANG'S CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 367

2017
INTERIM REPORT



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CORPORATE INFORMATION

Directors

Alan Chuang Shaw Swee (*Chairman*)
Albert Chuang Ka Pun (*Joint Managing Director*)
Chong Ka Fung (*Joint Managing Director*)
Candy Kotewall Chuang Ka Wai
Richard Hung Ting Ho
Wong Chung Wai
Chan Chun Man
Abraham Shek Lai Him, G.B.S., J.P.*
Fong Shing Kwong*
Yau Chi Ming*
David Chu Yu Lin, S.B.S., J.P.*
Tony Tse Wai Chuen, B.B.S.*

** 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**

Albert Chuang Ka Pun#
Chong Ka Fung
Candy Kotewall Chuang Ka Wai
Chan Chun Man

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:
MUG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong:
Tricolor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

CORPORATE INFORMATION *(Continued)*

Principal Bankers	The Hongkong and Shanghai Banking Corporation Limited HSBC Bank (China) Company Limited Hang Seng Bank Limited Hang Seng Bank (China) Limited Bank of China (Hong Kong) Limited CIMB Bank Berhad
Registered Office	Clarendon House, 2 Church Street Hamilton HM 11, Bermuda
Principal Office in Hong Kong	25th Floor, Alexandra House 18 Chater Road, Central, Hong Kong Telephone: (852) 2522 2013 Facsimile: (852) 2810 6213 Email address: chuangs@chuangs.com.hk Website: www.chuang-consortium.com
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Malaysia Office	16th Floor, Central Plaza 34 Jalan Sultan Ismail, 50250 Kuala Lumpur Malaysia
Vietnam Office	Room 704, 7th Floor Capital Place Building 6 Thai Van Lung Street, District 1 Ho Chi Minh City, Vietnam
Mongolia Office	3rd Floor, Eastern Section New Century Plaza Chinggis Avenue-15 Sukhbaatar District-1 14251 Ulaanbaatar, Mongolia
Stock Code	367

MANAGEMENT DISCUSSION ON RESULTS

The board of Directors (the “Board”) of Chuang’s Consortium International Limited (the “Company”) presents the interim report including the condensed consolidated interim financial information of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30th September, 2016. 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, 2016, and the condensed consolidated balance sheet as at 30th September, 2016 along with the notes thereon, are set out on pages 31 to 56 of this report.

FINANCIAL REVIEW

Profit attributable to equity holders of the Company for the six months ended 30th September, 2016 amounted to HK\$402.5 million (2015: HK\$94.7 million), representing an increase of approximately 3.3 times compared to that of the last corresponding period. Earnings per share was 23.88 HK cents (2015: 5.46 HK cents).

For the six months ended 30th September, 2016, revenues and net gain of the Group amounted to HK\$763.2 million (2015: HK\$678.7 million), representing an increase of 12.5% compared to that of the last corresponding period. This was mainly due to the increase in property sales recognized by the Group and the increase in revenues and net gain generated from securities investment and trading business. Revenues and net gain of the Group comprised revenues from sales of properties of HK\$418.9 million (2015: HK\$363.0 million), revenues from rental and other income of investment properties of HK\$91.3 million (2015: HK\$85.0 million), revenues from hotel operation of HK\$41.8 million (2015: HK\$46.7 million), revenues from sales of goods and merchandises of HK\$143.0 million (2015: HK\$174.4 million), revenues from cemetery business of HK\$9.5 million (2015: HK\$10.4 million), revenues from money lending business of HK\$3.9 million (2015: Nil) and revenues and net gain from securities investment and trading business of HK\$54.8 million (2015: loss of HK\$0.8 million).

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL REVIEW*(Continued)*

As a result of the increase in revenues and net gain generated from sales of properties and securities investment and trading business, gross profit during the period increased to HK\$335.5 million (2015: HK\$263.2 million), representing an increase of 27.5% compared to that of the last corresponding period. Other income and net gain decreased to HK\$37.0 million (2015: HK\$106.5 million) mainly due to the absence of a gain arising from the write-back of a provision for tax indemnity on disposal of a subsidiary recorded in the last corresponding period. A breakdown of other income and net gain is shown in note 7 on page 45 of this report. Furthermore, the Group also recorded an overall upward revaluation surplus of HK\$425.2 million (2015: HK\$166.6 million) for its investment properties, mainly reflecting the continued improvement in property prices of certain of our investment properties in Hong Kong and the People's Republic of China (the "PRC") during the period, of which HK\$277.2 million was related to No. 15 Gough Hill Road, The Peak.

During the period under review, the Group's operating costs were largely in line with the last corresponding period with selling and marketing expenses decreased by 6.4% to HK\$47.9 million (2015: HK\$51.2 million), administrative and other operating expenses increased slightly by 1.4% to HK\$235.0 million (2015: HK\$231.8 million) and finance costs decreased by 5.1% to HK\$41.3 million (2015: HK\$43.5 million). Share of profit of associated companies and joint ventures amounted to HK\$28.5 million (2015: loss of HK\$0.3 million) mainly due to the share of revaluation gain arising on properties owned by a joint venture. Taxation, which mainly relates to tax paid or payable on sales of properties, decreased to HK\$58.2 million (2015: HK\$99.5 million) mainly due to lower profit margin on sales of properties recognized by the Group in the PRC.

INTERIM DIVIDEND

After taking into account the need to maintain sufficient financial resources for the working capital of the Group's projects and businesses, the Board has resolved to pay an interim dividend of 3.0 HK cents (2015: 2.0 HK cents) per share on or before Thursday, 19th January, 2017 to the shareholders whose names appear on the Company's register of members on Friday, 30th December, 2016.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW

(A) Investment Properties

(i) *Hong Kong*

The Group owns a high-quality portfolio of investment properties in Hong Kong which generates strong recurrent income stream to the Group. Major investment properties of the Group in Hong Kong comprise (a) Chuang's Tower in Central, (b) Chuang's London Plaza in Tsim Sha Tsui, (c) House A, No. 37 Island Road in Deep Water Bay and (d) No. 15 Gough Hill Road in The Peak (which is now under redevelopment). The total gross area of the Group's investment properties in Hong Kong amounted to about 190,000 *sq. ft.* comprising retail, office and high-class residential spaces. Rental and other income from investment properties in Hong Kong during the period amounted to HK\$69.1 million, representing an increase of approximately 3.1% over that of the last corresponding period.

The redevelopment of No. 15 Gough Hill Road, The Peak into a single house with unique architectural design has been progressing satisfactorily. Site formation and foundation works are in progress which will be followed closely by the superstructure works. On 9th June, 2016, the Group entered into a sale and purchase agreement with an independent third party for the disposal of the property holding subsidiary that holds this property for a consideration of HK\$2.1 billion (subject to adjustment). The consideration will be satisfied as to approximately 80% by cash and as to approximately 20% by a commercial property located in Luohu District, Shenzhen, the PRC. A cash deposit and part payment of HK\$315 million had been received by the Group as of todate. The disposal had been approved by the shareholders of the Company on 8th August, 2016 and the disposal is expected to be completed in the third quarter of 2018. The disposal, upon completion and after taking into account the revaluation gain of the property recorded in the period under review, is expected to generate a further net gain of about HK\$790 million to the Group. Details of the disposal are set out in the circular of the Company dated 20th July, 2016.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(A) Investment Properties *(Continued)*

(ii) Malaysia

In Malaysia, the Group owns Central Plaza which is located at the heart of central business district and prestigious shopping area of Kuala Lumpur. The property has a total gross floor area (“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\$10.7 million, representing an increase of approximately 7.0% over that of the last corresponding period.

(iii) Taiwan

In Taiwan, the Group owns sáv Residence which is located nearby the city centre of Taipei City. The property is a residential complex developed by the Group and comprises a villa and 6 apartment units (of which 2 are duplex) with total GFA of about 20,600 *sq. ft.*. During the period, rental income from this property amounted to approximately HK\$1.0 million.

(B) Investment in Hotels

(i) Hong Kong

Hotel sáv, which commenced operation in mid-February 2015, is located at the heart of Hunghom, Kowloon and comprises 388 rooms together with shopping units at the ground floor level. Total revenues from the hotel operation during the period amounted to HK\$41.8 million, representing a decrease of 10.5% compared to that of the last corresponding period. This was mainly attributable to the decrease in revenues generated from the food and beverage operation. The average room rate of the hotel during the period was about HK\$570 and the average occupancy rate of the hotel was about 87%.

As the food and beverage operation of the hotel had not been profitable, the Group had in October 2016 ceased the operation of one restaurant located at the first floor and leased out the premises to a third party in order to generate additional income. Furthermore, as the hotel had been in operation for more than one year and has gained recognition in the industry by winning a number of awards, the Group has since October 2016 gradually increased the room rates of the hotel. With all these measures, together with the recent opening of the Ho Man Tin Station and the Whampoa Station of the Kwun Tong Line Extension of the Mass Transit Railway, the Group believes that the operating results of the hotel will be improved in the medium to long term.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(B) Investment in Hotels *(Continued)*

(ii) Philippines

Pacific Cebu Resort, which is 40% owned by the Group, is a resort established in 1992 with 136 rooms and abundant diving facilities. It is located at Lapu-Lapu City, Mactan Island in Cebu of Philippines occupying a site area of about 64,987 *sq. m.*. The average room rate and the average occupancy rate of the hotel during the period were about US\$60 and 73%, respectively. Currently, the Group is conducting feasibility studies to expand the scale of the resort by about 80 rooms to 216 rooms and to develop a vacant land within the resort (about 20,000 *sq. m.*) into hotels/condominiums/villas/shops in order to create more value for this investment.

(C) Properties Under Development

(i) Hong Kong

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

The property is close to the Jordan Station of the Mass Transit Railway and had been developed into a 25-storey commercial/residential building comprising 114 fully furnished studio units with clubhouse facilities and shopping units at the podium levels (G/F to 2/F). The occupation permit was issued in December 2015. During the period under review, sales of 3 residential units with net sales value of HK\$16.0 million were completed while sales of 2 residential units with sales value of HK\$13.4 million are expected to be completed in the second half of this financial year. As to the remaining 21 residential units and 3 units of the ground floor shops, the Group has leased them out in order to generate additional income.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) Properties Under Development *(Continued)*

(i) *Hong Kong (Continued)*

(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 GFA of about 40,662 *sq. ft.*. Currently, the Group is evaluating the benefits and the possibility of developing the property into a single residence. Demolition works of the project have been completed. Plans for the site formation and foundation works have been approved and the Group is in the process of evaluating tenders for such works.

(ii) *Mongolia*

(a) *International Finance Centre, Sukhbaatar District, Ulaanbaatar, Mongolia (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 with GFA of about 40,000 *sq. m.* will be developed. Detailed building plans have been approved. Basement works have been completed up to the ground floor level while the Group is currently evaluating tenders for the superstructure works, which is expected to commence in the second quarter of 2017.

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

The project is located in the city centre within the embassy district. It is planned that a serviced apartment with GFA of about 19,000 *sq. m.* and 48 carparking spaces will be developed. Total development cost of this project (including land cost) is expected to be about US\$22 million. Superstructure works have been topped off and internal and external finishing works are in progress. The project is expected to be completed in the third quarter of 2017. Marketing work will commence soon.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) Properties Under Development *(Continued)*

(iii) Vietnam

(a) Greenview Garden, Thu Duc District, Ho Chi Minh City, Vietnam (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 construction permit has been obtained. The discussion with a third party for a possible joint venture of this project has been terminated. The Group is currently considering the disposal of this project to third party by way of tender, and in this respect, an international real estate agency has been appointed as the sales agent.

(b) Duc Hoa District, Long An Province, Vietnam

As disclosed in the 2016 annual report of the Company, the Group is still in the process of enforcing the arbitral award in accordance with its terms and seeking further legal advice as to any alternative courses of action in order to speed up the return of this investment.

(D) Chuang's China Investments Limited ("Chuang's China", stock code: 298) (57.4% owned)

Chuang's China and its subsidiaries (the "Chuang's China Group") are principally engaged in, inter alia, property development and investment. For the six months ended 30th September, 2016, the Chuang's China Group recorded profit attributable to equity holders of HK\$87.7 million (2015: HK\$65.4 million) and revenues and net gain of HK\$432.2 million (2015: HK\$368.5 million) (which comprised revenues from sales of properties in the PRC of HK\$391.8 million (2015: HK\$358.7 million), revenues from rental of investment properties and other related income in the PRC of HK\$10.5 million (2015: HK\$7.5 million), revenues from sales and trading business of HK\$0.8 million (2015: HK\$0.9 million) and revenues and net gain from securities investment and trading business of HK\$29.1 million (2015: HK\$1.4 million)).

During the period under review, the Chuang's China Group has strategized some major moves in its business operations. The Chuang's China Group grasped the opportunity of the rising market trend and disposed of its property development project in Dongguan, the PRC, in August 2016. Then in November 2016, the Chuang's China Group has successfully acquired a prime freehold property interests in London, United Kingdom, which further strengthens the portfolio of investment properties.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(D) Chuang's China *(Continued)*

Update information about the Chuang's China Group's business progress is as follows:

(i) *Investment Properties*

The Chuang's China Group holds the following portfolio as investment properties with an attributable aggregate GFA of approximately 170,000 *sq. m.*.

- (a) The industrial property located at Changan (長安), Dongguan, with a GFA of about 39,081 *sq. m.*, is entirely leased out and the tenancy will expire in 2023.
- (b) Chengdu Digital Plaza Level 6 at Wuhou District (武侯區), Chengdu, having a GFA of 4,255 *sq. m.*, is subject to a lease expiring in 2019.
- (c) Five office units at R&F Yingkai Square (富力盈凱廣場), which is located in the CBD of Zhujiang New Town (珠江新城) in Guangzhou, having a total GFA of 896 *sq. m.* and is subject to a lease expiring in 2018.
- (d) Chuang's Mid-town at Tie Dong Qu (鐵東區) in Anshan consists of a 6-level commercial podium providing an aggregate GFA of about 29,616 *sq. m.*. Above the podium will be a twin tower (Block AB and C) with 27 and 33-storey respectively, offering total GFA of about 63,000 *sq. m.* as office, residential and service apartments. Superstructure works of the commercial podium and the twin tower have topped off. Internal and external finishing works are in satisfactory progress. The Chuang's China Group has appointed an international real estate agency as leasing agent to carry out marketing campaign on this project.
- (e) Chuang's Le Papillon at Guangzhou has completed commercial properties with aggregate GFA of 1,181 *sq. m.*. Commercial properties with GFA of about 867 *sq. m.* are subject to tenancies with the latest one expiring in 2023, while the remaining GFA of about 314 *sq. m.* is to be leased out.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(D) Chuang's China *(Continued)*

(i) *Investment Properties (Continued)*

- (f) Chuang's New City at Dongguan has commercial properties of about 7,935 *sq. m.* which are subject to various leases expiring from 2016 to 2025. Additional investment properties under construction at Chuang's New City have a total GFA of about 5,173 *sq. m.*. On 28th August, 2016, the Chuang's China Group announced the disposal of the entire interests in the Dongguan property development project together with all of these investment properties. Completion of the disposal took place on 27th October, 2016.
- (g) On 6th November, 2016, the Chuang's China Group announced the acquisition of the freehold interests in an office property (with a GFA of 77,652 *sq. ft.*), 6–12 Fenchurch Street, in the prime location of City of London, United Kingdom at a net consideration of approximately GBP79 million (equivalent to approximately HK\$764 million), which represented about GBP1,017 (equivalent to approximately HK\$9,845) per *sq. ft.*. This acquisition was completed on 24th November, 2016. This property is virtually fully leased to various tenants generating annual rental income in 2016 of approximately GBP3.4 million (equivalent to approximately HK\$32.9 million), representing a current yield of approximately 4.3%. The Group believes that such rental income will be further enhanced after the rent review on existing tenancies in the next six months after completion.
- (h) The Xiamen Mingjia Hotel (廈門銘家酒店) comprises 30 villas (aggregate GFA of about 9,376 *sq. m.*) and a 6-storey hotel building with 100 guest-rooms (gross area of 9,780 *sq. m.*). The Chuang's China Group intends to lease the hotel building and the 30 villas with a view to further enhance recurring income. Negotiations with prospective tenant on leasing of the hotel building are in advanced stage, whereas marketing on leasing of the 30 villas is in satisfactory progress. The Chuang's China Group owns an effective 59.5% interests in this joint venture.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(D) **Chuang's China** *(Continued)*

(ii) Property Development

(a) Chuang's New City, Dongguan, Guangdong (100% owned by Chuang's China)

Chuang's New City is divided into different phases of development. The Chuang's China Group has completed an aggregate GFA of over 280,000 *sq. m.*, comprising phase I (Shatian Garden), phase II (Gold Coast) and phase III (Imperial Garden, comprising Blocks 1 to 14 and 29 to 31). It has 44 residential buildings providing a total of 2,589 flats, modern commercial shopping complex and 649 carparking spaces. It is well equipped with ancillary facilities such as club house, kindergarten and sports arena. During the period under review, occupancy of Block 29 to 31 of Imperial Garden were handed over to buyers and therefore the contracted sales were recorded as revenues of the Group.

Within this project, there are a total of 323,492.86 *sq. m.* of GFA available for future development. On 28th August, 2016, the Chuang's China Group announced the disposal of the entire interests in this project (with the exception of the administration building with GFA of 4,166 *sq. m.* and certain completed properties which will still be retained by the Chuang's China Group), at a cash consideration of approximately RMB1,330.4 million (equivalent to approximately HK\$1,545.9 million). Completion of this disposal took place on 27th October, 2016, and the estimated net gain to the Chuang's China Group of approximately HK\$1.2 billion will be accounted for in the second half of this financial year.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(D) **Chuang's China** *(Continued)*

(ii) **Property Development** *(Continued)*

(b) *Chuang's Le Papillon, Guangzhou, Guangdong (100% owned by Chuang's China)*

Chuang's Le Papillon is an integrated residential and commercial community and is also divided into different phases. Phase I and II (Block A to P) have a total GFA of approximately 260,800 *sq. m.*. It comprises 34 high-rise residential towers with a total of 2,077 flats and 22 villas, commercial podium, club houses and 1,497 carparking spaces.

The residential properties of Phase I and II of Chuang's Le Papillon have largely been sold out. Currently, the project has contracted sales of about RMB14 million (equivalent to approximately HK\$16 million), which will be recognized as revenues of the Group when these sales are completed. Furthermore, there are residential properties available for sale of about RMB41 million (equivalent to approximately HK\$46 million) and car parks of about RMB136 million (equivalent to approximately HK\$153 million). As for the 22 villas (Block P) with GFA of approximately 6,987 *sq. m.*, the Chuang's China Group intends to lease them out in order to benefit from the long-term asset appreciation.

For the remaining development (Phase III), the Chuang's China Group owns a land of over 92,000 *sq. m.*. The Group is currently reviewing the feasibility to increase the development plot ratio of the site with a view to enhance the value of this project. The Group will also explore other option (including disposal) which may be available to speed up realizing the stored value in this project.

(c) *Chuang's Plaza, Anshan, Liaoning (100% owned by Chuang's China)*

Adjacent to Chuang's Mid-town, the second site of the Chuang's China Group is located in the prime city centre of Tie Dong Qu (鐵東區). With a developable GFA of 390,000 *sq. m.*, the site will provide a mega integrated development including office towers, retail, food and beverage and entertainment facilities together with residential blocks. Master planning is in progress and the Group will adopt a longer term planning for this project.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(D) **Chuang's China** *(Continued)*

(ii) **Property Development** *(Continued)*

- (d) *Yip Wong Road, Tuen Mun, New Territories, Hong Kong (100% owned by Chuang's China)*

The site has an area of about 2,428 *sq. m.* and has developable GFA of 10,862 *sq. m.* for residential purpose and 2,400 *sq. m.* for commercial purpose. The site is located along the riverside recreation park, overlooking Tuen Mun River. Along the promenade right in front of the site, it is within leisure walking distance to the nearby landmark commercial mall.

Building plans of the development project have been approved. Contract for excavation and lateral support works and foundation works has been awarded. Excavation and lateral support works have commenced. It is expected that foundation works will be completed in the third quarter of 2017.

- (e) *Other property projects in the PRC*

The Chuang's China Group owns an effective interest of 54% of a property development project in Changsha. As at 30th September, 2016, the Chuang's China Group's total investment costs amounted to about HK\$78 million. Unsold properties (total residential GFA of 18,400 *sq. m.* and commercial GFA of 11,600 *sq. m.*) of this project have a total book costs of about HK\$113 million. Within the commercial area, the Group is planning for a hotel with 117 guest-rooms. The Group will liaise with the local government authorities in renewing the operating license of the joint venture company which has expired since 2012.

The Chuang's China Group holds a 51% development interest in a project in Wuhou District, Chengdu. As at 30th September, 2016, the Chuang's China Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK\$170.8 million). The Chuang's China Group has launched legal proceedings in May 2016 in order to recoup the investment in this project. The aggregate amounts demanded by the Chuang's China Group is approximately RMB435 million (equivalent to approximately HK\$488.0 million). Further announcement(s) about the legal proceeding will be made by the Company as and when appropriate.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(D) **Chuang's China** *(Continued)*

(iii) Investments

During the period under review, the Chuang's China Group has acquired further shares in CNT Group Limited ("CNT") (a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) on the market and held over 18% shareholding interests. With reference to the higher closing share price of CNT as at 30th September, 2016 of HK\$0.76 (31st March, 2016: HK\$0.295), the book value of the Chuang's China Group in this investment increased to approximately HK\$266.8 million (31st March, 2016: HK\$96.0 million).

(E) **Midas International Holdings Limited ("Midas", stock code: 1172) (60.8% owned)**

Midas and its subsidiaries (the "Midas Group") are principally engaged in, inter alia, the printing business and property business. For the six months ended 30th September, 2016, the Midas Group recorded profit attributable to equity holders of HK\$9.5 million (2015: HK\$94.6 million) and revenues and net gain of HK\$132.0 million (2015: HK\$152.0 million) (which comprised revenues from printing business of HK\$113.8 million (2015: HK\$141.5 million), revenues from cemetery business of HK\$9.5 million (2015: HK\$10.4 million), revenues from rental of investment property business of HK\$0.5 million (2015: Nil) and revenues and net gain from securities investment and trading business of HK\$8.2 million (2015: HK\$0.1 million)).

(i) Printing Business

As customers were cautious in placing orders amidst the uncertain economic outlook, revenues of the printing business during the period amounted to HK\$113.8 million, representing a decrease of 19.6% compared to that of the last corresponding period. In order to achieve an improvement in revenues, the Midas Group has strengthened its marketing team and set up a new design division for provision of design service to its customers. The Midas Group will further broaden its clientele through proactive promotion of creative product designs to attract more customers and orders, especially in the luxurious packaging sector for better profit margin.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Midas *(Continued)*

(i) *Printing Business (Continued)*

In the cost aspects, the Midas Group streamlined production flow and increased automation so as to reduce reliance on labour force and at the same time enhance the cost efficiency. Continuous modification in enterprise resources planning system ensured proper and better allocation of resources. As a result, the Midas Group achieved an overall 18% reduction in headcount and significant savings in both production costs and administrative expenses which resulted in a profit being recorded for the printing business during the period under review.

(ii) *Property for Sales – Cemetery Operations*

The Midas Group operates a cemetery – “Fortune Wealth Memorial Park” in Sihui, Guangdong which comprises a site of 518 mu, of which 100 mu have been substantially completed and remaining 418 mu have commenced design work, and an adjacent site of 4,482 mu, which has been reserved, making up a total of 5,000 mu.

In the sales aspect, as the Guangzhou district was a major market for our cemetery, the Midas Group concentrated its resources to develop this market. The Midas Group now operates six sales offices in southern China region and will continue to strengthen its marketing team for further growth in cemetery sales.

In the development aspect, the Midas Group has completed 12 graveyards (area M1 to M12) and a mausoleum which can accommodate niches on the 100 mu of land. As of to-date, there are 5,485 grave plots already built, of which 1,516 grave plots are sold, leaving 3,969 grave plots available for sales.

Recently the Midas Group has obtained approval from the local government to develop a further 46.8 mu of land for sales purpose within the 418 mu area. Land use rights certificates for this 46.8 mu of land will be obtained in due course and the Midas Group plans to build an additional 4,300 grave plots on this piece of land. In anticipation of the growing demand of prestigious grave plots, the Midas Group will continue to negotiate with the local government for obtaining the approval (including land quota) to develop the remaining land within the 418 mu area by phases.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Midas *(Continued)*

(iii) Property for Investment

The Midas Group had acquired a commercial property located at Shop D, Ground Floor, Wuhu Residence, No. 111 Wuhu Street, Hunghom, Kowloon, with a total gross area of about 1,588 *sq. ft.*. The property is now leased to a third party and generated steady rental income. The Midas Group may in future acquire more investment properties so as to generate more recurrent income.

(iv) Information Technology Business

Leveraging on the experience in the information technology business, the Midas Group concentrates to explore investment opportunities in the e-commerce business. The Midas Group continues to strengthen its technical team and infrastructure to broaden its capabilities in system development and information technology consulting services. In addition to expanding its client-driven business, the Midas Group is also actively exploring investment opportunities in information technology projects and platforms that can accumulate a substantial user base in the future.

(v) Prospects of the Midas Group

The Midas Group achieved a turnaround to profit for the printing business during the period under review. This resulted from the cost savings gained from lean manufacturing and effective cost control measures. Moving forward, the Midas Group will continue to expand its customer base and develop domestic sales in the PRC. The management is fully cognizant of the challenge ahead, and will act cautiously to achieve growth on the strength of a professional service team and effective production framework.

Due to limited supply of graveyard and related establishment in the Pearl River Delta region, the demand of prestigious grave plots and niches for cremation urns remains high. The Midas Group believes that cemetery business, in the long run, has growth opportunities and is optimistic of its long term prospect.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) **Midas** *(Continued)*

(v) *Prospects of the Midas Group (Continued)*

In order to generate additional sources of revenues, the Midas Group has invested in the bond market and continues to search for new business opportunities in the property investment and information technology sector. In addition, the Midas Group will continue to evaluate the development strategies of its printing and cemetery businesses and such strategies may include enticement of investor, establishment of strategic partnership, or disposing part or whole of such businesses in order to recognize their inherent values.

(F) **Other Businesses**

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

Sintex is engaged in the sales of home finishing products under its own brand names in Singapore and is 88.2% owned by the Group. During the period, Sintex recorded revenues of HK\$28.4 million (2015: HK\$32.0 million), and incurred a loss of HK\$1.3 million (2015: HK\$1.4 million).

(ii) *Securities Investment and Trading*

During the period, securities investment and trading business of the Group recorded a profit of HK\$54.8 million, comprising mainly interest and dividend income from investments of HK\$31.1 million, and fair value gain on investments of HK\$23.7 million as a result of mark to market valuations as at the balance sheet date. As at 30th September, 2016, investments of the Group amounted to HK\$904.0 million, of which HK\$503.3 million were held by the Chuang’s China Group and HK\$113.8 million were held by the Midas Group, and comprised as to HK\$837.5 million for investments in high yield bonds and as to HK\$66.5 million for investments in securities listed on the Stock Exchange.

MANAGEMENT DISCUSSION ON RESULTS (Continued)

BUSINESS REVIEW (Continued)

(F) Other Businesses (Continued)

(ii) Securities Investment and Trading (Continued)

Set out below is further information of the investments of the Group as at 30th September, 2016:

(a) Bonds investments

Stock code	Bond issuer	Face value of bonds held US\$'000	Market value as at		Percentage of market value to the Group's net assets as at 30th September, 2016	Fair value gain for the period ended 30th September, 2016 HK\$'000	Interest income for the period ended 30th September, 2016 HK\$'000
			30th September, 2016 HK\$'000	30th September, 2016			
813	Shimao Property Holdings Limited	34,000	303,859	3.37%	7,636	11,046	
3333	China Evergrande Group	29,150	255,768	2.83%	3,678	12,084	
2007	Country Garden Holdings Company Limited	28,000	227,851	2.53%	5,565	5,237	
1038	Cheung Kong Infrastructure Holdings Limited	4,000	33,388	0.37%	660	911	
2777	CaiFu Holdings Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Company Limited	2,000	16,624	0.18%	16	678	
			837,490	9.28%	17,555	29,956	

(b) Securities investments

Stock code	Investee company	Number of shares held	Market value as at		Percentage of market value to the Group's net assets as at 30th September, 2016	Fair value gain for the period ended 30th September, 2016 HK\$'000	Dividend income for the period ended 30th September, 2016 HK\$'000
			30th September, 2016 HK\$'000	30th September, 2016			
1113	Cheung Kong Property Holdings Limited	850,000	48,110	0.54%	5,695	1,210	
1638	Kaisa Group Holdings Limited	11,000,000	17,160	0.19%	-	-	
276	Mongolia Energy Corporation Limited	4,349,500	1,261	0.01%	452	-	
			66,531	0.74%	6,147	1,210	

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(F) Other Businesses *(Continued)*

(ii) *Securities Investment and Trading (Continued)*

(c) *Brief description of principal business of the respective bond issuers and investee companies*

Name of company	Principal business
Shimao Property Holdings Limited	Property development, property investment and hotel operation
China Evergrande Group	Property development, property investment, property management, property construction, hotel operations, finance business, internet business, health industry business and fast consuming product business
Country Garden Holdings Company Limited	Property development, construction, fitting and decoration, property investment, property management and hotel operation
Cheung Kong Infrastructure Holdings Limited	Development, investment and operation of infrastructure businesses
Guangzhou R&F Properties Company Limited	Development and sale of properties, property investment, hotel operations and other property development related services
Cheung Kong Property Holdings Limited	Property development and investment, hotel and serviced suite operation and property and project management
Kaisa Group Holdings Limited	Property development, property investment, property management and hotel and catering operations
Mongolia Energy Corporation Limited	Energy and related resources business

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(F) Other Businesses *(Continued)*

(iii) Money Lending Business

During the period, Chuang's Credit Limited, a wholly-owned subsidiary of the Group holding a money lending licence, had advanced loans to customers. Revenues generated from this business during the period amounted to HK\$3.9 million. As at 30th September, 2016, outstanding amount of loans due from customers amounted to HK\$162.2 million, which were mainly relating to mortgage loans.

FINANCIAL POSITION

Financial resources

As at 30th September, 2016, the Group's cash, bank balances (including pledged bank balances) and investments held for trading amounted to HK\$2,845.1 million (31st March, 2016: HK\$2,175.0 million). Bank borrowings as at the same date amounted to HK\$4,181.9 million (31st March, 2016: HK\$3,971.1 million). The Group's net debt to equity ratio, expressed as a percentage of bank borrowings net of cash, bank balances and investments held for trading over net assets attributable to equity holders of the Company, was 14.8% (31st March, 2016: 20.8%).

Approximately 96.2% of the Group's cash, bank balances and investments held for trading were denominated in Hong Kong dollar and United States dollar, 3.3% were in Renminbi and the balance of 0.5% were in other currencies. Approximately 94.3% of the Group's bank borrowings were denominated in Hong Kong dollar, 2.0% were in Renminbi and the balance of 3.7% were in Malaysian Ringgit and Singapore Dollar.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 14.5% of the Group's bank borrowings were repayable within the first year, 27.2% were repayable within the second year, 41.1% were repayable within the third to fifth years and the balance of 17.2% were repayable after the fifth year.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL POSITION *(Continued)*

Foreign exchange risk

As disclosed in the “Business Review” section of this report, the Group also conducts its businesses in other places outside Hong Kong, with the income and the major cost items in those places being denominated in their local foreign currencies. Therefore, it is expected that any fluctuation of these foreign currencies’ exchange rates would not have material effect on the operations of the Group. However, as the Group’s consolidated financial statements are presented in Hong Kong dollar, the Group’s financial position is subject to exchange exposure to these foreign currencies. The Group would closely monitor this risk exposure from time to time.

Net asset value

As at 30th September, 2016, net assets attributable to equity holders of the Company was HK\$9,023.2 million. Net asset value per share was HK\$5.38, which is calculated based on the book costs of the Group’s properties for sale before taking into account their appreciated values and the estimated net gain of the disposal of Dongguan project which will be accounted for in the second half of this financial year.

PROSPECTS

In the last financial year, the Group had completed Parkes Residence and handed over sold units to end-purchasers. During the period under review, the Group entered into agreements to dispose of the property holding companies that hold the properties located at No. 15 Gough Hill Road, The Peak and the Dongguan project in the PRC. Such disposals not only have generated/will generate substantial cashflow and profits to the Group but also laid a solid foundation for the continual growth of the Group.

Looking ahead, the Group will continue our mission to take steps to further enhance rental yield and return of our investment/hotel properties and thus their capital values, to unlock the store value of our development projects by speeding up their development and sales in accordance with local market conditions, to identify new business opportunities including land acquisitions and property investments, and to actively review our group structure so that resources can be deployed in a more effective and efficient manner with a view to further create value for our shareholders.

OTHER INFORMATION

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

As at 30th September, 2016, 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")	940,237,404	<i>Note 1</i>	56.06
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,299,678	Beneficial owner	0.08

Note 1: Such interests comprised 732,629,332 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 207,608,072 shares in the Company. Mr. Alan Chuang, Mr. Albert Chuang, Mr. Chong Ka Fung and Mrs. Candy Kotewall Chuang Ka Wai ("Ms. Candy Chuang") are directors of Evergain.

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	1,361,804,923	Notes 2 & 5	57.34
Ms. Candy Chuang	1,255,004	Beneficial owner	0.05

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

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	2,013,573,887	Notes 3 & 5	60.82
Mr. Abraham Shek Lai Him ("Mr. Shek")	30,000	Beneficial owner	0.0009

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

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	800,000	Notes 4 & 5	80.0

Note 2: Such interests are held by Profit Stability Investments Limited, a wholly-owned subsidiary of the Company.

Note 3: Such interests are held by Gold Throne Finance Limited, a wholly-owned subsidiary of the Company.

Note 4: 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 5: 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)*

Save as disclosed, 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, its specified undertaking or any of its associated corporations.

Other than as disclosed herein, as at 30th September, 2016, 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, 2016, 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	732,629,332	Beneficial owner, <i>Note 1</i>	43.68
Mrs. Chong Ho Pik Yu	732,629,332	<i>Note 2</i>	43.68
Madam Chuang Shau Har (“Madam Chuang”)	208,353,709	<i>Note 3</i>	12.42
Mr. Lee Sai Wai (“Mr. Lee”)	208,353,709	<i>Note 4</i>	12.42

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 207,608,072 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 745,637 shares in the Company arose by attribution through her spouse, Mr. Lee.

Note 4: Interests in 207,608,072 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 745,637 shares in the Company are beneficially owned by Mr. Lee.

Save as disclosed above, as at 30th September, 2016, 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 2016 annual general meeting of the Company as required by 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, 2016 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, risk management 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 consolidated interim financial information for the period ended 30th September, 2016 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. Shek, 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.

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

Changes in the information of Directors since the date of the 2016 annual report of the Company and up to the date of this report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

- (i) Mr. Fong Shing Kwong is an executive director of New World China Land Limited (“NWCL”). Listing of NWCL shares on the Stock Exchange were withdrawn with effect from 4th August, 2016.

OTHER INFORMATION (Continued)

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

(ii) The annual remuneration of the following Directors has been revised:

Name of Director	Revised annual remuneration[#] <i>HK\$'000</i>
Mr. Wong Chung Wai	2,574
Mr. Chan Chun Man	2,126

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

DEALING IN THE COMPANY'S SECURITIES

During the six months ended 30th September, 2016 and up to the date of this report, the Company repurchased a total of 16,724,000 shares on the Stock Exchange at an aggregate cash consideration of approximately HK\$23,540,520 (excluding expenses). All the repurchased shares were then cancelled and the number of issued shares of the Company was reduced accordingly. Particulars of the repurchases are as follows:

Period of repurchase	Total number of shares repurchased	Price per share paid		Aggregate consideration <i>HK\$</i>
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	
April 2016	5,140,000	1.05	1.03	5,319,200
June 2016	4,812,000	1.45	1.38	6,829,680
July 2016	1,084,000	1.50	1.49	1,625,920
September 2016	5,688,000	1.80	1.65	9,765,720
Total	<u>16,724,000</u>			<u>23,540,520</u>

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30th September, 2016 and up to the date of this report.

OTHER INFORMATION *(Continued)*

CLOSING OF REGISTER

For the purpose of determining entitlements to the interim dividend, the register of members of the Company will be closed from Friday, 23rd December, 2016 to Friday, 30th December, 2016, both dates 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Thursday, 22nd December, 2016.

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 "Share Option 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 Share Option Scheme, the Chuang's China Scheme and the Midas Scheme are to recognize 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 Share Option Scheme, the Chuang's China Scheme and the Midas Scheme since their adoption or approval.

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, 2016, the Group (excluding Chuang's China, Midas and their subsidiaries) employed 384 staff, the Chuang's China group employed 261 staff and the Midas group employed 870 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

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

Hong Kong, 29th November, 2016

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30th September, 2016

	<i>Note</i>	2016 HK\$'000	2015 <i>HK\$'000</i>
Revenues		739,591	683,395
Net gain/(loss) of financial assets at fair value through profit or loss		23,618	(4,718)
Revenues and net gain/(loss)	5	763,209	678,677
Cost of sales		(427,729)	(415,460)
Gross profit		335,480	263,217
Other income and net gain	7	36,995	106,520
Selling and marketing expenses		(47,859)	(51,156)
Administrative and other operating expenses		(235,004)	(231,760)
Change in fair value of investment properties		425,192	166,633
Operating profit	8	514,804	253,454
Finance costs	9	(41,256)	(43,515)
Share of results of associated companies		355	(292)
Share of results of joint ventures	10	28,139	(7)
Profit before taxation		502,042	209,640
Taxation	11	(58,210)	(99,502)
Profit for the period		443,832	110,138
Attributable to:			
Equity holders		402,515	94,662
Non-controlling interests		41,317	15,476
		443,832	110,138
Earnings per share (basic and diluted)	13	HK cents 23.88	<i>HK cents</i> 5.46

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30th September, 2016

	2016 HK\$'000	2015 HK\$'000
Profit for the period	443,832	110,138
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	(64,448)	(87,353)
Realization of exchange reserve upon liquidation of a subsidiary	9,327	–
Change in fair value of available-for-sale financial assets	152,393	(45,219)
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	(60)	(133)
Total other comprehensive income/(loss) that may be reclassified subsequently to profit and loss	97,212	(132,705)
Item that may not be reclassified subsequently to profit and loss:		
Fair value gain on transfer of property from property, plant and equipment and leasehold lands and land use rights to investment properties, net of deferred tax	–	54,188
Total other comprehensive income/(loss) for the period	97,212	(78,517)
Total comprehensive income for the period	541,044	31,621
Total comprehensive income attributable to:		
Equity holders	458,491	36,001
Non-controlling interests	82,553	(4,380)
	541,044	31,621

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30th September, 2016

	30th September, 2016	31st March, 2016
Note	HK\$'000	HK\$'000
Non-current assets		
Property, plant and equipment	655,702	676,503
Investment properties	15 7,124,709	6,777,007
Leasehold lands and land use rights	862,719	883,580
Properties for/under development	579,912	588,828
Cemetery assets	530,638	545,870
Associated companies	65,638	64,738
Joint ventures	410,296	351,465
Available-for-sale financial assets	346,862	179,736
Loans and receivables	162,207	159,007
	<u>10,738,683</u>	<u>10,226,734</u>
Current assets		
Properties for sale	1,781,881	2,321,074
Inventories	164,060	176,827
Cemetery assets	100,480	103,265
Debtors and prepayments	16 449,913	461,068
Financial assets at fair value through profit or loss	904,021	506,943
Pledged bank balances	–	40,173
Cash and bank balances	1,941,110	1,627,886
	<u>5,341,465</u>	<u>5,237,236</u>
Assets of disposal group classified as held for sale	17 499,157	–
	<u>5,840,622</u>	<u>5,237,236</u>

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) (Continued)

As at 30th September, 2016

		30th September, 2016	31st March, 2016
	Note	HK\$'000	HK\$'000
Current liabilities			
Creditors and accruals	18	1,039,331	360,095
Sales deposits received		13,612	364,830
Short-term bank borrowings	19	164,740	15,098
Current portion of long-term bank borrowings	19	808,507	842,847
Taxation payable		274,744	313,232
		<u>2,300,934</u>	1,896,102
Liabilities of disposal group classified as held for sale	17	181,793	–
		<u>2,482,727</u>	1,896,102
Net current assets		<u>3,357,895</u>	3,341,134
Total assets less current liabilities		<u>14,096,578</u>	13,567,868
Equity			
Share capital	20	419,298	423,479
Reserves		8,603,941	8,191,233
		<u>9,023,239</u>	8,614,712
Shareholders' funds		9,023,239	8,614,712
Non-controlling interests		1,542,613	1,437,706
		<u>10,565,852</u>	10,052,418
Total equity		<u>10,565,852</u>	10,052,418
Non-current liabilities			
Long-term bank borrowings	19	3,208,629	3,113,127
Deferred taxation liabilities		287,642	367,977
Loans and payables with non-controlling interests		34,455	34,346
		<u>3,530,726</u>	3,515,450
		<u>14,096,578</u>	13,567,868

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30th September, 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
Net cash used in operating activities		(576,590)	(411,580)
Cash flows from investing activities			
Additions to investment properties		(16,157)	(39,497)
Purchase of available-for-sale financial assets		(17,694)	(475)
Deposits received for disposal of subsidiaries	<i>18</i>	663,150	–
Decrease in pledged bank balances		40,018	15,054
Increase in investments in joint ventures		(30,692)	(1,113)
Decrease in bank deposits maturing more than three months from date of placement		125,393	–
Others, net		2,626	2,014
Net cash from/(used in) investing activities		766,644	(24,017)
Cash flows from financing activities			
New bank borrowings		472,256	438,168
Repayment of bank borrowings		(246,400)	(210,943)
Capital injection by non-controlling interests	<i>20(b)(i)</i>	99,858	–
Increase of interest in a subsidiary	<i>20(b)(ii)</i>	(31,984)	–
Repurchase of shares	<i>20(a)</i>	(23,616)	–
Others, net		139	62
Net cash from financing activities		270,253	227,287
Net increase/(decrease) in cash and cash equivalents		460,307	(208,310)
Cash and cash equivalents at the beginning of the period		1,497,009	1,971,404
Exchange difference on cash and cash equivalents		(12,282)	(17,100)
Cash and cash equivalents at the end of the period		1,945,034	1,745,994
Analysis of cash and cash equivalents			
Cash and bank balances		1,941,110	1,746,763
Bank deposits maturing more than three months from date of placement		(5,484)	(769)
Cash and bank balances included in assets of disposal group classified as held for sale		9,408	–
Cash and cash equivalents		1,945,034	1,745,994

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30th September, 2016

	Attributable to equity holders of the Company					Total HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Shareholders' funds HK\$'000	Non- controlling interests HK\$'000	
At 1st April, 2016	423,479	1,194,120	6,997,113	8,614,712	1,437,706	10,052,418
Profit for the period	-	-	402,515	402,515	41,317	443,832
Other comprehensive income:						
Net exchange differences	-	(40,332)	-	(40,332)	(24,116)	(64,448)
Realization of exchange reserve upon liquidation of a subsidiary	-	9,327	-	9,327	-	9,327
Change in fair value of available-for-sale financial assets	-	87,041	-	87,041	65,352	152,393
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	-	(60)	-	(60)	-	(60)
Total comprehensive income for the period	-	55,976	402,515	458,491	82,553	541,044
Transactions with owners:						
Dividend	-	-	(50,486)	(50,486)	-	(50,486)
Dividend to non-controlling interests	-	-	-	-	(21,382)	(21,382)
Increase of interest in a subsidiary by non-controlling interests (note 20(b)(i))	-	-	-	-	99,858	99,858
Increase of interests in subsidiaries (note 20(b)(ii))	-	-	24,138	24,138	(56,122)	(31,984)
Repurchase of shares (note 20(a))	(4,181)	(19,435)	-	(23,616)	-	(23,616)
At 30th September, 2016	<u>419,298</u>	<u>1,230,661</u>	<u>7,373,280</u>	<u>9,023,239</u>	<u>1,542,613</u>	<u>10,565,852</u>
At 1st April, 2015	433,432	1,261,388	6,509,304	8,204,124	1,526,873	9,730,997
Profit for the period	-	-	94,662	94,662	15,476	110,138
Other comprehensive income:						
Net exchange differences	-	(63,737)	-	(63,737)	(23,616)	(87,353)
Change in fair value of available-for-sale financial assets	-	(25,391)	-	(25,391)	(19,828)	(45,219)
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	-	(133)	-	(133)	-	(133)
Fair value gain on transfer of property from property, plant and equipment and leasehold lands and land use rights to investment properties, net of deferred tax	-	30,600	-	30,600	23,588	54,188
Total comprehensive (loss)/income for the period	-	(58,661)	94,662	36,001	(4,380)	31,621
Transfer to statutory reserve	-	21,413	(21,413)	-	-	-
Transactions with owners:						
Dividend	-	-	(52,012)	(52,012)	-	(52,012)
Dividend to non-controlling interests	-	-	-	-	(20,995)	(20,995)
Increase of interest in a subsidiary	-	-	-	-	(271)	(271)
Increase of interest in a subsidiary by non-controlling interests	-	-	(1,937)	(1,937)	1,937	-
At 30th September, 2015	<u>433,432</u>	<u>1,224,140</u>	<u>6,528,604</u>	<u>8,186,176</u>	<u>1,503,164</u>	<u>9,689,340</u>

NOTES TO THE CONDENSED CONSOLIDATED 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 "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.

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property development, investment and trading, hotel operation and management, manufacturing, sales and trading of printed products, home finishing products, watch components and merchandises, securities investment and trading, development and operation of cemetery, money lending business and information technology business.

2. BASIS OF PREPARATION

The condensed consolidated 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 consolidated interim financial information should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31st March, 2016 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

For the six months ended 30th September, 2016, the Group entered into a sale and purchase agreement with independent third parties to dispose of its subsidiaries (see Note 17). As such, all related assets and liabilities of the disposal group were classified as held for sale as at 30th September, 2016 in accordance with the accounting policy below. Except as stated below, the accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated annual financial statements of the Group for the year ended 31st March, 2016.

2. BASIS OF PREPARATION (Continued)

(a) Accounting policy for disposal group held for sale

Assets and liabilities of disposal group are classified as held for sale when its carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The assets and liabilities of disposal group are stated at the lower of carrying amount and fair value less costs to sell (except for certain assets and liabilities as explained below). Investment properties, financial assets and deferred taxation liabilities, which are classified as held for sale, would continue to be measured in accordance with the policies set out in Note 2 to the consolidated annual financial statements of the Group for the year ended 31st March, 2016.

(b) Effect of adopting new standard and amendments to standards

For the six months ended 30th September, 2016, the Group adopted the following new standard and amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2016 and relevant to the operations of the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements – Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities – Applying the Consolidation Exception
HKFRS 11 (Amendment)	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle

The Group has assessed the impact of the adoption of these new standard 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 consolidated interim financial information.

2. BASIS OF PREPARATION (Continued)

(c) New standards and amendments to standards that are not yet effective

The following new standards and amendments to standards 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, 2017, but have not yet been early adopted by the Group:

HKAS 7 (Amendment)	Cash flow Statements – Disclosure initiative (effective from 1st January, 2017)
HKAS 12 (Amendment)	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses (effective from 1st January, 2017)
HKFRS 9	Financial Instruments (effective from 1st January, 2018)
HKFRS 15	Revenue from Contracts with Customers (effective from 1st January, 2018)
HKFRS 16	Leases (effective from 1st January, 2019)

The Group will adopt the above new standards and amendments to standards 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 consolidated interim financial information does not include all financial risk management information and disclosures required in the consolidated annual financial statements and it should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31st March, 2016. There has been no material change in the Group's financial risk management policies since the year ended 31st March, 2016.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Liquidity risk

Compared to the year ended 31st March, 2016, 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 amortized cost in the condensed consolidated interim financial information approximate their fair values.

During the six months ended 30th September, 2016, there was no significant change in the business or economic circumstances that affect the fair values of the Group's financial assets and financial liabilities, no transfers of financial assets or financial liabilities between the levels in the hierarchy, and no reclassifications of financial assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the condensed consolidated 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 consolidated interim financial information are consistent with those used in the consolidated annual financial statements of the Group for the year ended 31st March, 2016.

5. REVENUES AND NET GAIN/(LOSS)

Revenues and net gain/(loss) recognized during the period are as follows:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenues		
Sales of properties	418,847	363,032
Rental income and management fees	91,320	85,004
Income from hotel operation and management	41,846	46,695
Sales of goods and merchandises	142,999	174,376
Interest income from financial assets at fair value through profit or loss	29,956	3,860
Dividend income from listed investments	1,210	–
Sales of cemetery assets	9,505	10,428
Interest income from money lending business	3,908	–
	739,591	683,395
Net gain/(loss)		
Net realized (loss)/gain of financial assets at fair value through profit or loss	(84)	1,879
Net fair value gain/(loss) of financial assets at fair value through profit or loss	23,702	(6,597)
	23,618	(4,718)
Revenues and net gain/(loss)	763,209	678,677

6. 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.

6. SEGMENT INFORMATION (Continued)
(a) Segment information by business lines (Continued)

The CODM considers the business from a business perspective, including property development, investment and trading, hotel operation and management, sales of goods and merchandises, securities investment and trading, cemetery, money lending business and others (including information technology business). The CODM assesses the performance of the operating segments based on the measure of segment result.

The segment information by business lines is as follows:

	Property development, investment and trading HK\$'000	Hotel operation and management HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Cemetery HK\$'000	Money lending business HK\$'000	Others and corporate HK\$'000	Total HK\$'000
2016								
Revenues and net gain	510,167	41,846	142,999	54,784	9,505	3,908	-	763,209
Other income and net gain/(loss)	19,421	-	9,169	198	(13)	-	8,220	36,995
Operating profit/(loss)	613,517	(34,428)	162	54,927	(701)	3,678	(122,351)	514,804
Finance (costs)/income	(33,311)	(7,031)	(847)	(131)	64	-	-	(41,256)
Share of results of associated companies	29	1,031	-	-	-	-	(705)	355
Share of results of joint ventures	28,139	-	-	-	-	-	-	28,139
Profit/(loss) before taxation	608,374	(40,428)	(685)	54,796	(637)	3,678	(123,056)	502,042
Taxation (charge)/credit	(58,986)	-	167	-	609	-	-	(58,210)
Profit/(loss) for the period	549,388	(40,428)	(518)	54,796	(28)	3,678	(123,056)	443,832
As at 30th September, 2016								
Segment assets	10,816,448	1,365,251	323,906	904,021	650,879	162,205	1,880,661	16,103,371
Associated companies	210	43,867	-	-	-	-	21,561	65,638
Joint ventures	410,296	-	-	-	-	-	-	410,296
Total assets	11,226,954	1,409,118	323,906	904,021	650,879	162,205	1,902,222	16,579,305
Total liabilities	4,876,505	719,980	93,499	22,000	156,375	-	145,094	6,013,453
2016								
Other segment items are as follows:								
Capital expenditure	152,350	2,124	6,532	-	3,843	-	619	165,468
Depreciation	871	13,880	8,149	-	424	-	5,907	29,231
Amortization of leasehold lands and land use rights	16	20,396	263	-	30	-	-	20,705
Provision for impairment of trade debtors	797	-	-	-	-	-	-	797
Reversal of provision for impairment of inventories	-	-	(937)	-	-	-	-	(937)

Note: Assets and liabilities of disposal group classified as held for sale were reported under the property development, investment and trading segment as at 30th September, 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. SEGMENT INFORMATION (Continued)

(a) Segment information by business lines (Continued)

	Property development, investment and trading HK\$'000	Hotel operation and management HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Cemetery HK\$'000	Others and corporate HK\$'000	Total HK\$'000
2015							
Revenues and net loss	448,036	46,695	174,376	(858)	10,428	-	678,677
Other income and net gain	82,821	-	11,189	68	2	12,440	106,520
Operating profit/(loss)	391,111	(36,762)	(15,052)	(790)	(3,328)	(81,725)	253,454
Finance (costs)/income	(34,216)	(7,378)	(2,128)	-	207	-	(43,515)
Share of results of associated companies	36	694	(54)	-	-	(968)	(292)
Share of results of joint ventures	(7)	-	-	-	-	-	(7)
Profit/(loss) before taxation	356,924	(43,446)	(17,234)	(790)	(3,121)	(82,693)	209,640
Taxation (charge)/credit	(100,211)	-	(159)	-	868	-	(99,502)
Profit/(loss) for the period	256,713	(43,446)	(17,393)	(790)	(2,253)	(82,693)	110,138
As at 31st March, 2016							
Segment assets	10,609,275	1,403,524	330,477	506,943	670,095	1,527,453	15,047,767
Associated companies	180	42,837	-	-	-	21,721	64,738
Joint ventures	351,465	-	-	-	-	-	351,465
Total assets	10,960,920	1,446,361	330,477	506,943	670,095	1,549,174	15,463,970
Total liabilities	4,390,479	728,486	90,965	-	161,046	40,576	5,411,552
2015							
Other segment items are as follows:							
Capital expenditure	242,377	2,191	2,802	-	400	618	248,388
Depreciation	1,336	13,619	10,989	-	341	7,173	33,458
Amortization of leasehold lands and land use rights							
- charged to the consolidated income statement	16	20,396	452	-	36	-	20,900
- capitalized into properties	2,000	-	-	-	-	-	2,000
Provision for impairment of trade debtors	-	-	-	-	209	-	209
Reversal of provision for impairment of inventories	-	-	(447)	-	-	-	(447)

6. SEGMENT INFORMATION (Continued)

(b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues and net gain/(loss) are presented by the countries where the customers are located. Non-current assets, total assets and capital expenditure are presented by the countries where the assets are located. The segment information by geographical area is as follows:

	Revenues and net gain/(loss)		Capital expenditure	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	199,926	119,154	30,403	74,853
The People's Republic of China (the "PRC")	413,866	383,172	112,064	155,325
Other countries	149,417	176,351	23,001	18,210
	763,209	678,677	165,468	248,388

	Non-current assets (Note)		Total assets	
	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000
Hong Kong	8,101,664	7,700,657	12,270,680	10,763,925
The PRC	1,553,868	1,598,538	3,364,060	3,754,742
Other countries	574,082	588,796	944,565	945,303
	10,229,614	9,887,991	16,579,305	15,463,970

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

7. OTHER INCOME AND NET GAIN

	2016 HK\$'000	2015 HK\$'000
Interest income from bank deposits	4,720	10,753
Dividend income from available-for-sale financial assets	3,243	3,889
Sales of scraped materials	1,844	2,683
Write-back of provision for indemnity (Note)	–	58,546
Fair value gain on transfer of properties from properties for sale to investment properties	18,829	18,168
Reversal of provision for impairment of properties for sale	–	3,163
Net gain on disposal of property, plant and equipment	2,494	2,579
Gain on disposal of available-for-sale financial assets	969	818
Net exchange (loss)/gain	(183)	111
Sundries	5,079	5,810
	36,995	106,520

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 a consideration of HK\$1. The Vendor also executed an indemnity deed amounting to RMB48.8 million (equivalent to approximately HK\$58.5 million) in favour of the Purchaser for a period of two years from the date of completion of the disposal on 15th August, 2013. The transaction was announced by the Company on 27th May, 2013. The write-back of provision for indemnity in 2015 was related to this as the indemnity was expired during the period ended 30th September, 2015.

8. OPERATING PROFIT

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Operating profit is stated after crediting:		
Reversal of provision for impairment of inventories	937	447
and after charging:		
Cost of properties sold	267,559	217,996
Cost of inventories sold	75,029	94,731
Depreciation	29,231	33,458
Amortization of leasehold lands and land use rights	20,705	20,900
Provision for impairment of trade debtors	797	209
Realization of exchange reserve upon liquidation of a subsidiary	9,327	–
Staff costs, including Directors' emoluments		
Wages and salaries	116,070	134,486
Retirement benefit costs	4,382	4,579

9. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest expenses		
Bank borrowings	49,115	52,129
Bank overdraft	313	252
	49,428	52,381
Fair value adjustment of trade debtors	(64)	(207)
Amounts capitalized into		
Investment properties	(2,611)	(2,059)
Properties under development	(5,497)	(6,600)
	(8,108)	(8,659)
	41,256	43,515

The capitalization rates applied to funds borrowed for the development of properties range from 1.60% to 8.08% (2015: 1.61% to 3.16%) per annum.

10. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures in the condensed consolidated income statement is the share of results of joint ventures for the period ended 30th September, 2016 which mainly includes the share of fair value gain of the investment properties (net of the related deferred taxation) of HK\$30,426,000 (2015: Nil) of a joint venture.

11. TAXATION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current taxation		
Overseas profits tax	–	160
PRC corporate income tax	26,902	44,133
PRC land appreciation tax	35,594	59,054
Over-provision in previous years	(275)	–
Deferred taxation	(4,011)	(3,845)
	58,210	99,502

No provision for Hong Kong profits tax has been made as the Group has sufficient tax losses brought forward to set off against the estimated assessable profits for the period (2015: Nil). PRC corporate income tax and overseas profits tax have been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the PRC and the countries in which the Group operates respectively. PRC land appreciation tax is levied at 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, 2016 of HK\$6,000 (2015: HK\$23,000) is included in the condensed consolidated income statement as share of results of associated companies. Share of deferred taxation charge of joint ventures for the six months ended 30th September, 2016 of HK\$10,142,000 (2015: Nil) is included in the condensed consolidated income statement as share of results of joint ventures.

12. INTERIM DIVIDEND

	2016 HK\$'000	2015 HK\$'000
Interim dividend of 3.0 HK cents (2015: 2.0 HK cents) per share	50,316	34,766

On 29th November, 2016, the board of Directors declared an interim dividend of 3.0 HK cents (2015: 2.0 HK cents) per share amounting to HK\$50,316,000 (2015: HK\$34,766,000). The amount of HK\$50,316,000 is calculated based on 1,677,193,104 issued shares as at 29th November, 2016. This dividend is not reflected as a dividend payable in the condensed consolidated interim financial information, but will be reflected and accounted for as an appropriation of reserves in the year ending 31st March, 2017.

13. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$402,515,000 (2015: HK\$94,662,000) and the weighted average number of 1,685,466,874 (2015: 1,733,729,517) 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.

14. CAPITAL EXPENDITURE

On 21st April, 2015, Chuang's China Investments Limited ("Chuang's China") (a listed subsidiary of the Group) and its wholly-owned subsidiary entered into a sale and purchase agreement with Midas International Holdings Limited ("Midas") (a listed subsidiary of the Group) and its wholly-owned subsidiary to acquire the entire registered capital of a PRC wholly-owned subsidiary of Midas (the major assets are the land and completed property in the PRC) at a consideration of RMB101.6 million (equivalent to approximately HK\$123.4 million). The transaction was completed on 21st August, 2015. The transaction was announced by the Company on 21st April, 2015 and 21st August, 2015 respectively. After the completion of this transaction, the property was leased out before the period ended 30th September, 2015, and accordingly the Group had reclassified the property, plant and equipment and leasehold lands and land use rights to investment properties.

For the six months ended 30th September, 2016, the Group incurred acquisition and development costs on property, plant and equipment of HK\$10,544,000 (2015: HK\$5,962,000), and property projects, properties, investment properties and cemetery assets of HK\$154,924,000 (2015: HK\$242,426,000) respectively.

15. INVESTMENT PROPERTIES

On 9th June, 2016, a wholly-owned subsidiary of the Group entered into a conditional agreement with an independent third party for the disposal of its wholly-owned subsidiary which held an investment property under construction in Hong Kong for a consideration of HK\$2.1 billion (subject to adjustment). The consideration will be satisfied as to approximately 80% by cash and as to approximately 20% by the transfer of a PRC property to the Group. The transaction was announced by the Company on 15th June, 2016 and published in the circular on 20th July, 2016 respectively. The disposal was approved by the shareholders of the Company at the special general meeting held on 8th August, 2016 and it is expected to be completed in the third quarter of 2018 upon the completion of the construction and internal decoration works and inspection by the purchaser. As at 30th September, 2016, deposits of HK\$315 million were received and recorded in "Creditors and accruals" (see Note 18). The said property has continued to be recorded in investment properties with the amount of HK\$1,110,000,000 (31st March, 2016: HK\$828,000,000) as at 30th September, 2016 as it does not qualify for the classification as "assets of disposal group held for sale" in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations".

16. 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 hotel income and sales of goods and merchandises mainly range from 30 days to 45 days and 30 days to 180 days respectively. The aging analysis of the trade debtors of the Group is as follows:

	30th September, 2016	31st March, 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Below 30 days	35,035	31,034
31 to 60 days	16,214	12,267
61 to 90 days	11,299	9,492
Over 90 days	17,530	24,071
	<hr/> 80,078 <hr/>	<hr/> 76,864 <hr/>

Debtors and prepayments include net deposits of HK\$268,846,000 (31st March, 2016: HK\$270,774,000) for property projects and acquisition of properties and leasehold lands and land use rights in Hong Kong, the PRC and Vietnam after the accumulated provision for impairment of HK\$73,772,000 (31st March, 2016: HK\$73,772,000) as at 30th September, 2016.

17. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000
Assets		
Investment properties	104,089	–
Properties for sale	382,940	–
Debtors and prepayments	2,565	–
Pledged bank balances	155	–
Cash and bank balances	9,408	–
	<hr/>	<hr/>
Assets of disposal group classified as held for sale	499,157	–
	<hr/>	<hr/>
Liabilities		
Creditors and accruals	32,625	–
Taxation payable	78,908	–
Deferred taxation liabilities	70,260	–
	<hr/>	<hr/>
Liabilities of disposal group classified as held for sale	181,793	–
	<hr/>	<hr/>

On 25th August, 2016, Chuang's China and its wholly-owned subsidiary entered into a sale and purchase agreement with independent third parties to dispose of its wholly-owned subsidiaries which held a property development project at Dongguan, the PRC, for a consideration of approximately RMB1,330.4 million (equivalent to approximately HK\$1,545.9 million) (subject to adjustment) (the "Dongguan Disposal"). The Chuang's China group will retain the administration building and certain completed properties upon completion. The Dongguan Disposal was announced by the Company on 28th August, 2016 and published in the circular on 26th September, 2016 respectively. As at 30th September, 2016, initial deposit of RMB300 million (equivalent to approximately HK\$348.2 million) was received by the Chuang's China group and recorded in "Creditors and accruals" (see Note 18). All related assets and liabilities were reclassified as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale" respectively as at 30th September, 2016. The transaction was completed on 27th October, 2016 (see Note 24(a)).

18. CREDITORS AND ACCRUALS

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

	30th September, 2016 <i>HK\$'000</i>	31st March, 2016 <i>HK\$'000</i>
Below 30 days	18,145	24,814
31 to 60 days	11,691	4,421
Over 60 days	<u>14,537</u>	<u>16,375</u>
	<u>44,373</u>	<u>45,610</u>

Creditors and accruals include the construction cost payables and accruals of HK\$94,881,000 (31st March, 2016: HK\$121,563,000) for the property projects of the Group. They also include the deposits of HK\$315 million (31st March, 2016: Nil) received for the disposal mentioned in Note 15, and the initial deposit received from the Dongguan Disposal of approximately HK\$348.2 million (31st March, 2016: Nil) (see Note 17).

19. BORROWINGS

	30th September, 2016 <i>HK\$'000</i>	31st March, 2016 <i>HK\$'000</i>
Unsecured bank borrowings		
Short-term bank borrowings	11,908	6,297
Long-term bank borrowings	<u>500,000</u>	<u>449,887</u>
	<u>511,908</u>	<u>456,184</u>
Secured bank borrowings		
Short-term bank borrowings	152,832	8,801
Long-term bank borrowings	<u>3,517,136</u>	<u>3,506,087</u>
	<u>3,669,968</u>	<u>3,514,888</u>
Total bank borrowings	<u>4,181,876</u>	<u>3,971,072</u>

19. BORROWINGS (Continued)

The total bank borrowings are analyzed as follows:

	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000
Short-term bank borrowings	164,740	15,098
Long-term bank borrowings	4,017,136	3,955,974
	<u>4,181,876</u>	<u>3,971,072</u>

The long-term bank borrowings are analyzed as follows:

	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000
Long-term bank borrowings	4,017,136	3,955,974
Current portion included in current liabilities		
Portion due within one year	(439,185)	(695,588)
Portion due after one year which contains a repayment on demand clause	(369,322)	(147,259)
	<u>(808,507)</u>	<u>(842,847)</u>
	<u>3,208,629</u>	<u>3,113,127</u>

19. 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, 2016	31st March, 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within the first year	603,925	710,686
Within the second year	1,139,187	219,956
Within the third to fifth years	1,718,977	2,323,502
After the fifth year	719,787	716,928
	<u>4,181,876</u>	<u>3,971,072</u>

20. SHARE CAPITAL

	30th September, 2016	31st March, 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorized:		
2,500,000,000 shares of HK\$0.25 each	<u>625,000</u>	<u>625,000</u>
	Number of shares	Amount HK\$'000
Issued and fully paid at HK\$0.25 each:		
At 1st April, 2016	1,693,917,104	423,479
Repurchase of shares (Note a)	<u>(16,724,000)</u>	<u>(4,181)</u>
At 30th September, 2016	<u>1,677,193,104</u>	<u>419,298</u>

20. SHARE CAPITAL (Continued)

Notes:

(a) Repurchase of shares

During the period ended 30th September, 2016, the Company repurchased 16,724,000 shares of its own shares on the Stock Exchange with total amount of approximately HK\$23,616,000. The repurchased shares were cancelled subsequently after their repurchase.

(b) (i) *On 17th March, 2016, a wholly-owned subsidiary of the Company entered into an irrevocable undertaking with Chuang's China (the "Irrevocable Undertaking") in relation to the proposed rights issue of Chuang's China on the basis of one rights share for every two existing ordinary shares at the subscription price of HK\$0.28 per rights share to raise net proceed of approximately HK\$223.0 million (the "Rights Issue"). According to the Irrevocable Undertaking, the Group had undertaken to subscribe in full for its entitlement under the Rights Issue in the amount of approximately HK\$127.1 million. The Rights Issue was subsequently completed on 3rd May, 2016.*

(ii) *During the period ended 30th September, 2016, Chuang's China repurchased 59,220,000 shares of its own shares on the Stock Exchange with the total amount of approximately HK\$31,984,000. The repurchased shares were cancelled before the period ended 30th September, 2016, except for 2,500,000 shares with the amount of approximately HK\$1,334,000 were cancelled after 30th September, 2016.*

21. FINANCIAL GUARANTEES

As at 30th September, 2016, the Company had provided a guarantee of HK\$117,000,000 (31st March, 2016: HK\$117,000,000) for the banking facility granted to a joint venture, and subsidiaries had provided guarantees of HK\$961,615,000 (31st March, 2016: HK\$1,079,858,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

22. COMMITMENTS

As at 30th September, 2016, the Group had commitments contracted but not provided for in respect of property projects, property, plant and equipment and cemetery assets of HK\$373,081,000 (31st March, 2016: HK\$364,000,000) and available-for-sale financial assets of HK\$46,536,000 (31st March, 2016: HK\$47,964,000) respectively.

23. PLEDGE OF ASSETS

As at 30th September, 2016, the Group had pledged certain assets including property, plant and equipment, investment properties, leasehold lands and land use rights, properties for sale, trade debtors and financial assets at fair value through profit or loss, with an aggregate carrying value of HK\$9,058,253,000 (31st March, 2016: HK\$8,458,371,000, including bank deposits), to secure banking and financial guarantee facilities granted to the subsidiaries.

24. EVENTS AFTER THE REPORTING PERIOD

- (a) For the Dongguan Disposal as stated in Note 17, the transaction was approved by the shareholders of Chuang's China at the special general meeting held on 13th October, 2016. The transaction was then completed on 27th October, 2016 in accordance with the terms and conditions of the sale and purchase agreement and the consideration was received in full at completion by the Chuang's China group. An estimated net gain (before deducting non-controlling interests) of approximately HK\$1.2 billion is expected to be generated from the transaction and will be accounted for in the second half of this financial year.
- (b) On 4th November, 2016, a wholly-owned subsidiary of Chuang's China entered into a sale and purchase agreement with an independent third party to acquire an office property in London, United Kingdom, at a net consideration of approximately GBP79 million (equivalent to approximately HK\$764 million). The transaction was announced by the Company on 6th November, 2016. The Chuang's China group intends to hold the said property for investment purposes, and the transaction was completed on 24th November, 2016.