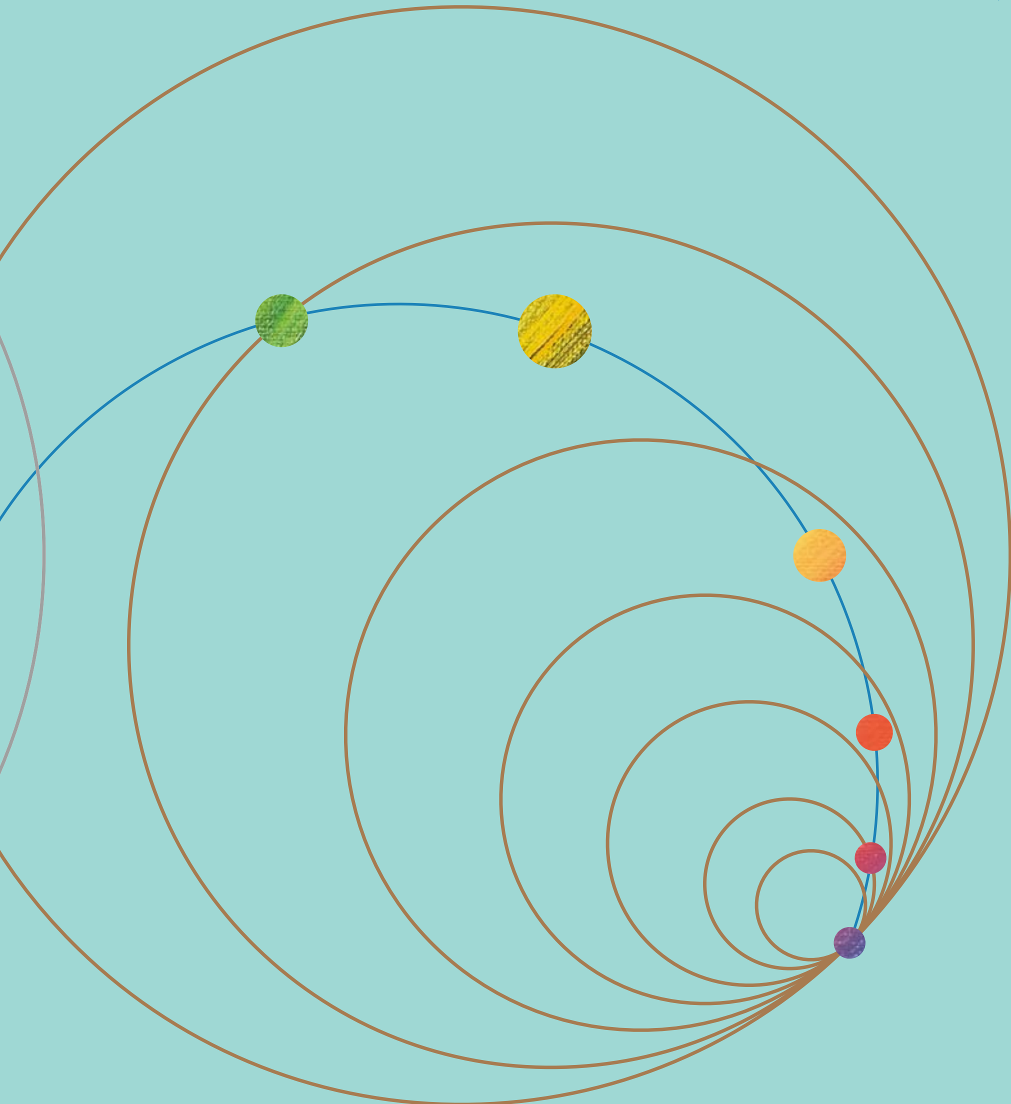
CHUANG'S CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 367

INTERIM REPORT 2019



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CORPORATE INFORMATION

Directors

Alan Chuang Shaw Swee *(Chairman)*
Albert Chuang Ka Pun *(Vice Chairman)*
Chong Ka Fung *(Joint Managing Director)*
Richard Hung Ting Ho *(Joint Managing Director)*
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.*

* *Independent Non-Executive Directors*

Audit Committee

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

Nomination Committee/ Remuneration Committee

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

Corporate Governance Committee

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

Company Secretary

Lee Wai Ching

Independent Auditor

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

Registrars

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

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

Chairman of the relevant committee

Principal Bankers	The Hongkong and Shanghai Banking Corporation Limited HSBC Bank (China) Company Limited Hang Seng Bank Limited Hang Seng Bank (China) Limited Bank of China (Hong Kong) Limited China Construction Bank (Asia) Corporation Ltd. Nanyang Commercial Bank, Limited
Registered Office	Clarendon House, 2 Church Street Hamilton HM 11, Bermuda
Principal Office in Hong Kong	25th Floor, Alexandra House 18 Chater Road, Central, Hong Kong Telephone: (852) 2522 2013 Facsimile: (852) 2810 6213 Email address: chuangs@chuangs.com.hk Website: *www.chuangs-consortium.com*
Singapore Office	245 Jalan Ahmad Ibrahim, Jurong Town Singapore 629144 Republic of Singapore
Vietnam Office	Room 704, 7th Floor Capital Place Building 6 Thai Van Lung Street, District 1 Ho Chi Minh City, Vietnam
Mongolia Office	8th Floor, Eastern Section Landmark Tower, Chinggis Avenue-13 1st Khoroo, Sukhbaatar District Ulaanbaatar 14251 Mongolia
Stock Code	367

MANAGEMENT DISCUSSION ON RESULTS

The board of Directors (the "Board") of Chuang's Consortium International Limited (the "Company") presents the interim report including the condensed consolidated interim financial information of the Company and its subsidiaries (collectively as the "Group") for the six months ended 30 September 2018. 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 2018, and the condensed consolidated balance sheet as at 30 September 2018 along with the notes thereon, are set out on pages 43 to 74 of this report.

HIGHLIGHTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

Business

- The redevelopment of No. 15 Gough Hill Road, The Peak is in progress. Application for the issuance of occupation permit of the project has been made to the relevant authorities on 26 November 2018. Further part payments of HK$315 million in cash and HK$420 million by way of the transfer of a property in the People's Republic of China were received by the Group subsequent to the last balance sheet date. On 26 November 2018, the Group entered into a supplemental agreement with the buyer to amend certain terms of the original agreement. Pursuant to the supplemental agreement, the Group expects to complete the disposal and receive the remaining proceeds of about HK$980 million in cash before the financial year ending 31 March 2019, and a further net gain of about HK$460 million is expected to be generated to the Group upon completion.

- The construction of the two Mongolia projects is processing in full speed with satisfactory progress:

    ➢ As for sáv Residence, superstructure works have been topped off and internal and external finishing works are nearly completed. Application for the issuance of the occupation permit of the project will be made in due course. Marketing works for leasing have been commenced.

    ➢ As for International Finance Centre, superstructure works are nearly topped off and the Group will monitor the progress of the internal and external finishing works in winter season. The property will become the highest office building in Mongolia upon completion.

- Pre-sale of The Esplanade in Tuen Mun, Hong Kong has commenced in October 2018 and a total of 236 units has been launched to the market for sale. Up to the date of this report, 89 residential units have been pre-sold with the aggregate sales value of about HK$372.2 million.

HIGHLIGHTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018 *(Continued)*

Financial

- Profit attributable to equity holders of the Company amounted to HK$507.5 million (2017: HK$496.4 million)
- Earnings per share was 30.34 HK cents (2017: 29.60 HK cents)
- Total assets of the Group increased by 5% to HK$21.7 billion (31 March 2018: HK$20.7 billion)
- Net assets attributable to equity holders of the Company increased by 2% to HK$11.4 billion (31 March 2018: HK$11.2 billion)
- Net asset value per share increased by 2% to HK$6.82 (31 March 2018: HK$6.67)
- Total cash resources of the Group (including investments held for trading) amounted to HK$4.4 billion (31 March 2018: HK$3.9 billion)
- Interim dividend per share amounted to 3.5 HK cents (2017: 3.0 HK cents), representing an increase of 17% over that of the last corresponding period

Going Forward

Going forward, we will actively speed up the completion of the disposal of No. 15 Gough Hill Road, The Peak in order to collect the remaining sale proceeds before the financial year ending 31 March 2019. The disposal will not only strengthen the financial position of the Group, but also lay a solid foundation for the continual growth of the Group. We will continue to monitor the pre-sale progress of The Esplanade in Hong Kong in light of the prevailing market conditions. We will also keep on improving rental yield and return of our investment/hotel properties and thus their capital values by constantly reviewing the portfolio mix and yield with reference to their market prices.

In parallel, we will speed up the development of our projects located at Po Shan Road, Gage Street, Mongkok and The Esplanade in Hong Kong, Chuang's Mid-town in Anshan, the People's Republic of China, and sáv Residence and International Finance Centre in Mongolia in order to unlock their store value. Furthermore, we will continue to identify new business opportunities including land acquisitions and property investments. We are confident that, with the implementation of the above strategies, further value can be created for our shareholders.

FINANCIAL REVIEW

Profit attributable to equity holders of the Company for the six months ended 30 September 2018 amounted to HK$507.5 million (2017: HK$496.4 million). Earnings per share was 30.34 HK cents (2017: 29.60 HK cents). A review of the results is set out below.

For the six months ended 30 September 2018, revenues and net gain of the Group amounted to HK$318.0 million (2017: HK$419.3 million), representing a decrease of 24.2% compared to that of the last corresponding period. This was mainly due to the absence of the revenues consolidated from Midas International Holdings Limited after the completion of its disposal in December 2017. Revenues and net gain of the Group comprised revenues from sales of properties of HK$60.9 million (2017: HK$46.9 million), revenues from rental and other income of investment properties of HK$111.5 million (2017: HK$103.1 million), revenues from hotel operation of HK$43.5 million (2017: HK$35.9 million), revenues from cemetery business of HK$8.4 million (2017: HK$8.1 million), revenues from sales of goods and merchandises of HK$24.0 million (2017: HK$139.0 million), revenues from money lending business of HK$3.6 million (2017: HK$3.9 million), and revenues from securities investment and trading business of HK$66.1 million (2017: HK$82.4 million).

As a result of the decrease in revenues and net gain, gross profit during the period amounted to HK$216.6 million (2017: HK$244.6 million), representing a decrease of 11.4% compared to that of the last corresponding period. Gross profit margin improved to 68.1% (2017: 58.3%).

Other income and net (loss)/gain recorded a loss of HK$72.6 million (2017: gain of HK$261.4 million) mainly due to the unrealized fair value loss of bonds investments recorded during the period under review, and the absence of the fair value gain on transfer of properties from properties for sale to investment properties recorded in the last corresponding period. A breakdown of other income and net (loss)/gain is shown in note 7 on page 62 of this report.

Gain from change in fair value of investment properties of the Group amounted to HK$801.6 million (2017: HK$389.8 million), mainly reflecting the continued improvement in property prices of our investment properties during the period, of which HK$140.5 million was related to No. 15 Gough Hill Road, The Peak.

FINANCIAL REVIEW *(Continued)*

On the costs side, selling and marketing expenses decreased to HK$20.8 million (2017: HK$24.8 million). Administrative and other operating expenses slightly increased to HK$243.1 million (2017: HK$240.4 million) mainly due to the general increase in overheads and business activities of the Group. Finance costs increased to HK$84.4 million (2017: HK$57.4 million) mainly due to the increase in interest rates and the increased level of bank borrowings of the Group. Share of results of associated companies and joint ventures amounted to HK$12.9 million (2017: HK$3.6 million) mainly due to the increase of profit of a joint venture and revaluation gain arising on investment properties owned by the joint venture. Taxation increased to HK$65.7 million (2017: HK$38.8 million) mainly due to the increase in sales of properties recognized by the Group during the period and the deferred taxation arising from the change in fair value of investment properties.

INTERIM DIVIDEND

As regards payment of dividend, it is the policy of the Group to pay a recurrent and stable 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, the Board has resolved to pay an interim dividend of 3.5 HK cents (2017: 3.0 HK cents) per share, representing an increase of 17% over that of the last corresponding period, on or before Friday, 18 January 2019 to the shareholders whose names appear on the Company's register of members on Friday, 28 December 2018.

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 gross floor area ("GFA") of about 55,367 *sq. ft.*. During the period, rental and other income from this property amounted to about HK$24.0 million. Following the installation of new lifts to upgrade the entire lift system of the property in the first half of 2018, further renovation works at the main lobby, façade and roof top advertising board are being studied so as to improve the esthetics of the property.

BUSINESS REVIEW *(Continued)*

(A) Investment Properties *(Continued)*

(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$25.9 million. With the recent grand opening of the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section, the Group will reshuffle the tenant mix of the property in order to capture this market opportunity with a view to further enhance the rental yield as well as the capital value of the property.

(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$3.6 million. 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. Meanwhile, as announced recently by the Hong Kong SAR Government about the conversion of industrial buildings to transitional housing, the Group will proactively carry out study on such conversion when more detailed information is published.

BUSINESS REVIEW *(Continued)*

(A) Investment Properties *(Continued)*

(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 glamourous sea-view. During the period, rental and other income from this property amounted to about HK$6.0 million.

(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 and in between the Ho Man Tin (approximately 0.4 kilometre) and the Whampoa (approximately 0.3 kilometre) Mass Transit Railway Stations. It comprises 388 rooms together with shopping units and restaurants at the ground floor and the first floor. Total revenues from the hotel during the period amounted to about HK$47.9 million (2017: HK$38.0 million, excluding food and beverage income), which comprised room revenues of HK$43.3 million (2017: HK$34.6 million) and rental income from the shopping units and restaurants of HK$4.6 million (2017: HK$3.4 million).

During the period under review, the Group has continued with its operation strategy to put more effort in marketing to its higher margin customer segments in order to raise the room rates of the hotel and strengthen the hotel brand. As a result, the average room rate of the hotel during the period improved by about 8% from that of the last corresponding period to about HK$740, while the average occupancy rate increased by 9% to about 82% in the current period from 73% in the last corresponding period. The hotel operation (excluding the rental income) achieved a better result with an earning before interest, tax, depreciation and amortization amounting to about HK$14.6 million for this period (2017: HK$9.0 million), representing an increase of about 62% comparing to that of the last corresponding period. Nevertheless, the Group is evaluating the strategy to have some hotel rooms operating as serviced apartments in order to broaden its customer bases and stabilize its revenue stream. With the recovery of the tourism industry, the Group is confident that the operating results of the hotel will continue to improve which would then enhance the capital value of the hotel.

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.*.

During the period under review, with the completion of the renovation works to upgrade the hotel rooms, the villas and the facilities, together with the opening of a new restaurant and a new swimming pool, the average room rate of the hotel improved by about 7% to about PHP3,217 (2017: PHP3,000), whereas the average occupancy rate increased by 11% to about 81% (2017: 70%) in the current period. Total revenues from the resort during the period amounted to about HK$17.8 million (2017: HK$14.9 million), which comprised room revenues of HK$11.6 million (2017: HK$10.0 million), and food and beverage income of HK$6.2 million (2017: HK$4.9 million). Profit of the resort for the period amounted to about HK$6.1 million, and the Group's share of 40% was about HK$2.4 million which was improved by about 50% from that of the last corresponding period. In view of the performance of the resort, the Group is actively identifying opportunities to increase investments in hotels and resorts in these regions.

(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$2.0 million. The Group believes that the rental yield and capital value of these serviced apartments will be further enhanced with the recent opening of the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section.

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.*. During the period, nearly all the serviced apartments had been leased out and the marketing work for leasing the villa is in progress. Rental income from the serviced apartments during the period amounted to approximately HK$1.0 million.

(v) sáv Residence, 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 3,600 *sq. m.*. It is planned that a 19-storey serviced apartment comprising 142 units with clubhouse facilities, a ground floor shop with a total GFA of about 19,000 *sq. m.* and 47 carparking spaces will be developed. Superstructure works have been topped off and internal and external finishing works are nearly completed. Application for the issuance of occupation permit of the project will be made in due course. Marketing works for leasing have been commenced.

BUSINESS REVIEW *(Continued)*

(C) Development Properties

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

The redevelopment of No. 15 Gough Hill Road, The Peak, into a single house with unique architectural design is in progress. Superstructure works and external stone cladding works of the project have been completed. Application for the issuance of occupation permit of the project has been made to the relevant authorities on 26 November 2018.

On 9 June 2016, the Group entered into a sale and purchase agreement (the "SP Agreement") with an independent third party (the "Buyer") for the disposal of the property holding subsidiary that holds this property for a consideration of HK$2.1 billion (subject to adjustment). The consideration will be satisfied as to approximately 80% by cash and as to approximately 20% by the transfer of a commercial property (the "PRC Property") located in Luohu District, Shenzhen, the People's Republic of China (the "PRC") to the Group. Details of the disposal were set out in the circular of the Company dated 20 July 2016.

Up to the date of this report, in accordance with the terms of the SP Agreement, (i) the deposit and the first part payment of HK$315 million in cash were received by the Group in June 2016 upon signing of the SP Agreement; (ii) the second part payment of HK$315 million in cash was received by the Group in July 2018 upon the completion of the external stone cladding works of the project; and (iii) part of the third part payment, being HK$420 million by way of the transfer of the PRC Property, was received by the Group in November 2018, details of which were set out in the announcement of the Company dated 20 November 2018. Accordingly, the Group had received a total of HK$1,050 million in relation to the disposal up to the date of this report.

BUSINESS REVIEW *(Continued)*

(C) Development Properties *(Continued)*

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

* *This photograph was taken on 22 November 2018 and had been edited and processed with computerized imaging techniques.*

BUSINESS REVIEW *(Continued)*

(C) Development Properties *(Continued)*

(i) No. 15 Gough Hill Road, The Peak, Hong Kong (100% owned) *(Continued)*

On 26 November 2018, the Group entered into a supplemental agreement (the "Supplemental Agreement") with the Buyer to amend certain terms of the SP Agreement. According to the terms of the Supplemental Agreement, the Group is not required to carry out any fittings and finishes works after obtaining the occupation permit of the project and thus the consideration is reduced by HK$70 million accordingly. The entire revised balance of the consideration amounting to about HK$980 million will be paid in cash by the Buyer to the Group within 30 days from the date on which the Buyer is being notified of the issuance of occupation permit of the project, or such later date as requested by the Buyer but not more than 30 days therefrom. Details of the Supplemental Agreement were set out in the announcement of the Company dated 26 November 2018. According to the current progress and pursuant to the Supplemental Agreement, the Group expects to complete the disposal and receive the remaining proceeds of about HK$980 million in cash from the Buyer before the financial year ending 31 March 2019, and a further net gain of about HK$460 million is expected to be generated to the Group upon completion.

(ii) Nos. 16-20 Gage Street, Central, Hong Kong (81% to 100% owned)

The Group has successfully acquired full ownership of No. 20 Gage Street, and about 83% and 81% ownership of No. 16 and No. 18 Gage Street respectively. The Group is taking steps to acquire the remaining units of No. 16 and No. 18 Gage Street either by private treaty or by compulsory acquisition. The compulsory acquisition process is expected to be commenced in March 2019.

This project has a total site area of about 3,600 *sq. ft.* and it is currently planned that a commercial/residential building with GFA of about 36,000 *sq. ft.* will be developed. Meanwhile, the Group is also evaluating the benefits and the possibility of developing the property to an office building as there is strong demand for such kind of usage nearby. With the prime location at Central, the Group is optimistic about the prospect of this project.

BUSINESS REVIEW *(Continued)*

(C) Development Properties *(Continued)*

(iii) 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 47,871 *sq. ft.*, have been 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 semi-detached residences (top/bottom) with GFA of about 41,329 *sq. ft.*. Nevertheless, site formation and foundation works are in progress and are expected to be completed before the end of 2019.

(iv) 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. General building plans had been submitted to the relevant authorities for approval. Site formation and foundation works will be commenced in December 2018 and are expected to be completed in the first half of 2020.

BUSINESS REVIEW *(Continued)*

(C) Development Properties *(Continued)*

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

The project has a site area of about 3,272 *sq. m.* and is located within the central business district. It is planned that a 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 are nearly topped off and the Group will monitor the progress of the internal and external finishing works in winter season. The project is expected to be completed before the financial year ending 2020.

* *This photograph was taken on 15 November 2018 and had been edited and processed with computerized imaging techniques.*

BUSINESS REVIEW *(Continued)*

(C) Development Properties *(Continued)*

(vi) 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 site is currently vacant and construction permit has been obtained. The Group has commenced the preparatory works on the development of Phase I of this project to a commercial/residential building with GFA of about 17,340 *sq. m.*. Meanwhile, the Group is also exploring other options (including disposal) to accelerate return on investment in this project.

(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 2018, the Chuang's China Group recorded profit attributable to equity holders of HK$94.3 million (2017: HK$96.4 million) and revenues of HK$126.9 million (2017: HK$82.9 million) (which comprised revenues from sales of properties in the PRC of HK$60.9 million (2017: HK$28.0 million), revenues from rental and management fee of HK$36.3 million (2017: HK$23.1 million), revenues from cemetery assets of HK$8.4 million (2017: HK$8.1 million) and revenues from securities investment and trading income of HK$21.3 million (2017: HK$21.5 million)).

BUSINESS REVIEW *(Continued)*

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

(i) Investment Properties

The Chuang's China Group holds the following portfolio of investment properties and hotel property in the PRC, the United Kingdom ("UK") 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.*. External finishing works have been completed. Internal fitting works are in progress. Occupancy permit is targeted to be obtained in the financial year ending 31 March 2019.

   The Chuang's China Group has entered into an agreement to lease the entire commercial podium to a furniture and home finishing retailer as anchor tenant for a period of 15-year. The tenancy is expected to commence in 2019. As for the twin tower, the Chuang's China Group has appointed international real estate agencies as leasing agents to carry out marketing campaign as serviced apartments and office.

   The Chuang's China Group's total investments in this project is estimated to be about HK$448 million at completion. As at 30 September 2018, the properties had aggregate market value of approximately RMB648 million (equivalent to approximately HK$738 million) on completed basis, comprising RMB242 million for the commercial podium and RMB406 million for the twin tower. On an estimated rental income of about RMB25 million per annum, Chuang's Mid-town will generate a rental yield of 4% based on market value.

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)

The Chuang's China Group has completed the development of 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 2018, the properties were recorded in the financial statements at valuation of RMB437.1 million (comprising RMB179.1 million for the hotel and RMB258.0 million for the 30 villas). The valuation attributable to the Chuang's China Group was about RMB260.1 million (equivalent to approximately HK$296.2 million), whereas the total investment costs of the Chuang's China Group are about HK$189 million.

The hotel building and 30 villas are fully leased. The hotel building together with three villas are leased to 廈門佲家鷺江酒店 as "鷺江•佲家酒店" (Mega Lujiang Hotel). Furthermore, 27 villas have been leased to independent third parties. On the basis of the aggregate rental income of about RMB25.9 million per annum, its rental yield is approximately 6% based on valuation.

3. 22 villas and commercial property in Chuang's Le Papillon, Guangzhou, Guangdong (100% owned by Chuang's China)

Within the Chuang's China Group's property development in Guangzhou, the Chuang's China Group retains 22 villas (GFA of approximately 6,987 *sq. m.*) and a commercial property (with GFA of approximately 809 *sq. m.*) for long term investment. Marketing is in progress for leasing of the 22 villas. As at 30 September 2018, valuation of the 22 villas was RMB246.4 million (equivalent to approximately HK$280.6 million), and valuation of the commercial property was RMB8.0 million (equivalent to approximately HK$9.1 million).

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. Marketing work is in progress to lease out the property for recurring rental income. As at 30 September 2018, valuation of the property was RMB26.4 million (equivalent to approximately HK$30.1 million).

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

   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 at 30 September 2018, the valuation of this property increased to GBP104.0 million (equivalent to approximately HK$1,061.3 million), representing an increase of about 31.6% over the Chuang's China Group's original investment cost.

   The property is fully leased to multi tenants with annual rental income of approximately GBP4.1 million (equivalent to approximately HK$41.6 million), representing a rental yield of approximately 4% based on valuation. The Chuang's China Group will appraise the market condition and identify opportunities to dispose of this investment and realize the appreciation in value.

BUSINESS REVIEW *(Continued)*

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

(i) Investment Properties *(Continued)*

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

   Central Plaza 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 2018, the valuation of this property was MYR175 million (equivalent to approximately HK$331.1 million), which represents an average value of approximately MYR897 (equivalent to approximately HK$1,697) per *sq. ft.* of net lettable retail and office area.

   Central Plaza is leased to multi tenants with an occupancy rate of approximately 72%. Its annual rental income is approximately MYR10.0 million (equivalent to approximately HK$18.8 million), representing a rental yield of approximately 6% based on valuation. The Chuang's China Group will continue to review the tenant mix of this property in order to further enhance its rental yield and occupancy rate.

Apart from the above investment properties, the Chuang's China Group will further identify investment opportunities on investment properties with steady income.

BUSINESS REVIEW *(Continued)*

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

(ii) Property Development

1. *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.

   The residential flats of Phase I and II have largely been sold. During the period under review, four residential duplex and 237 carparks were sold. Currently, there remains 2 duplex of about RMB10 million (equivalent to approximately HK$11 million) and 602 carparks of about RMB75 million (equivalent to approximately HK$85 million) available for sale.

   For the remaining development (Phase III), the Chuang's China Group owns a land of over 92,000 *sq. m.* and its GFA was about 166,000 *sq. m.*. Land quota for development of about 114,300 *sq. m.* has been obtained. The Chuang's China Group will closely follow-up with the relevant PRC authorities for the land quota of the remaining 51,700 *sq. m.*. The Chuang's China Group will commence preparatory works on the development, and will also explore other options (including disposal) to accelerate capital return on investment in this project.

BUSINESS REVIEW *(Continued)*

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

(ii) Property Development *(Continued)*

2. *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 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 RMB6.6 million per annum. 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.

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

Adjacent to Chuang's Mid-town, the Chuang's China Group holds the second site located in the prime city centre of Tie Dong Qu (鐵東區). With a developable GFA of 390,000 *sq. m.*, the site will provide a mega integrated development including office towers, retail, food and beverage and entertainment facilities together with residential blocks. The Chuang's China Group will identify suitable options, including disposal, to accelerate capital return on this investment.

BUSINESS REVIEW *(Continued)*

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

(ii) Property Development *(Continued)*

4. 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 116,898 *sq. ft.* for residential purpose and 25,090 *sq. ft.* for commercial purpose with 47 carparking spaces. 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. Foundation works have been completed and superstructure works are in progress up to the 11th level. The project is expected to be completed in the third quarter of 2020.

* *This photograph was taken on 21 November 2018 and had been edited and processed with computerized imaging techniques.*

BUSINESS REVIEW *(Continued)*

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

(ii) Property Development *(Continued)*

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

   The Esplanade provides a two-storey commercial facilities, one-storey clubhouse and a 20-storey residential building, totalling 371 residential flats, comprising 233 studio, 97 one-bedroom, 39 two-bedrooms and 2 three-bedrooms. Based on existing selling prices, the expected total sales proceeds will amount to about HK$1,650 million. Pre-sale has commenced in October 2018 and a total of 236 units has been launched to the market for sale. Currently, 89 flats have been presold at aggregate amount of about HK$372.2 million.

5. *Other property projects in the PRC*

   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$24.6 million (including shareholder's loan of about HK$3.5 million) as at 30 September 2018. The business license of the PRC project subsidiary has expired since 2012, therefore normal operation has halted. The Chuang's China Group has made keen efforts to reactivate the business license but was opposed by the minority shareholders. The Chuang's China Group has initiated a lawsuit to seek court approval for the winding up of the PRC project company, in order to protect the Chuang's China Group's investment in this project. As announced on 9 November 2018 by Chuang's China, Chuang's China received an official civil complaint (the "Complaint") from the minority shareholder of the PRC project company against Chuang's China and an executive director of Chuang's China. Based on the legal advices, the Complaint was not supported by sufficient facts and/or legal basis. It is expected that the Complaint will be heard in Hunan Province Higher People's Court in January 2019. The legal advisers of Chuang's China advised that Chuang's China has sufficient grounds to vigorously contest the Complaint. The legal advisers of Chuang's China further advised that Chuang's China could consider taking counterclaim against the aforesaid minority shareholder in respect of the use of false instruments in the Complaint, thus causing Chuang's China's suffering losses and damages. Further announcement(s) about the legal proceeding will be made by Chuang's China as and when appropriate.

BUSINESS REVIEW *(Continued)*

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

(ii) Property Development *(Continued)*

5. Other property projects in the PRC (Continued)

The Chuang's China Group holds a 51% development interest in a project in Wuhou District, Chengdu. As at 30 September 2018, the Chuang's China Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK$167.2 million). As announced on 1 June 2018, the claims under the legal proceedings launched by the Chuang's China Group have been increased to approximately RMB559 million (equivalent to approximately HK$636.5 million). Further announcement(s) about the legal proceeding will be made by the Company as and when appropriate.

Over a number of years in the past, the Chuang's China Group acquired three courtyard houses in Beijing in the aggregate amount of about RMB12 million (equivalent to approximately HK$14 million). Despite repeated requests made by the Chuang's China Group, the agent handling the acquisitions has failed to properly register the properties title to the Chuang's China Group. The legal proceedings instituted by the Chuang's China Group to protect its interests have recently been completed and are now awaiting for court judgment.

6. 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. As at 30 September 2018, the book cost of this project (including non-controlling interests) was about RMB629.1 million (equivalent to approximately HK$716.4 million), whereas the market valuation was about RMB944.3 million (equivalent to approximately HK$1,075.3 million) as at 31 March 2018.

BUSINESS REVIEW *(Continued)*

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

(ii) Property Development *(Continued)*

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

   As at the date of this report, land use rights of approximately 248.2 mu of land had been obtained. Fortune Wealth will liaise with the local authorities for land resumption in respect of the remaining 269.8 mu. For the area encompassing the land resumption, about 150 mu will be designated for road access and greenbelts. As for the balance of 119.8 mu, Fortune Wealth shall intensively follow-up with the local authorities to allocate land quota for the grant of land use rights.

   On the sale aspects, 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 2018, about 3,694 grave plots and 538 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 (a) 364,689,655 shares in CNT, representing about 19.2% interests in CNT; and (b) 6,392,203 shares in CPM, representing about 0.6% interests in CPM, both companies 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.

BUSINESS REVIEW *(Continued)*

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

(iii) Investments in CNT and CPM*(Continued)*

With reference to the respective closing share prices of CNT and CPM as at 30 September 2018 of HK$0.385 (31 March 2018: HK$0.43) and HK$0.49 (31 March 2018: HK$0.52), the aggregate book value of the Chuang's China Group's investments in CNT and CPM decreased to about HK$143.5 million (31 March 2018: HK$160.1 million). The loss in book value is accounted for as "Reserve" in the financial statements.

As announced by the Company on 25 April 2018, the Court has directed for the substantive trial of the derivative action against certain directors of CNT to be re-fixed to 14 May 2019 to 6 June 2019. Further announcement(s) about this derivative action will be made by the Company as and when appropriate.

(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$24.0 million (2017: HK$27.2 million), and incurred a loss of HK$2.6 million (2017: HK$1.8 million). In order to enhance the revenues and restore the business to profitability, Sintex has taken steps to broaden its customer bases through e-commerce sale, review its product mix with reference to the increasing e-commerce sale customers, and implement cost control measures such as evaluating the effectiveness of its retail stores as to the number and locations of the stores.

BUSINESS REVIEW *(Continued)*

(E) Other Businesses *(Continued)*

(ii) Securities Investment and Trading

During the period, securities investment and trading business of the Group recorded an aggregate net loss of about HK$29.3 million, comprising net realized gain on disposal of investments of HK$0.3 million, dividend and interest income from investments of HK$67.1 million, and unrealized fair value loss on investments of HK$96.7 million as a result of mark to market valuations as at the balance sheet date. Of the amount of HK$96.7 million unrealized fair value loss, about HK$94.4 million was related to bonds investments principally as a result of the drop in bond prices as at 30 September 2018 when compared to that of 31 March 2018 as nearly all the bonds held by the Group were traded below par as at 30 September 2018. In the event that the Group holds the bonds up to their respective maturity dates and the bonds are being redeemed at par, the unrealized fair value loss would almost be unnecessary.

As at 30 September 2018, investments of the Group amounted to HK$1,959.2 million (HK$1,282.1 million were held by the wholly-owned subsidiaries of the Group and HK$677.1 million were held by the Chuang's China Group), and comprised as to HK$1,862.2 million for investments in high yield bonds, HK$34.2 million for investments in securities listed on the Stock Exchange and the balance of HK$62.8 million for other investments in some FinTech companies, venture capital and funds which are not listed in the markets.

In recent months, the anticipated adjustments in the PRC property sector and the rise in interest rates asserted downward pressure on the prices of bonds held by the Group. 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.

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 2018:

(a) Bonds investments

Stock code	Bond issuer	Face value of bonds held as at 30 September 2018 *US$'000*	Market value as at 30 September 2018 *HK$'000*	Percentage of market value to the Group's total assets as at 30 September 2018	Interest income for the period ended 30 September 2018 *HK$'000*	Fair value (loss)/gain for the period ended 30 September 2018 *HK$'000*
813	Shimao Property Holdings Limited (8.375%, due 2022)	12,200	101,651	0.5%	4,184	(2,424)
846	Mingfa Group (International) Company Limited (11%, due 2019)	40,000	319,680	1.5%	17,266	(5,567)
884	Cifi Holdings (Group) Co. Ltd. (0%, due 2019, convertible)	2,555	19,857	0.1%	–	7
1638	Kaisa Group Holdings Limited (8.5%, due 2022)	4,400	29,161	0.1%	1,468	(4,197)
1813	KWG Group Holdings Limited (6%, due 2022)	10,000	73,420	0.3%	2,354	(4,611)
2007	Country Garden Holdings Company Limited			1.7%		
	(a) 4.75%, due 2023	10,000	70,176		1,859	(6,442)
	(b) 5.625%, due 2026	34,000	260,632		7,505	(13,999)
	(c) 0%, due 2019, convertible	2,555	19,812		–	109
2777	Easy Tactic Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Limited			1.8%		
	(a) 5.75%, due 2022	51,000	368,458		11,281	(21,494)
	(b) 8.875%, due 2021	2,000	15,851		–	267

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 2018 *US$'000*	Market value as at 30 September 2018 *HK$'000*	Percentage of market value to the Group's total assets as at 30 September 2018	Interest income for the period ended 30 September 2018 *HK$'000*	Fair value (loss)/gain for the period ended 30 September 2018 *HK$'000*
3333	China Evergrande Group			1.7%		
	(a) 7.5%, due 2023	10,743	78,930		3,162	(5,489)
	(b) 8.25%, due 2022	31,200	242,901		10,055	(9,665)
	(c) 8.75%, due 2025	4,714	34,075		1,618	(3,845)
3380	Logan Property Holdings Company Limited (6.875%, due 2021)	4,000	31,688	0.1%	–	420
3383	Agile Group Holdings Limited (5.125%, due 2022)	10,000	72,803	0.3%	2,011	(5,472)
600606	Greenland Global Investment Limited, a wholly-owned subsidiary of Greenland Holdings Corporation Limited (5.25%, due 2021)	4,300	32,145	0.1%	886	(1,467)
N/A	Guangxi Financial Investment Group Co., Limited (5.75%, due 2021)	13,000	90,934	0.4%	2,903	(10,539)
	Bonds disposed of during the period	–	–	–	452	–
		246,667	1,862,174	8.6%	67,004	(94,408)

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 2018	Market value as at 30 September 2018 *HK$'000*	Percentage of market value to the Group's total assets as at 30 September 2018	Dividend income for the period ended 30 September 2018 *HK$'000*	Fair value loss for the period ended 30 September 2018 *HK$'000*
12	Henderson Land Development Company Limited	90,000	3,542	0.01%	45	(360)
16	Sun Hung Kai Properties Limited	250,000	28,500	0.13%	–	(1,818)
276	Mongolia Energy Corporation Limited	4,349,500	596	0.01%	–	(170)
8439	Somerley Capital Holdings Limited	912,000	1,541	0.01%	30	(173)
			34,179	0.16%	75	(2,521)

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 2018:

Name of company	Principal business
Shimao Property 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 other related services
Kaisa Group Holdings Limited	Property development, property investment, property management, hotel and catering operations
KWG Group Holdings Limited	Property development, property investment, hotel operation and property management
Country Garden Holdings Company Limited	Property development, construction, property investment, property management and hotel operation
Guangzhou R&F Properties Co., Limited	Development and sale of properties, property investment, hotel operations and other property development related services
China Evergrande Group	Property development, property investment, property management, property construction, hotel operations, finance business, internet business and health industry business
Logan Property Holdings Company Limited	Property development, property investment and property construction
Agile Group Holdings Limited	Property development, property investment, hotel operation and property management

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 2018: (Continued)

Name of company	Principal business
Greenland Holdings Corporation Limited	Property development, property investment, construction and hotel operation
Guangxi Financial Investment Group Co., Limited	Provision of micro and small loans, credit guarantees, property insurance, financing leasing and others
Henderson Land Development Company Limited	Property development, property investment, utility and energy and others
Sun Hung Kai Properties Limited	Property development, property investment, hotel operation, telecommunications, transport infrastructure and logistics and others
Mongolia Energy Corporation Limited	Energy and related resources business
Somerley Capital Holdings Limited	Provision of corporate finance advisory services

(iii) Money Lending Business

During the period, Chuang's Credit Limited, a wholly-owned subsidiary of the Group holding a money lender's licence, had advanced loans to customers. Revenues generated from this business during the period amounted to HK$3.6 million (2017: HK$3.9 million). As at 30 September 2018, outstanding amount of loans due from customers amounted to HK$149.2 million, which were mainly relating to mortgage loans.

FINANCIAL POSITION

Net asset value

As at 30 September 2018, net assets attributable to equity holders of the Company was HK$11,407.1 million (31 March 2018: HK$11,152.1 million). Net asset value per share was HK$6.82 (31 March 2018: HK$6.67), 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 2018, the Group's cash, bank balances and investments held for trading amounted to HK$4,446.8 million (31 March 2018: HK$3,932.8 million). Bank borrowings as at the same date amounted to HK$6,942.2 million (31 March 2018: HK$6,421.2 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 21.9% (31 March 2018: 22.3%).

Approximately 94.2% of the Group's cash, bank balances and investments held for trading were denominated in Hong Kong dollar and United States dollar, 5.2% were in Renminbi and the balance of 0.6% were in other currencies. Approximately 89.8% of the Group's bank borrowings were denominated in Hong Kong dollar, 0.7% were in Renminbi, 7.4% were in British Pound Sterling and the balance of 2.1% were in Malaysian Ringgit and other currencies.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 12.1% of the Group's bank borrowings were repayable within the first year, 13.1% were repayable within the second year, 72.6% were repayable within the third to fifth years and the balance of 2.2% 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.

PROSPECTS

During the period under review, the Group had closely monitored the construction progress of No. 15 Gough Hill Road, The Peak in order to speed up the redevelopment of the project. After entering into the Supplemental Agreement for early completion of the disposal of the project, the Group aims to receive the remaining sale proceeds of about HK$980 million in cash before the financial year ending 31 March 2019. Such cash proceeds will enable the Group to increase its working capital, improve its liquidity and strengthen the overall financial position, as well as to enhance its future development and investment capability. Meanwhile, the Group will also monitor the pre-sale progress of The Esplanade in Hong Kong in light of the prevailing market conditions, and accelerate the completion of the development of the two Mongolia projects in order to generate return on these investments.

Moving forward, the Group will continue our mission (i) to take steps to further enhance rental yield and return of our investment/hotel properties and thus their capital values by constantly reviewing the portfolio mix and yield with reference to their market prices; (ii) to unlock the store value of our development projects by speeding up their development and sales in accordance with local market conditions; (iii) to identify new business opportunities including land acquisitions (through land auction, site amalgamation or joint venture) and property investments; and (iv) to actively further review our group structure so that resources can be deployed in a more effective and efficient manner, all with a view to continue to create value for our shareholders.

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

As at 30 September 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

(a) Interests in the Company

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	972,865,404	*Note 1*	58.17
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,299,678	Beneficial owner	0.08

Note 1: Such interests comprised 765,257,332 shares in the Company owned by Evergain Holdings Limited ("Evergain"), a company beneficially owned by Mr. Alan Chuang, and the remaining interests arose as a result of Mr. Alan Chuang being a discretionary object of a discretionary trust, the trustee of which held 207,608,072 shares in the Company. Mr. Alan Chuang, Mr. Albert Chuang, Mr. Chong Ka Fung, Mrs. Candy Kotewall Chuang Ka Wai ("Ms. Candy Chuang") and Mr. Geoffrey Chuang Ka Kam are directors of Evergain.

(b) Interests in Chuang's China Investments Limited ("Chuang's China")

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	1,426,074,923	*Notes 2 & 4*	60.71
Ms. Candy Chuang	1,255,004	Beneficial owner	0.05

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

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

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	800,000	*Notes 3 & 4*	80.0

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

Note 3: Such interests comprised 550,000 shares in Treasure owned by a corporation beneficially owned by Mr. Alan Chuang and 250,000 shares in Treasure beneficially owned by a wholly-owned subsidiary of Chuang's China. Chuang's China is a subsidiary of the Company.

Note 4: Mr. Alan Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of the Company.

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 2018, 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.

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 2018, 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	765,257,332	Beneficial owner, *Note 1*	45.75
Mrs. Chong Ho Pik Yu	765,257,332	*Note 2*	45.75
Madam Chuang Shau Har ("Madam Chuang")	208,353,709	*Note 3*	12.46
Mr. Lee Sai Wai ("Mr. Lee")	208,353,709	*Note 4*	12.46

Note 1: *Such interests have been mentioned in Note 1 to the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".*

Note 2: *Such interests arose by attribution through her spouse, Mr. Alan Chuang, whose interests have been mentioned in Note 1 to the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".*

Note 3: *Interests in 207,608,072 shares in the Company arose as a result of Madam Chuang being the trustee and a discretionary object of a discretionary trust which owned such shares in the Company. The remaining interests in 745,637 shares in the Company arose by attribution through her spouse, Mr. Lee.*

Note 4: *Interests in 207,608,072 shares in the Company arose by attribution through his spouse, Madam Chuang, whose interests have been mentioned in Note 3 above. The remaining interests in 745,637 shares in the Company are beneficially owned by Mr. Lee.*

Save as disclosed above, as at 30 September 2018, 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.

CORPORATE GOVERNANCE

Due to other commitments, three Independent Non-Executive Directors had not attended the 2018 annual general meeting of the Company as required by Code A.6.7 of the Corporate Governance Code (the "CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Except as mentioned hereof, the Company has complied throughout the six months ended 30 September 2018 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 2018 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 2018 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 was appointed as an independent non-executive director of CSI Properties Limited with effect from 20 July 2018, the shares of which are listed on the Stock Exchange.

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 Friday, 21 December 2018 to Friday, 28 December 2018, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Thursday, 20 December 2018.

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.

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 2018, the Group (excluding Chuang's China group) employed 295 staff and the Chuang's China group employed 175 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

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

Hong Kong, 29 November 2018

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 September 2018

	Note	2018 HK$'000	2017 HK$'000
Revenues and net (loss)/gain	5	**317,960**	419,307
Revenues		**318,988**	394,881
Net (loss)/gain of financial assets at fair value through profit or loss		**(1,028)**	24,426
Cost of sales		**(101,356)**	(174,739)
Gross profit		**216,604**	244,568
Other income and net (loss)/gain	7	**(72,579)**	261,401
Selling and marketing expenses		**(20,812)**	(24,774)
Administrative and other operating expenses		**(243,065)**	(240,400)
Change in fair value of investment properties		**801,604**	389,815
Operating profit	8	**681,752**	630,610
Finance costs	9	**(84,355)**	(57,432)
Share of results of associated companies		**1,380**	765
Share of results of joint ventures	10	**11,529**	2,825
Profit before taxation		**610,306**	576,768
Taxation	11	**(65,726)**	(38,790)
Profit for the period		**544,580**	537,978
Attributable to:			
Equity holders		**507,489**	496,443
Non-controlling interests		**37,091**	41,535
		544,580	537,978
		HK cents	*HK cents*
Earnings per share (basic and diluted)	13	**30.34**	29.60

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 September 2018

	2018	2017
	HK$'000	*HK$'000*
Profit for the period	**544,580**	537,978
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	**(249,563)**	106,993
Share of exchange reserve of a joint venture	**(17,918)**	2,122
Change in fair value of available-for-sale financial assets	**–**	(67,190)
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	**–**	(330)
Total other comprehensive (loss)/income that may be reclassified subsequently to profit and loss	**(267,481)**	41,595
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	**(16,603)**	–
Total other comprehensive (loss)/income for the period	**(284,084)**	41,595
Total comprehensive income for the period	**260,496**	579,573
Total comprehensive income/(loss) attributable to:		
Equity holders	**338,784**	522,808
Non-controlling interests	**(78,288)**	56,765
	260,496	579,573

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 September 2018

	Note	**30 September 2018** **HK$'000**	31 March 2018 HK$'000
Non-current assets			
Property, plant and equipment		**498,840**	520,124
Investment properties	*15*	**10,941,740**	10,290,698
Leasehold lands and land use rights		**729,129**	749,279
Properties for/under development		**975,087**	1,061,141
Cemetery assets		**460,168**	544,625
Associated companies		**68,053**	66,673
Joint ventures		**708,775**	710,463
Financial assets at fair value through other comprehensive income		**154,925**	–
Available-for-sale financial assets		**–**	240,251
Loans and receivables		**141,135**	148,129
		14,677,852	14,331,383
Current assets			
Properties for sale		**1,828,133**	1,649,057
Cemetery assets		**256,226**	219,256
Inventories		**140,389**	141,054
Debtors and prepayments	*16*	**348,955**	388,235
Financial assets at fair value through profit or loss		**1,959,245**	1,944,414
Cash and bank balances		**2,487,581**	1,988,353
		7,020,529	6,330,369
Current liabilities			
Creditors and accruals	*17*	**1,044,881**	636,359
Short-term bank borrowings	*18*	**402,140**	195,917
Current portion of long-term bank borrowings	*18*	**925,644**	1,037,882
Taxation payable		**212,576**	259,344
		2,585,241	2,129,502
Net current assets		**4,435,288**	4,200,867
Total assets less current liabilities		**19,113,140**	18,532,250

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) *(Continued)*

As at 30 September 2018

	Note	30 September 2018 HK$'000	31 March 2018 HK$'000
Equity			
Share capital	*19*	**418,138**	418,138
Reserves		**10,988,946**	10,733,979
Shareholders' funds		**11,407,084**	11,152,117
Non-controlling interests		**1,650,388**	1,746,944
Total equity		**13,057,472**	12,899,061
Non-current liabilities			
Long-term bank borrowings	*18*	**5,614,430**	5,187,380
Deferred taxation liabilities		**373,349**	351,627
Loans and payables with non-controlling interests		**32,067**	29,905
Other non-current liabilities		**35,822**	64,277
		6,055,668	5,633,189
		19,113,140	18,532,250

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 September 2018

	Note	**2018**	2017
		HK$'000	*HK$'000*
Net cash used in operating activities		**(16,793)**	(540,939)
Cash flows from investing activities			
Interest income from bank deposits received		**10,134**	9,724
Acquisition of property businesses	*24*	**–**	(372,105)
Additions to investment properties		**(50,608)**	(36,229)
Purchase of available-for-sale financial assets		**–**	(9,392)
(Increase)/decrease in investments in and amounts due from joint ventures		**(9,175)**	44,242
Others, net		**4,206**	(6,761)
Net cash used in investing activities		**(45,443)**	(370,521)
Cash flows from financing activities			
New bank borrowings		**1,257,723**	380,038
Repayment of bank borrowings		**(678,870)**	(367,737)
Deposit paid for purchase of additional equity interest in a subsidiary		**–**	(29,676)
Increase of interest in a subsidiary		**–**	(52,755)
Dividend paid to non-controlling interests		**–**	(12,972)
Others, net		**2,195**	1,577
Net cash from/(used in) financing activities		**581,048**	(81,525)
Net increase/(decrease) in cash and cash equivalents		**518,812**	(992,985)
Cash and cash equivalents at the beginning of the period		**1,984,130**	3,136,224
Exchange difference on cash and cash equivalents		**(17,633)**	7,771
Cash and cash equivalents at the end of the period		**2,485,309**	2,151,010
Analysis of cash and cash equivalents			
Cash and bank balances		**2,487,581**	2,132,732
Bank deposits maturing more than three months from date of placement		**(2,272)**	(2,774)
Cash and bank balances included in assets of disposal group classified as held for sale		**–**	21,052
Cash and cash equivalents		**2,485,309**	2,151,010

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2018

	Attributable to equity holders of the Company					
	Share capital	**Other reserves**	**Retained profits**	**Shareholders' funds**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2018	**418,138**	**1,329,947**	**9,404,032**	**11,152,117**	**1,746,944**	**12,899,061**
Adjustment on the adoption of HKFRS 9 *(Note 2(iii))*	**–**	**(2,743)**	**2,743**	**–**	**–**	**–**
Restated at 1 April 2018	**418,138**	**1,327,204**	**9,406,775**	**11,152,117**	**1,746,944**	**12,899,061**
Profit for the period	**–**	**–**	**507,489**	**507,489**	**37,091**	**544,580**
Other comprehensive income:						
Net exchange differences	**–**	**(149,379)**	**–**	**(149,379)**	**(100,184)**	**(249,563)**
Share of exchange reserve of a joint venture	**–**	**(9,246)**	**–**	**(9,246)**	**(8,672)**	**(17,918)**
Change in fair value of financial assets at fair value through other comprehensive income	**–**	**(10,080)**	**–**	**(10,080)**	**(6,523)**	**(16,603)**
Total comprehensive (loss)/income for the period	**–**	**(168,705)**	**507,489**	**338,784**	**(78,288)**	**260,496**
Transactions with owners:						
Dividends	**–**	**–**	**(83,628)**	**(83,628)**	**–**	**(83,628)**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**(18,457)**	**(18,457)**
Increase of interest in a subsidiary	**–**	**–**	**(189)**	**(189)**	**189**	**–**
At 30 September 2018	**418,138**	**1,158,499**	**9,830,447**	**11,407,084**	**1,650,388**	**13,057,472**
At 1 April 2017	419,298	1,194,797	8,174,336	9,788,431	1,955,529	11,743,960
Profit for the period	–	–	496,443	496,443	41,535	537,978
Other comprehensive income:						
Net exchange differences	–	66,217	–	66,217	40,776	106,993
Share of exchange reserve of a joint venture	–	1,095	–	1,095	1,027	2,122
Change in fair value of available-for-sale financial assets	–	(40,657)	–	(40,657)	(26,533)	(67,190)
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	–	(290)	–	(290)	(40)	(330)
Total comprehensive income for the period	–	26,365	496,443	522,808	56,765	579,573
Transactions with owners:						
Dividends	–	–	(83,860)	(83,860)	–	(83,860)
Dividends to non-controlling interests	–	–	–	–	(50,624)	(50,624)
Increase of interest in a subsidiary	–	–	75,257	75,257	(128,012)	(52,755)
At 30 September 2017	419,298	1,221,162	8,662,176	10,302,636	1,833,658	12,136,294

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 2018 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs").

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated annual financial statements of the Group for the year ended 31 March 2018, except as stated below.

(i) Effect of adopting new standards, amendments to standards and new interpretation

For the six months ended 30 September 2018, the Group adopted the following new standards, amendments to standards and new interpretation that are effective for the accounting periods beginning on or after 1 April 2018 and relevant to the operations of the Group:

HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendment)	Clarifications to HKFRS 15
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

2. BASIS OF PREPARATION *(Continued)*

(i) Effect of adopting new standards, amendments to standards and new interpretation *(Continued)*

The impact of the adoption of HKFRS 9 and HKFRS 15 are disclosed in Note 2(iii) below. The other amendments to standards and new interpretation did not have 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.

(ii) New standards, amendments to standards and new interpretation that are not yet effective

The following new standards, amendments to standards and new interpretation have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1 April 2019, but have not yet been early adopted by the Group:

HKAS 19 (Amendment)	Employee Benefits – Plan Amendment, Curtailment or Settlement (effective from 1 January 2019)
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures (effective from 1 January 2019)
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation (effective from 1 January 2019)
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	Leases (effective from 1 January 2019)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015–2017 Cycle (effective from 1 January 2019)
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments (effective from 1 January 2019)

The Group will adopt the above new standards, amendments to standards and new interpretation as and when they become effective. The Group has commenced an assessment of the likely impact of adopting the above new standards, amendments to standards and new interpretation, in which the preliminary assessment of HKFRS 16 is detailed below. The Group will continue to assess the impact in more detail.

2. BASIS OF PREPARATION *(Continued)*

(ii) New standards, amendments to standards and new interpretation that are not yet effective *(Continued)*

HKFRS 16 "Leases"

The new standard will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases.

At 30 September 2018, the Group had operating lease commitments of about HK$42 million. Upon the adoption of HKFRS 16, the majority of operating lease commitments will be recognized in the consolidated balance sheet as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortized cost and the right-of-use asset will be depreciated on a straight-line basis during the lease term.

The Group conducted preliminary assessment and estimated that the adoption of HKFRS 16 would result in recognition of right-of-use assets and lease liabilities. The Group will continue to assess the impact in more detail.

The new standard is mandatory for financial years commencing on or after 1 April 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Apart from the above, according to the Group's preliminary assessment, there was no significant impact from the other new standards, amendments to standards and new interpretation on the Group's results of operations and financial position or any substantial changes in the Group's accounting policies and presentation of the condensed consolidated interim financial information.

2. BASIS OF PREPARATION *(Continued)*

(iii) Changes in accounting policies

HKFRS 9 replaces the provisions of HKAS 39 "Financial Instruments" that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 "Financial Instruments – Disclosures".

HKFRS 15 replaces both the provisions of HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations that related to the recognition, classification and measurement of revenue and costs.

The changes in accounting policies upon the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" are set out below:

HKFRS 9 "Financial Instruments"

Classification, measurement and derecognition of financial assets

Management has assessed the business models and the contractual terms of the cash flows that apply to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 April 2018) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortized cost.

In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

2. BASIS OF PREPARATION *(Continued)*

(iii) Changes in accounting policies *(Continued)*

HKFRS 9 "Financial Instruments" *(Continued)*

Classification, measurement and derecognition of financial assets *(Continued)*

The main effects resulting from this reclassification on the Group's condensed consolidated balance sheet as at 1 April 2018 by the application of HKFRS 9 are as follows:

	Available-for-sale financial assets *HK$'000*	Financial assets at fair value through other comprehensive income *HK$'000*	Financial assets at fair value through profit or loss *HK$'000*	Investment revaluation reserve *HK$'000*	Retained profits *HK$'000*
Opening balance – HKAS 39	240,251	–	1,944,414	32,947	9,404,032
Reclassifications	(240,251)	172,525	67,726	(2,743)	2,743
Opening balance – HKFRS 9	–	172,525	2,012,140	30,204	9,406,775

2. BASIS OF PREPARATION *(Continued)*

(iii) Changes in accounting policies *(Continued)*

HKFRS 9 "Financial Instruments" *(Continued)*

Classification, measurement and derecognition of financial assets *(Continued)*

The main effects resulting from this reclassification on the Group's condensed consolidated balance sheet as at 30 September 2018 are as follows:

	As at 30 September 2018		
	Without the adoption of HKFRS 9 *HK$'000*	**Effect of the adoption of HKFRS 9** *HK$'000*	**As reported** *HK$'000*
Available-for-sale financial assets	**217,817**	**(217,817)**	**–**
Financial assets at fair value through other comprehensive income	**–**	**154,925**	**154,925**
Financial assets at fair value through profit or loss	**1,896,353**	**62,892**	**1,959,245**
Investment revaluation reserve	**22,867**	**(2,743)**	**20,124**
Retained profits	**9,827,704**	**2,743**	**9,830,447**

The adoption of HKFRS 9 has no material impact on the condensed consolidated income statement and the condensed consolidated statement of comprehensive income. It also has no impact on the condensed consolidated cash flow statement.

Impairment of financial assets

The Group assessed on a forward looking basis for the expected credit losses associated with its financial assets carried at amortized cost. The results of the adopted new impairment model as at 1 April 2018 have not resulted in material impact on the carrying amount of the Group's financial assets.

2. BASIS OF PREPARATION *(Continued)*

(iii) Changes in accounting policies *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers"

In prior reporting periods, revenue from the sale of properties was recognized when significant risks and rewards of ownership of properties have been transferred to the customers.

Under HKFRS 15, revenue from pre-sales of properties under development is recognized when or as the control of the asset is transferred to the customer. Depending on the terms of the contracts and the laws that apply to the contracts, control of the properties under development may transfer over time or at a point in time. If properties have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognizes revenue over time by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the completed property.

The progress towards complete satisfaction of the performance obligation is measured based on the property development costs incurred as a percentage of total estimated costs for completion as allocated to the contract.

The timing of revenue recognition for certain development properties, which is previously based on whether significant risks and rewards of ownership of properties transfer, will be recognized at a later point in time when the underlying property is legally and/or physically transferred to the customer under the control transfer model. Revenue for certain pre-sale properties transactions may be recognized earlier over time during the construction.

The Group currently offers different payment schemes to customers, the transaction price and the amount of revenue for the sale of property will be adjusted when significant financial component exists in that contract.

Sales deposits received in relation to advanced proceeds received from customers represent contract liabilities under HKFRS 15.

The Group has elected to use a modified retrospective approach on all the uncompleted contracts as at 1 April 2018, which the cumulative impact of the adoption is recognized as an adjustment to the retained profits as at 1 April 2018 and that the comparatives are not restated. The adoption of HKFRS 15 has no material impact on the retained profits as at 1 April 2018 and therefore, no adjustment was made.

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 2018. There has been no material change in the Group's financial risk management policies since the year ended 31 March 2018.

(b) Liquidity risk

Compared to the year ended 31 March 2018, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

(c) Fair value estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date, whereas the fair values of other financial assets and financial liabilities are determined in accordance with the generally accepted pricing models based on discounted cash flow analysis.

The Directors considered that the carrying values of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated interim financial information approximate their fair values.

During the six months ended 30 September 2018, 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 except for those as disclosed in note 2(iii) above regarding the adoption of HKFRS 9.

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 2018. In addition, the adoption of HKFRS 15 requires significant judgment in the recognition of sales of properties, while the adoption of HKFRS 9 requires significant judgment when applying the business model test for classification and measurement or assumption made in incorporating forward-looking information into expected credit loss calculations.

5. REVENUES AND NET (LOSS)/GAIN

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

	2018	2017
	HK$'000	*HK$'000*
Revenues		
Sales of properties	**60,961**	46,940
Rental income and management fees	**111,495**	103,113
Income from hotel operation and management	**43,477**	35,876
Sales of cemetery assets	**8,355**	8,114
Sales of goods and merchandises	**23,957**	138,984
Interest income from money lending business	**3,664**	3,921
Interest income from bonds investments of financial assets at fair value through profit or loss	**67,004**	55,206
Dividend income from securities investments for trading of financial assets at fair value through profit or loss	**75**	2,727
	318,988	394,881
Net (loss)/gain		
Net realized gain of securities investments for trading of financial assets at fair value through profit or loss	**1,493**	15,331
Net fair value (loss)/gain of securities investments for trading of financial assets at fair value through profit or loss	**(2,521)**	9,095
	(1,028)	24,426
Revenues and net (loss)/gain	**317,960**	419,307

Comparative figures have been reclassified to conform with current period's presentation: a reclassification of net realized gain and net fair value gain of bonds investments of financial assets at fair value through profit or loss of HK$7,939,000 and HK$268,000 respectively from "Revenues and net gain" to "Other income and net gain" (note 7) to reflect the current assessment on the performance of the respective investments from the management of the Group.

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, 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.

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 (Note)	Securities investment and trading HK$'000 (Note 5)	Money lending business HK$'000	Corporate HK$'000	Total HK$'000
2018								
Revenues and net loss	172,456	43,477	8,355	23,957	66,051	3,664	–	317,960
Other income and net gain/(loss)	1,900	–	53	2,611	(95,397)	–	18,254	(72,579)
EBITDA/(LBITDA)	886,882	17,203	304	(1,294)	(29,367)	3,187	(140,063)	736,852
Operating profit/(loss)	873,985	(18,290)	(132)	(2,965)	(29,367)	3,187	(144,666)	681,752
Finance costs	(74,673)	(9,426)	–	(256)	–	–	–	(84,355)
Share of results of associated companies	34	2,421	–	–	–	–	(1,075)	1,380
Share of results of joint ventures	11,529	–	–	–	–	–	–	11,529
Profit/(loss) before taxation	810,875	(25,295)	(132)	(3,221)	(29,367)	3,187	(145,741)	610,306
Taxation (charge)/credit	(65,909)	(37)	220	–	–	–	–	(65,726)
Profit/(loss) for the period	744,966	(25,332)	88	(3,221)	(29,367)	3,187	(145,741)	544,580
As at 30 September 2018								
Segment assets	14,179,414	1,163,126	752,737	176,711	1,972,955	150,244	2,526,366	20,921,553
Associated companies	207	51,327	–	–	–	–	16,519	68,053
Joint ventures	708,775	–	–	–	–	–	–	708,775
Total assets	14,888,396	1,214,453	752,737	176,711	1,972,955	150,244	2,542,885	21,698,381
Total liabilities	7,630,048	670,923	187,802	13,630	85	–	138,421	8,640,909
2018								
Other segment items are as follows:								
Capital expenditure	216,532	1,436	16,904	862	–	–	1,344	237,078
Depreciation	1,334	13,610	406	1,506	–	–	5,678	22,534
Amortization of leasehold lands and land use rights	–	19,462	30	165	–	–	–	19,657
Change in fair value of investment properties	(801,604)	–	–	–	–	–	–	(801,604)

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* *(Note)*	Securities investment and trading *HK$'000* *(Note 5)*	Money lending business *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
2017								
Revenues and net gain	150,053	35,876	8,114	138,984	82,359	3,921	–	419,307
Other income and net gain	234,559	–	10	4,222	8,219	–	14,391	261,401
EBITDA/(LBITDA)	685,943	10,777	(186)	6,784	90,523	3,692	(113,682)	683,851
Operating profit/(loss)	681,814	(24,795)	(611)	(1,317)	90,523	3,692	(118,696)	630,610
Finance costs	(49,614)	(6,978)	–	(840)	–	–	–	(57,432)
Share of results of associated companies	31	1,576	–	–	–	–	(842)	765
Share of results of joint ventures	2,825	–	–	–	–	–	–	2,825
Profit/(loss) before taxation	635,056	(30,197)	(611)	(2,157)	90,523	3,692	(119,538)	576,768
Taxation (charge)/credit	(39,484)	–	694	–	–	–	–	(38,790)
Profit/(loss) for the period	595,572	(30,197)	83	(2,157)	90,523	3,692	(119,538)	537,978
As at 31 March 2018								
Segment assets	13,453,669	1,201,779	813,311	180,435	1,945,069	156,271	2,134,082	19,884,616
Associated companies	173	48,906	–	–	–	–	17,594	66,673
Joint ventures	710,463	–	–	–	–	–	–	710,463
Total assets	14,164,305	1,250,685	813,311	180,435	1,945,069	156,271	2,151,676	20,661,752
Total liabilities	6,795,113	680,062	230,865	11,370	5,053	–	40,228	7,762,691
2017								
Other segment items are as follows:								
Capital expenditure	861,297	33	28	6,813	–	–	762	868,933
Depreciation	1,257	14,075	396	7,838	–	–	5,856	29,422
Amortization of leasehold lands and land use rights	16	19,921	29	263	–	–	–	20,229
Reversal of provision for impairment of inventories	–	–	–	(345)	–	–	–	(345)
Fair value gain on transfer of properties from properties for sale to investment properties	(236,750)	–	–	–	–	–	–	(236,750)
Change in fair value of investment properties	(389,815)	–	–	–	–	–	–	(389,815)

Note: Revenues and net gain for the period ended 30 September 2017 included sales of goods and merchandises from Midas International Holdings Limited (a listed subsidiary of the Group before its disposal, subsequently changed its name to Magnus Concordia Group Limited) which was disposed of by the Group on 19 December 2017.

6. SEGMENT INFORMATION *(Continued)*

(b) Geographical segment information

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

	Revenues and net (loss)/gain		**Capital expenditure**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**187,284**	218,358	**155,287**	778,435
The People's Republic of China (the "PRC")	**74,388**	50,742	**47,640**	57,131
United Kingdom	**22,347**	32,745	**–**	–
United States of America *(Note 6(a))*	**–**	47,628	**–**	–
Other countries	**33,941**	69,834	**34,151**	33,367
	317,960	419,307	**237,078**	868,933

	Non-current assets *(Note)*		**Total assets**	
	30 September 2018	31 March 2018	**30 September 2018**	31 March 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**10,692,010**	10,071,004	**16,289,040**	15,196,149
The PRC	**2,098,601**	2,094,461	**3,315,818**	3,345,618
United Kingdom	**1,061,320**	1,082,655	**1,073,717**	1,097,221
Other countries	**529,861**	694,883	**1,019,806**	1,022,764
	14,381,792	13,943,003	**21,698,381**	20,661,752

Note: Non-current assets in geographical segment represent non-current assets other than financial assets at fair value through other comprehensive income (31 March 2018: available-for-sale financial assets) and loans and receivables.

7. OTHER INCOME AND NET (LOSS)/GAIN

	2018	2017
	HK$'000	*HK$'000*
Interest income from bank deposits	**13,738**	9,442
Dividend income from financial assets at fair value through other comprehensive income	**4,941**	–
Dividend income from available-for-sale financial assets	**–**	5,022
Gain on disposal of available-for-sale financial assets	**–**	993
Net realized (loss)/gain of bonds and other investments of financial assets at fair value through profit or loss *(Note 5)*	**(1,191)**	7,939
Net fair value (loss)/gain of bonds and other investments of financial assets at fair value through profit or loss *(Note 5)*	**(94,228)**	268
Fair value gain on transfer of properties from properties for sale to investment properties *(Note a)*	**–**	236,750
Negative goodwill on acquisition of property businesses, net of transaction costs *(Note b)*	**–**	(3,413)
Net gain on disposal of property, plant and equipment	**104**	722
Sales of scraped materials	**–**	1,236
Net exchange loss	**(296)**	(1,019)
Sundries	**4,353**	3,461
	(72,579)	261,401

7. OTHER INCOME AND NET (LOSS)/GAIN *(Continued)*

Notes:

(a) *During the period ended 30 September 2017, upon the change of intended use and as a result of the early adoption of HKAS 40 (Amendment), the Group had transferred certain completed properties in Hong Kong from properties for sale to investment properties at fair value of HK$260,000,000. Fair value gain on transfer of these properties of HK$236,750,000 and the related deferred taxation of HK$38,730,000 (note 11) were recorded respectively.*

(b) *(i)* *In April 2017, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with an independent third party to acquire a property (for commercial and industrial use) in Hong Kong at a consideration of HK$301.2 million (the "Building Acquisition"). The transaction was announced by the Company on 12 April 2017 and was completed on 31 July 2017. The property was recorded as an investment property and after netting of transaction costs of HK$28.8 million, no negative goodwill on acquisition of the property business was recognized upon completion. Details of the Building Acquisition were shown in note 24(a).*

(ii) *In April 2017, a non-wholly-owned subsidiary of the Group at that time entered into a sale and purchase agreement with an independent third party to acquire a property (for commercial use) in Hong Kong at a consideration of HK$40 million (the "Shop Acquisition"). The transaction was completed on 17 May 2017 and the property was recorded as an investment property. Since the consideration is equal to the fair value of the property business, except for the transaction costs of HK$3.4 million, no goodwill was recorded on acquisition of the property business upon completion. Details of the Shop Acquisition were shown in note 24(b).*

8. OPERATING PROFIT

	2018	2017
	HK$'000	*HK$'000*
Operating profit is stated after crediting:		
Reversal of provision for impairment of inventories	**–**	345
and after charging:		
Cost of properties sold	**41,284**	30,892
Cost of cemetery assets sold	**2,099**	1,951
Cost of inventories sold	**15,320**	75,961
Depreciation	**22,534**	29,422
Amortization of leasehold lands and land use rights	**19,657**	20,229
Staff costs, including Directors' emoluments		
Wages and salaries	**79,964**	101,753
Retirement benefit costs	**3,836**	4,220

9. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest expenses of		
Bank borrowings	**91,855**	64,611
Bank overdraft	**256**	332
	92,111	64,943
Amounts capitalized into		
Investment properties	**(2,410)**	(1,985)
Properties under development	**(5,346)**	(5,526)
	(7,756)	(7,511)
	84,355	57,432

The capitalization rates applied to funds borrowed for the development of properties range from 4.70% to 8.08% (2017: 1.60% to 8.08%) per annum.

10. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures of HK$11,529,000 (2017: HK$2,825,000) in the condensed consolidated income statement is the share of results of the joint ventures for the period ended 30 September 2018, which also included the share of fair value gain of the investment properties (net of the related deferred taxation) of a joint venture of HK$3,880,000 (2017: HK$27,000). Rental income received by the joint venture from the non-wholly-owned subsidiary of the joint venture partner for the period ended 30 September 2018 amounted to approximately HK$6,345,000 (2017: HK$5,312,000) and was included in the "Share of results of joint ventures" in the condensed consolidated income statement.

11. TAXATION

	2018	2017
	HK$'000	*HK$'000*
Current taxation		
Overseas profits tax	**237**	405
PRC corporate income tax	**4,178**	645
PRC land appreciation tax	**16,621**	4,821
Over-provision in previous years	**–**	(2,811)
Deferred taxation	**44,690**	35,730
	65,726	38,790

No provision for Hong Kong profits tax has been made as the Group had sufficient tax losses brought forward to set off against the estimated assessable profits for the period (2017: Nil). PRC corporate income tax and overseas profits tax have been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the PRC and the countries in which the Group operates respectively. PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures.

Share of taxation charge of associated companies for the six months ended 30 September 2018 of HK$15,000 (2017: HK$6,000) is included in the condensed consolidated income statement as "Share of results of associated companies". Share of deferred taxation charge of joint ventures for the six months ended 30 September 2018 of HK$1,293,000 (2017: HK$9,000) is included in the condensed consolidated income statement as "Share of results of joint ventures".

12. INTERIM DIVIDEND

	2018	2017
	HK$'000	*HK$'000*
Interim dividend of 3.5 HK cents (2017: 3.0 HK cents) per share	**58,539**	50,316

On 29 November 2018, the board of Directors declared an interim dividend of 3.5 HK cents (2017: 3.0 HK cents) per share amounting to HK$58,539,000 (2017: HK$50,316,000). The amount of HK$58,539,000 is calculated based on 1,672,553,104 issued shares as at 29 November 2018. 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 2019.

13. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK$507,489,000 (2017: HK$496,443,000) and the weighted average number of 1,672,553,104 (2017: 1,677,193,104) 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 2018, the Group incurred acquisition and development costs on property, plant and equipment of HK$3,706,000 (2017: HK$17,934,000), and property projects, properties, investment properties and cemetery assets of HK$233,372,000 (2017: HK$850,999,000) respectively.

15. INVESTMENT PROPERTIES

On 9 June 2016, a wholly-owned subsidiary of the Group entered into a conditional agreement with an independent third party (the "Buyer") for the disposal of its wholly-owned subsidiary which held an investment property under construction in Hong Kong for a consideration of HK$2.1 billion (subject to adjustment) (the "HK Disposal"). The consideration will be satisfied as to approximately 80% by cash and as to approximately 20% by the transfer of a PRC property (the "PRC Property") to the Group. The HK Disposal was announced by the Company on 15 June 2016 and published in the circular on 20 July 2016 respectively.

As at 30 September 2018, deposits of HK$630 million (31 March 2018: HK$315 million) were received and recorded in "Creditors and accruals" (see note 17). Based on the development up to and as at 30 September 2018, the transaction is expected to be completed upon the completion of the construction and internal decoration works and inspection by the Buyer. As such, the said property is continued to be recorded in investment properties with the amount of HK$1,463,000,000 (31 March 2018: HK$1,305,000,000) as at 30 September 2018 as it does not qualify for the classification as "assets of disposal group held for sale" in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations". Please also refer to note 23 "Events after the reporting period" for the updates about the HK Disposal subsequent to the period ended 30 September 2018.

16. 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 2018	31 March 2018
	HK$'000	*HK$'000*
Below 30 days	**11,766**	12,746
31 to 60 days	**2,212**	1,164
61 to 90 days	**405**	215
Over 90 days	**6,991**	9,641
	21,374	23,766

Debtors and prepayments include net deposits of HK$203,856,000 (31 March 2018: HK$232,608,000) for property projects and acquisition of properties and leasehold lands and land use rights in Hong Kong, the PRC and Vietnam after the accumulated provision for impairment of HK$128,479,000 (31 March 2018: HK$128,479,000) as at 30 September 2018.

17. CREDITORS AND ACCRUALS

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

	30 September 2018 ***HK$'000***	31 March 2018 *HK$'000*
Below 30 days	**4,415**	7,799
31 to 60 days	**3,239**	3,167
Over 60 days	**2,690**	3,691
	10,344	14,657

Creditors and accruals include the construction cost payables and accruals of HK$104,840,000 (31 March 2018: HK$102,808,000) for the property and cemetery projects of the Group, and contract liabilities of HK$5,764,000 (31 March 2018: HK$4,490,000) for advanced proceeds received from customers for sales of properties of the Group. They also include the deposits of HK$630 million (31 March 2018: HK$315 million) for the HK Disposal as mentioned in Note 15, and dividend payable of the Company of HK$83,628,000 (31 March 2018: Nil).

18. BORROWINGS

	30 September 2018 ***HK$'000***	31 March 2018 *HK$'000*
Short-term bank borrowings	**402,140**	195,917
Long-term bank borrowings	**6,540,074**	6,225,262
Total bank borrowings	**6,942,214**	6,421,179

18. BORROWINGS *(Continued)*

The total bank borrowings are analyzed as follows:

	30 September 2018 *HK$'000*	31 March 2018 *HK$'000*
Unsecured bank borrowings		
Short-term bank borrowings	**200,000**	–
Long-term bank borrowings	**1,050,500**	659,000
	1,250,500	659,000
Secured bank borrowings		
Short-term bank borrowings	**202,140**	195,917
Long-term bank borrowings	**5,489,574**	5,566,262
	5,691,714	5,762,179
Total bank borrowings	**6,942,214**	6,421,179

The long-term bank borrowings are analyzed as follows:

	30 September 2018 *HK$'000*	31 March 2018 *HK$'000*
Long-term bank borrowings	**6,540,074**	6,225,262
Current portion included in current liabilities		
Portion due within one year	**(436,561)**	(735,440)
Portion due after one year which contains a repayment on demand clause	**(489,083)**	(302,442)
	(925,644)	(1,037,882)
	5,614,430	5,187,380

18. BORROWINGS *(Continued)*

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

	30 September 2018 *HK$'000*	31 March 2018 *HK$'000*
Within the first year	**838,701**	931,357
Within the second year	**910,204**	663,091
Within the third to fifth years	**5,037,968**	4,677,889
After the fifth year	**155,341**	148,842
	6,942,214	6,421,179

19. SHARE CAPITAL

	30 September 2018 *HK$'000*	31 March 2018 *HK$'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 2018 and 30 September 2018	**1,672,553,104**	**418,138**

20. FINANCIAL GUARANTEES

As at 30 September 2018, the Company had provided guarantees of HK$385,313,000 (31 March 2018: HK$382,563,000) for the banking facilities granted to joint ventures, and the Company's subsidiaries had provided guarantees of HK$154,926,000 (31 March 2018: HK$315,827,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

21. COMMITMENTS

As at 30 September 2018, the Group had commitments contracted but not provided for in respect of property projects and property, plant and equipment of HK$795,387,000 (31 March 2018: HK$914,475,000).

22. PLEDGE OF ASSETS

As at 30 September 2018, the Group had pledged certain assets including property, plant and equipment, investment properties, leasehold lands and land use rights, properties for/under development, properties for sale and financial assets at fair value through profit or loss, with an aggregate carrying value of HK$11,341,381,000 (31 March 2018: HK$11,082,275,000), to secure banking facilities granted to the subsidiaries.

23. EVENTS AFTER THE REPORTING PERIOD

Regarding the HK Disposal as mentioned in note 15, on 20 November 2018, the Buyer had paid part of the further deposit, being HK$420 million, by way of the transfer of the PRC Property to the Group. Details of the transfer were announced by the Company on 20 November 2018.

Furthermore, on 26 November 2018, the Group entered into a supplemental agreement (the "Supplemental Agreement") with the Buyer to amend certain terms of the original agreement. According to the terms of the Supplemental Agreement, the Group is not required to carry out any internal decoration works after obtaining the occupation permit of the project and thus the consideration of the HK Disposal is reduced by HK$70 million accordingly. The entire revised balance of the consideration amounting to about HK$980 million will be paid in cash by the Buyer to the Group within 30 days from the date on which the Buyer is being notified of the issuance of occupation permit of the project, or such later date as requested by the Buyer but not more than 30 days therefrom. Details of the Supplemental Agreement were announced by the Company on 26 November 2018. According to the current progress and pursuant to the Supplemental Agreement, the Group expects to complete the HK Disposal and receive the remaining proceeds of about HK$980 million from the Buyer before the financial year ending 31 March 2019, and a further net gain of about HK$460 million is expected to be generated to the Group upon completion.

24. BUSINESS COMBINATIONS

(a) Acquisition of a property business – the Building Acquisition

	2017
	HK$'000
Net cash consideration paid:	
Investment property	301,200
Creditors and accruals	(1,046)
	300,154
The recognized amounts of identifiable asset acquired and liabilities assumed at fair value at the date of acquisition:	
Investment property	330,000
Creditors and accruals	(1,046)
Total identifiable net assets	328,954
Negative goodwill on acquisition	(28,800)
	300,154
Analysis of the net loss on the Building Acquisition:	
Negative goodwill on acquisition	28,800
Less: Transaction costs	(28,813)
Net loss on acquisition	(13)
Analysis of the net cash outflow in respect of the Building Acquisition:	
Net cash consideration paid	(300,154)
Transaction costs paid	(28,813)
	(328,967)

24. BUSINESS COMBINATIONS *(Continued)*

(a) Acquisition of a property business – the Building Acquisition *(Continued)*

A negative goodwill of HK$28.8 million (before netting of transaction costs) was recorded in "Other income and net gain" for the period ended 30 September 2017. The Group measured its fair value of net assets acquired with reference to the valuation based on direct comparison method carried out by Colliers International (Hong Kong) Limited ("Colliers"), an independent valuer who holds a recognized relevant professional qualification and has recent experience in the locations and segments of assets valued, as at the acquisition date and the current use equates to the highest and best use. No contingent consideration arrangements or contingent liabilities were identified at acquisition.

The acquired business contributed revenues and profit attributable to the equity holders of the Company of approximately HK$1,090,000 and HK$100,000 respectively to the Group for the period from its acquisition date up to 30 September 2017. Had the acquisition of the property business occurred on 1 April 2017, the consolidated revenues and net gain and profit attributable to the equity holders of the Company for the period ended 30 September 2017 would have been approximately HK$421,487,000 and HK$496,643,000 respectively.

24. BUSINESS COMBINATIONS *(Continued)*

(b) Acquisition of a property business – the Shop Acquisition

	2017 *HK$'000*
Net cash consideration paid:	
Investment property	40,000
Creditors and accruals	(262)
	39,738
The recognized amounts of identifiable asset acquired and liabilities assumed at fair value at the date of acquisition:	
Investment property	40,000
Creditors and accruals	(262)
	39,738
Analysis of other costs incurred on the Shop Acquisition:	
Transaction costs	(3,400)
Analysis of the net cash outflow in respect of the Shop Acquisition:	
Net cash consideration paid	(39,738)
Transaction costs paid	(3,400)
	(43,138)

The Group measured its fair value of net assets acquired with reference to the valuation based on direct comparison method carried out by Colliers as at the acquisition date and the current use equates to the highest and best use. No contingent consideration arrangements or contingent liabilities were identified at acquisition.

The acquired business contributed revenues and profit attributable to the equity holders of the Company of approximately HK$389,000 and HK$128,000 to the Group for the period from the acquisition date up to 30 September 2017 respectively. Had the acquisition of the property business occurred on 1 April 2017, the consolidated revenues and net gain and profit attributable to the equity holders of the Company for the period ended 30 September 2017 would not be materially different.