



CHUANG'S CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 367



INTERIM REPORT 2021

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CORPORATE INFORMATION

Honorary Chairman	Alan Chuang Shaw Swee
Directors	Albert Chuang Ka Pun, J.P. (<i>Chairman and Managing Director</i>) Richard Hung Ting Ho (<i>Vice Chairman</i>) Chong Ka Fung (<i>Deputy Managing Director</i>) Ann Li Mee Sum Candy Kotewall Chuang Ka Wai Geoffrey Chuang Ka Kam 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., J.P.* <i>* Independent Non-Executive Directors</i>
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, J.P.# Chong Ka Fung Candy Kotewall Chuang Ka Wai Chan Chun Man
Company Secretary	Lee Wai Ching
Independent Auditor	PricewaterhouseCoopers <i>Certified Public Accountants and Registered Public Interest Entity Auditor</i> 22nd Floor, Prince's Building 10 Chater Road Central, Hong Kong
Registrars	Bermuda: MUGF Fund Services (Bermuda) Limited 4th floor North Cedar House 41 Cedar Avenue Hamilton HM 12 Bermuda Hong Kong: Tricor Standard Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong

Chairman of the relevant committee

CORPORATE INFORMATION (*Continued*)

Principal Bankers	The Hongkong and Shanghai Banking Corporation Limited Hang Seng Bank Limited Bank of China (Hong Kong) Limited China Construction Bank (Asia) Corporation Ltd. Nanyang Commercial Bank, Limited Bank of Communications Co., Ltd.
Registered Office	Clarendon House, 2 Church Street Hamilton HM 11, Bermuda
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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 30 September 2020. 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 30 September 2020, and the condensed consolidated balance sheet as at 30 September 2020 along with the notes thereon, are set out on pages 48 to 72 of this report.

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Business

1. For the redevelopment project at Gage Street, following the auction for Nos. 16–18 Gage Street in mid-July 2020, the compulsory acquisition of the remaining 3 units was subsequently completed in August 2020. The Group has therefore unified the ownership of Nos. 16–20 Gage Street and successfully consolidated this project with a total site area of about 3,600 *sq. ft.*. It is currently planned that a residential/commercial building with gross floor area (“GFA”) of about 36,000 *sq. ft.* will be developed. Hoarding and demolition works have been commenced which will be completed in the first half of 2021. Foundation work will be followed promptly. With the prime location at Central, the Group is optimistic about the prospect of this project.
2. For Po Shan Road joint venture project, site formation and foundation works are at the final stage and will be completed by the end of this financial year. Two sets of building plans to develop the property into (1) two semi-detached residences (left/right) and (2) a single residence were approved by the Buildings Department respectively. At the same time, the Group is also studying the possibility of a third set of building plans to develop the property into two residences (top/bottom) with application of technical modification submitted to the relevant authorities for approval. In the meantime, both joint venture partners are also exploring other options (including disposal) to accelerate return on this investment. Marketing to promote this project has been commenced.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020 *(Continued)*

Business *(Continued)*

3. For Mongkok joint venture project, it is planned that a residential/commercial building comprising 322 residential units, clubhouse facilities, commercial podium and carparking spaces will be developed. The development is proceeding as scheduled. Site formation and foundation works are in progress and are expected to be completed before the end of this financial year. Superstructure works will be followed promptly. Application for the pre-sale consent of the 322 residential units has been submitted to the relevant authorities for approval. Pre-sale is expected to be commenced in the first quarter of 2021 once the consent is granted. Marketing to promote this project will be commenced soon.
4. In September 2020, the Group has successfully completed the disposal of the investment property in the United Kingdom (the “UK”) for approximately GBP93.8 million (equivalent to approximately HK\$971.5 million). The disposal has greatly strengthened the Group’s overall financial position.
5. For The Esplanade in Tuen Mun, upon the issuance of certificate of compliance, 358 residential units (out of the pre-sold 366 units) have been handed-over to end-buyers during the period ended 30 September 2020. This has improved the Group’s financial performance and position. The Group will continue to market the remaining unsold 5 residential units and carparking spaces, as well as the commercial units in the commercial podium in order to generate more income to the Group.
6. For the Ap Lei Chau project acquired in 2019, the Group has obtained vacant possession of the whole property during the period. The property has a site area of about 4,320 *sq. ft.* and has a developable GFA of about 40,000 *sq. ft.*. General building plans of the project have been approved to develop a 27-storey residential/commercial building with clubhouse facilities and retail units at the podium levels. Hoarding and demolition works have been commenced, and are expected to be completed within the financial year ending 2021. Foundation work will be followed promptly.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020 *(Continued)*

Financial

- Revenues increased by 5.5 times to HK\$1,847.3 million
- Profit attributable to equity holders of the Company increased by 53.8% to HK\$49.2 million
- Total cash resources of the Group (including investments held for trading) increased by 13% to HK\$5.6 billion
- Net debt to equity ratio of the Group improved from 19.2% to 10.8%
- Interim dividend of 1.5 HK cents per share was declared

FINANCIAL REVIEW

The lingering Covid-19 pandemic has continued to create unprecedented challenges and adverse impact to the business and economy of the world. Coupled with the strained Sino-US relation as well as the escalating geopolitical and trade stresses, the operating environment of this financial year will continue to be difficult. The financial performance of the Group for the underlying period had inevitably been affected by these factors. Despite this macro back-drop, the Group has successfully completed the disposal of the investment property in the UK and substantially completed the sales of the development properties in Tuen Mun according to schedule. These have helped to ease pressure during the current difficult time, and well position the Group to meet the upcoming challenges and to grasp opportunities ahead.

Profit attributable to equity holders of the Company for the six months ended 30 September 2020 amounted to HK\$49.2 million (2019: HK\$32.0 million), representing an increase of about 53.8% when compared to that of the last corresponding period. Earnings per share was 2.94 HK cents (2019: 1.91 HK cents). A review of the results is set out below.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL REVIEW *(Continued)*

For the six months ended 30 September 2020, revenues of the Group amounted to HK\$1,847.3 million (2019: HK\$286.0 million), representing an increase of about 5.5 times compared to that of the last corresponding period. Revenues of the Group comprised revenues from sales of properties of HK\$1,617.4 million (2019: HK\$14.8 million), revenues from rental and other income of investment properties of HK\$101.8 million (2019: HK\$118.3 million), revenues from hotel operation of HK\$4.3 million (2019: HK\$30.0 million), revenues from cemetery business of HK\$11.3 million (2019: HK\$10.5 million), revenues from sales of goods and merchandises of HK\$4.9 million (2019: HK\$22.1 million), revenues from money lending business of HK\$0.9 million (2019: HK\$4.1 million), and revenues from securities investment and trading business of HK\$106.7 million (2019: HK\$86.2 million).

As a result of the increase in revenues, gross profit during the period increased to HK\$789.4 million (2019: HK\$216.4 million). Gross profit margin decreased to 42.7% (2019: 75.7%), which was mainly due to the increase in proportion of revenues generated from sales of properties segment which had a relatively lower profit margin than the other revenue segments of the Group.

Other income and net gain amounted to HK\$212.1 million (2019: net loss of HK\$9.2 million) mainly due to the unrealized fair value gain of bonds investments recorded during the period under review. A breakdown of other income and net gain/(loss) is shown in note 7A on page 64 of this report. Loss from change in fair value of investment properties of the Group amounted to HK\$436.6 million (2019: gain of HK\$56.9 million) mainly due to the decrease in fair value of the investment properties of the Group under the current weak market environment.

On the costs side, selling and marketing expenses increased to HK\$99.7 million (2019: HK\$20.3 million) principally due to the sales commission of The Esplanade in Tuen Mun recorded upon the sales recognition during the period. Administrative and other operating expenses decreased to HK\$194.6 million (2019: HK\$220.5 million) mainly due to the decrease in business activities and overheads of the Group after various cost reduction measures had been implemented. Finance costs decreased to HK\$81.3 million (2019: HK\$134.3 million) due to the decrease in interest rates and the decreased level of bank borrowings of the Group. Share of results of associated companies and joint ventures decreased to HK\$2.4 million (2019: HK\$9.2 million) mainly due to the decrease in share of profit of joint ventures as compared to the last corresponding period. Taxation credit amounted to HK\$23.4 million (2019: taxation charge of HK\$76.1 million) mainly due to a write-back of over-provision of taxation charges in respect of the sales of properties in the People's Republic of China (the "PRC") in prior years, and the deferred taxation credit arising from the fair value loss of investment properties during the period.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

INTERIM DIVIDEND

As regards payment of dividend, it is the policy of the Group to pay a recurrent and steady dividend to its shareholders. After taking into account the need to maintain sufficient financial resources for the working capital of the Group's projects and businesses, in particular under the current uncertain market environment, the Board has resolved to pay an interim dividend of 1.5 HK cents (2019: 1.5 HK cents) per share on or before Tuesday, 19 January 2021 to the shareholders whose names appear on the Company's register of members on Monday, 28 December 2020.

BUSINESS REVIEW

(A) Investment Properties

- (i) *Chuang's Tower, Nos. 30–32 Connaught Road Central, Hong Kong (100% owned)*

The property is a commercial/office building and is strategically located at the heart of Central District and close to the exits of both the Central Station of the Mass Transit Railway and the Hong Kong Station of the Airport Express Line. The property has a site area of about 3,692 *sq. ft.* and a total GFA of about 55,367 *sq. ft.*. During the period, rental and other income from this property amounted to about HK\$24.6 million. Rental allowances have been offered to some tenants whose businesses were adversely impacted by the current market situation. The Group will closely review and monitor the tenant status in order to improve the rental yield of the property.

- (ii) *Chuang's London Plaza, No. 219 Nathan Road, Tsim Sha Tsui, Kowloon (100% owned)*

Strategically located at the heart of shopping centres in Tsim Sha Tsui, Kowloon, and near the exits of the Mass Transit Railway and the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section, the property is a shopping and entertainment complex. The property has a site area of about 9,145 *sq. ft.* and a total GFA of about 103,070 *sq. ft.*. During the period, rental and other income from this property amounted to about HK\$18.7 million. The Group has granted rental allowances to some tenants to offer immediate support under the unprecedented difficult time. The Group is taking actions to carry out lease restructuring with tenants and reshuffle the tenant mix of the property to mitigate the impact of Covid-19. Besides the food and beverage segment, the Group will explore and consider the leasing opportunities with other business segments in order to diversify the tenant base of the property for steady income.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(A) Investment Properties *(Continued)*

(iii) *Posco Building, No. 165 Un Chau Street, Sham Shui Po, Kowloon (100% owned)*

The property is a commercial/industrial building located in between the Cheung Sha Wan (approximately 0.4 kilometre) and the Sham Shui Po (approximately 0.5 kilometre) Mass Transit Railway Stations, enjoying the convenience of good transportation network. The property has a site area of about 3,920 *sq. ft.* and a total GFA of about 47,258 *sq. ft.*. During the period, rental and other income from this property amounted to about HK\$4.5 million. Rental allowances have been granted to certain distressed tenants to ease their operating pressures during the outbreak. Currently, the property is for commercial (G/F to 3/F and 12/F) and industrial (4/F to 11/F) use. Building plans to redevelop the property into a commercial/residential property with a total GFA of about 35,280 *sq. ft.* have been approved by the Buildings Department, and the Group will evaluate the best timing to carry out such redevelopment (if any). Meanwhile, the Group is exploring plans and alternatives to upgrade the entrance, main lobby and facade of the property in order to improve its esthetics for higher rental yield.

(iv) *House A, No. 37 Island Road, Deep Water Bay, Hong Kong (100% owned)*

Located at Deep Water Bay, a prestigious residential area, the property enjoys a glamorous sea-view. The property is currently leased out for rental income.

(v) *1st to 3rd Floors of Peng Building, Luohu District, Shenzhen, the PRC (100% owned)*

This property is located next to an exit of Honghu Station of Line 7, Shenzhen Metro, and it is for commercial use with a total gross area of about 5,318 *sq. m.*. The property is subject to a rental guarantee of HK\$1.8 million per month from the vendor of the property for 36 months starting from November 2018, and the total amount of rent collected for the six months ended 30 September 2020 is HK\$10.8 million.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(A) Investment Properties *(Continued)*

(vi) *International Finance Centre, Sukhbaatar District, Ulaanbaatar, Mongolia (100% owned)*

The project has a site area of about 3,269 *sq. m.* and is located within the central business district. It is planned that a 26-storey retail/office building with GFA of about 40,000 *sq. m.*, comprising office units and carparking spaces with shopping units at the podium levels will be developed, and upon completion, the property will become the highest office building in Mongolia. Superstructure works have been topped off. However, as Mongolia had imposed country lockdown since the beginning of year 2020 due to Covid-19, internal structural works and external cladding works of the property have been halted. The Group will keep track of the status of country lockdown and monitor the impact to the finishing works, and will adopt a flexible approach in coordinating with contractors. Marketing works for leasing have been commenced.

(B) Hotels and Serviced Apartments

(i) *Hotel sáv, No. 83 Wuhu Street, Hunghom, Kowloon (100% owned)*

Hotel sáv is located at the heart of Hunghom with close proximity to three Mass Transit Railway Stations including Whampoa Station (approximately 0.3 kilometre), Ho Man Tin Station (approximately 0.4 kilometre) and Hunghom Station (approximately 0.6 kilometre). It comprises 388 rooms together with shopping units and restaurants on the ground and first floors.

The Covid-19 pandemic has continued to affect Hong Kong's tourism seriously by travel bans and quarantine requirement. During the period under review, total revenues from the hotel amounted to about HK\$8.9 million (2019: HK\$34.8 million), which comprised room revenues of HK\$4.3 million (2019: HK\$30.0 million) and rental income from the shopping units and restaurants of HK\$4.6 million (2019: HK\$4.8 million). The average room rate of the hotel during the period dropped to about HK\$448 (2019: HK\$686), and the average occupancy rate decreased to about 13% (2019: 60%). The hotel operation (excluding the rental income) recorded a loss before interest, tax, depreciation and amortization amounting to about HK\$6.2 million (2019: earnings of HK\$5.6 million) during the period under review.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(B) Hotels and Serviced Apartments *(Continued)*

(i) *Hotel sáv, No. 83 Wuhu Street, Hunghom, Kowloon (100% owned)*
(Continued)

Against these headwinds, the Group has placed stronger focus on its Co-Living concept. Over the time, the Group has entered into agreement with an educational institute to accommodate university students and contracted with different agencies to attract long term room lease of different purposes. Through effective marketing efforts and competitive pricing, as well as additional offers on communal facilities, the long-staying segment has been expanded continuously. Moreover, dynamic packages were launched to create demands for the local staycation customers and long staying/monthly room rental segment. As for the shopping units and restaurants, the hotel has offered rental allowances to some tenants who have been affected by the current market environment. Furthermore, the Group has deployed various cost reduction measures while maintaining efficiency and service standard so as to mitigate the impact.

During the current pandemic situation, the hotel has practiced effective preventive measures and developed appropriate strategies at different stages to strengthen health and hygiene of all its major stakeholders in order to sustain its operation. The Group will continue to monitor the market situation closely and take necessary measures to preserve its competitiveness.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(B) Hotels and Serviced Apartments *(Continued)*

(ii) Pacific Cebu Resort, Cebu, Philippines (40% owned)

Pacific Cebu Resort, which is 40% owned by the Group, is a resort established in 1992 with 134 rooms (comprising 114 hotel rooms and 20 villas) 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 resort was closed from mid-March 2020 to 31 July 2020 due to the Covid-19 pandemic and was just reopened on 1 August 2020 with a limitation of 30% allowed occupancy as per the local quarantine requirement. At the same time, there are other restrictions imposed by the local government such as no diving activities allowed in Cebu and designated quarantine requirements for tourists. With the above limitations, revenue of the resort for the period dropped to about HK\$0.8 million (2019: HK\$18.8 million) and a loss of HK\$3.1 million (2019: a profit of HK\$4.8 million) was recorded. The Group's 40% share of loss was about HK\$1.2 million (2019: profit of HK\$1.9 million). The average room rate of the resort was maintained at about PHP3,763 for the current period, whereas the average occupancy rate decreased to about 8% after it was reopened in August 2020. The resort is currently operating with minimal manpower to reduce cost.

(iii) 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 by the Group 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 Group still owns 18 residential units of this property operating as serviced apartments. Rental income from the serviced apartments during the period amounted to approximately HK\$1.0 million. In view of the slight recovery of the recent property market, the Group will closely monitor the market opportunity and adopt a flexible approach to sell these 18 units in order to cash out on this investment.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(B) Hotels and Serviced Apartments *(Continued)*

(iv) sáv Residence, Xinyi District, Taipei City, Taiwan (100% owned)

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 fully furnished villa and 6 serviced apartments (of which 2 are duplex) with a total GFA of about 20,600 *sq. ft.*. The serviced apartments have been leased out with rental income amounting to approximately HK\$1.0 million for the period under review. Marketing work for leasing the villa is in progress.

(v) sáv Plaza, Sukhbaatar District, Ulaanbaatar, Mongolia (100% owned)

The project is located in the city centre within the embassy district and has a site area of about 3,431 *sq. m.*. This 19-storey serviced apartment/office complex comprises 142 units with clubhouse facilities, a ground floor shop with a total GFA of about 19,000 *sq. m.* and 48 carparking spaces. Internal and external finishing works have been completed during the period. Application for the issuance of occupation permit of the project has been submitted to the relevant authorities for approval in the first quarter of 2020. However, as Mongolia has imposed country lockdown for nearly the whole year of 2020 due to Covid-19, the approval process has been significantly delayed. The Group will closely monitor the progress with the relevant authorities in order to obtain the occupation permit promptly. Marketing works for leasing have been commenced with potential tenants showing genuine interests.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) Development Properties

(i) Nos. 16–20 Gage Street, Central, Hong Kong (100% owned)

Following the auction for Nos. 16–18 Gage Street in mid-July 2020, the compulsory acquisition of the remaining 3 units was subsequently completed in August 2020. The Group has therefore unified the ownership of Nos. 16–20 Gage Street and successfully consolidated this project with a total site area of about 3,600 *sq. ft.*. It is currently planned that a residential/commercial building with GFA of about 36,000 *sq. ft.* will be developed. Detailed studies on the redevelopment scheme and building plans for this project are at the final stage, while hoarding and demolition works have been commenced which will be completed in the first half of 2021. Foundation work will be followed promptly. With the prime location at Central, the Group is optimistic about the prospect of this project.

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

This project is owned as to 50% by the Group and 50% by a wholly-owned subsidiary of K. Wah International Holdings Limited (stock code: 173), and the Group is the project manager of the development. The property, with a site area of about 10,000 *sq. ft.*, is located in a prestigious mid-level area that enjoys a glamorous sea-view. Two sets of building plans to develop the property into (1) two semi-detached residences (left/right) with GFA of about 40,662 *sq. ft.*, and (2) a single residence with GFA of about 45,379 *sq. ft.*, were approved by the Buildings Department respectively. The Group is now evaluating these two sets of building plans, and at the same time, studying the possibility of a third set of building plans to develop the property into two residences (top/bottom) with application of technical modification submitted to the relevant authorities for approval.

Site formation and foundation works of the project are at the final stage and will be completed by the end of this financial year. In the meantime, both joint venture partners are also exploring other options (including disposal) to accelerate return on this investment. Marketing to promote this project has been commenced.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) Development Properties *(Continued)*

(iii) *Kowloon Inland Lot No. 11254, Reclamation Street/Shantung Street, Mongkok, Kowloon, Hong Kong (40% owned)*

Through the joint venture with a wholly-owned subsidiary of Sino Land Company Limited (stock code: 83), the Group participated in this project tendered by the Urban Renewal Authority in December 2017. The site is well located in the heart of the Mongkok district, neighbouring Langham Place. It covers a site area of approximately 14,900 *sq. ft.*. The project will provide residential GFA of about 112,200 *sq. ft.* and commercial GFA of about 22,400 *sq. ft.* and, upon completion, the commercial portion will be retained by the Urban Renewal Authority. It is planned that a residential/commercial building comprising 322 residential units, clubhouse facilities, commercial podium and carparking spaces will be developed.

General building plans of the project were approved by the relevant authorities. Site formation and foundation works are in progress and are expected to be completed before the end of this financial year. Superstructure works will be followed promptly. Application for the pre-sale consent of the 322 residential units has been submitted to the relevant authorities for approval. Pre-sale is expected to be commenced in the first quarter of 2021 once the consent is granted. Marketing to promote this project will be commenced soon. According to the current market conditions, the estimated total sales proceeds of the residential portion of this project will amount to about HK\$2.2 billion, and the Group's share of the 40% portion will be about HK\$0.9 billion.

(iv) *Greenview Garden, Thu Duc District, Ho Chi Minh City, Vietnam (100% owned)*

The project covers a site area of about 20,200 *sq. m.* and it is planned that a commercial/residential complex with GFA of about 91,000 *sq. m.* will be developed on the site. The construction permit has been obtained. The Group has completed the site leveling works for the development of Phase I of this project to a commercial/residential building with GFA of about 17,340 *sq. m.*. To capitalize on the opportunities on the rising property market in Vietnam, the Group is also exploring other options (including disposal) to accelerate return on investment in this project.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(D) Chuang’s China Investments Limited (“Chuang’s China”, stock code: 298) (60.7% 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 30 September 2020, the Chuang’s China Group recorded profit attributable to equity holders of HK\$423.4 million (2019: HK\$21.3 million) and revenues of HK\$1,683.3 million (2019: HK\$81.3 million) (which comprised revenues from sales of properties of HK\$1,617.4 million (2019: HK\$14.8 million), revenues from rental and management fee of HK\$27.2 million (2019: HK\$32.4 million), revenues from cemetery assets of HK\$11.3 million (2019: HK\$10.5 million), no revenues from sales and trading business (2019: HK\$2.2 million) and revenues from securities investment and trading of HK\$27.4 million (2019: HK\$21.4 million)).

(i) Investment Properties

The Chuang’s China Group holds the following portfolio of investment properties in the PRC and Malaysia for steady recurring rental income.

1. Chuang’s Mid-town, Anshan, Liaoning (100% owned by Chuang’s China)

Chuang’s Mid-town consists of a 6-level commercial podium providing an aggregate GFA of about 29,600 *sq. m.*. Above the podium stands a twin tower (Block AB and C) with 27 and 33-storey respectively, offering a total GFA of about 62,700 *sq. m.*. Occupation permit has been obtained.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(i) **Investment Properties** *(Continued)*

1. *Chuang's Mid-town, Anshan, Liaoning (100% owned by Chuang's China) (Continued)*

As affected by the weak economy in Anshan, the valuation of the property has dropped by about 13% to approximately RMB666.7 million (equivalent to approximately HK\$757.9 million) as at 30 September 2020, comprising RMB253.4 million for the commercial podium and RMB413.3 million for the twin tower.

The Chuang's China Group had previously entered into an agreement to pre-lease the entire commercial podium to a furniture and home finishing retailer. However, the tenant has unilaterally terminated this tenancy agreement. In December 2019, the Chuang's China Group had obtained judgement from the court in favour that the tenancy agreement is legally enforceable. In April 2020, the tenant commenced a new legal proceedings against the wholly-owned subsidiary of the Chuang's China Group to unwind the tenancy agreement and claim compensation. The Chuang's China Group has taken steps to counter-claim for the loss of rental and damage to its property. The case was heard by the court in July 2020 and it is now waiting for the judgement.

The weak economy in Anshan is further adversely affected by the Covid-19, thus business activities and leasing are progressing slowly. The Chuang's China Group will explore more marketing ideas on promotion and leasing of the commercial podium as well as the units of the twin tower.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(i) *Investment Properties (Continued)*

2. *Hotel and resort villas in Xiamen, Fujian (59.5% owned by Chuang's China)*

This hotel complex is developed by the Chuang's China Group, comprising a 6-storey hotel building with 100 guest-rooms (gross area of 9,780 *sq. m.*) and 30 villas (aggregate GFA of about 9,376 *sq. m.*) in Siming District, Xiamen. As at 30 September 2020, the properties were recorded based on valuation of RMB447.8 million (comprising RMB185.7 million for the hotel and RMB262.1 million for the 30 villas). The valuation attributable to the Chuang's China Group was about RMB266.4 million (equivalent to approximately HK\$302.8 million), whereas the total investment costs of the Chuang's China Group are about RMB150.8 million (equivalent to approximately HK\$171 million).

The hotel building and 30 villas are fully leased. The hotel building together with 3 villas are leased to 廈門侂家鷺江酒店 and is operated as “鷺江·侂家酒店” (Mega Lujiang Hotel). The remaining 27 villas are leased to independent third parties, of which 21 villas is operated as “亞朵S酒店” (Atour S Hotel). During February 2020 to April 2020, the Chuang's China Group had provided certain rent concession to tenants in light of the difficult operating environment of the tourism industry in Xiamen as a result of Covid-19. Moreover, the tenant of the 21 villas has failed to pay rents to the joint venture company and requested for substantial reduction in rent for two years and to determine the rent for the remaining subsequent 8 years based on the then market rent. The Chuang's China Group is considering the termination of the tenancy in view of the continuous default and will evaluate various courses of action, including taking legal actions, to recover the outstanding rents.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(i) *Investment Properties (Continued)*

3. *18 villas and commercial properties in Chuang's Le Papillon, Guangzhou, Guangdong (100% owned by Chuang's China)*

During the period under review, the Chuang's China Group completed the disposal of two villas. As at 30 September 2020, the Chuang's China Group's remaining 18 villas with GFA of approximately 5,717 *sq. m.* were recorded at valuation of about RMB145.4 million (equivalent to approximately HK\$165.3 million). Among these 18 villas, the Chuang's China Group has entered into the sale and purchase agreements to further dispose of 2 villas, which are expected to be completed in the year 2021. The Chuang's China Group's strategy is to cash out on this investment. As such, the Chuang's China Group will adopt a flexible approach to sell/or lease the remaining villas.

In addition, the Chuang's China Group also holds two commercial properties with total GFA of approximately 1,630 *sq. m.* in Guangzhou, of which one (with GFA of approximately 809 *sq. m.*) is leased to an independent third party and generates a steady rental income at rental yield of about 4.3% based on the valuation of RMB7.7 million (equivalent to approximately HK\$8.8 million). Another commercial property held for leasing (with GFA of approximately 821 *sq. m.*) was recorded at valuation of RMB10.3 million (equivalent to approximately HK\$11.7 million) as at 30 September 2020.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(i) **Investment Properties** *(Continued)*

4. *Commercial Property in Shatian, Dongguan, Guangdong (100% owned by Chuang's China)*

The Chuang's China Group holds a 4-storey commercial building in Shatian, Dongguan, providing a total GFA of about 4,167 *sq. m.* for commercial, retail and office usage. As at 30 September 2020, valuation of the property was RMB36.4 million (equivalent to approximately HK\$41.4 million). As previously reported, two storeys were leased to 中國人壽東莞分公司 (China Life Dongguan branch) ("China Life") for office use. During the period ended 30 September 2020, China Life has early terminated the tenancy of one storey with compensation paid to the Chuang's China Group in accordance with the tenancy agreement. Marketing is in progress for leasing of the remaining units of the property.

5. *Office Property in Fenchurch Street, London, UK (100% owned by Chuang's China before disposal)*

10 Fenchurch Street is a freehold property in the City of London, the UK. It is an 11-storey commercial building providing 77,652 *sq. ft.* of office and retail usage. As announced on 3 May 2020, the Chuang's China Group entered into a sale and purchase agreement to dispose of the property holding company that held this investment property to an independent third party at a consideration of about GBP93.8 million (equivalent to approximately HK\$971.5 million), subject to adjustment. The disposal was approved by the shareholders of Chuang's China on 23 June 2020, and was completed on 1 September 2020. This disposal has greatly strengthened the Group's overall financial position.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(i) **Investment Properties** *(Continued)*

6. *Wisma Chuang, Jalan Sultan Ismail, Kuala Lumpur, Malaysia (100% owned by Chuang's China)*

Wisma Chuang is located within the prime city centre, situated right next to the landmark shopping complex, Pavilion KL, the heart of central business district and prestigious shopping area of Kuala Lumpur. It is built on a freehold land and is a 29-storey high rise office building having retail and office spaces of approximately 254,000 *sq. ft.* (on total net lettable area basis is approximately 195,000 *sq. ft.*) and 298 carparking spaces. As at 30 September 2020, the valuation of this property was MYR180.2 million (equivalent to approximately HK\$336.3 million), which represents an average value of approximately MYR924 (equivalent to approximately HK\$1,724) per *sq. ft.* of net lettable retail and office area.

Wisma Chuang is leased to multi tenants with an occupancy rate of approximately 70%, and annual rental income is approximately MYR7.1 million (equivalent to approximately HK\$13.3 million), representing a rental yield of approximately 3.9% based on valuation. During the period under review, the Chuang's China Group had completed a lobby renovation work. The Chuang's China Group is planning to carry out certain building maintenance work, including washroom facilities, with a view to improving the facilities for the tenants. Furthermore, the Chuang's China Group will continue to review the tenant mix of this property, and to consider further internal building upgrading work in order to further enhance its rental yield and occupancy rate.

Apart from the above investment properties, the Chuang's China Group will identify suitable opportunities to expand on investment properties portfolio to enhance the Chuang's China Group's recurring and steady income.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(ii) *Property Development*

1. *The Esplanade, Yip Wong Road, Tuen Mun, New Territories, Hong Kong (100% owned by Chuang's China)*

The Esplanade has a site area of about 26,135 *sq. ft.* and has a developable GFA of 117,089 *sq. ft.* for residential purpose and 25,813 *sq. ft.* for commercial purpose. It 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 Esplanade comprises a two-storey commercial podium, a clubhouse, 47 carparking spaces and a 20-storey residential building, totalling 371 residential flats, which provides 233 studio, 97 one-bedroom, 39 two-bedrooms and 2 three-bedrooms.

Up-to-date, a total of 366 residential units and 3 carparking spaces have been sold at aggregate amount of about HK\$1,653.1 million. During the period under review, the sales of 358 residential units and 3 carparking spaces amounted to HK\$1,613.4 million have been completed with units handed-over to end-buyers after the certificate of compliance was issued on 31 July 2020, and thus they were recognized as revenues in the Group's financial statements. It is expected that the remaining 8 sold units, amounted to HK\$39.7 million, will be completed in the second half of financial year ending 31 March 2021. The Chuang's China Group will continue to market the remaining 5 unsold residential units and unsold carparking spaces.

As for the two-storey commercial podium having a total GFA of about 25,813 *sq. ft.*, there are about 16 commercial units and marketing on them is in satisfactory progress. Up-to-date, lease agreements of 4 commercial units have been entered into with independent third parties with an aggregate annual rental income of about HK\$0.8 million. The Chuang's China Group will continue to market the remaining units in order to generate more income.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

2. *Nos. 6-8 Ping Lan Street and Nos. 26-32 Main Street, Ap Lei Chau, Hong Kong (100% owned by Chuang's China)*

In 2019, the Chuang's China Group acquired the property interests in Ap Lei Chau at a consideration of about HK\$455.0 million. The property has a site area of about 4,320 *sq. ft.* and has a developable GFA of about 40,000 *sq. ft.*. General building plans of the project have been approved to develop a 27-storey residential/commercial building with clubhouse facilities and retail units at the podium levels.

The Chuang's China Group has obtained vacant possession of the whole property during the period. Hoarding and demolition works have been commenced, and are expected to be completed within the financial year ending 31 March 2021. Foundation work will be followed promptly.

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

Chuang's Le Papillon is an integrated residential and commercial community and its development is implemented by phases. The Chuang's China Group has completed the development of Phase I and II, having 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 properties, club houses and 1,497 carparking spaces.

All residential flats of Phase I and II have been sold. Up to the date of this report, 32 carparks were sold. The Chuang's China Group will continue to market the remaining unsold 383 carparks of about RMB42.1 million (equivalent to approximately HK\$47.9 million).

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(ii) *Property Development (Continued)*

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

For the remaining development (Phase III), the Chuang's China Group owns a land of over 92,000 *sq. m.* and its total plot ratio GFA was about 175,011 *sq. m.*. Land quota for development of about 123,362 *sq. m.* has been obtained in prior years, whereas the land quota of the remaining 51,649 *sq. m.* has also been obtained during the period.

The Chuang's China Group has commenced the development of Phase III by stages. Stage 1 has a total GFA of 50,190 *sq. m.* for development of 6 blocks of residential building together with 5,775 *sq. m.* for a kindergarten and public utilities. Foundation works of Stage 1 have been completed. Superstructure works of the kindergarten have been completed, external and internal finishing works will commence soon, whereas superstructure works of the 6 blocks of residential properties and public utilities are currently in progress. Stage 2 with a total GFA of 29,623 *sq. m.* comprises 3 blocks of residential building and 14 blocks for duplex style villa. Foundation works as well as the construction of basement of Stage 2 are completed. Stage 3 with a total GFA of 89,423 *sq. m.* will comprise various blocks of residential building and commercial properties.

The prospects of the Phase III site are promising. The local government will launch a massive commercial development right opposite to the Chuang's China Group's Phase III site across the riverbank. The total planned land area is massive which will be developed for tourism, entertainment, exhibition, cultural and restaurants. This will be a driving force favourable to the Chuang's China Group's Phase III development. The Chuang's China Group is reviewing the master floor plans in order to optimize the flats size in accordance with the latest market condition. Nevertheless, the Chuang's China Group will also explore other options (including disposal) in order to accelerate capital return on investment in this project.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(ii) *Property Development (Continued)*

4. *Changan, Dongguan, Guangdong (100% owned by Chuang's China)*

The Chuang's China Group owns a site area of about 20,000 *sq. m.* in the city centre of Changan (長安), Dongguan, on which an industrial building with GFA of about 39,081 *sq. m.* was erected. The property is currently leased to an independent third party until 2023, at gross rental income of about RMB6.8 million per annum. As at 30 September 2020, the property was recorded at valuation of RMB223.4 million (equivalent to approximately HK\$254.0 million). On the basis of the annual rental income, the rental yield is approximately 3.0% based on valuation.

This site has been rezoned to “residential usage”, and the location of this property in Changan is strategical to benefit from the Guangdong-Hong Kong-Macao Greater Bay Area. The Chuang's China Group will monitor the requisite procedures and strategize on the optimal timing for usage conversion application of the site. On the basis of 3.5 times plot ratio, the project will have a developable GFA of about 70,000 *sq. m.* and will be a prime land bank for future development. The Chuang's China Group will also consider disposal of the property when suitable opportunities arise.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

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

Adjacent to Chuang's Mid-town, the Chuang's China Group acquired through government tender the second site located in the prime city centre of Tie Dong Qu (鐵東區) with a site area of about 39,449 sq. m.. As about 1,300 sq. m. of the land title has not yet been rectified by the government authorities with the local railway corporation, the Chuang's China Group suffered a reduction in land area that was occupied by the local railway corporation. In view of the weak economic prospects of Anshan, the Chuang's China Group will assess the possibilities to sell-back this site to the local authorities, or other remedies acceptable to the Chuang's China Group.

6. *Changsha, Hunan (69% owned by Chuang's China)*

The Chuang's China Group owns an effective 69% interests in a property development project in Changsha and the total investment costs was about HK\$24.5 million (including shareholder's loan of about HK\$3.5 million) as at 30 September 2020. The Chuang's China Group has obtained a court ruling for winding up of the PRC project company. Recently the execution division (執行庭) of the court at Changsha ruled that the winding up should be implemented by the shareholders of the PRC project company instead of by them. The Chuang's China Group has filed an appeal against this ruling on the ground that the winding up was approved by the court at Hunan because the minority shareholder of the PRC project company could not agree to voluntary liquidation. It is therefore impractical to effect the ruling of the execution division (執行庭) of the court at Changsha. The civil complaint by the minority shareholder of the PRC project company against Chuang's China and an executive director of Chuang's China was heard by the court in Hunan in July 2020 and August 2020. Further announcement(s) about the legal proceedings will be made by Chuang's China as and when appropriate.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

7. *Chengdu, Sichuan (51% owned by Chuang's China)*

The Chuang's China Group holds a 51% development interest in a project in Wuhou District, Chengdu. As at 30 September 2020, the Chuang's China Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK\$166.9 million). The Chuang's China Group has launched legal proceedings since May 2016, seeking for court ruling to unwind contracts of this joint development. As announced on 12 December 2019, the Chuang's China Group obtained the judgement in favour that various agreements relating to this joint venture project in Chengdu entered into between the Chuang's China Group and the PRC parties shall be rescinded. Also as announced on 31 December 2019, the Chuang's China Group had filed an appeal for the judgement payments to be raised. The court of appeal had heard the appeal in July 2020. Further announcement(s) about the legal proceedings will be made by the Company as and when appropriate.

8. During the period, the Chuang's China Group obtained a judgement from court in Beijing for the registered owners of the courtyard house to transfer the title to the designated nominee of the Chuang's China Group. Procedure for the transfer implemented by court is in progress. The Chuang's China Group's original cost of investment in the properties was about RMB9.7 million (equivalent to approximately HK\$11.0 million).

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

9. *Fortune Wealth, Sihui, Guangdong (86.0% owned by Chuang's China)*

The Fortune Wealth Memorial Park operates a cemetery in Sihui with a site area of approximately 518 mu agreed by the local government authorities. Development of the project is conducted by phases. Phase I of about 100 mu has been completed with 5,485 grave plots, one mausoleum providing 550 niches, as well as an administrative and customer service building.

Development of the remaining 418 mu will be divided into Phase II to Phase V. Based on the existing master layout plan, Phase II to Phase V will cover land area of 268 mu of grave plots and 150 mu of road access and greenbelts. Currently, land use rights of approximately 148.2 mu had been obtained and additional land quota of about 119.8 mu shall be required. Fortune Wealth will follow-up with the local authorities for the grant of the remaining land use rights.

Upon obtaining of the aforesaid land use rights, site formation works have commenced on parts of the land but residents on parts of the site refused to vacate and demanded for compensation to be paid by local government. Fortune Wealth has recently received notices from 四會市自然資源局 (Sihui Natural Resources Bureau) pursuant to enquiries into idle land checking procedure. Based on the legal opinion obtained by the Chuang's China Group, if the delay in commencement of works is caused by government, under the relevant PRC laws, extension for commencement of works will be granted and will not be considered as idle land. In this respect, Fortune Wealth will closely liaise with the authority to report on the current development status.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

9. *Fortune Wealth, Sihui, Guangdong (86.0% owned by Chuang's China) (Continued)*

As at 30 September 2020, the cemetery assets (including non-controlling interests) were recorded based on the book cost of about RMB624.0 million (equivalent to approximately HK\$709.4 million).

Fortune Wealth has full license for sale not only in the PRC, but also includes overseas Chinese as well as residents of Hong Kong, Macau and Taiwan. As at 30 September 2020, about 3,377 grave plots and 533 niches were available for sale. Fortune Wealth will review its sales and marketing strategy and will take more proactive steps in its brand building and customer services.

(iii) **Investments in CNT Group Limited (“CNT”) and CPM Group Limited (“CPM”)**

As at the date hereof, the Chuang's China Group owns about 19.45% interests in CNT and about 0.6% interests in CPM, both of them are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). CNT and its subsidiaries are principally engaged in the property business, and through its 75% owned subsidiary, CPM, is principally engaged in the manufacture and sale of paint products under its own brand names with focus on the PRC market.

With reference to the respective closing share prices of CNT and CPM as at 30 September 2020 of HK\$0.35 (31 March 2020: HK\$0.31) and HK\$0.475 (31 March 2020: HK\$0.45), the aggregate book value of the Chuang's China Group's investments in CNT and CPM is about HK\$132.6 million (31 March 2020: HK\$117.6 million). The change in book value is accounted for as “Reserve” in the financial statements.

As announced by the Company on 12 February 2019, the Court has directed for the substantive trial of the derivative action against certain directors of CNT to be re-fixed to 9 November 2020 to 11 December 2020. Further announcement(s) about this derivative action will be made by the Company as and when appropriate.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses

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

Sintex is engaged in the 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\$4.9 million (2019: HK\$19.9 million), and incurred a loss of HK\$1.2 million (2019: HK\$7.5 million). It is expected that the Covid-19 would continue to have a negative impact on Sintex’s business due to the temporary country lockdown of Singapore, as well as the various quarantine requirement imposed by the government. As such, Sintex is adjusting for a business model that has less reliance on in-store shopping and concentrate more resources for developing online business. Moreover, Sintex is taking steps to reduce significant amount of overhead, solidify its internal operation and further evaluate the effectiveness of its retail stores by reorganizing the retail store portfolio. After the closure of non-performing retail stores, currently there are 4 retail stores operating with minimal overhead to maintain the business and market network.

(ii) *Securities Investment and Trading*

During the period, securities investment and trading business of the Group recorded net realized gain on disposal of investments of HK\$1.9 million, dividend and interest income from investments of HK\$106.5 million, and unrealized fair value gain on investments of HK\$190.7 million as a result of mark to market valuations as at the balance sheet date.

As at 30 September 2020, investments of the Group amounted to HK\$2,893.2 million (HK\$1,827.3 million were held by the wholly-owned subsidiaries of the Group and HK\$1,065.9 million were held by the Chuang’s China Group), and comprised as to HK\$2,811.0 million for investments in high yield bonds, HK\$1.9 million for investments in securities listed on the Stock Exchange and the balance of HK\$80.3 million for other investments in some FinTech companies, venture capital and funds which are not listed in the markets.

The Group will closely monitor the performance of the investment portfolio in light of the monetary environment and with reference to the Group’s financial position.

MANAGEMENT DISCUSSION ON RESULTS (Continued)

BUSINESS REVIEW (Continued)

(E) Other Businesses (Continued)

(ii) Securities Investment and Trading (Continued)

Set out below is further information of the investments of the Group as at 30 September 2020:

(a) Bonds investments

Stock code	Bond issuer	Face value	Market	Percentage of	Interest	Fair value
		of bonds held as at 30 September 2020 US\$ '000	value as at 30 September 2020 HK\$ '000	market value to the Group's total assets as at 30 September 2020	income for the period ended 30 September 2020 HK\$ '000	gain/(loss) for the period ended 30 September 2020 HK\$ '000
754	Hopson Development Holdings Limited (7.5%, due 2022)	8,000	63,276	0.3%	2,326	4,696
813	Shimao Group Holdings Limited (6.375%, due 2021)	4,000	32,996	0.2%	992	811
846	Mingfa Group (International) Company Limited (15%, due 2021)	60,000	476,177	2.3%	34,885	51,168
884	CIFI Holdings (Group) Co. Ltd. (a) 5.5%, due 2023 (b) 6%, due 2025 (c) 6.875%, due 2021 (d) 7.625%, due 2021	1,000 1,500 2,000 1,000	7,931 11,881 16,150 7,900	0.2%	– 349 533 296	(90) 1,368 405 105
1030	Seazen Group Limited (a) 6.15%, due 2023 (b) 6.45%, due 2022	2,500 3,300	19,982 26,377	0.2%	– –	(431) (8)
1233	Times China Holdings Limited (a) 5.75%, due 2022 (b) 6%, due 2021 (c) 6.25%, due 2021 (d) 6.75%, due 2023	4,000 2,000 1,000 3,000	31,831 15,909 7,867 24,128	0.4%	669 – 242 785	1,701 447 160 2,645

MANAGEMENT DISCUSSION ON RESULTS (Continued)

BUSINESS REVIEW (Continued)

(E) Other Businesses (Continued)

(ii) Securities Investment and Trading (Continued)

(a) Bonds investments (Continued)

Stock code	Bond issuer	Face value of bonds held as at 30 September 2020 US\$'000	Market value as at 30 September 2020 HK\$'000	Percentage of market value to the Group's total assets as at 30 September 2020	Interest income for the period ended 30 September 2020 HK\$'000	Fair value gain/(loss) for the period ended 30 September 2020 HK\$'000
1238	Powerlong Real Estate Holdings Limited			0.4%		
	(a) 4.875%, due 2021	2,000	15,446		378	1,378
	(b) 6.95%, due 2021	4,000	32,206		1,082	2,071
	(c) 6.95%, due 2023	3,400	27,329		916	(90)
	(d) 7.125%, due 2022	200	1,646		55	196
1638	Kaisa Group Holdings Ltd.			0.7%		
	(a) 7.875%, due 2021	2,000	15,805		610	1,523
	(b) 8.5%, due 2022	6,400	49,789		2,109	7,567
	(c) 11.25%, due 2022	6,000	50,172		2,618	6,155
	(d) 11.75%, due 2021	4,000	31,839		1,822	1,641
1668	China South City Holdings Limited			0.2%		
	(a) 6.75%, due 2021	1,605	12,051		-	(101)
	(b) 11.5%, due 2022	3,000	23,512		-	(383)
1813	KWG Group Holdings Limited			0.8%		
	(a) 6%, due 2022	10,000	79,119		2,326	4,804
	(b) 7.4%, due 2024	7,000	56,111		2,007	6,413
	(c) 7.875%, due 2023	5,000	40,217		1,526	3,647
1966	China SCE Group Holdings Limited (7.25%, due 2023)	6,150	50,082	0.2%	-	89
2007	Country Garden Holdings Company Limited			1.8%		
	(a) 4.75%, due 2023	10,000	79,328		1,841	4,903
	(b) 5.625%, due 2026	34,000	296,015		7,411	29,036

MANAGEMENT DISCUSSION ON RESULTS (Continued)

BUSINESS REVIEW (Continued)

(E) Other Businesses (Continued)

(ii) Securities Investment and Trading (Continued)

(a) Bonds investments (Continued)

Stock code	Bond issuer	Face value of bonds held as at 30 September 2020 US\$'000	Market value as at 30 September 2020 HK\$'000	Percentage of market value to the Group's total assets as at 30 September 2020	Interest income for the period ended 30 September 2020 HK\$'000	Fair value gain/(loss) for the period ended 30 September 2020 HK\$'000
2777	Easy Tactic Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (a) 5.75%, due 2022 (b) 8.875%, due 2021	51,000 2,000	366,491 14,974	1.8%	11,367 688	8,238 151
3301	Ronshine China Holdings Limited (7.35%, due 2023)	7,000	54,229	0.3%	–	(387)
3333	China Evergrande Group (a) 7.5%, due 2023 (b) 8.25%, due 2022 (c) 8.75%, due 2025	10,743 39,200 4,714	68,198 270,863 29,472	1.7%	3,123 12,533 1,599	6,657 23,290 2,724
3380	Logan Group Company Limited (a) 5.75%, due 2022 (b) 6.875%, due 2021 (c) 7.5%, due 2022 (d) 8.75%, due 2020	5,000 4,000 5,000 2,000	39,606 32,384 40,242 16,087	0.6%	1,114 1,066 1,453 678	1,867 890 2,000 306
3383	Agile Group Holdings Limited (a) 5.125%, due 2022 (b) 6.7%, due 2022	10,000 1,800	78,469 14,378	0.4%	1,986 467	7,059 774
6158	Zhenro Properties Group Limited (a) 8.3%, due 2023 (b) 8.7%, due 2022	4,000 2,000	32,176 16,054	0.2%	– 675	1,209 (357)

MANAGEMENT DISCUSSION ON RESULTS (Continued)

BUSINESS REVIEW (Continued)

(E) Other Businesses (Continued)

(ii) Securities Investment and Trading (Continued)

(a) Bonds investments (Continued)

Stock code	Bond issuer	Face value of bonds held as at 30 September 2020 US\$'000	Market value as at 30 September 2020 HK\$'000	Percentage of market value to the Group's total assets as at 30 September 2020	Interest income for the period ended 30 September 2020 HK\$'000	Fair value gain/(loss) for the period ended 30 September 2020 HK\$'000
600606	Greenland Global Investment Limited, a wholly-owned subsidiary of Greenland Holdings Corporation Limited			0.4%		
	(a) 5.25%, due 2021	4,300	33,500		875	1,665
	(b) 6.125%, due 2023	2,950	22,493		-	(189)
	(c) 6.75%, due 2022	2,600	20,566		680	1,114
	(d) 6.75%, due 2023	200	1,522		52	147
Z25	Yanlord Land Group Limited			0.2%		
	(a) 6.75%, due 2023	4,308	35,638		-	(470)
	(b) 6.8%, due 2024	2,500	20,574		659	2,719
	Bonds redeemed during the period	-	-	-	1,684	-
		<u>363,370</u>	<u>2,810,988</u>	<u>13.3%</u>	<u>106,477</u>	<u>191,233</u>

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses *(Continued)*

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

(b) Securities investments

Stock code	Investee company	Number of shares held as at 30 September 2020	Market value as at 30 September 2020 <i>HK\$'000</i>	Percentage of market value to the Group's total assets as at 30 September 2020	Dividend income for the period ended 30 September 2020 <i>HK\$'000</i>	Fair value gain for the period ended 30 September 2020 <i>HK\$'000</i>
276	Mongolia Energy Corporation Limited	434,950	387	0.00%	–	196
8439	Somerley Capital Holdings Limited	912,000	1,487	0.01%	22	–
			1,874	0.01%	22	196

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses *(Continued)*

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

- (c) *Brief description of principal business of the respective bond issuers and investee companies held as at 30 September 2020 is as follows:*

Name of company	Principal business
Hopson Development Holdings Limited	Property development, commercial properties investment, property management, infrastructure and equity investment businesses
Shimao Group Holdings Limited	Property development, property investment and hotel operation
Mingfa Group (International) Company Limited	Property development, property investment and hotel operation
CIFI Holdings (Group) Co. Ltd.	Property development, property investment, property management, and project management and other property related services
Seazen Group Limited	Property development and property investment
Times China Holdings Limited	Property development, urban redevelopment business, property leasing and property management
Powerlong Real Estate Holdings Limited	Property development, property investment and provision of commercial operational services and other businesses
Kaisa Group Holdings Ltd.	Property development, property investment, property management, hotel and catering operations and other businesses

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses *(Continued)*

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

(c) *Brief description of principal business of the respective bond issuers and investee companies held as at 30 September 2020 is as follows: (Continued)*

Name of company	Principal business
China South City Holdings Limited	Property development, property investment, and property management and other businesses
KWG Group Holdings Limited	Property development, property investment, hotel operation and property management
China SCE Group Holdings Limited	Property development, property investment, property management, land development and project management
Country Garden Holdings Company Limited	Property development and construction
Guangzhou R&F Properties Co., Ltd.	Development and sale of properties, property investment, hotel operations and other property development related services
Ronshine China Holdings Limited	Property development
China Evergrande Group	Property development, property investment, property management and other businesses

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses *(Continued)*

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

(c) *Brief description of principal business of the respective bond issuers and investee companies held as at 30 September 2020 is as follows: (Continued)*

Name of company	Principal business
Logan Group Company Limited	Property development, property investment, construction and decoration, and urban redevelopment business
Agile Group Holdings Limited	Property development, property investment, hotel operation, property management, and environmental protection
Zhenro Properties Group Limited	Property development, property leasing and commercial property management
Greenland Holdings Corporation Limited	Property development, property investment, construction and hotel operation
Yanlord Land Group Limited	Property development, property investment and hotel operations
Mongolia Energy Corporation Limited	Energy and related resources business
Somerley Capital Holdings Limited	Provision of corporate finance advisory service and asset management service

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses *(Continued)*

(iii) Money Lending Business

The Group had advanced loans to customers during the period. Revenues generated from this business during the period amounted to HK\$0.9 million (2019: HK\$4.1 million). As at 30 September 2020, outstanding amount of loans due from customers amounted to about HK\$176.3 million (31 March 2020: HK\$178.9 million), which were mainly relating to mortgage loans. Among these mortgage loans, one borrower with outstanding loan amount of approximately HK\$117.5 million (the loan is secured by a property in Hong Kong with valuation higher than the outstanding loan amount) has failed to pay its monthly instalments since December 2019 with only HK\$1.0 million settled in October 2020, and as such the corresponding interest income is not recognized for the current period. The Group is taking legal action to recover the overdue amount in order to protect the Group's interest.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL POSITION

Net asset value

As at 30 September 2020, net assets attributable to equity holders of the Company was HK\$11,257.3 million (31 March 2020: HK\$11,107.4 million). Net asset value per share was HK\$6.73 (31 March 2020: HK\$6.64), which is calculated based on the book costs of the Group's properties for sale before taking into account their appreciated values.

Financial resources

As at 30 September 2020, the Group's cash, bank balances and investments held for trading amounted to HK\$5,620.2 million (31 March 2020: HK\$4,957.5 million). Bank borrowings as at the same date amounted to HK\$6,832.3 million (31 March 2020: HK\$7,085.7 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 10.8% (31 March 2020: 19.2%).

Approximately 97.3% of the Group's cash, bank balances and investments held for trading were denominated in Hong Kong dollar and United States dollar, 2.5% were in Renminbi and the balance of 0.2% were in other currencies. Approximately 98.0% of the Group's bank borrowings were denominated in Hong Kong dollar and United States dollar, and the balance of 2.0% were in Malaysian Ringgit.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 38.1% of the Group's bank borrowings were repayable within the first year, 47.1% were repayable within the second year, 11.0% were repayable within the third to fifth years and the balance of 3.8% were repayable after the fifth year.

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.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

PROSPECTS

During the period under review, the Group had successfully completed the disposal of the UK property and received the sale proceeds in cash. Such cash proceeds would enable the Group to increase its working capital, improve its liquidity and strengthen the overall financial position. Moreover, the Group had successfully obtained the certificate of compliance of The Esplanade in Tuen Mun on schedule, and had delivered majority of the units to the end-buyers before the period ended 30 September 2020 so that the Group can recognize the relevant revenues and profit of the sales in its consolidated financial statements. This has improved the financial performance and position of the Group.

The ongoing strained Sino-US relation and the lingering Covid-19 pandemic have adversely affected the Hong Kong economy. The operating environment of the second half of this financial year is expected to remain difficult. We will monitor the situation closely and will take appropriate steps to mitigate such effect to our Group and preserve the Group's competitiveness. In the second half of this financial year, the Group will continue to monitor the progress of the construction works of the projects at Gage Street, Po Shan Road, Mongkok and Ap Lei Chau, constantly review and monitor the tenant status and tenant mix of our investment properties, and pursue the commencement of the pre-sale of the Mongkok joint venture project. Moreover, we will also further review our group structure so that resources can be deployed in a more effective and efficient manner. We are confident that, with the implementation of the above strategies, the Group's financial position as well as the net debt to equity ratio will be improved, and further value can be created for our shareholders.

OTHER INFORMATION

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

As at 30 September 2020, 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. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,299,678	Beneficial owner	0.08

(b) Interests in associated corporations

(i) Evergain Holdings Limited ("Evergain")

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Albert Chuang	1	Beneficial owner	10.00
Mrs. Candy Kotewall Chuang Ka Wai ("Ms. Candy Chuang")	1	Beneficial owner	10.00
Mr. Chong Ka Fung	1	Beneficial owner	10.00
Mr. Geoffrey Chuang Ka Kam	1	Beneficial owner	10.00

OTHER INFORMATION (Continued)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(b) Interests in associated corporations (Continued)

(ii) Chuang's China Investments Limited ("Chuang's China")

Name of Director	Number of shares	Capacity	Percentage of shareholding
Ms. Candy Chuang	1,255,004	Beneficial owner	0.05

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 30 September 2020, 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 30 September 2020, 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	854,581,332, <i>Note 5</i>	Beneficial owner, <i>Note 1</i>	51.09
Mr. Alan Chuang Shaw Swee (“Mr. Alan Chuang”)	854,581,332	<i>Note 1</i>	51.09
Mrs. Chong Ho Pik Yu	854,581,332, <i>Note 5</i>	<i>Note 2</i>	51.09
Madam Chuang Shau Har (“Madam Chuang”)	123,353,709	<i>Note 3</i>	7.38
Mr. Lee Sai Wai (“Mr. Lee”)	123,353,709	<i>Note 4</i>	7.38

Note 1: Such interests in the Company are owned by Evergain, a company which is 60% beneficially owned by Mr. Alan Chuang, Mr. Albert Chuang, Mr. Chong Ka Fung, Ms. Candy Chuang and Mr. Geoffrey Chuang Ka Kam are directors and shareholders of Evergain.

Note 2: Such interests arose by attribution through her spouse, Mr. Alan Chuang, whose interests have been mentioned in Note 1 above.

Note 3: Interests in 122,608,072 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 122,608,072 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.

Note 5: The number of shares is based on the disclosure of interests filed by Mr. Alan Chuang on 10 September 2020.

Save as disclosed above, as at 30 September 2020, 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

Since 15 October 2019, Mr. Albert Chuang has been appointed as the Chairman and the Managing Director of the Company and taken up both roles as the Chairman and the Chief Executive Officer. The roles of the chairman and the chief executive officer are not separated pursuant to Code A.2.1 of the code provisions set out in the Corporate Governance Code (“CG Code”). However, the Board considers that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions efficiently and consistently.

Except as mentioned above, the Company has complied throughout the six months ended 30 September 2020 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 30 September 2020 have been reviewed by the audit committee of the Company and by the Company’s independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The current members of the audit committee are Mr. Abraham Shek Lai Him, Mr. Fong Shing Kwong and Mr. Yau Chi Ming, the Independent Non-Executive Directors of the Company.

The Company has also adopted the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors of the Company, the Company received confirmations from all Directors that they have complied with the required standard as set out in the Model Code.

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 2020 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:

Mr. Abraham Shek Lai Him had been appointed as an independent non-executive director of Landing International Development Limited (with effect from 14 August 2020) and Hao Tian International Construction Investment Group Limited (with effect from 15 October 2020), the shares of both companies are listed on the Stock Exchange.

OTHER INFORMATION *(Continued)*

DEALING IN THE COMPANY'S SECURITIES

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

CLOSING OF REGISTER

For the purpose of determining entitlements to the interim dividend, the register of members of the Company will be closed from Tuesday, 22 December 2020 to Monday, 28 December 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Monday, 21 December 2020.

SHARE OPTION SCHEMES

Pursuant to the ordinary resolutions passed in the annual general meeting of the Company held on 31 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 31 August 2012 (the "Chuang's China Scheme") had been approved respectively.

The purposes of the Share Option Scheme and the Chuang's China 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 and Chuang's China and their respective subsidiaries (the "Eligible Persons") to the growth of the Group and the Chuang's China 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 and the Chuang's China Scheme since their adoption or approval.

OTHER INFORMATION *(Continued)*

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 30 September 2020, the Group (excluding Chuang's China group) employed 224 staff and the Chuang's China group employed 150 staff. The Group provides its staff with other benefits including discretionary bonus, double pay, 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
Albert Chuang Ka Pun
Chairman and Managing Director

Hong Kong, 27 November 2020

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 September 2020

	Note	2020 HK\$'000	2019 HK\$'000
Revenues	5	1,847,298	285,976
Cost of sales		(1,057,887)	(69,528)
Gross profit		789,411	216,448
Other income and net gain/(loss)	7A	212,113	(9,213)
Fair value gain on transfer of properties from properties for sale to investment properties	7B	–	217,976
Selling and marketing expenses		(99,727)	(20,334)
Administrative and other operating expenses		(194,584)	(220,456)
Change in fair value of investment properties		(436,570)	56,913
Operating profit	8	270,643	241,334
Finance costs	9	(81,265)	(134,317)
Share of results of associated companies		(1,168)	827
Share of results of joint ventures	10	3,563	8,347
Profit before taxation		191,773	116,191
Taxation credit/(charge)	11	23,435	(76,097)
Profit for the period		215,208	40,094
Attributable to:			
Equity holders		49,237	31,982
Non-controlling interests		165,971	8,112
		215,208	40,094
		HK cents	HK cents
Earnings per share (basic and diluted)	13	2.94	1.91

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)*For the six months ended 30 September 2020*

	2020	2019
	HK\$'000	HK\$'000
Profit for the period	215,208	40,094
Other comprehensive income:		
Items that had been/may be reclassified subsequently to profit and loss:		
Net exchange differences	164,506	(197,603)
Share of exchange reserve of a joint venture	9,886	(14,041)
Realization of exchange reserve upon disposal of a subsidiary	(22,712)	–
Total other comprehensive income/(loss) that had been/may be reclassified subsequently to profit and loss	151,680	(211,644)
Item that may not be reclassified subsequently to profit and loss:		
Change in fair value of financial assets at fair value through other comprehensive income	14,969	25,291
Total other comprehensive income/(loss) for the period	166,649	(186,353)
Total comprehensive income/(loss) for the period	381,857	(146,259)
Total comprehensive income/(loss) attributable to:		
Equity holders	149,992	(85,312)
Non-controlling interests	231,865	(60,947)
	381,857	(146,259)

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 September 2020

	30 September 2020	31 March 2020
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	449,150	469,226
Investment properties	9,031,066	10,308,325
Right-of-use assets	714,077	701,054
Properties for/under development	502,295	1,054,166
Cemetery assets	273,220	260,624
Associated companies	59,350	60,518
Joint ventures	764,150	739,005
Financial assets at fair value through other comprehensive income	144,170	128,730
Loans and receivables and other deposits	394,543	396,135
Deferred taxation assets	29,700	31,254
	<u>12,361,721</u>	<u>14,149,037</u>
Current assets		
Properties for sale	2,455,031	2,631,037
Cemetery assets	436,132	419,112
Inventories	101,816	103,104
Debtors and prepayments	15 148,397	242,608
Financial assets at fair value through profit or loss	2,893,164	2,437,230
Cash and bank balances	2,727,001	2,520,301
	<u>8,761,541</u>	<u>8,353,392</u>
Current liabilities		
Creditors and accruals	16 504,975	407,575
Sales deposits received	28,711	1,552,356
Short-term bank borrowings	17 876,737	646,777
Current portion of long-term bank borrowings	17 2,185,137	1,481,741
Taxation payable	150,039	224,315
	<u>3,745,599</u>	<u>4,312,764</u>
Net current assets	<u>5,015,942</u>	<u>4,040,628</u>
Total assets less current liabilities	<u>17,377,663</u>	<u>18,189,665</u>

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) *(Continued)**As at 30 September 2020*

		30 September 2020	31 March 2020
	<i>Note</i>	HK\$'000	HK\$'000
Equity			
Share capital	18	418,138	418,138
Reserves		10,839,211	10,689,219
		<hr/>	<hr/>
Shareholders' funds		11,257,349	11,107,357
Non-controlling interests		1,730,295	1,498,430
		<hr/>	<hr/>
Total equity		12,987,644	12,605,787
		<hr/>	<hr/>
Non-current liabilities			
Long-term bank borrowings	17	3,770,460	4,957,204
Deferred taxation liabilities		488,847	519,168
Loans and payables with non-controlling interests		47,822	47,472
Other non-current liabilities		82,890	60,034
		<hr/>	<hr/>
		4,390,019	5,583,878
		<hr/>	<hr/>
		17,377,663	18,189,665
		<hr/>	<hr/>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 September 2020

	<i>Note</i>	2020 HK\$'000	2019 HK\$'000
Net cash used in operating activities		(466,568)	(243,742)
Cash flows from investing activities			
Interest income received		12,101	30,304
Additions to investment properties		(16,484)	(30,322)
Proceeds from disposal of investment properties		17,463	2,520
Net proceeds from disposal of a subsidiary	22	962,164	–
(Increase)/decrease in investment in and amounts due from joint ventures, net		(10,629)	5,713
Others, net		7,154	(964)
Net cash from investing activities		971,769	7,251
Cash flows from financing activities			
New bank borrowings		369,979	1,259,272
Repayment of bank borrowings	22	(669,266)	(951,258)
Lease payments		(10,210)	(10,369)
Changes in loans from non-controlling interests		(15)	17,892
Net cash (used in)/from financing activities		(309,512)	315,537
Net increase in cash and cash equivalents		195,689	79,046
Cash and cash equivalents at the beginning of the period		2,518,009	3,489,988
Exchange difference on cash and cash equivalents		11,514	(15,001)
Cash and cash equivalents at the end of the period		2,725,212	3,554,033
Analysis of cash and cash equivalents			
Cash and bank balances		2,727,001	3,556,303
Bank deposits maturing more than three months from date of placement		(1,789)	(2,270)
Cash and cash equivalents		2,725,212	3,554,033

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2020

	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 1 April 2020	418,138	1,037,615	9,651,604	11,107,357	1,498,430	12,605,787
Profit for the period	-	-	49,237	49,237	165,971	215,208
Other comprehensive income:						
Net exchange differences	-	100,353	-	100,353	64,153	164,506
Share of exchange reserve of a joint venture	-	5,102	-	5,102	4,784	9,886
Realization of exchange reserve upon disposal of a subsidiary (note 22)	-	(13,788)	-	(13,788)	(8,924)	(22,712)
Change in fair value of financial assets at fair value through other comprehensive income	-	9,088	-	9,088	5,881	14,969
Total comprehensive income for the period	-	100,755	49,237	149,992	231,865	381,857
At 30 September 2020	<u>418,138</u>	<u>1,138,370</u>	<u>9,700,841</u>	<u>11,257,349</u>	<u>1,730,295</u>	<u>12,987,644</u>
At 1 April 2019	418,138	1,192,952	10,491,062	12,102,152	1,687,625	13,789,777
Profit for the period	-	-	31,982	31,982	8,112	40,094
Other comprehensive income:						
Net exchange differences	-	(125,402)	-	(125,402)	(72,201)	(197,603)
Share of exchange reserve of a joint venture	-	(7,246)	-	(7,246)	(6,795)	(14,041)
Change in fair value of financial assets at fair value through other comprehensive income	-	15,354	-	15,354	9,937	25,291
Total comprehensive (loss)/income for the period	-	(117,294)	31,982	(85,312)	(60,947)	(146,259)
Transactions with owners:						
Dividends	-	-	(108,716)	(108,716)	-	(108,716)
Dividends to non-controlling interests	-	-	-	-	(18,457)	(18,457)
At 30 September 2019	<u>418,138</u>	<u>1,075,658</u>	<u>10,414,328</u>	<u>11,908,124</u>	<u>1,608,221</u>	<u>13,516,345</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, development and operation of cemetery, manufacturing, sales and trading of goods and merchandises, securities investment and trading and money lending 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, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value, 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 31 March 2020 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs").

The existing and potential impacts arising from the global Covid-19 pandemic have been considered in the preparation of the condensed consolidated interim financial information. The Group has based its assumptions and estimates on circumstances and conditions available when the condensed consolidated interim financial information was prepared. Given the uncertainty of macro conditions, actual results may differ significantly from those assumptions and estimates. The Group will remain alert and cautious on the ongoing development of Covid-19 that may cause further volatility and uncertainty in the global financial market and economy, and will take necessary measures to address the impact arising therefrom.

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

2. BASIS OF PREPARATION *(Continued)*

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 31 March 2020, except as stated below.

(i) Accounting policy of “Government Grants”

The Group has applied the accounting policy on “Government Grants” during the period ended 30 September 2020 as follows:

Grants from governments are recognized at fair value when there is a reasonable assurance that the grant will be received and that the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the condensed consolidated income statement over the period necessary to match them with costs that are intended to compensate and offset with related expenses.

(ii) Effect of adopting amendments to standards and framework

For the six months ended 30 September 2020, the Group adopted the following amendments to standards and framework that are effective for the accounting periods beginning on or after 1 April 2020 and relevant to the operations of the Group:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKFRS 3 (Amendment) Conceptual Framework for Financial Reporting 2018	Definition of a Business Revised Conceptual Framework for Financial Reporting

The Group has assessed the impact of the adoption of these amendments to standards and framework 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.

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

2. BASIS OF PREPARATION (*Continued*)

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

The following new standard 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 1 April 2021, but have not yet been early adopted by the Group:

HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current (effective from 1 January 2023)
HKAS 16 (Amendment)	Property, Plant and Equipment – Proceeds before Intended Use (effective from 1 January 2022)
HKAS 37 (Amendment)	Onerous Contracts – Cost of Fulfilling a Contract (effective from 1 January 2022)
HKAS 39, HKFRS 4, HKFRS 7 and HKFRS 9 (Amendments)	Interest Rate Benchmark Reform – Phase 2 (effective from 1 January 2021)
HKFRS 3 (Amendment)	Reference to the Conceptual Framework (effective from 1 January 2022)
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (no mandatory effective date)
HKFRS 16 (Amendment)	Covid-19 – Related Rent Concessions (effective from 1 June 2020)
HKFRS 17	Insurance Contracts (effective from 1 January 2023)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018–2020 Cycle (effective from 1 January 2022)

The Group will adopt the above new standard and amendments to standards as and when they become effective. The Group has commenced a preliminary assessment of the likely impact of adopting the above new standard and amendments to standards, and expects the adoption will have no significant impact on the Group's results and financial position or any substantial changes in the Group's accounting policies and presentation of the condensed consolidated interim financial information. The Group will continue to assess the impact in more detail.

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

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The activities of the Group expose it to a variety of financial risks including credit risk, liquidity risk, cash flow and fair value interest rate risk, foreign exchange risk and price risk. The condensed 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 31 March 2020. There has been no material change in the Group's financial risk management policies since the year ended 31 March 2020.

(b) Liquidity risk

Except for the disposal transaction with consideration of about HK\$971.5 million as mentioned in note 7A below which had led to the one-off repayment of bank borrowings of about HK\$495.3 million, there was no material change in the contractual undiscounted cash outflows for financial liabilities as compared to the year ended 31 March 2020.

(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 such as market approach and 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 30 September 2020, 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.

For the estimates of fair value of investment properties, the valuation processes and techniques of the Group are consistent with those used in the annual financial statements for the year ended 31 March 2020, which were based on the economic, market and other conditions as they exist on, and information available to management as of 30 September 2020. The outbreak of Covid-19 has increased the volatility to property markets in Hong Kong, the People's Republic of China (the "PRC") and other locations, resulting in increased uncertainty of the assumptions adopted in the valuation process. Consequently, the ongoing development of Covid-19 may cause unexpected volatility in the future fair value of certain investment properties subsequent to 30 September 2020.

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

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 31 March 2020, and the impacts on Covid-19 have also been considered in making the estimates and judgments.

5. REVENUES

Revenues recognized during the period are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Sales of properties	1,617,350	14,810
Rental income and management fees	101,833	118,303
Income from hotel operation and management	4,330	29,978
Sales of cemetery assets	11,319	10,456
Sales of goods and merchandises	4,878	22,144
Interest income from money lending business	893	4,044
Interest income from bonds investments of financial assets at fair value through profit or loss	106,477	86,224
Dividend income from securities investments for trading of financial assets at fair value through profit or loss	22	45
Net fair value gain/(loss) of securities investments for trading of financial assets at fair value through profit or loss	196	(28)
	<u>1,847,298</u>	<u>285,976</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, investment and trading, hotel operation and management, development and operation of cemetery, sales of goods and merchandises, securities investment and trading and money lending business. The CODM assesses the performance of the operating segments based on the measure of earning/(loss) before interest, tax, depreciation and amortization (the “EBITDA/(LBITDA)”) and segment result.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. SEGMENT INFORMATION (Continued)

(a) Segment information by business lines (Continued)

The segment information by business lines is as follows:

	Property development, investment and trading HK\$'000	Hotel operation and management HK\$'000	Cemetery HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Money lending business HK\$'000	Corporate HK\$'000	Total HK\$'000
2020								
Revenues from contracts with customers:								
– Recognized at a point in time	1,617,350	-	11,319	4,878	-	-	-	1,633,547
– Recognized over time	4,206	4,330	-	-	-	-	-	8,536
Revenues from other sources	97,627	-	-	-	106,695	893	-	205,215
Revenues	<u>1,719,183</u>	<u>4,330</u>	<u>11,319</u>	<u>4,878</u>	<u>106,695</u>	<u>893</u>	<u>-</u>	<u>1,847,298</u>
Other income and net (loss)/gain	<u>(1,618)</u>	<u>400</u>	<u>10</u>	<u>2,381</u>	<u>192,282</u>	<u>-</u>	<u>18,658</u>	<u>212,113</u>
EBITDA/(LBITDA)	<u>124,280</u>	<u>(7,482)</u>	<u>4,483</u>	<u>2,054</u>	<u>298,901</u>	<u>734</u>	<u>(98,968)</u>	<u>324,002</u>
Operating profit/(loss)	118,868	(37,346)	4,138	(781)	298,901	734	(113,871)	270,643
Finance costs	(68,208)	(7,378)	-	(806)	(4,330)	-	(543)	(81,265)
Share of results of associated companies	55	(1,264)	-	-	-	-	41	(1,168)
Share of results of joint ventures	<u>3,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,563</u>
Profit/(loss) before taxation	54,278	(45,988)	4,138	(1,587)	294,571	734	(114,373)	191,773
Taxation credit/(charge)	<u>24,533</u>	<u>-</u>	<u>(1,098)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,435</u>
Profit/(loss) for the period	<u>78,811</u>	<u>(45,988)</u>	<u>3,040</u>	<u>(1,587)</u>	<u>294,571</u>	<u>734</u>	<u>(114,373)</u>	<u>215,208</u>
As at 30 September 2020								
Segment assets	12,375,850	1,057,443	756,918	155,690	2,894,459	176,801	2,882,601	20,299,762
Associated companies	187	55,214	-	-	-	-	3,949	59,350
Joint ventures	<u>764,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>764,150</u>
Total assets	<u>13,140,187</u>	<u>1,112,657</u>	<u>756,918</u>	<u>155,690</u>	<u>2,894,459</u>	<u>176,801</u>	<u>2,886,550</u>	<u>21,123,262</u>
Total liabilities	<u>6,448,542</u>	<u>628,545</u>	<u>212,988</u>	<u>32,442</u>	<u>731,816</u>	<u>461</u>	<u>80,824</u>	<u>8,135,618</u>

**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 <i>HK\$'000</i>	Hotel operation and management <i>HK\$'000</i>	Cemetery <i>HK\$'000</i>	Sales of goods and merchandises <i>HK\$'000</i>	Securities investment and trading <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Total <i>HK\$'000</i>
2020								
Other segment items are as follows:								
Capital expenditure	283,196	157	873	11	-	-	40,587	324,824
Depreciation of property, plant and equipment	1,758	11,666	327	714	-	-	7,462	21,927
Depreciation of right-of-use assets	36	19,462	18	2,121	-	-	7,400	29,037
Provision for impairment of trade debtors	1,000	-	-	-	-	-	-	1,000
Fair value loss of investment properties	436,570	-	-	-	-	-	-	436,570
Reversal of provision for impairment of inventories	-	-	-	800	-	-	-	800
	—	—	—	800	—	—	—	800

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	Cemetery HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Money lending business HK\$'000	Corporate HK\$'000	Total HK\$'000
2019								
Revenues from contracts with customers:								
– Recognized at a point in time	14,810	–	10,456	22,144	–	–	–	47,410
– Recognized over time	5,502	29,978	–	–	–	–	–	35,480
Revenues from other sources	112,801	–	–	–	86,241	4,044	–	203,086
	<u>133,113</u>	<u>29,978</u>	<u>10,456</u>	<u>22,144</u>	<u>86,241</u>	<u>4,044</u>	<u>–</u>	<u>285,976</u>
Revenues								
Other income and net gain/(loss)	4,160	(1)	25	42	(47,777)	–	34,338	(9,213)
	<u>4,160</u>	<u>(1)</u>	<u>25</u>	<u>42</u>	<u>(47,777)</u>	<u>–</u>	<u>34,338</u>	<u>(9,213)</u>
EBITDA/LBITDA	350,184	7,466	6,194	(4,663)	38,436	3,983	(94,815)	306,785
	<u>350,184</u>	<u>7,466</u>	<u>6,194</u>	<u>(4,663)</u>	<u>38,436</u>	<u>3,983</u>	<u>(94,815)</u>	<u>306,785</u>
Operating profit/(loss)	335,995	(27,613)	5,761	(8,508)	38,436	3,983	(106,720)	241,334
Finance costs	(110,170)	(11,524)	–	(1,088)	(11,320)	–	(215)	(134,317)
Share of results of associated companies	42	1,919	–	–	–	–	(1,134)	827
Share of results of joint ventures	8,347	–	–	–	–	–	–	8,347
	<u>234,214</u>	<u>(37,218)</u>	<u>5,761</u>	<u>(9,596)</u>	<u>27,116</u>	<u>3,983</u>	<u>(108,069)</u>	<u>116,191</u>
Profit/(loss) before taxation								
Taxation (charge)/credit	(77,083)	13	231	742	–	–	–	(76,097)
	<u>157,131</u>	<u>(37,205)</u>	<u>5,992</u>	<u>(8,854)</u>	<u>27,116</u>	<u>3,983</u>	<u>(108,069)</u>	<u>40,094</u>
Profit/(loss) for the period								
As at 31 March 2020								
Segment assets	14,725,348	1,056,952	722,456	158,071	2,437,787	179,389	2,422,903	21,702,906
Associated companies	133	56,477	–	–	–	–	3,908	60,518
Joint ventures	739,005	–	–	–	–	–	–	739,005
	<u>15,464,486</u>	<u>1,113,429</u>	<u>722,456</u>	<u>158,071</u>	<u>2,437,787</u>	<u>179,389</u>	<u>2,426,811</u>	<u>22,502,429</u>
Total assets								
Total liabilities	8,516,710	624,772	174,853	34,383	499,697	468	45,759	9,896,642
	<u>8,516,710</u>	<u>624,772</u>	<u>174,853</u>	<u>34,383</u>	<u>499,697</u>	<u>468</u>	<u>45,759</u>	<u>9,896,642</u>

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	Cemetery HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Money lending business HK\$'000	Corporate HK\$'000	Total HK\$'000
2019								
Other segment items are as follows:								
Capital expenditure	863,454	301	49	8	-	-	3,680	867,492
Depreciation of property, plant and equipment	5,777	13,698	386	688	-	-	5,249	25,798
Depreciation of right-of-use assets	23	19,462	47	3,157	-	-	7,790	30,479
Provision for impairment of trade debtors	920	-	-	-	-	-	-	920
Fair value gain on transfer of properties from properties for sale to investment properties	217,976	-	-	-	-	-	-	217,976
Fair value gain of investment properties	56,913	-	-	-	-	-	-	56,913
Reversal of provision for impairment of inventories	-	-	-	1,800	-	-	-	1,800
Reversal of provision for impairment of other deposits	2,813	-	-	-	-	-	-	2,813

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

6. SEGMENT INFORMATION *(Continued)*

(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	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	1,789,220	198,541	279,667	755,494
The PRC	29,284	39,473	34,920	64,833
United Kingdom	14,694	18,075	–	–
Other countries	14,100	29,887	10,237	47,165
	<u>1,847,298</u>	<u>285,976</u>	<u>324,824</u>	<u>867,492</u>
	Non-current assets <i>(Note)</i>		Total assets	
	30 September 2020 <i>HK\$'000</i>	31 March 2020 <i>HK\$'000</i>	30 September 2020 <i>HK\$'000</i>	31 March 2020 <i>HK\$'000</i>
Hong Kong	8,173,139	9,015,088	15,955,805	16,356,769
The PRC	2,437,510	2,486,413	3,784,013	3,843,801
United Kingdom	–	926,400	–	935,983
Other countries	1,182,659	1,165,017	1,383,444	1,365,876
	<u>11,793,308</u>	<u>13,592,918</u>	<u>21,123,262</u>	<u>22,502,429</u>

Note: Non-current assets in geographical segment represent non-current assets other than financial assets at fair value through other comprehensive income, loans and receivables and other deposits, and deferred taxation assets.

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

7A. OTHER INCOME AND NET GAIN/(LOSS)

	2020 HK\$'000	2019 HK\$'000
Interest income from bank deposits	11,661	31,260
Dividend income from financial assets at fair value through other comprehensive income	7,469	3,647
Net realized gain/(loss) of bonds and other investments of financial assets at fair value through profit or loss	1,879	(721)
Net fair value gain/(loss) of bonds and other investments of financial assets at fair value through profit or loss	190,546	(47,290)
Forfeited deposits from sales of properties	333	1,266
Loss on disposal of a subsidiary (<i>note and note 22</i>)	(10,280)	–
(Loss)/gain on disposal of investment properties	(1,243)	1,309
Net loss on disposal of property, plant and equipment	(297)	(2,555)
Net exchange loss	(831)	(128)
Others	12,876	3,999
	<u>212,113</u>	<u>(9,213)</u>

Note: On 30 April 2020, an indirect wholly-owned subsidiary of Chuang's China Investments Limited ("Chuang's China") (a listed subsidiary of the Group) entered into a sale and purchase agreement with an independent third party to dispose of a property holding company which held an investment property in the United Kingdom at a consideration of about GBP93.8 million (equivalent to approximately HK\$971.5 million) (subject to adjustment). The transaction was approved by the shareholders of Chuang's China at its special general meeting held on 23 June 2020. Details of the transaction were announced by the Company and Chuang's China on 3 May 2020, and published in the circulars of the Company and Chuang's China on 3 June 2020 respectively. The transaction was completed on 1 September 2020, and a loss on disposal of a subsidiary was recorded. Details of the disposal are shown in note 22.

7B. FAIR VALUE GAIN ON TRANSFER OF PROPERTIES FROM PROPERTIES FOR SALE TO INVESTMENT PROPERTIES

During the period ended 30 September 2019, upon the change of intended use, the Group had transferred certain properties in Mongolia from properties for sale to investment properties at aggregate fair value of HK\$584,155,000. Fair value gain on transfer of these properties of HK\$218.0 million and the related deferred taxation of HK\$49.2 million (note 11) were recorded respectively.

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

8. OPERATING PROFIT

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Operating profit is stated after crediting:		
Reversal of provision for impairment of inventories	800	1,800
Reversal of provision for impairment of other deposits	–	2,813
	<u> </u>	<u> </u>
and after charging:		
Cost of properties sold	1,018,164	6,659
Cost of cemetery assets sold	2,181	2,257
Cost of inventories sold	4,116	22,164
Depreciation of property, plant and equipment	21,927	25,798
Depreciation of right-of-use assets	29,037	30,479
Provision for impairment of trade debtors	1,000	920
Staff costs, including Directors' emoluments		
Wages and salaries (<i>note</i>)	53,929	81,354
Retirement benefit costs	2,203	3,657
	<u> </u>	<u> </u>

Note: Government grants amounting to HK\$7,924,000 have been recognized and deducted in wages and salaries expenses for the six months ended 30 September 2020.

9. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest expenses of		
Bank borrowings	81,655	140,232
Bank overdraft	49	138
Lease liabilities	1,300	1,167
	<u> </u>	<u> </u>
	83,004	141,537
Amounts capitalized into properties under development	(1,739)	(7,220)
	<u> </u>	<u> </u>
	<u>81,265</u>	<u>134,317</u>

The capitalization rate applied to funds borrowed for the development of properties is 1.52% (2019: 2.38%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

10. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures of HK\$3,563,000 (2019: HK\$8,347,000) in the condensed consolidated income statement included the rental income received by a joint venture from the non-wholly-owned subsidiary of the joint venture partner for the period ended 30 September 2020 amounted to approximately HK\$6,176,000 (2019: HK\$6,264,000).

11. TAXATION (CREDIT)/CHARGE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	38,447	–
Overseas profits tax	1,445	180
PRC corporate income tax	3,471	2,344
PRC land appreciation tax	8,339	4,307
Over-provision in prior years	(38,320)	–
Deferred taxation	(36,817)	69,266
	<u>(23,435)</u>	<u>76,097</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the period (2019: No provision for Hong Kong profits tax had been made as the Group had sufficient tax losses brought forward to set off against the estimated assessable profits for that period). 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. The over-provision is mainly related to taxation charges, including PRC land appreciation tax, in respect of the sales of properties in the PRC in prior years upon final clearance with the local tax authorities.

Share of taxation credit of associated companies for the six months ended 30 September 2020 of HK\$3,000 (2019: taxation charge of HK\$11,000) is included in the condensed consolidated income statement as “Share of results of associated companies”. There were no taxation charges of joint ventures for the six months ended 30 September 2020 as they either had sufficient tax losses brought forward to set off against the estimated assessable profits for the period or had no estimated assessable profits for the period (2019: Same).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

12. INTERIM DIVIDEND

	2020 HK\$'000	2019 HK\$'000
Interim dividend of 1.5 HK cents (2019: 1.5 HK cents) per share	<u>25,088</u>	<u>25,088</u>

On 27 November 2020, the board of Directors declared an interim dividend of 1.5 HK cents (2019: 1.5 HK cents) per share amounting to HK\$25,088,000 (2019: HK\$25,088,000). The amount of HK\$25,088,000 is calculated based on 1,672,553,104 issued shares as at 27 November 2020. 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 31 March 2021.

13. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$49,237,000 (2019: HK\$31,982,000) and the weighted average number of 1,672,553,104 (2019: 1,672,553,104) 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

For the six months ended 30 September 2020, the Group incurred acquisition and development costs on property, plant and equipment of HK\$875,000 (2019: HK\$2,796,000), right-of-use assets of HK\$40,587,000 (2019: HK\$2,007,000) and property projects, properties, investment properties and cemetery assets of HK\$283,362,000 (2019: HK\$862,689,000) respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

15. DEBTORS AND PREPAYMENTS

Receivables from sales of properties and cemetery assets are settled in accordance with the terms of respective contracts. Rental income and management fees are received in advance. Credit terms of hotel income and sales of goods and merchandises mainly range from 30 days to 45 days and 30 days to 90 days respectively. The aging analysis of the trade debtors of the Group is as follows:

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Below 30 days	5,751	7,341
31 to 60 days	1,532	3,522
61 to 90 days	1,016	730
Over 90 days	10,001	10,197
	18,300	21,790

Debtors and prepayments include net deposits of HK\$8,429,000 (31 March 2020: HK\$8,869,000) for acquisition of property projects, properties and right-of-use assets after the accumulated provision for impairment of HK\$125,666,000 (31 March 2020: HK\$125,666,000) as at 30 September 2020. It also includes sales commission of HK\$1,939,000 (31 March 2020: HK\$85,756,000) which represent costs incurred to obtain property sale contracts. The Group has capitalized the amounts which are amortized when the related revenue is recognized. For the period ended 30 September 2020, the prepaid amount recognized to profit or loss was HK\$88,711,000 (2019: Nil) and there was no impairment loss in relation to the costs capitalized.

16. CREDITORS AND ACCRUALS

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

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Below 30 days	3,398	2,014
31 to 60 days	1,740	433
Over 60 days	1,317	3,094
	6,455	5,541

Creditors and accruals include the construction cost payables and accruals of HK\$291,155,000 (31 March 2020: HK\$196,964,000) for the property and cemetery projects of the Group.

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

17. BORROWINGS

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Unsecured bank borrowings		
Long-term bank borrowings	<u>1,492,500</u>	<u>1,418,500</u>
Secured bank borrowings		
Short-term bank borrowings	876,737	646,777
Long-term bank borrowings	<u>4,463,097</u>	<u>5,020,445</u>
	<u>5,339,834</u>	<u>5,667,222</u>
Total bank borrowings	<u>6,832,334</u>	<u>7,085,722</u>

The total bank borrowings are analyzed as follows:

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Short-term bank borrowings	876,737	646,777
Long-term bank borrowings	<u>5,955,597</u>	<u>6,438,945</u>
	<u>6,832,334</u>	<u>7,085,722</u>

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

17. BORROWINGS (Continued)

The long-term bank borrowings are analyzed as follows:

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Long-term bank borrowings	<u>5,955,597</u>	<u>6,438,945</u>
Current portion included in current liabilities		
Portion due within one year	(1,727,188)	(844,578)
Portion due after one year which contains a repayment on demand clause	<u>(457,949)</u>	<u>(637,163)</u>
	<u>(2,185,137)</u>	<u>(1,481,741)</u>
	<u>3,770,460</u>	<u>4,957,204</u>

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

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Within the first year	2,603,925	1,491,355
Within the second year	3,215,484	4,340,962
Within the third to fifth years	753,698	1,056,705
After the fifth year	<u>259,227</u>	<u>196,700</u>
	<u>6,832,334</u>	<u>7,085,722</u>

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

18. SHARE CAPITAL

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Authorized:		
2,500,000,000 shares of HK\$0.25 each	625,000	625,000
	Number of shares	Amount HK\$'000
Issued and fully paid at HK\$0.25 each:		
At 31 March 2020 and 30 September 2020	1,672,553,104	418,138

19. FINANCIAL GUARANTEES

As at 30 September 2020, the Company had provided guarantees of HK\$417,646,000 (31 March 2020: HK\$399,557,000) for the banking facilities granted to joint ventures, and subsidiaries had provided guarantees of HK\$17,111,000 (31 March 2020: HK\$32,428,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

20. COMMITMENTS

As at 30 September 2020, the Group had commitments contracted but not provided for in respect of properties, property projects and property, plant and equipment of HK\$213,105,000 (31 March 2020: HK\$299,322,000).

21. PLEDGE OF ASSETS

As at 30 September 2020, the Group had pledged certain assets including property, plant and equipment, investment properties, right-of-use assets, properties for/under development, properties for sale and financial assets at fair value through profit or loss, with an aggregate carrying value of HK\$10,009,224,000 (31 March 2020: HK\$10,987,959,000), to secure banking facilities granted to the subsidiaries.

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

22. DISPOSAL OF A SUBSIDIARY

	2020 <i>HK\$'000</i>
Consideration	971,453
Less: Transaction costs and related expenses	<u>(9,289)</u>
Net proceeds	<u>962,164</u>
Details of net assets at the date of disposal:	
Investment property	999,740
Debtors and prepayments	12,162
Creditors and accruals	(6,928)
Taxation payable	(1,529)
Deferred taxation liabilities	<u>(8,289)</u>
Net assets disposed of	995,156
Realization of exchange reserve upon disposal	(22,712)
Loss on disposal of a subsidiary (<i>note 7A</i>)	<u>(10,280)</u>
	<u>962,164</u>
Analysis of loss on disposal of a subsidiary:	
Loss on disposal of a subsidiary (<i>note 7A</i>)	<u>(10,280)</u>
Analysis of net cash inflow in respect of the disposal:	
Net consideration received	962,164
Less: Repayment of bank borrowings	<u>(495,317)</u>
Net cash inflow from the disposal	<u>466,847</u>
Represented by:	
Net proceeds from disposal of a subsidiary included in cash flows from investing activities	962,164
Repayment of bank borrowings included in cash flows from financing activities	<u>(495,317)</u>
	<u>466,847</u>