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Chuang's China Investments Limited

(莊士中國投資有限公司)

(incorporated in Bermuda with limited liability)

(Stock Code: 298)

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2011

RESULTS

The Board of Directors (the "Board") of Chuang's China Investments Limited (the "Company") is pleased to announce the interim financial information of the Company and its subsidiaries (collectively as the "Group") for the six months ended 30th September, 2011 as follows:

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30th September, 2011

	Note	2011 HK\$'000	2010 HK\$'000 (Restated)
Revenues		717,713	57,683
Cost of sales		(228,633)	(40,870)
Gross profit		489,080	16,813
Other income	6	15,094	31,212
Selling and marketing expenses		(29,385)	(7,871)
Administrative and other operating expenses		(63,664)	(46,388)
Change in fair value of investment properties		–	26,000
Operating profit	7	411,125	19,766
Finance costs	8	(2,416)	(7,194)
Share of results of an associated company		2,006	2,034
Profit before taxation		410,715	14,606
Taxation	9	(51,147)	(1,159)
Profit for the period		359,568	13,447
Attributable to:			
Equity holders		361,576	15,197
Non-controlling interests		(2,008)	(1,750)
		359,568	13,447
Interim dividend	10	15,233	–
		HK cents	HK cent (Restated)
Earnings per share (basic and diluted)	11	23.74	1.00

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)*For the six months ended 30th September, 2011*

	2011 HK\$'000	2010 HK\$'000 (Restated)
Profit for the period	359,568	13,447
Other comprehensive income:		
Net exchange differences	35,653	18,925
Share of exchange reserve of an associated company	(19)	–
Realisation of exchange reserve and capital reserve on consolidation upon disposals of subsidiaries	(36,912)	–
Change in fair value of available-for-sale financial assets	(2,942)	1,962
Other comprehensive (loss)/income for the period	(4,220)	20,887
Total comprehensive income for the period	355,348	34,334
Total comprehensive income attributable to:		
Equity holders	355,657	35,554
Non-controlling interests	(309)	(1,220)
	355,348	34,334

CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30th September, 2011

		30th September, 2011	31st March, 2011
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		107,308	30,940
Investment properties		72,106	70,300
Land use right		1,707	1,718
Property for/under development		110,124	106,039
Associated company		6,489	6,453
Available-for-sale financial assets		66,691	69,633
Loans and receivables		12,241	11,934
		376,666	297,017
Current assets			
Properties for sale		1,862,722	1,896,065
Inventories		4,530	3,470
Debtors and prepayments	12	347,955	404,660
Restricted bank balance	14	–	125,004
Cash and bank balances		893,378	226,699
		3,108,585	2,655,898
Investment property held for sale	15	–	790,000
		3,108,585	3,445,898
Current liabilities			
Creditors and accruals	13	74,535	79,658
Sales deposits received	14	633,999	609,760
Current portion of long-term bank borrowings		90,132	65,313
Loan from ultimate holding company	16	–	180,000
Taxation payable		58,531	69,375
		857,197	1,004,106
Liabilities of investment property held for sale	15	–	374,968
		857,197	1,379,074
Net current assets		2,251,388	2,066,824
Total assets less current liabilities		2,628,054	2,363,841
Equity			
Share capital		76,166	76,166
Reserves		2,277,164	1,921,507
Shareholders' funds		2,353,330	1,997,673
Non-controlling interests		77,868	78,177
Total equity		2,431,198	2,075,850
Non-current liabilities			
Long-term bank borrowings		–	89,063
Deferred taxation liabilities		186,692	188,774
Loans from non-controlling interests		10,164	10,154
		196,856	287,991
		2,628,054	2,363,841

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Chuang's China Investments Limited (the "Company") is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is 25th Floor, Alexandra House, 18 Chater Road, Central.

As at 30th September, 2011, the Company was a 57.04% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Directors regard CCIL as the ultimate holding company.

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property investment and development, manufacturing and sale of watch components and merchandise, and securities investment and trading.

2. BASIS OF PREPARATION

The interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets at fair values, and in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The interim financial information should be read in conjunction with the annual financial statements for the year ended 31st March, 2011 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31st March, 2011.

The adoption of revised HKFRSs

In 2011, the Group adopted the following revised standards, amendments and interpretation of HKFRSs that are effective for the Group's accounting periods beginning on 1st April, 2011 and relevant to the operations of the Group:

HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

HKICPA's annual improvements to certain HKFRSs published in May 2010:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Financial Instruments: Presentation
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures

The Group has assessed the impact of the adoption of these revised standards, amendments and interpretation of HKFRSs and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the interim financial information.

Standards and amendments to existing standards that are not yet effective

The following new and revised standards and amendments have been published which are relevant to the Group's operation and are mandatory for the Group's accounting periods beginning on or after 1st April, 2012, but have not yet been adopted by the Group:

HKAS 1 (Amendments)	Presentation of Financial Statements (effective from 1st July, 2012)
HKAS 19 (Revised)	Employee Benefits (effective from 1st January, 2013)
HKAS 27 (Revised)	Separate Financial Statements (effective from 1st January, 2013)
HKAS 28 (Revised)	Investments in Associates and Joint Ventures (effective from 1st January, 2013)
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Transfers of Financial Assets (effective from 1st July, 2011)
HKFRS 9	Financial Instruments (effective from 1st January, 2013)
HKFRS 10	Consolidated Financial Statements (effective from 1st January, 2013)
HKFRS 11	Joint Arrangements (effective from 1st January, 2013)
HKFRS 12	Disclosures of Interests in Other Entities (effective from 1st January, 2013)
HKFRS 13	Fair Value Measurement (effective from 1st January, 2013)

The Group will apply the above new and revised standards and amendments as and when they become effective and is not yet in a position to state whether any substantial changes to the Group's results of operations and financial position will be resulted.

3. FINANCIAL RISK MANAGEMENT

All aspects of the financial risk management objectives and policies of the Group are consistent with those disclosed in the annual financial statements for the year ended 31st March, 2011.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions applied in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31st March, 2011.

5. SEGMENT INFORMATION

(a) Segment information by business lines

The chief operating decision maker has been identified as the Board of Directors (the "Board"). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board considers the business from a business perspective, including property investment and development, sale of goods and services, and others (including securities investment and trading). The Board assesses the performance of the operating segments based on a measure of segment result.

The segment information by business lines is as follows:

	Property investment and development <i>HK\$'000</i>	Sale of goods and services <i>HK\$'000</i>	Others and corporate <i>HK\$'000</i>	Total <i>HK\$'000</i>
2011				
Revenues	710,867 [#]	6,846	–	717,713
Other income	11,890	121	3,083	15,094
Operating profit/(loss)	439,344	(3,264)	(24,955)	411,125
Finance costs	(2,416)	–	–	(2,416)
Share of results of an associated company	–	–	2,006	2,006
Profit/(loss) before taxation	436,928	(3,264)	(22,949)	410,715
Taxation	(51,147)	–	–	(51,147)
Profit/(loss) for the period	385,781	(3,264)	(22,949)	359,568
As at 30th September, 2011				
Segment assets	3,113,702	8,020	357,040	3,478,762
Associated company	–	–	6,489	6,489
Total assets	3,113,702	8,020	363,529	3,485,251
Total liabilities	1,038,517	4,161	11,375	1,054,053
2011				
Other segment items are as follows:				
Capital expenditure	180,369	280	78,497	259,146
Depreciation	1,321	447	1,123	2,891
Amortisation of land use rights				
– charged to income statement	16	–	–	16
– capitalised into properties	2,000	–	–	2,000

[#] The amount includes sale of properties under development in the People's Republic of China (the "PRC") amounting to HK\$625.4 million.

	Property investment and development <i>HK\$'000</i> <i>(Restated)</i>	Sale of goods and services <i>HK\$'000</i>	Others and corporate <i>HK\$'000</i>	Total <i>HK\$'000</i> <i>(Restated)</i>
2010				
Revenues	50,476	7,207	–	57,683
Other income	<u>14,621</u>	<u>16,576</u>	<u>15</u>	<u>31,212</u>
Operating profit/(loss)	21,421	13,355	(15,010)	19,766
Finance costs	(7,194)	–	–	(7,194)
Share of results of an associated company	<u>–</u>	<u>–</u>	<u>2,034</u>	<u>2,034</u>
Profit/(loss) before taxation	14,227	13,355	(12,976)	14,606
Taxation	<u>(1,156)</u>	<u>–</u>	<u>(3)</u>	<u>(1,159)</u>
Profit/(loss) for the period	<u>13,071</u>	<u>13,355</u>	<u>(12,979)</u>	<u>13,447</u>
As at 31st March, 2011				
Segment assets	3,572,342	6,250	157,870	3,736,462
Associated company	<u>–</u>	<u>–</u>	<u>6,453</u>	<u>6,453</u>
Total assets	<u>3,572,342</u>	<u>6,250</u>	<u>164,323</u>	<u>3,742,915</u>
Total liabilities	<u>1,657,747</u>	<u>2,824</u>	<u>6,494</u>	<u>1,667,065</u>
2010				
Other segment items are as follows:				
Capital expenditure	86,228	2,451	58	88,737
Depreciation	1,469	309	641	2,419
Amortisation of land use right	16	–	–	16
Write off of trade and other debtors	<u>1,111</u>	<u>38</u>	<u>–</u>	<u>1,149</u>

(b) Geographical segment information

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

	Revenues		Capital expenditure	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	6,545	20,199	78,505	363
The PRC	710,335	37,027	180,641	88,374
Other countries	833	457	–	–
	717,713	57,683	259,146	88,737
	Non-current assets (Note)		Total assets	
	30th September, 2011	31st March, 2011	30th September, 2011	31st March, 2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	85,444	8,450	369,763	958,215
The PRC	212,290	207,000	3,115,488	2,784,274
Other countries	–	–	–	426
	297,734	215,450	3,485,251	3,742,915

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

6. OTHER INCOME

	2011	2010
	HK\$'000	HK\$'000
Dividend income from available-for-sale financial assets	1,954	–
Net gain on disposals of subsidiaries	7,833	–
Sale of scraped material	121	313
Interest income	4,443	943
Net gain on disposal of property, plant and equipment	–	1,451
Net compensation from government for the resumption of assets	–	28,006
Sundries	743	499
	15,094	31,212

7. OPERATING PROFIT

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Operating profit is stated after charging:		
Amortisation of land use right	16	16
Cost of properties sold	219,700	30,092
Cost of inventories sold	8,334	8,396
Depreciation	2,891	2,419
Net exchange losses	2,612	980
Net loss on disposal of property, plant and equipment	493	–
Staff costs, including Directors' emoluments		
Wages and salaries	20,200	18,540
Retirement benefit costs	557	532
Write off of trade and other debtors	–	1,149
	<u> </u>	<u> </u>

8. FINANCE COSTS

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interest expenses		
Bank borrowings wholly repayable within five years	3,740	9,634
Loan from ultimate holding company wholly repayable within five years	38	711
	<u> </u>	<u> </u>
	3,778	10,345
Amount capitalised into properties for sale	<u>(1,362)</u>	<u>(3,151)</u>
	<u> </u>	<u> </u>
	2,416	7,194
	<u> </u>	<u> </u>

The capitalisation rate applied to funds borrowed for the development of properties is 5.85% (2010: 5.40%) per annum.

9. TAXATION

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> <i>(Restated)</i>
Current		
PRC corporate income tax	50,264	2,269
PRC land appreciation tax	3,039	2,690
Deferred taxation	<u>(2,156)</u>	<u>(3,800)</u>
	<u> </u>	<u> </u>
	51,147	1,159
	<u> </u>	<u> </u>

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the period (2010: Nil). Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates. PRC land appreciation tax is levied at the progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures.

Share of taxation charge of an associated company for the six months ended 30th September, 2011 amounting to HK\$273,000 (2010: HK\$304,000) is included in the income statement as share of results of an associated company.

10. INTERIM DIVIDEND

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interim dividend of 1.0 HK cent (2010: Nil) per share	<u>15,233</u>	<u>–</u>

On 25th November, 2011, the Board declares an interim dividend of 1.0 HK cent (2010: Nil) per share amounting to HK\$15,233,000 (2010: Nil). This dividend is not reflected as a dividend payable in the interim financial information, but will be reflected and accounted for as an appropriation of reserves in the year ending 31st March, 2012.

11. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$361,576,000 (2010: HK\$15,197,000, as restated) and 1,523,328,700 (2010: 1,523,328,700) shares in issue during the period.

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

12. DEBTORS AND PREPAYMENTS

Rental income and management fees are receivable in advance. Credit terms of sales of goods mainly ranged from 30 days to 90 days. The aging analysis of trade debtors of the Group is as follows:

	30th September, 2011 <i>HK\$'000</i>	31st March, 2011 <i>HK\$'000</i>
Below 30 days	2,893	15,030
31 to 60 days	1,197	108
61 to 90 days	864	409
Over 90 days	<u>2,788</u>	<u>3,663</u>
	<u>7,742</u>	<u>19,210</u>

Debtors and prepayments include deposits of HK\$256,211,000 (31st March, 2011: HK\$252,647,000) for property development projects and acquisition of land use rights in the PRC. As at 31st March, 2011, debtors and prepayments also included deposits of HK\$68,884,000 for acquisition of property, plant and equipment.

13. CREDITORS AND ACCRUALS

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

	30th September, 2011 HK\$'000	31st March, 2011 HK\$'000
Below 30 days	320	337
31 to 60 days	462	171
61 to 90 days	357	115
Over 90 days	1,417	581
	<u>2,556</u>	<u>1,204</u>

14. SALES DEPOSITS RECEIVED

Sales deposits received represents deposits received from the sales of properties of the Group in the PRC which have not yet been recognised as revenue for the period. Among the sales deposits received, an amount of HK\$125,004,000 was recorded as restricted bank balance in the financial statements as at 31st March, 2011 as certain restrictions were imposed. As at 30th September, 2011, these restrictions were released and the restricted bank balance became the Group's bank deposit and the sales deposits were recognised as revenue for the period.

15. INVESTMENT PROPERTY HELD FOR SALE AND ITS LIABILITIES

On 1st March, 2011, the Company entered into a sale and purchase agreement with CCIL to dispose of a wholly-owned subsidiary (the main asset is an investment property in Hong Kong) together with the shareholder loan owed to the Company at the consideration of HK\$790,000,000 less the amounts of bank borrowing and the tenants' deposits received as at the completion date. Details of the transaction were set out in the announcement and circular of the Company dated 2nd March, 2011 and 21st March, 2011 respectively. The transaction was completed on 7th April, 2011.

16. LOAN FROM ULTIMATE HOLDING COMPANY

Loan from ultimate holding company as at 31st March, 2011 was unsecured, interest bearing at prevailing market rates and was repayable within the next twelve months from the balance sheet date.

17. FINANCIAL GUARANTEES

As at 30th September, 2011, the subsidiaries have provided guarantees amounting to HK\$329,144,000 (31st March, 2011: HK\$193,712,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

18. CAPITAL COMMITMENTS

As at 30th September, 2011, the Group has capital expenditure commitments contracted but not provided for in respect of property development amounting to HK\$451,321,000 (31st March, 2011: HK\$255,894,000).

19. PLEDGE OF ASSETS

As at 30th September, 2011, the Group has pledged the assets of certain subsidiaries, including property, plant and equipment, land use right, properties for sale and bank deposits, with an aggregate carrying value of HK\$97,157,000 (31st March, 2011: HK\$1,162,034,000 with the pledge of investment property held for sale), to secure general banking and financial guarantee facilities granted to those subsidiaries.

FINANCIAL REVIEW

Property sales of the Group during the period substantially increased to approximately HK\$1,499.3 million, comprising sales of Chuang's Tower, an investment property in Hong Kong, amounting to HK\$790 million and sales of development properties in the People's Republic of China (the "PRC") amounting to approximately HK\$709.3 million (2010: HK\$36.2 million). Sales of development properties in the PRC were recorded as revenues of the Group. The remaining revenues of the Group comprise income from manufacturing business of HK\$6.8 million (2010: HK\$7.2 million) and rental and its related income of HK\$1.6 million (2010: HK\$14.3 million). Accordingly, total revenues of the Group for the six months ended 30th September, 2011 amounted to approximately HK\$717.7 million (2010: HK\$57.7 million).

During the six months under review, gross profit increased to HK\$489.1 million (2010: HK\$16.8 million) mainly as a result of increase in revenues and profits from sales of development properties in the PRC. Other income decreased to HK\$15.1 million (2010: HK\$31.2 million) mainly due to the absence of land resumption compensation received by the Group in the last corresponding period. A breakdown of other income is shown in note 6 on page 8 of this report.

On the costs side, selling and marketing expenses increased to HK\$29.4 million (2010: HK\$7.9 million) as a result of increased sales of properties during the period. Administrative and other operating expenses increased to HK\$63.7 million (2010: HK\$46.4 million) and that was due to general increase in overheads and increase in business activities of the Group for the period under review.

Finance costs reduced to HK\$2.4 million (2010: HK\$7.2 million) as a result of reduced bank borrowings. Share of results of an associated company amounted to HK\$2.0 million (2010: HK\$2.0 million) in relation to the Group's 25% interests in Treasure Auctioneer International Limited. Taxation increased to HK\$51.1 million (2010: HK\$1.2 million) mainly related to increase in sales of properties in the PRC.

Taking these factors into account, profit attributable to equity holders of the Company for the six months ended 30th September, 2011 increased by 22.8 times to HK\$361.6 million (2010: HK\$15.2 million). Earnings per share was 23.74 HK cents (2010: 1.00 HK cent).

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of 1.0 HK cent (2010: Nil) per share payable on or before 3rd January, 2012 to the shareholders whose names appear on the Company's register of members on 16th December, 2011.

BUSINESS REVIEW

Property Development

The property market in the PRC was overshadowed by various negative factors since 2010 as the measures to regulate the property market have been strictly enforced and intensified. Against these negative factors, the Group predicted that the tightening of monetary policies, including home purchase restriction and property loan restriction, will eventually affect cash flow cycle of property developers in the PRC. During such volatile market condition, at the end of 2010, the Group decided to implement a series of asset disposals to strengthen our cash flow position and to provide a strong financial pillar for the development projects in the PRC.

During 2011, completion of the disposal of the development site in Huizhou is accelerated, while the disposal of Chuang's Tower in Central at HK\$790 million was completed in April 2011 and the disposal of the property development project in Xingsha at RMB526 million (equivalent to HK\$625.4 million) was completed in June 2011.

Following these disposals, the Group maintains a strong net cash position of over HK\$800 million. The Group will closely monitor the land market and capture opportunities offered by market adjustments to replenish its land reserve.

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

The development has a total gross floor area ("GFA") of 450,000 *sq. m.* and is divided into three phases. Phase I (Block A, B and C) of the project, comprising GFA of about 59,800 *sq. m.* residential and 3,400 *sq. m.* commercial and clubhouse facilities, has been completed. It provides a total of 357 apartment units of 93 *sq. m.* to 202 *sq. m.* and 254 carparking spaces. Sales of Block A and C are progressing well with about 87% (225 flats) being sold. Under the home purchase restriction policy, sales of larger size flats may be affected. Accordingly, the Group's business strategy is to launch Block B which consists of 98 flats of larger size 4 bedroom apartments at a later stage. The Group holds the commercial properties and clubhouse of Phase I of Chuang's Le Papillon for investment purpose, of which the commercial complex is already leased to a supermarket chain store.

Phase II (Block D, E, F, G, H, I, J, K, L, M, N and P) has an aggregate GFA of about 197,200 *sq. m.*. Construction works of Block D, E, F, G and H with total GFA of 84,000 *sq. m.* comprising 782 apartments of 60 *sq. m.* to 145 *sq. m.* have been topped off. Construction works for Block I, J, K, L, M, N and P with total GFA of about 113,200 *sq. m.* are in progress. Presales of Block D, E, F, G and H were launched during 2011 with 545 flats being sold. Block I with 116 flats of 137 *sq. m.* to 150 *sq. m.* will be launched in the coming months.

About RMB519,500,000 of the above contracted sales are not yet recognised as revenue, of which about RMB433,700,000 are expected to be booked in the year ending 31st March, 2012 and the remaining contracted sales of about RMB85,800,000 will be booked in the following financial year.

Construction master plans for Phase III with total GFA of about 167,000 *sq. m.* have been submitted to the relevant PRC authorities for approval. It comprises 18 towers of residential buildings, 14 low rise villas and 1 tower of commercial property. The Group will gauge the development progress of this phase according to local market condition.

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

Imperial Garden has a total GFA of 530,000 *sq. m.*. Construction of Phase I of Imperial Garden comprising 8 residential towers with an aggregate GFA of approximately 89,000 *sq. m.* and 184 carparking spaces has been completed. It provides 665 residential units with flat sizes ranging from 80 *sq. m.* to 160 *sq. m.*, executive duplex units of 280 *sq. m.* and unique simplex units of 445 *sq. m.*. Up to date, a total of 467 flats have been sold. About RMB51,200,000 of these contracted sales are not yet recognised as revenue and are expected to be booked when these contracted sales are completed and flats are delivered to buyers during the year ending 31st March, 2012.

The commercial properties of Chuang's New City, including that of Gold Coast and Imperial Garden, have an aggregate GFA of 17,500 *sq. m.*. About 5,800 *sq. m.* are operated as clubhouse providing recreational facilities, a bilingual kindergarten and a convenience store under the brand "HomeMark" providing household goods and about 4,200 *sq. m.* are occupied as office premises. The remaining 7,500 *sq. m.* of retails spaces are held for rental purpose. The Group holds these commercial properties as investments and believes its value will be benefited from the urbanisation and infrastructural improvements in the region.

Chuang's New Town, Huizhou, Guangdong (100% owned)

In January 2008, the Group entered into an agreement with Daya Bay Economic & Technological Development Group (大亞灣經濟技術開發集團公司), a state-owned enterprise, to dispose of the Group's interest in four adjoining sites with total developable area of about 190,000 *sq. m.* in Huizhou. Based on the supplemental agreement in August 2011 to exclude driveway of 5,500 *sq. m.*, the disposal consideration is adjusted to about RMB186.5 million.

Up to the date of this report, the Group has received total deposits of RMB141.1 million. It is expected that about RMB21.6 million will be paid to the Group before the end of November 2011, and about RMB15.8 million before the end of April 2012, whereas the balance of RMB8.0 million will be paid to the Group before the end of June 2012. On this basis, it is expected that completion of three sites amounting to about RMB159 million will be booked as revenue for the year ending 31st March, 2012 and the remaining of about RMB27.5 million will be booked as revenue in the following financial year.

Beverly Hills, Changsha, Hunan (54% owned)

The project comprises completed residential properties of about 70,000 *sq. m.* and completed commercial properties of about 10,200 *sq. m.*. The residential area comprises 172 bungalows, link houses and semi-detached houses and 144 units of high rise apartments. Up to the date of this report, about 72% of the development has been sold. The total sales value of the unsold residential properties is about RMB163 million. In addition, the Group will commence on internal fitting out of the commercial properties as furnished hotel apartments having GFA of about 5,400 *sq. m.* with estimated sales value of about RMB32 million for sale.

Chuang's Palazzo Caesar, Changsha, Hunan (100% owned)

During the period under review, the Group completed the disposal of its wholly-owned subsidiary which holds the property development project in Xingsha at RMB526 million (equivalent to HK\$625.4 million) in cash. The net cash proceeds will be used for the property development business and as general working capital of the Group.

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

In April 2010, the Group participated in government land auction and successfully bided for the development site in Anshan, Liaoning province. Chuang's Mid-town is located in the prime city centre of Tie Dong Qu (鐵東區) of Anshan, right next to the Anshan rail station and the nearby popular outdoor walking mall. It will be developed into a comprehensive complex for residential and commercial purpose and with a plot ratio of 10 times, residential GFA will be 90,000 *sq. m.* and commercial GFA will be 20,000 *sq. m.*

Land cost for the site in the sum of RMB44.5 million has been fully paid. According to the terms of the land auction, the site should be delivered to the Group before 30th July, 2010. Up to the date of this report, the local government has not yet fulfilled its obligation to handover the site. Recently, the Group has been informed by the local government that the site will be handed over by the end of December 2011. The Group is finalising the master layout plan for the project and will commence on ground investigation works once the site is delivered by the local government.

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

During the government land auction in April 2010, the Group had successfully bided for the second development site in Anshan. Situated within 1 km from the first site, the second site acquired by the Group is located in the prime city centre of Tie Dong Qu (鐵東區) and is within walking distance to the Anshan rail station and the popular local marketplace as well as the local government offices. This site will be developed into comprehensive complex for residential and commercial purpose with developable GFA of 390,000 *sq. m.* based on a plot ratio of 10 times.

Land cost for the site in the sum of RMB157.8 million has been fully paid. According to the terms of the land auction, the site should be delivered to the Group before 30th July, 2010. However, up to the date of this report, the local government has not yet fulfilled its obligation to handover the site. In recent months, resettlements and demolition works on the site are in progress by the local government and the Group will closely follow up with the local government about site handover. The Group has commenced on the master layout plan for the project and will commence on ground investigation works once the site is delivered by the local government.

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

The site is located along the coastline of Siming Qu (思明區), abutting the well-known scenic route of Xiamen Ring Road (環島路) with land area of 27,574 *sq. m.*. It will be developed into luxurious high end villas and resort with GFA of about 18,000 *sq. m.*. On the site, about 30 villas will be developed with a plot ratio of just 0.3, aiming to create a secluded elegant lifestyle. A deluxe boutique hotel with about 84 keys will be built and water features including waterfalls, cascades and infinity pool concept will be incorporated. Master planning of the development has been approved by the relevant PRC authorities. The Group has commenced on site preparation works and plans to start construction works in December 2011.

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

The Group has a 51% joint development interests in a vacant development site located in the prominent district within the second-ring road, Wu Hou Qu (武侯區) of Chengdu. The Group has been holding discussions with the local partner to speed up the development but the progress is slow. The Group is now evaluating different alternatives and the appropriate strategy for this investment.

Property Sales

For the six months ended 30th September, 2011, the Group's sales of development properties in the PRC amounted to about HK\$709.3 million including the sales of the development site in Xingsha and property sales of Chuang's Le Papillon in Guangzhou, Imperial Garden in Dongguan and Beverly Hills in Changsha.

As at the date of this report, the Group has contracted sales of about RMB757 million which have not yet been recorded as revenue, including the disposals of the Huizhou project as mentioned above, as well as property sales related to Chuang's Le Papillon and Imperial Garden. Upon completion of the disposals and delivery of the properties to buyers, the Group expects that majority of these contracted sales will be recorded as revenue for the financial year ending 2012.

In the remaining financial year ending 2012, the Group targets to market an aggregate GFA of about 117,400 *sq. m.* in Chuang's Le Papillon (with aggregate estimated sales value of RMB667 million), Imperial Garden (with aggregate estimated sales value of RMB195 million) and Beverly Hills (with aggregate estimated sales value of RMB163 million), and the total value amounts to about RMB1,025 million based on current market prices.

Other Investments

As at 30th September, 2011, the Group's other assets include Yuen Sang Hardware Company (1988) Limited which engaged in the manufacture and sale of metalware for exports. Furthermore the Group holds 25% interests in Treasure Auctioneer International Limited and approximately 10.4% interests in a quoted investment in CNT Group Limited. The aggregate book values of these other investments amounted to approximately HK\$77 million.

FINANCIAL POSITIONS

During the period under review, the Group's financial positions have significantly improved. As at 30th September, 2011, the Group's cash and bank balances amounted to HK\$893.4 million (31st March, 2011: HK\$351.7 million including restricted bank balance which was released as bank balances of the Group in April 2011). As at the same date, bank borrowings of the Group amounted to HK\$90.1 million (31st March, 2011: HK\$154.4 million excluding bank borrowings related to assets to be disposed of). The Group has net cash of HK\$803.3 million (31st March, 2011: HK\$197.3 million) over its bank borrowings, and thus, the calculation of net debt to equity ratio was not applicable (31st March, 2011: not applicable).

Approximately 23.9% of the Group's cash and bank balances were in Hong Kong dollar with the remaining 76.1% in Renminbi. The Group's entire bank borrowings were in Renminbi and were repayable within one year. Risk in exchange rate fluctuation would not be material.

As at 30th September, 2011, the net asset value attributable to equity holders of the Company was HK\$2,353.3 million. Net asset value per share amounted to HK\$1.54, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value.

PROSPECTS

There is no doubt that the tightening policies in the PRC's property market will have certain negative impact on the Group's business performance in the short term, nevertheless these measures would be beneficial for the long term healthy development of the property market.

In the second half of the financial year, the Group will closely monitor market trends and policy changes and will make swift and proactive adjustments in response to such market changes. The Group will speed up the development and sale of its existing projects in accordance with market conditions and will seek to capitalise on its financial strength by taking advantage of attractive acquisitions to replenish its land reserve.

CLOSING OF REGISTER

The register of members of the Company will be closed from Wednesday, 14th December, 2011 to Friday, 16th December, 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Progressive Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Tuesday, 13th December, 2011.

STAFF

As at 30th September, 2011, the Group employed 531 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.

DEALING IN THE COMPANY'S SECURITIES

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

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30th September, 2011 with the code provisions set out in the Appendix 14 – Code on Corporate Governance Practices of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

An audit committee has been established by the Company to review and supervise the Company's financial reporting process and internal controls and review the relationship with the auditor. The audit committee has held meetings in accordance with the relevant requirements and reviewed the interim report of the Group for the six months ended 30th September, 2011. The current members of the audit committee are Dr. Hwang Jen, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan, the Independent Non-Executive Directors of the Company.

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The interim report of the Company for the six months ended 30th September, 2011 containing all applicable information required by Paragraph 46 of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

GENERAL

As at the date of this announcement, Mr. Lee Sai Wai, Mr. Albert Chuang Ka Pun, Miss Ann Li Mee Sum, Miss Candy Chuang Ka Wai, Mr. Sunny Pang Chun Kit and Mr. Wong Chung Wai are the Executive Directors, and Mr. Abraham Shek Lai Him, Dr. Hwang Jen, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan are the Independent Non-Executive Directors of the Company.

By order of the Board of
Chuang's China Investments Limited
Ann Li Mee Sum
Managing Director

Hong Kong, 25th November, 2011