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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, 2015

RESULTS

The board of Directors (the “Board”) of Chuang's China Investments Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30th September, 2015 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30th September, 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenues	5	368,478	604,248
Cost of sales		(219,579)	(361,250)
Gross profit		148,899	242,998
Other income and net gain	7	72,504	25,973
Selling and marketing expenses		(20,260)	(26,067)
Administrative and other operating expenses		(66,830)	(64,443)
Change in fair value of investment properties		32,425	638
Operating profit	8	166,738	179,099
Finance costs	9	(7,821)	(885)
Share of results of associated companies		(1,022)	271
Profit before taxation		157,895	178,485
Taxation	10	(96,186)	(102,805)
Profit for the period		61,709	75,680
Attributable to:			
Equity holders		65,386	77,099
Non-controlling interests		(3,677)	(1,419)
		61,709	75,680
Earnings per share (basic and diluted)	12	HK cents 4.07	HK cents 4.83

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the six months ended 30th September, 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the period	<u>61,709</u>	<u>75,680</u>
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	(38,290)	11,356
Change in fair value of available-for-sale financial assets	<u>(45,549)</u>	<u>8,027</u>
Other comprehensive (loss)/income for the period	<u>(83,839)</u>	<u>19,383</u>
Total comprehensive (loss)/income for the period	<u><u>(22,130)</u></u>	<u><u>95,063</u></u>
Total comprehensive (loss)/income attributable to:		
Equity holders	(16,148)	95,774
Non-controlling interests	<u>(5,982)</u>	<u>(711)</u>
	<u><u>(22,130)</u></u>	<u><u>95,063</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30th September, 2015

		30th September, 2015 HK\$'000	31st March, 2015 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment		77,510	83,024
Investment properties	13	484,293	251,656
Land use right		1,581	1,600
Properties for/under development		412,551	389,435
Associated companies		17,009	7,576
Available-for-sale financial assets		183,873	231,114
Loans and receivables		12,270	12,553
		1,189,087	976,958
Current assets			
Properties for sale		1,698,596	1,864,368
Inventories		48,073	47,900
Debtors and prepayments	14	287,301	301,887
Financial assets at fair value through profit or loss		24,265	23,778
Pledged bank balances		40,215	40,269
Cash and bank balances		666,072	871,107
		2,764,522	3,149,309
Current liabilities			
Creditors and accruals	15	217,653	268,025
Sales deposits received		28,471	56,419
Short-term bank borrowings	16	214,550	214,550
Current portion of long-term bank borrowings	16	339,387	389,589
Dividend payable		48,231	—
Taxation payable		323,911	336,509
		1,172,203	1,265,092
Net current assets		1,592,319	1,884,217
Total assets less current liabilities		2,781,406	2,861,175
Equity			
Share capital	17	80,385	80,385
Reserves		2,459,936	2,476,084
Proposed final dividend		—	48,231
Shareholders' funds		2,540,321	2,604,700
Non-controlling interests		49,260	55,242
Total equity		2,589,581	2,659,942
Non-current liabilities			
Long-term bank borrowings	16	17,228	18,885
Deferred taxation liabilities		164,182	172,073
Loans and payables with non-controlling interests		10,415	10,275
		191,825	201,233
		2,781,406	2,861,175

NOTES:

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, 2015, the Company was a 56.5% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Directors regard CCIL as the ultimate holding company.

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property development and investment, hotel operation and management, manufacturing, sales and trading of goods and merchandises, including watch components and art pieces, and securities investment and trading.

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, 2015 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated annual financial statements of the Group for the year ended 31st March, 2015, except as stated below.

Effect of adopting amendments to standards

For the six months ended 30th September, 2015, the Group adopted the following amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2015 and relevant to the operations of the Group:

HKAS 19 (2011) (Amendment)	Employee Benefits: Defined Benefit Plans – Employee Contributions
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle

The Group has assessed the impact of the adoption of these 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.

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, 2016, but have not yet been early adopted by the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements – Disclosure Initiative (effective from 1st January, 2016)
HKAS 16 and HKAS 38 (Amendments)	Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization (effective from 1st January, 2016)
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method in Separate Financial Statements (effective from 1st January, 2016)
HKFRS 9	Financial Instruments (effective from 1st January, 2018)
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective from 1st January, 2016)
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception (effective from 1st January, 2016)
HKFRS 11 (Amendment)	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (effective from 1st January, 2016)
HKFRS 14	Regulatory Deferral Accounts (effective from 1st January, 2016)
HKFRS 15	Revenue from Contracts with Customers (effective from 1st January, 2018)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle (effective from 1st January, 2016)

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, 2015. There has been no material change in the Group's financial risk management policies since the year ended 31st March, 2015.

(b) Liquidity risk

Compared to the year ended 31st March, 2015, 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 costs in the condensed consolidated interim financial information approximate their fair values.

During the six months ended 30th September, 2015, 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, 2015.

5. REVENUES

Revenues (representing turnover) recognized during the period are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sales of properties	358,663	596,391
Rental income and management fees	7,455	5,313
Sales of goods and merchandises	923	2,544
Fair value gain of financial assets at fair value through profit or loss	463	–
Interest income from financial assets at fair value through profit or loss	974	–
	<u>368,478</u>	<u>604,248</u>

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.

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

The segment information by business lines is as follows:

	Property development and investment <i>HK\$'000</i>	Sales of goods and merchandises <i>HK\$'000</i>	Securities investment and trading <i>HK\$'000</i>	Others and corporate <i>HK\$'000</i>	Total <i>HK\$'000</i>
2015					
Revenues	366,118	923	1,437	–	368,478
Other income and net gain/(loss)	<u>64,185</u>	<u>(7)</u>	<u>31</u>	<u>8,295</u>	<u>72,504</u>
Operating profit/(loss)	193,362	(487)	1,468	(27,605)	166,738
Finance costs	(7,821)	–	–	–	(7,821)
Share of results of associated companies	<u>–</u>	<u>(54)</u>	<u>–</u>	<u>(968)</u>	<u>(1,022)</u>
Profit/(loss) before taxation	185,541	(541)	1,468	(28,573)	157,895
Taxation	<u>(96,186)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(96,186)</u>
Profit/(loss) for the period	<u>89,355</u>	<u>(541)</u>	<u>1,468</u>	<u>(28,573)</u>	<u>61,709</u>
As at 30th September, 2015					
Segment assets	3,111,904	51,136	24,541	749,019	3,936,600
Associated companies	<u>–</u>	<u>10,401</u>	<u>–</u>	<u>6,608</u>	<u>17,009</u>
Total assets	<u>3,111,904</u>	<u>61,537</u>	<u>24,541</u>	<u>755,627</u>	<u>3,953,609</u>
Total liabilities	<u>1,300,726</u>	<u>932</u>	<u>–</u>	<u>62,370</u>	<u>1,364,028</u>
2015					
Other segment items are as follows:					
Capital expenditure	284,845	–	–	618	285,463
Depreciation	859	13	–	5,084	5,956
Amortization of land use rights					
– charged to the consolidated income statement	16	–	–	–	16
– capitalized into properties	<u>2,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,000</u>

	Property development and investment <i>HK\$'000</i>	Sales of goods and merchandises <i>HK\$'000</i>	Securities investment and trading <i>HK\$'000</i>	Others and corporate <i>HK\$'000</i>	Total <i>HK\$'000</i>
2014					
Revenues	601,704	2,544	–	–	604,248
Other income and net gain	<u>12,199</u>	<u>226</u>	<u>–</u>	<u>13,548</u>	<u>25,973</u>
Operating profit/(loss)	206,914	(477)	–	(27,338)	179,099
Finance costs	(885)	–	–	–	(885)
Share of result of an associated company	<u>–</u>	<u>–</u>	<u>–</u>	<u>271</u>	<u>271</u>
Profit/(loss) before taxation	206,029	(477)	–	(27,067)	178,485
Taxation	<u>(102,805)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(102,805)</u>
Profit/(loss) for the period	<u>103,224</u>	<u>(477)</u>	<u>–</u>	<u>(27,067)</u>	<u>75,680</u>
As at 31st March, 2015					
Segment assets	3,101,749	50,321	24,053	942,568	4,118,691
Associated company	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,576</u>	<u>7,576</u>
Total assets	<u>3,101,749</u>	<u>50,321</u>	<u>24,053</u>	<u>950,144</u>	<u>4,126,267</u>
Total liabilities	<u>1,452,675</u>	<u>945</u>	<u>–</u>	<u>12,705</u>	<u>1,466,325</u>
2014					
Other segment items are as follows:					
Capital expenditure	200,450	4	–	2,067	202,521
Depreciation	1,054	1	–	4,895	5,950
Amortization of land use rights					
– charged to the consolidated income statement	16	–	–	–	16
– capitalized into properties	<u>2,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,000</u>

(b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues 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		Capital expenditure	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong	1,462	2,112	6,941	3,665
The People's Republic of China (the "PRC")	366,118	601,704	278,522	198,856
Other countries	898	432	–	–
	<u>368,478</u>	<u>604,248</u>	<u>285,463</u>	<u>202,521</u>
	Non-current assets (Note)		Total assets	
	30th September, 2015 HK\$'000	31st March, 2015 HK\$'000	30th September, 2015 HK\$'000	31st March, 2015 HK\$'000
Hong Kong	73,914	68,959	1,164,945	912,511
The PRC	919,030	664,332	2,750,343	3,176,342
Other countries	–	–	38,321	37,414
	<u>992,944</u>	<u>733,291</u>	<u>3,953,609</u>	<u>4,126,267</u>

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

	2015 HK\$'000	2014 HK\$'000
Interest income from bank deposits	7,340	10,338
Dividend income from available-for-sale financial assets	3,889	3,784
Write-back of provision for indemnity (Note)	58,546	–
Fair value gain on transfer of properties from properties for sale to investment properties	2,781	455
Gain on disposal of an investment property	–	11,241
Net (loss)/gain on disposal of property, plant and equipment	(5)	454
Net exchange loss	(47)	(305)
Sundries	–	6
	<u>72,504</u>	<u>25,973</u>

Note: On 27th May, 2013, a wholly-owned subsidiary (the "Vendor") of the Group entered into an agreement with an independent third party (the "Purchaser") to dispose of its investment in a wholly-owned subsidiary at 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. Details of transaction were set out in the announcement of the Company on 27th May, 2013. The write-back of provision for indemnity was related to this as the indemnity was expired during the period ended 30th September, 2015.

8. OPERATING PROFIT

	2015 HK\$'000	2014 HK\$'000
Operating profit is stated after charging:		
Amortization of land use right	16	16
Cost of properties sold	215,118	356,068
Cost of inventories sold	580	1,545
Depreciation	5,956	5,950
Staff costs, including Directors' emoluments		
Wages and salaries	28,688	25,974
Retirement benefit costs	1,557	1,468

9. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest expenses		
Bank borrowings wholly repayable within five years	12,616	12,631
Amounts capitalized into properties under development	(4,795)	(11,746)
	<u>7,821</u>	<u>885</u>

The above analysis shows the finance costs in accordance with the agreed scheduled repayment dates set out in the agreements. The capitalization rates applied to funds borrowed for the development of properties range from 2.10% to 3.16% (2014: 3.15% to 7.38%) per annum.

10. TAXATION

	2015 HK\$'000	2014 HK\$'000
Current taxation		
PRC corporate income tax	44,133	40,920
PRC land appreciation tax	59,054	75,494
Deferred taxation	(7,001)	(13,609)
	<u>96,186</u>	<u>102,805</u>

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the period (2014: Nil). PRC corporate income tax has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the PRC. PRC land appreciation tax is levied at 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.

There is no taxation charge of associated companies for the six months ended 30th September, 2015 (2014: HK\$91,000).

11. INTERIM DIVIDEND

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interim dividend of 1.0 HK cent (2014: 1.0 HK cent) per share	<u>16,211</u>	<u>16,077</u>

On 26th November, 2015, the board of Directors declared an interim dividend of 1.0 HK cent (2014: 1.0 HK cent) per share amounting to HK\$16,211,000 (2014: HK\$16,077,000). The amount of HK\$16,211,000 is calculated based on 1,621,143,544 issued shares as at 26th November, 2015. 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, 2016.

12. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$65,386,000 (2014: HK\$77,099,000) and the weighted average number of 1,607,694,567 (2014: 1,595,683,140) 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.

13. CAPITAL EXPENDITURE

On 21st April, 2015, the Company and its wholly-owned subsidiary entered into a sale and purchase agreement with Midas International Holdings Limited (“Midas”) (a listed subsidiary of CCIL) 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 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 and the consideration was settled in full in cash at completion. The Group recorded the land and property acquired as investment properties at completion and as at 30th September, 2015. Details of the transaction were set out in the announcements of the Company dated 21st April, 2015 and 21st August, 2015, and the circular of the Company dated 13th May, 2015.

For the six months ended 30th September, 2015, the Group incurred acquisition and development costs on property, plant and equipment of HK\$929,000 (2014: HK\$2,208,000) and property projects and investment properties (including the aforesaid one) of HK\$284,534,000 (2014: HK\$200,313,000) respectively.

14. DEBTORS AND PREPAYMENTS

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

	30th September, 2015 HK\$'000	31st March, 2015 HK\$'000
Below 30 days	18,032	20,614
31 to 60 days	24	2
61 to 90 days	6	11
Over 90 days	3,884	783
	<u>21,946</u>	<u>21,410</u>

Debtors and prepayments include net deposits of HK\$216,161,000 (31st March, 2015: HK\$221,090,000) for property projects and acquisition of land use rights after the accumulated provision for impairment of HK\$11,272,000 (31st March, 2015: HK\$11,272,000) as at 30th September, 2015.

15. CREDITORS AND ACCRUALS

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

	30th September, 2015 HK\$'000	31st March, 2015 HK\$'000
Below 30 days	9	232
31 to 60 days	–	2
Over 60 days	189	66
	<u>198</u>	<u>300</u>

Creditors and accruals include the construction cost payables and accruals of HK\$137,458,000 (31st March, 2015: HK\$127,937,000) for the property projects of the Group.

16. BORROWINGS

	30th September, 2015 HK\$'000	31st March, 2015 HK\$'000
Unsecured bank borrowings		
Long-term bank borrowings	<u>170,926</u>	<u>187,365</u>
Secured bank borrowings		
Short-term bank borrowings	214,550	214,550
Long-term bank borrowings	<u>185,689</u>	<u>221,109</u>
	<u>400,239</u>	<u>435,659</u>
Total bank borrowings	<u>571,165</u>	<u>623,024</u>

The long-term bank borrowings are analyzed as follows:

	30th September, 2015 HK\$'000	31st March, 2015 HK\$'000
Long-term bank borrowings wholly repayable within five years*	<u>356,615</u>	<u>408,474</u>
Current portion included in current liabilities		
Portion due within one year	(91,137)	(106,031)
Portion due after one year which contains a repayment on demand clause	<u>(248,250)</u>	<u>(283,558)</u>
	<u>(339,387)</u>	<u>(389,589)</u>
	<u><u>17,228</u></u>	<u><u>18,885</u></u>

* Ignoring the effect of any repayment on demand clause

The bank borrowings are repayable in the following periods based on the agreed scheduled repayment dates set out in the loan agreements:

	30th September, 2015 HK\$'000	31st March, 2015 HK\$'000
Within the first year	305,687	320,581
Within the second year	253,172	287,334
Within the third to fifth years	<u>12,306</u>	<u>15,109</u>
	<u><u>571,165</u></u>	<u><u>623,024</u></u>

17. SHARE CAPITAL

	30th September, 2015 HK\$'000	31st March, 2015 HK\$'000
Authorized:		
18,000,000,000 shares of HK\$0.05 each	<u>900,000</u>	<u>900,000</u>
Issued and fully paid:		
1,607,694,567 shares of HK\$0.05 each	<u>80,385</u>	<u>80,385</u>

18. FINANCIAL GUARANTEES

As at 30th September, 2015, the subsidiaries had provided guarantees of HK\$885,852,000 (31st March, 2015: HK\$795,441,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

19. COMMITMENTS

As at 30th September, 2015, the Group had commitments contracted but not provided for in respect of property projects and property, plant and equipment of HK\$312,844,000 (31st March, 2015: HK\$263,069,000) and available-for-sale financial assets of HK\$48,836,000 (31st March, 2015: HK\$49,964,000) respectively.

20. PLEDGE OF ASSETS

As at 30th September, 2015, the Group had pledged certain assets including investment properties, properties for sale and bank deposits, with an aggregate carrying value of HK\$526,817,000 (31st March, 2015: HK\$561,212,000), to secure banking and financial guarantee facilities granted to the subsidiaries.

FINANCIAL REVIEW

Revenues of the Group for the six months ended 30th September, 2015 decreased by approximately 39.0% compared to that of the last corresponding period to HK\$368.5 million (2014: HK\$604.2 million), comprising sales of properties in the People's Republic of China (the "PRC") of HK\$358.7 million (2014: HK\$596.4 million), rental and management fee income of HK\$7.5 million (2014: HK\$5.3 million), income from sales and trading business of HK\$0.9 million (2014: HK\$2.5 million), and securities investment and trading income of HK\$1.4 million (2014: Nil).

During the period under review, gross profit decreased by 38.7% to HK\$148.9 million (2014: HK\$243.0 million) and was mainly attributable to the decrease in sales of properties in the PRC. Other income and net gain increased to HK\$72.5 million (2014: HK\$26.0 million) mainly related to the gain on reversal of tax indemnity from disposal of a subsidiary as announced in May 2013. A breakdown of other income and net gain is shown in note 7 on page 9 of this report. For the period under review, the Group recorded a gain on change in fair value of investment properties in the PRC of HK\$32.4 million (2014: HK\$0.6 million).

On the costs side, selling and marketing expenses decreased to HK\$20.3 million (2014: HK\$26.1 million) as a result of the drop in revenues during the period. Administrative and other operating expenses slightly increased to HK\$66.8 million (2014: HK\$64.4 million) as a result of increase in overheads in the PRC caused by increased business activities.

Finance costs increased to HK\$7.8 million (2014: HK\$0.9 million) during the period because interests on borrowings were not capitalized when the construction of the related property development projects was completed. Share of loss of associated companies amounted to HK\$1.0 million (2014: profit of HK\$0.3 million) was mainly in relation to the Group's 25% interest in Treasure Auctioneer International Limited. Taxation decreased by 6.4% to HK\$96.2 million (2014: HK\$102.8 million) and was mainly due to the decrease 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, 2015 decreased 15.2% to HK\$65.4 million (2014: HK\$77.1 million). Earnings per share was 4.07 HK cents (2014: 4.83 HK cents).

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of 1.0 HK cent (2014: 1.0 HK cent) per share payable on or before Monday, 25th January, 2016 to the shareholders whose names appear on the Company's register of members on Monday, 28th December, 2015.

BUSINESS REVIEW

Investment/Hotel Properties

The Group holds a portfolio of investment properties in the PRC as follows:

(i) 6th floor of Chengdu Digital Plaza; (ii) 5 office units at Guangzhou R&F Yingkai Square; (iii) the Group acquired the industrial property located at Changan, Dongguan, with a gross floor area (“GFA”) of about 39,000 *sq. m.* at RMB101.6 million (equivalent to approximately HK\$123.4 million) during the period under review. In September 2015, the property was leased for a term of eight years at an annual rental of about RMB6.4 million; (iv) commercial properties of Dongguan Imperial Garden; (v) commercial properties of Guangzhou Chuang’s Le Papillon; and (vi) commercial podium of Anshan Chuang’s Mid-town.

As at 30th September, 2015, the investment properties held by the Group in the PRC had an aggregate GFA of about 88,410 *sq. m.*, of which 60% were completed properties and 40% were under construction. Rental and related income during the period was HK\$3.8 million.

The Group owns 59.5% of sáv Resort & Spa, Xiamen, Fujian, which is a luxurious hotel and resort development occupying a site with an area of about 27,574 *sq. m.* and has 18,000 *sq. m.* in GFA. It comprises 30 villas with an aggregate GFA of about 8,300 *sq. m.* which will be rented out on long lease. An exclusive resort with 100 keys (total GFA of 9,700 *sq. m.*) will be operated as hotel and leased apartments. Marketing for leasing out the villas and the apartments has commenced. It is expected that the development will be completed in the first quarter of 2016.

Properties Under Development

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

The project comprises an integrated community with Phase I and II (Block A to P), having an aggregate GFA of 260,800 *sq. m.*, being completed. There are 34 high-rise residential towers with a total of 2,077 flats and 22 villas, commercial podium and club houses with a total GFA of 8,780 *sq. m.* and 1,497 carparking spaces.

All high-rise blocks of Phase I and II have been launched for sale and soft marketing of Block P (22 villas) has also commenced. As of to-date, this project has unsold residential properties (including Block P) of about RMB248 million.

For Phase III, it will initially comprise two high-rise residential towers and 14 villas with total GFA of about 54,000 *sq. m.*. Applications have been submitted to the relevant authorities for land quota to be allocated. Preparatory construction works have commenced, and superstructure works will kick off once the approvals from the relevant authorities for this part of Phase III are obtained.

As regards the business plans for the remaining development of Phase III, the Group will adopt a medium to long term planning approach while awaiting for land quota to be allocated. In this respect, the Group will maintain close liaison with the relevant authorities in Guangzhou in order to speed up the process.

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

Chuang's New City has a total GFA of about 520,000 *sq. m.* and is divided into different phases. Phase I and II (Block 1 to 14), having an aggregate GFA of about 150,300 *sq. m.*, have been completed. It provides 1,239 residential flats, a modern commercial shopping complex and 184 carparking spaces. As of to-date, completed residential properties of this project (Block 1 to 14) available for sales amounted to about RMB61 million.

Phase III (Block 29 to 31) has total GFA of about 40,000 *sq. m.*. Superstructure works are progressing satisfactorily and has topped off in October 2015. Completion of construction works will be before the second quarter of 2016. Pre-sales of Block 29 to 31 were launched in October 2015 with encouraging results. More than 95% are presold and the average selling price is about RMB7,300 per *sq. m.* with the remaining about RMB13 million available for sales.

Phase IV (Block 15 to 20) has total GFA of about 83,000 *sq. m.*. Master plans have been approved. Site formation works have completed and foundation works have recently commenced.

As for the remaining development with GFA of about 233,000 *sq. m.*, the Group will embark on development plan in accordance with local market sentiments and sales progress.

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

It consists of a 6-level commercial podium providing an aggregate GFA of about 29,600 *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 residential and service apartments.

Superstructure works of the commercial podium and the twin tower are in satisfactory progress and have topped off in November 2015. The residential property market in Anshan is relatively weak and there are a number of local developers pursuing cut-throat pricing. However, in view of the prime location of Chuang's Mid-town which is adjacent to the train station in city centre, the Group will emphasize on brand building, quality and the market niche of the project. Soft marketing for Block A will be launched in the coming months.

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

Adjacent to Chuang's Mid-town, the second site of the Group has developable GFA of 390,000 *sq. m.*, and will provide an 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.

Beverly Hills, Changsha, Hunan (54% owned)

As at 30th September, 2015, the Group's total investment costs in this project amounted to about HK\$80 million. Properties available for sales (total residential GFA of 19,000 *sq. m.* and commercial GFA of 11,600 *sq. m.*) of this project have a total book costs of about HK\$118 million. The business license of the joint venture company in the PRC has expired since 2012. The Group plans to reactivate the business license of this joint venture company in the PRC and will institute necessary legal actions in order to achieve the reactivation.

Joint development interest in Chengdu (51% owned)

In view of the complexity of the project that involves resettlements, the Group has discussions with the local partner regarding disposal of this development interest. However, the discussions have not materialized. The Group will assess and evaluate our legal rights and procedures on unwinding the investment.

Yip Wong Road, Tuen Mun Town Lot No. 514, Tuen Mun, New Territories, Hong Kong (100% owned)

The site at Yip Wong Road has an area of about 2,428 *sq. m.* and has developable GFA of 10,862 *sq. m.* for residential purpose and 2,428 *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. The site is easily accessible to the light rail station and Tuen Mun West Rail and is close to (i) the Tuen Mun-Chek Lap Kok Link under construction, which will connect Tuen Mun to the Hong Kong-Zhuhai-Macao Bridge Hong Kong port and the Hong Kong International Airport; and (ii) Shenzhen via the Hong Kong-Shenzhen Western Corridor (深港西部通道).

Building plans of the development have been approved. Site formation and foundation works will commence soon.

Sales and revenues recognition for properties under development

As of to-date, the Group has contracted sales pending completion of about RMB355 million (equivalent to approximately HK\$433 million). Amongst this, contracted sales relating to completed properties amounted to about RMB72 million (equivalent to approximately HK\$88 million) whereas contracted sales related to properties under construction amounted to about RMB283 million (equivalent to approximately HK\$345 million), which are entirely related to Block 29 to 31 of Imperial Garden at Dongguan. Contracted sales will only be recognized as revenues of the Group when they are completed and properties are handed over to buyers.

In the remaining second half of this financial year, the Group has properties available for sales of about RMB578 million (equivalent to approximately HK\$706 million). It comprises: (i) completed residential properties amounted to about RMB309 million in Guangzhou and Dongguan; (ii) car parks of about RMB186 million in Guangzhou and Dongguan; (iii) residential properties under construction of about RMB13 million in Dongguan and (iv) pre-sale to be launched for Block A of Anshan project with sale value of over RMB70 million.

FINANCIAL POSITION

Financial resources

During the period under review, the Group maintained strong financial position. As at 30th September, 2015, the Group's cash and bank balances (including pledged bank balances) and investments held for trading amounted to HK\$730.6 million (31st March, 2015: HK\$935.2 million). As at the same date, bank borrowings of the Group amounted to HK\$571.2 million (31st March, 2015: HK\$623.0 million). The Group has net cash of HK\$159.4 million (31st March, 2015: HK\$312.2 million). The calculation of net debt to equity ratio was therefore not applicable (31st March, 2015: Not applicable). Approximately 62.1% of the Group's cash and bank balances and investments held for trading were in Hong Kong dollar and United States dollar with the remaining 37.9% in Renminbi. Approximately 66.6% of the Group's bank borrowings were in Hong Kong dollar with the remaining 33.4% in Renminbi.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 53.5% of the Group's bank borrowings were repayable within the first year, 44.3% were repayable within the second year and the balance of 2.2% were repayable within the third to fifth years.

Foreign exchange risk

The Group conducts its property business operations in the PRC, with the income and the major cost items being denominated in Renminbi. Therefore, it is expected that any fluctuation of Renminbi's exchange rate 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 Renminbi. The Group would closely monitor this risk exposure from time to time.

Net asset value

As at 30th September, 2015, the net asset value attributable to equity holders of the Company was HK\$2,540.3 million. During the period under review, the net asset value slightly decreased after taking into account the change in exchange rate and the change in fair value of the available-for-sale financial assets. Net asset value per share amounted to HK\$1.58, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value.

PROSPECTS

In recent months, the PRC Government has launched a number of policies to promote the stable and sound development of the property market. Coupled with the reduction in deposit reserves and interest rates, and relaxation of home purchase and loan restrictions, property buyers' sentiment began to pick up. However, the intensifying competition in the property market will remain, especially in the second or third tier cities.

Apart from the existing property development business, the Group will seek for opportunity to diversify into other businesses in the PRC which have similar characteristics with property development. At the same time, the Group will review the existing property investment portfolio and will keep monitoring appropriate opportunities to enhance the quality and value of the property investment business.

CLOSING OF REGISTER

The register of members of the Company will be closed from Monday, 21st December, 2015 to Monday, 28th December, 2015, 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 Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Friday, 18th December, 2015.

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, 2015, the Group employed 292 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

Due to other commitments, an Independent Non-Executive Director had not attended the 2015 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Except as mentioned hereof, the Company has complied throughout the six months ended 30th September, 2015 with the code provisions set out in the CG Code.

An audit committee has been established by the Company to review and supervise the Company's financial reporting process and internal controls and review the relationship with the auditor. The audit committee has held meetings in accordance with the relevant requirements. The Group's condensed consolidated interim financial information for the period ended 30th September, 2015 have been reviewed by the audit committee of the Company and by the Company's independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The current members of the audit committee are Mr. Abraham Shek Lai Him, Mr. David Chu Yu Lin and Mr. Andrew Fan Chun Wah, the Independent Non-Executive Directors of the Company.

The Company has also adopted the Model Code 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 INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The interim report of the Company for the six months ended 30th September, 2015 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.

By order of the Board of
Chuang's China Investments Limited
Albert Chuang Ka Pun
Managing Director

Hong Kong, 26th November, 2015

As at the date of this announcement, Miss Ann Li Mee Sum, Mr. Albert Chuang Ka Pun, Mr. Chong Ka Fung, Mr. Sunny Pang Chun Kit and Mr. Peter Lo Wing Cheung are the Executive Directors of the Company, and Mr. Abraham Shek Lai Him, Mr. David Chu Yu Lin and Mr. Andrew Fan Chun Wah are the Independent Non-Executive Directors of the Company.