



CHUANG'S CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 367



INTERIM REPORT
2020

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CORPORATE INFORMATION

Honorary Chairman	Alan Chuang Shaw Swee
Directors	Albert Chuang Ka Pun, J.P. (<i>Chairman and Managing Director</i>) Richard Hung Ting Ho (<i>Vice Chairman</i>) Chong Ka Fung (<i>Deputy Managing Director</i>) 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.*
	<i>* Independent Non-Executive Directors</i>
Audit Committee	Abraham Shek Lai Him, G.B.S., J.P.# Fong Shing Kwong Yau Chi Ming
Nomination Committee/ Remuneration Committee	Abraham Shek Lai Him, G.B.S., J.P.# Fong Shing Kwong David Chu Yu Lin, S.B.S., J.P.
Corporate Governance Committee	Albert Chuang Ka Pun, J.P.# Chong Ka Fung Candy Kotewall Chuang Ka Wai Chan Chun Man
Company Secretary	Lee Wai Ching
Independent Auditor	PricewaterhouseCoopers 22nd Floor, Prince's Building 10 Chater Road Central, Hong Kong
Registrars	Bermuda: MUFG Fund Services (Bermuda) Limited 4th floor North Cedar House 41 Cedar Avenue Hamilton HM 12 Bermuda Hong Kong: Tricor Standard Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong

Chairman of the relevant committee

CORPORATE INFORMATION *(Continued)*

Principal Bankers	The Hongkong and Shanghai Banking Corporation Limited 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
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Vietnam Office	Room 204A, 2nd Floor Capital Place Building 6 Thai Van Lung Street, District 1 Ho Chi Minh City, Vietnam
Mongolia Office	2nd Floor, sáv Plaza No. 32/2 Embassy Street 1st Khoroo, Sukhbaatar District Ulaanbaatar 14210 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 2019. 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 2019, and the condensed consolidated balance sheet as at 30 September 2019 along with the notes thereon, are set out on pages 41 to 62 of this report.

BUSINESS HIGHLIGHTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

- Pre-sale of The Esplanade in Tuen Mun, Hong Kong has commenced in October 2018 with satisfactory results, and all residential units have largely been pre-sold. Up to the date of this report, out of the total 371 residential units, 361 units have been pre-sold with only 10 units left. The aggregate sales value of those pre-sold residential units is about HK\$1,617.5 million at the average price close to HK\$17,000 per *sq. ft.*. Approximately HK\$1,504.0 million sales deposits have been received up to the date hereof, and the remaining balance is expected to be received from now to completion of sales which is targeted in July 2020.

The construction of The Esplanade is progressing satisfactorily as scheduled. Application for the occupation permit has just been submitted in November 2019, and the occupation permit is expected to be obtained within the coming two months, which will be closely followed by the application of the certificate of compliance. Handover of the units to end-buyers is targeted to be in July 2020.

- The Group has replenished its land bank in Hong Kong with the completion of the acquisition of a property site at a consideration of about HK\$455.0 million in July 2019. The property has a site area of about 4,320 *sq. ft.* and has a developable GFA of about 39,767 *sq. ft.*. The Group is negotiating with tenants to vacate the site. Demolition plan is under preparation and will be submitted to the relevant authorities for approval soon.
- For Mongkok joint venture project, the development is proceeding as scheduled. General building plans had been submitted to the relevant authorities for approval. Site formation and foundation works are in progress and are expected to be completed in the first half of 2020. It is expected that pre-sale of this project will be commenced in the second half of 2020 upon the grant of the pre-sale consent by the relevant authorities.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS HIGHLIGHTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019 *(Continued)*

- The construction of the two Mongolia projects is proceeding with satisfactory progress:
 - For sáv Plaza, 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 has just been submitted to the relevant authorities. Marketing works for leasing are in satisfactory progress with potential tenants showing genuine interests.
 - For International Finance Centre, superstructure works have been topped off, and internal structural works and external cladding works are in progress. The Group will monitor the status of such internal and external finishing works during the winter season. The property will become the highest office building in Mongolia upon completion. Marketing works for leasing have been commenced during the period.

FINANCIAL REVIEW

The ongoing Sino-US trade war and the recent social unrest have a negative impact on Hong Kong, in particular in the local consumption sector and the tourism industry. These had in turn affected the property market, retail business and hospitality industry of Hong Kong, and led to a drop in the volume of property transactions, decline in property prices and rental rates, and a significant drop in occupancy of hotels.

The financial performance of the Group for the underlying period had been affected by these factors and accordingly the Group recorded an unsatisfactory result. Profit attributable to equity holders of the Company for the six months ended 30 September 2019 amounted to HK\$32.0 million (2018: HK\$507.5 million). Earnings per share was 1.91 HK cents (2018: 30.34 HK cents).

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL REVIEW *(Continued)*

Up to the date hereof, the Group achieved contracted sales of property development in Tuen Mun, Hong Kong not yet recognized as revenues amounted to about HK\$1,617.5 million. Additionally, for the six months ended 30 September 2019, revenues of the Group amounted to HK\$286.0 million (2018: HK\$318.0 million), representing a decrease of 10.1% compared to that of the last corresponding period. Revenues of the Group comprised revenues from sales of properties of HK\$14.8 million (2018: HK\$60.9 million), revenues from rental and other income of investment properties of HK\$118.3 million (2018: HK\$111.5 million), revenues from hotel operation of HK\$30.0 million (2018: HK\$43.5 million), revenues from cemetery business of HK\$10.5 million (2018: HK\$8.4 million), revenues from sales of goods and merchandises of HK\$22.1 million (2018: HK\$24.0 million), revenues from money lending business of HK\$4.1 million (2018: HK\$3.6 million), and revenues from securities investment and trading business of HK\$86.2 million (2018: HK\$66.1 million).

Although there was a decrease in revenues, gross profit during the period maintained at HK\$216.4 million (2018: HK\$216.6 million). Gross profit margin improved to 75.7% (2018: 68.1%), which was mainly due to the increase in proportion of revenues generated from securities investment and trading business which had a higher profit margin.

Other income and net loss decreased to HK\$9.2 million (2018: HK\$72.6 million) mainly due to a decrease in the unrealized fair value loss of bonds investments recorded during the period under review. A breakdown of other income and net loss is shown in note 7A on page 56 of this report.

There is a fair value gain on transfer of properties from properties for sale to investment properties for the current period amounting to HK\$218.0 million (2018: Nil) which represented the fair value gain on properties in Mongolia. Gain from change in fair value of investment properties of the Group dropped to HK\$56.9 million (2018: HK\$801.6 million) mainly due to the increase in fair value of the investment properties in the People's Republic of China (the "PRC") and Malaysia which was offset by the decrease in fair value of the investment properties in Hong Kong.

On the costs side, selling and marketing expenses maintained at HK\$20.3 million (2018: HK\$20.8 million). Administrative and other operating expenses decreased to HK\$220.5 million (2018: HK\$243.1 million) mainly due to the general decrease in overheads of the Group. Finance costs increased to HK\$134.3 million (2018: HK\$84.4 million) 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\$9.2 million (2018: HK\$12.9 million). Taxation increased to HK\$76.1 million (2018: HK\$65.7 million) mainly due to the deferred taxation liabilities arising from the fair value gain on transfer of properties from properties for sale to investment properties during the period.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

INTERIM DIVIDEND

As regards payment of dividend, it is the policy of the Group to pay a recurrent and steady dividend to its shareholders. After taking into account the need to maintain sufficient financial resources for the working capital of the Group's projects and businesses, in particular under the current uncertain market environment, the Board has resolved to pay an interim dividend of 1.5 HK cents (2018: 3.5 HK cents) per share on or before Friday, 17 January 2020 to the shareholders whose names appear on the Company's register of members on Friday, 27 December 2019.

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\$25.2 million and occupancy rate was about 96% as at 30 September 2019. Following the installation of new lifts to upgrade the entire lift system of the property last year, further renovation works at the main lobby have been completed during this period. All these have improved the esthetics of the property.

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

Strategically located at the heart of shopping centres in Tsim Sha Tsui, Kowloon, and near the exits of the Mass Transit Railway and the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section, the property is a shopping and entertainment complex. The property has a site area of about 9,145 *sq. ft.* and a total GFA of about 103,070 *sq. ft.*. During the period, rental and other income from this property amounted to about HK\$26.4 million and occupancy rate was about 80% as at 30 September 2019. In view of the current market condition, the Group has offered rental allowances to some tenants who have been affected by the social unrest. The Group will continue to review and reshuffle the tenant mix of the property with a view to further improve rental.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(A) Investment Properties *(Continued)*

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

The property is a commercial/industrial building located in between the Cheung Sha Wan (approximately 0.4 kilometre) and the Sham Shui Po (approximately 0.5 kilometre) Mass Transit Railway Stations, enjoying the convenience of good transportation network. The property has a site area of about 3,920 *sq. ft.* and a total GFA of about 47,258 *sq. ft.*. During the period, rental and other income from this property amounted to about HK\$4.0 million and occupancy rate was about 87% as at 30 September 2019. Currently, the property is for commercial (G/F to 3/F and 12/F) and industrial (4/F to 11/F) use. Building plans to redevelop the property into a commercial/residential property with a total GFA of about 35,280 *sq. ft.* have been approved by the Buildings Department, and the Group will evaluate the best timing to carry out such redevelopment (if any). Meanwhile, the Group is exploring plans and alternatives to upgrade the entrance and main lobby of the property in order to improve its esthetics for higher rental yield.

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

Located at Deep Water Bay, a prestigious residential area, the property enjoys a glamorous sea-view. After the completion of the internal decoration works during the period, the property is currently leased out for rental income.

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

This property is located next to an exit of Honghu Station of Line 7, Shenzhen Metro, and it is for commercial use with a total gross area of about 5,318 *sq. m.*. The property is subject to a rental guarantee from the vendor of the property for 36 months starting from November 2018 at HK\$1.8 million per month, and the Group has received HK\$10.8 million from the vendor during the period.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(A) Investment Properties *(Continued)*

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

The project has a site area of about 3,272 *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 have been topped off, and internal structural works and external cladding works are in progress. The Group will monitor the status of such internal and external finishing works during the winter season. Marketing works for leasing have been commenced during the period.

(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.

During the period, total revenues from the hotel amounted to about HK\$34.8 million (2018: HK\$47.9 million), which comprised room revenues of HK\$30.0 million (2018: HK\$43.3 million) and rental income from the shopping units and restaurants of HK\$4.8 million (2018: HK\$4.6 million). The average room rate of the hotel during the period dropped slightly by about 7% from that of the last corresponding period to about HK\$686, and the average occupancy rate decreased by 22% to about 60% in the current period. The hotel operation (excluding the rental income) recorded an earning before interest, tax, depreciation and amortization amounting to about HK\$5.6 million for this period (2018: HK\$14.6 million).

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

In view of the negative impacts generated from the emerging trade war and the uncertain political and economic environment, the Group has adopted various marketing and product strategies such as to create a brand new Co-Living product, offering communal services to increase its attractiveness to long staying customers. We believe a broadened customer base will help to stabilize the hotel's revenue stream. At the same time, the Group has deployed various cost reduction measures while maintaining efficiency and service standard so as to mitigate the impact. As for the shopping units and restaurants, the hotel has offered rental allowances to some tenants who have been affected by the social unrest. The Group would closely monitor the market situation and would take necessary measures in order to preserve its competitiveness.

(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, the resort had slightly changed its operation strategy to put more effort in marketing to its higher margin customer segments in order to raise the room rate of the resort. As such the average room rate of the resort improved by about 13% to about PHP3,622, whereas the average occupancy rate slightly decreased by 7% to about 74% in the current period. Total revenues from the resort during the period amounted to about HK\$18.8 million (2018: HK\$17.8 million), which comprised room revenues of HK\$12.2 million (2018: HK\$11.6 million), and food and beverage income of HK\$6.6 million (2018: HK\$6.2 million). Although the revenues of the resort increased, profit of the resort for the period dropped to about HK\$4.8 million (2018: HK\$6.1 million) because of the increase in operating costs and labour costs after the change of the labour charge policy in the Philippines, and the Group's share of 40% was about HK\$1.9 million (2018: HK\$2.4 million). Nevertheless, since the new airport has opened recently with more international flights to Cebu, and the third bridge from Mandaue City to Mactan Island will be completed in the coming years, the Group remains positive about this investment and is planning to further increase the number of rooms to 200.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(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.

(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.*. Currently, all the serviced apartments have 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 Plaza, Sukhbaatar District, Ulaanbaatar, Mongolia (100% owned)*

The project is located in the city centre within the embassy district and has a site area of about 3,431 *sq. m.*. It is planned that a 19-storey serviced apartment/office complex comprising 142 units with clubhouse facilities, a ground floor shop with a total GFA of about 19,000 *sq. m.* and 48 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 has just been submitted to the relevant authorities. Marketing works for leasing are in satisfactory progress with potential tenants showing genuine interests.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) Development Properties

(i) Nos. 16-20 Gage Street, Central, Hong Kong (87.5% to 100% owned)

Currently the Group has already acquired full ownership of No. 20 Gage Street, and about 88.9% and 87.5% ownership of No. 16 and No. 18 Gage Street respectively. The submission of the application for the compulsory acquisition had been made in March 2019. In order to speed up the whole site acquisition, while the compulsory acquisition is in progress, the Group will continue to take steps to acquire the remaining units by private treaty, which is expected to be executed more effectively under the current market condition.

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 into 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.

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

This project is owned as to 50% by the Group and 50% by a wholly-owned subsidiary of K. Wah International Holdings Limited (stock code: 173), and the Group is the project manager of the development. The property, with a site area of about 10,000 *sq. ft.*, is located in a prestigious mid-level area that enjoys a glamorous sea-view. Two sets of building plans to develop the property into (1) two semi-detached residences (left/right) with GFA of about 40,662 *sq. ft.*, and (2) a single residence with GFA of about 45,379 *sq. ft.*, 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). Nevertheless, site formation and foundation works are in progress and are expected to be completed in the first half of 2020. In the meantime, both joint venture partners are also exploring other options (including disposal) to accelerate return on this investment.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) Development Properties *(Continued)*

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

Through the joint venture with a wholly-owned subsidiary of Sino Land Company Limited (stock code: 83), the Group participated in this project tendered by the Urban Renewal Authority in December 2017. The site is well located in the heart of the Mongkok district, neighbouring Langham Place. It covers a site area of approximately 14,900 *sq. ft.*. The project will provide residential GFA of about 112,200 *sq. ft.* and commercial GFA of about 22,400 *sq. ft.* and, upon completion, the commercial portion will be retained by the Urban Renewal Authority. General building plans had been submitted to the relevant authorities for approval. Site formation and foundation works are in progress and are expected to be completed in the first half of 2020. It is expected that pre-sale of this project will be commenced in the second half of 2020 upon the grant of the pre-sale consent by the relevant authorities.

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

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

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(D) Chuang’s China Investments Limited (“Chuang’s China”, stock code: 298) (60.7% owned)

Chuang’s China and its subsidiaries (the “Chuang’s China Group”) are principally engaged in, inter alia, property development and investment. For the six months ended 30 September 2019, the Chuang’s China Group recorded profit attributable to equity holders of HK\$21.3 million (2018: HK\$94.3 million) and revenues of HK\$81.3 million (2018: HK\$126.9 million) (which comprised revenues from sales of properties in the PRC of HK\$14.8 million (2018: HK\$60.9 million), revenues from rental and management fee of HK\$32.4 million (2018: HK\$36.3 million), revenues from cemetery assets of HK\$10.5 million (2018: HK\$8.4 million), revenues from sales and trading business of HK\$2.2 million (2018: Nil) and revenues from securities investment and trading of HK\$21.4 million (2018: HK\$21.3 million)).

(i) Investment Properties

The Chuang’s China Group holds the following portfolio of investment properties 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.*. Construction works have been completed and occupation will commence. The Chuang’s China Group will submit the documentations to relevant authorities to obtain their respective approval.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

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

The Chuang's China Group had previously entered into an agreement to pre-lease the entire commercial podium to a furniture and home finishing retailer as anchor tenant for a period of 15 years. However, the tenant has recently unilaterally terminated this tenancy agreement. The tenant and its contractor issued legal proceedings against the Chuang's China Group for the refund of the prepaid rent of RMB1 million and compensation of the renovation costs of RMB1.14 million incurred by the contractor, together with interests. Based on the advices of the Chuang's China Group's PRC lawyers, the tenancy agreement is legally enforceable and that the unilateral termination by the tenant is a wrongful act. The Chuang's China Group will take appropriate steps to protect their legal rights. Moreover, the Chuang's China Group will explore more marketing ideas on promotion and leasing of the commercial podium as well as the units of the twin tower.

As at 30 September 2019, this project was recorded in the Chuang's China Group's financial statements based on valuation of about HK\$758.6 million. On a full completion basis, market value of this project amounted to approximately RMB763.3 million (equivalent to approximately HK\$838.7 million), comprising RMB294.8 million for the commercial podium and RMB468.5 million for the twin tower. If aggregate rental income reaches RMB25 million per annum, it will generate a rental yield of 3.3% based on market value.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

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

This hotel complex is developed by the Chuang's China Group, comprising a 6-storey hotel building with 100 guest-rooms (gross area of 9,780 *sq. m.*) and 30 villas (aggregate GFA of about 9,376 *sq. m.*) in Siming District, Xiamen. As at 30 September 2019, the properties were recorded based on valuation of RMB447.8 million (comprising RMB185.7 million for the hotel and RMB262.1 million for the 30 villas). The valuation attributable to the Chuang's China Group was about RMB266.4 million (equivalent to approximately HK\$292.8 million), whereas the total investment costs of the Chuang's China Group are about HK\$169 million. On the basis of the aggregate rental income of about RMB25.9 million per annum, the rental yield is approximately 5.8% based on valuation.

The hotel building and 30 villas are fully leased. The hotel building together with 3 villas are leased to 廈門侂家鷺江酒店 and is operated as “鷺江•侂家酒店” (Mega Lujiang Hotel). The remaining 27 villas are leased to independent third parties, of which 21 villas is operated as “亞朵S酒店” (Atour S Hotel). As affected by decrease in tourists from Taiwan to Xiamen and the tight operating cashflow in the start-up period, the tenant of these 21 villas had recently requested for reduction of rent in order to cope with its operation difficulties. The Chuang's China Group is assessing the tourism business environment in Xiamen and maintaining open communication with this tenant.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

3. *22 villas and commercial properties 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 holds 22 villas (GFA of approximately 6,987 sq. m.). As at 30 September 2019, the 22 villas were recorded at valuation of RMB244.5 million (equivalent to approximately HK\$268.7 million). The Chuang's China Group's strategy is to cash out on this investment and during the period, the Chuang's China Group has sold one villa by tender and will adopt a flexible approach to sell/or lease these villas.

In addition, the Chuang's China Group also holds two commercial properties with total GFA of approximately 1,630 sq. m. in Guangzhou, of which one (with GFA of approximately 809 sq. m.) is leased to an independent third party and generates a steady rental income at rental yield of about 4.3% based on the valuation of RMB7.7 million (equivalent to approximately HK\$8.5 million). Another commercial property (with GFA of approximately 821 sq. m.) was recorded at valuation of RMB10.3 million (equivalent to approximately HK\$11.3 million) as at 30 September 2019.

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

The Chuang's China Group holds a 4-storey commercial building in Shatian, Dongguan, providing a total GFA of about 4,167 sq. m. for commercial, retail and office usage. As at 30 September 2019, valuation of the property was RMB36.4 million (equivalent to approximately HK\$40.0 million). During the period under review, one storey unit was leased to an independent third party. Marketing is in progress for leasing of the remaining units of the property.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

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 2019, the property was recorded at valuation of GBP104.0 million (equivalent to approximately HK\$1,002.6 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\$39.3 million), representing a rental yield of approximately 4% based on valuation. Despite the overhang of the Brexit, investors are seeking for opportunities in the UK to acquire properties in prime location. The Chuang's China Group will adopt appropriate strategy to consider disposal of this property.

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

Wisma Chuang is located within the prime city centre, situated right next to the landmark shopping complex, Pavilion KL, the heart of central business district and prestigious shopping area of Kuala Lumpur. It is built on a freehold land and is a 29-storey high rise office building having retail and office spaces of approximately 254,000 *sq. ft.* (on total net lettable area basis is approximately 195,000 *sq. ft.*) and 298 carparking spaces. As at 30 September 2019, the valuation of this property was MYR185.3 million (equivalent to approximately HK\$347.0 million), which represents an average value of approximately MYR950 (equivalent to approximately HK\$1,780) per *sq. ft.* of net lettable retail and office area.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

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

Wisma Chuang is leased to multi tenants with an occupancy rate of approximately 70%, and annual rental income is approximately MYR7.0 million (equivalent to approximately HK\$13.6 million), representing a rental yield of approximately 3.8% based on valuation. During the period under review, the Chuang's China Group had carried out a lobby renovation work and certain building maintenance work with a view to improving the facilities for the tenants. Furthermore, the Chuang's China Group will continue to review the tenant mix of this property in order to further enhance its rental yield and occupancy rate.

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

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(ii) *Property Development*

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



▲ *This photograph was taken on 3 November 2019 and had been edited and processed with computerized imaging techniques.*

The Esplanade has a site area of about 26,135 *sq. ft.* and has a developable GFA of 117,089 *sq. ft.* for residential purpose and 25,813 *sq. ft.* for commercial purpose 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. Superstructure work has been substantially completed and interior works have commenced. The Chuang's China Group has recently submitted the application for occupation permit and it is expected that the occupation permit will be obtained within the coming two months. After this, the Chuang's China Group will apply for the certificate of compliance in the first quarter of 2020, and then the handover to end-buyers will be carried out around July 2020.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

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

The Esplanade comprises a two-storey commercial podium, a clubhouse and a 20-storey residential building, totalling 371 residential flats, which provides 233 studio, 97 one-bedroom, 39 two-bedrooms and 2 three-bedrooms. The estimated total sales proceeds of the residential properties will amount to about HK\$1,714.3 million.

Pre-sales of the residential properties were progressing satisfactorily. Up-to-date, a total of 361 units have been presold at aggregate amount of about HK\$1,617.5 million. These contracted sales will be recognized as revenues in the Chuang's China Group's financial statements when the properties are handed-over to end-buyers. Up to the date hereof, aggregate deposits amounting to HK\$1,504.0 million have been received, and additional deposits of HK\$29.5 million are expected to be received before the end of March 2020, whereas the remaining balance of HK\$84.0 million will be received between April 2020 and completion of the sales. The Chuang's China Group intends to hold the commercial properties with total GFA of 25,813 *sq. ft.* for investment purpose.

2. *A Property Development Site, Hong Kong (100% owned by Chuang's China)*

During the period under review, the Chuang's China Group had completed the acquisition of a property interests in Aberdeen at a consideration of about HK\$455.0 million. The property has a site area of about 4,320 *sq. ft.* and has a developable GFA of about 39,767 *sq. ft.*. The Chuang's China Group is in the progress of negotiating with various tenants for the delivery of vacant possession of the property. Demolition plan is under preparation and is expected to be submitted to relevant authorities for approval soon.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(ii) Property Development (Continued)

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

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, two residential duplex and 73 carparks were sold, and a further 51 carparks were sold subsequent to 30 September 2019. Currently, there remains 448 carparks of about RMB50 million (equivalent to approximately HK\$55 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 total plot ratio GFA was about 175,011 *sq. m.* Land quota for development of about 119,648 *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 55,363 *sq. m.* The Chuang's China Group will commence preparatory works on the development, while other options (including disposal) will be explored to accelerate capital return on investment in this project.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

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

The Chuang's China Group owns a site area of about 20,000 *sq. m.* in city centre of Changan (長安), Dongguan, on which an industrial building with GFA of about 39,081 *sq. m.* was erected. The property is currently leased to an independent third party until 2023, at gross rental income of about RMB6.8 million per annum. As at 30 September 2019, the property was recorded at valuation of RMB223.4 million (equivalent to approximately HK\$245.5 million). On the basis of the annual rental income, the rental yield is approximately 3.0% based on valuation.

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

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

Adjacent to Chuang's Midtown, 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.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

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

The Chuang's China Group owns an effective 69% interests in a property development project in Changsha and the total investment costs was about HK\$23.7 million (including shareholder's loan of about HK\$3.4 million) as at 30 September 2019. The business license of the PRC project subsidiary has expired since 2012, and thus 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 then obtained a court ruling for the grant of winding up the PRC project company. The minority shareholder has lodged an appeal which has been heard by court. As regards the civil complaint by the minority shareholder of the PRC project company against Chuang's China and an executive director of Chuang's China, the case was dismissed by the court in June 2019 and the appeal by the minority shareholder was heard by the Supreme People's Court in September 2019. Based on the legal advices, the complaint is not supported by sufficient facts and/or legal basis, and that Chuang's China has sufficient grounds to vigorously contest the complaint. Further announcement(s) about the legal proceeding will be made by Chuang's China as and when appropriate.

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

The Chuang's China Group holds a 51% development interest in a project in Wuhou District, Chengdu. As at 30 September 2019, the Chuang's China Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK\$161.3 million). The Chuang's China Group has launched legal proceedings since May 2016, seeking for court ruling to unwind this joint venture project. The court has conducted a number of hearings and it is expected that ruling will be made shortly. Further announcement(s) about the legal proceeding will be made by the Company as and when appropriate.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

(ii) Property Development (Continued)

8. 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 2019, the book cost of this project (including non-controlling interests) was about RMB623.8 million (equivalent to approximately HK\$685.5 million).

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 2019, about 3,556 grave plots and 537 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.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

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

With reference to the respective closing share prices of CNT and CPM as at 30 September 2019 of HK\$0.39 (31 March 2019: HK\$0.32) and HK\$0.455 (31 March 2019: HK\$0.50), the aggregate book value of the Chuang's China Group's investments in CNT and CPM increased to about HK\$147.3 million (31 March 2019: HK\$119.9 million). The gain in book value is accounted for as “Reserve” in the financial statements.

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

(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\$19.9 million (2018: HK\$24.0 million), and incurred a loss of HK\$7.5 million (2018: HK\$2.6 million). In order to enhance the revenues and restore the business to profitability, Sintex has taken steps to broaden its customer bases through revamping its brand and image, implement tighten cost control measures by updating its inventory and costing system, and further evaluate the effectiveness of its retail stores by reorganizing the retail store portfolio.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses *(Continued)*

(ii) Securities Investment and Trading

During the period, securities investment and trading business of the Group recorded net realized loss on disposal of investments of HK\$0.7 million, dividend and interest income from investments of HK\$86.2 million, and unrealized fair value loss on investments of HK\$47.3 million as a result of mark to market valuations as at the balance sheet date. Nearly the whole amount of the unrealized fair value loss was related to bonds investments principally as a result of the drop in bond prices as at 30 September 2019 when compared to that of 31 March 2019 as some bonds held by the Group were traded below par as at 30 September 2019. 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 2019, investments of the Group amounted to HK\$2,417.2 million (HK\$1,681.0 million were held by the wholly-owned subsidiaries of the Group and HK\$736.2 million were held by the Chuang's China Group), and comprised as to HK\$2,338.4 million for investments in high yield bonds, HK\$2.1 million for investments in securities listed on the Stock Exchange and the balance of HK\$76.7 million for other investments in some FinTech companies, venture capital and funds which are not listed in the markets.

The recent uncertain political and economic environment had asserted downward pressure on the prices of the bonds held by the Group, which may offset the high interest income generated. The Group will closely monitor the performance of the investment portfolio in light of the monetary environment and with reference to the Group's financial position.

MANAGEMENT DISCUSSION ON RESULTS (Continued)

BUSINESS REVIEW (Continued)

(E) Other Businesses (Continued)

(ii) Securities Investment and Trading (Continued)

Set out below is further information of the investments of the Group as at 30 September 2019:

(a) Bonds investments

Stock code	Bond issuer	Face value	Market	Percentage of	Interest	Fair value
		of bonds held as at 30 September 2019 US\$ '000	value as at 30 September 2019 HK\$ '000	market value to the Group's total assets as at 30 September 2019	income for the period ended 30 September 2019 HK\$ '000	gain/(loss) for the period ended 30 September 2019 HK\$ '000
754	Hopson Development Holdings Limited (7.5%, due 2022)	5,000	39,981	0.2%	–	602
846	Mingfa Group (International) Company Limited (15%, due 2020)	40,000	323,441	1.4%	23,512	(371)
1233	Times China Holdings Limited			0.2%		
	(a) 5.75%, due 2022	3,000	23,734		–	583
	(b) 6.25%, due 2021	1,000	7,993		245	(68)
	(c) 6.75%, due 2023	3,000	23,503		–	25
1638	Kaisa Group Holdings Limited			0.9%		
	(a) 7.25%, due 2020	10,000	78,794		2,842	(1,520)
	(b) 7.875%, due 2021	2,000	15,357		617	(162)
	(c) 8.5%, due 2022	6,400	46,741		2,131	(1,415)
	(d) 11.25%, due 2022	6,000	48,689		–	(208)
	(e) 11.75%, due 2021	4,000	32,346		1,841	(68)
1813	KWG Group Holdings Limited			0.7%		
	(a) 6%, due 2022	10,000	78,859		2,349	(298)
	(b) 7.4%, due 2024	7,000	53,491		406	(1,049)
	(c) 7.875%, due 2023	5,000	39,439		1,545	(861)
2007	Country Garden Holdings Company Limited			1.5%		
	(a) 4.75%, due 2023	10,000	77,403		1,863	2,332
	(b) 5.625%, due 2026	34,000	275,932		7,500	6,127

MANAGEMENT DISCUSSION ON RESULTS (Continued)

BUSINESS REVIEW (Continued)

(E) Other Businesses (Continued)

(ii) Securities Investment and Trading (Continued)

(a) Bonds investments (Continued)

Stock code	Bond issuer	Face value of bonds held as at 30 September 2019 US\$'000	Market value as at 30 September 2019 HK\$'000	Percentage of market value to the Group's total assets as at 30 September 2019	Interest income for the period ended 30 September 2019 HK\$'000	Fair value gain/(loss) for the period ended 30 September 2019 HK\$'000
2777	Easy Tactic Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd.			1.7%		
	(a) 5.75%, due 2022	51,000	385,642		11,479	(10,556)
	(b) 8.875%, due 2021	2,000	16,058		696	(472)
3333	China Evergrande Group			2.0%		
	(a) 7%, due 2020	12,000	92,749		3,294	(1,083)
	(b) 7.5%, due 2023	10,743	71,574		3,156	(9,729)
	(c) 8.25%, due 2022	39,200	276,171		12,682	(26,787)
	(d) 8.75%, due 2025	4,714	30,717		1,616	(5,128)
3380	Logan Property Holdings Company Limited			0.5%		
	(a) 5.75%, due 2022	5,000	39,676		1,128	(56)
	(b) 6.875%, due 2021	4,000	33,015		1,079	244
	(c) 7.5%, due 2022	5,000	40,923		1,468	97
	(d) 8.75%, due 2020	2,000	16,761		686	(66)
3383	Agile Group Holdings Limited			0.4%		
	(a) 5.125%, due 2022	10,000	77,928		2,007	534
	(b) 6.7%, due 2022	1,800	14,496		473	32
600606	Greenland Global Investment Limited, a wholly-owned subsidiary of Greenland Holdings Corporation Limited			0.2%		
	(a) 5.25%, due 2021	4,300	33,905		884	270
	(b) 6.75%, due 2022	2,600	21,178		-	894
	(c) 6.75%, due 2023	200	1,566		-	3

MANAGEMENT DISCUSSION ON RESULTS (Continued)

BUSINESS REVIEW (Continued)

(E) Other Businesses (Continued)

(ii) Securities Investment and Trading (Continued)

(a) Bonds investments (Continued)

Stock code	Bond issuer	Face value of bonds held as at 30 September 2019 US\$'000	Market value as at 30 September 2019 HK\$'000	Percentage of market value to the Group's total assets as at 30 September 2019	Interest income for the period ended 30 September 2019 HK\$'000	Fair value gain/(loss) for the period ended 30 September 2019 HK\$'000
225	Yanlord Land Group Limited (6.8%, due 2024)	2,500	20,320	0.1%	–	718
	Bonds disposed of during the period	–	–	–	725	–
		<u>303,457</u>	<u>2,338,382</u>	<u>9.8%</u>	<u>86,224</u>	<u>(47,436)</u>

(b) Securities investments

Stock code	Investee company	Number of shares held as at 30 September 2019	Market value as at 30 September 2019 HK\$'000	Percentage of market value to the Group's total assets as at 30 September 2019	Dividend income for the period ended 30 September 2019 HK\$'000	Fair value (loss)/gain for the period ended 30 September 2019 HK\$'000
276	Mongolia Energy Corporation Limited	4,349,500	439	0.00%	–	(183)
8439	Somerley Capital Holdings Limited	912,000	1,678	0.01%	45	155
			<u>2,117</u>	<u>0.01%</u>	<u>45</u>	<u>(28)</u>

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses *(Continued)*

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

(c) *Brief description of principal business of the respective bond issuers and investee companies held as at 30 September 2019 is as follows:*

Name of company	Principal business
Hopson Development Holdings Limited	Property development, commercial properties investment, property management and infrastructure business
Mingfa Group (International) Company Limited	Property development, property investment and hotel operation
Times China Holdings Limited	Property development, urban redevelopment business, property leasing and property management
Kaisa Group Holdings Limited	Property development, property investment, property management, hotel and catering operations and other businesses
KWG Group Holdings Limited	Property development, property investment, hotel operation and property management
Country Garden Holdings Company Limited	Property development and construction
Guangzhou R&F Properties Co., Ltd.	Development and sale of properties, property investment, hotel operations and other property development related services
China Evergrande Group	Property development, property investment, property management and other businesses

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses *(Continued)*

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

(c) *Brief description of principal business of the respective bond issuers and investee companies held as at 30 September 2019 is as follows: (Continued)*

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

(iii) *Money Lending Business*

The Group had advanced loans to customers during the period. Revenues generated from this business during the period amounted to HK\$4.1 million (2018: HK\$3.6 million). As at 30 September 2019, outstanding amount of loans due from customers amounted to HK\$176.4 million, which were mainly relating to mortgage loans.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL POSITION

Net asset value

As at 30 September 2019, net assets attributable to equity holders of the Company was HK\$11,908.1 million (31 March 2019: HK\$12,102.2 million). Net asset value per share was HK\$7.12 (31 March 2019: HK\$7.24), 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 2019, the Group's cash, bank balances and investments held for trading amounted to HK\$5,973.5 million (31 March 2019: HK\$5,638.4 million). Bank borrowings as at the same date amounted to HK\$7,582.8 million (31 March 2019: HK\$7,307.5 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 13.5% (31 March 2019: 13.8%).

Approximately 96.1% of the Group's cash, bank balances and investments held for trading were denominated in Hong Kong dollar and United States dollar, 3.3% were in Renminbi and the balance of 0.6% were in other currencies. Approximately 92.0% of the Group's bank borrowings were denominated in Hong Kong dollar and United States dollar, 6.2% were in British Pound Sterling and the balance of 1.8% 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 20.7% of the Group's bank borrowings were repayable within the first year, 16.0% were repayable within the second year, 60.6% were repayable within the third to fifth years and the balance of 2.7% were repayable after the fifth year.

Foreign exchange risk

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

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

PROSPECTS

The ongoing Sino-US trade war and the recent social unrest have created uncertainties and caused a downturn of the Hong Kong economy. It is expected that these uncertainties will remain in the second half of this financial year. We will monitor the situation closely and will take appropriate steps to mitigate such effect to our Group. Despite these short term uncertainties, the Group remains confident in Hong Kong in the long term and, given our strong and healthy financial position, Hong Kong will still be our focus of business expansion in the future when opportunities arise.

In the second half of this financial year, we will accelerate to complete the construction of The Esplanade and Mongkok joint venture project in Hong Kong, Chuang's Mid-town in Anshan, the PRC and sáv Plaza in Mongolia so that we can sell/handover the properties to end-buyers and tenants respectively to generate income and cash flow. We will continue to take steps to further enhance rental yield and return of our investment/hotel properties and thus their capital values by constantly reviewing the tenant mix and upgrading the properties. Moreover, we will also further review our group structure so that resources can be deployed in a more effective and efficient manner. We are confident that, with the implementation of the above strategies, further value can be created for our shareholders.

OTHER INFORMATION

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

As at 30 September 2019, 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")	974,981,404	<i>Note 1</i>	58.29
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,299,678	Beneficial owner	0.08

Note 1: Such interests comprised 837,373,332 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 137,608,072 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	<i>Notes 2 & 4</i>	60.71
Ms. Candy Chuang	1,255,004	Beneficial owner	0.05

OTHER INFORMATION (Continued)

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 2019, none of the Directors and chief executive of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

OTHER INFORMATION (Continued)

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executive of the Company and save as disclosed in the section headed “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, as at 30 September 2019, 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	837,373,332	Beneficial owner, <i>Note 1</i>	50.07
Mrs. Chong Ho Pik Yu	837,373,332	<i>Note 2</i>	50.07
Madam Chuang Shau Har (“Madam Chuang”)	138,353,709	<i>Note 3</i>	8.27
Mr. Lee Sai Wai (“Mr. Lee”)	138,353,709	<i>Note 4</i>	8.27

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 137,608,072 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 137,608,072 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 2019, there was no other person who was recorded in the register of the Company as having interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

OTHER INFORMATION *(Continued)*

CORPORATE GOVERNANCE

Due to other commitments, two Independent Non-Executive Directors had not attended the 2019 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 2019 with the code provisions set out in the CG Code. Since 15 October 2019, Mr. Albert Chuang has been appointed as the Chairman and the Managing Director of the Company and taken up both roles as the Chairman and the Chief Executive Officer. The roles of the chairman and the chief executive officer are not separated pursuant to Code A.2.1 of the code provisions set out in the CG Code. However, the Board considers that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions efficiently and consistently.

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 2019 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.

OTHER INFORMATION *(Continued)*

DEALING IN THE COMPANY'S SECURITIES

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

CLOSING OF REGISTER

For the purpose of determining entitlements to the interim dividend, the register of members of the Company will be closed from Friday, 20 December 2019 to Friday, 27 December 2019, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Thursday, 19 December 2019.

SHARE OPTION SCHEMES

Pursuant to the ordinary resolutions passed in the annual general meeting of the Company held on 31 August 2012, a share option scheme of the Company (the "Share Option Scheme") had been adopted and the share option scheme adopted by Chuang's China on 31 August 2012 (the "Chuang's China Scheme") had been approved respectively.

The purposes of the Share Option Scheme and the Chuang's China Scheme are to recognize the contribution of the eligible persons as defined in the respective schemes including, inter alia, any directors, employees or business consultants of the Company and Chuang's China and their respective subsidiaries (the "Eligible Persons") to the growth of the Group and the Chuang's China group and to further motivate the Eligible Persons to continue to contribute to the respective group's long-term prosperity. No options have been granted under the Share Option Scheme and the Chuang's China Scheme since their adoption or approval.

OTHER INFORMATION *(Continued)*

APPRECIATION

As Mr. Alan Chuang intends to devote more time to his personal life, he has retired from his position as the chairman of the Company and ceased to be an executive director of the Company on 15 October 2019. He remains as the honorary chairman of the Company to continuously contribute to the Group on significant matters. The Board would like to express its sincere gratitude to Mr. Alan Chuang for his invaluable contributions to the Group for the past 26 years as the chairman of the Company. Mr. Alan Chuang's outstanding leadership has brought the Group on a steady path of expansion through organic growth and has helped to build a solid foundation for the future of the Group.

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 2019, the Group (excluding Chuang's China group) employed 273 staff and the Chuang's China group employed 157 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
Albert Chuang Ka Pun
Chairman and Managing Director

Hong Kong, 28 November 2019

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 September 2019

	Note	2019 HK\$'000	2018 HK\$'000
Revenues	5	285,976	317,960
Cost of sales		(69,528)	(101,356)
Gross profit		216,448	216,604
Other income and net loss	7A	(9,213)	(72,579)
Fair value gain on transfer of properties from properties for sale to investment properties	7B	217,976	–
Selling and marketing expenses		(20,334)	(20,812)
Administrative and other operating expenses		(220,456)	(243,065)
Change in fair value of investment properties		56,913	801,604
Operating profit	8	241,334	681,752
Finance costs	9	(134,317)	(84,355)
Share of results of associated companies		827	1,380
Share of results of joint ventures	10	8,347	11,529
Profit before taxation		116,191	610,306
Taxation	11	(76,097)	(65,726)
Profit for the period		40,094	544,580
Attributable to:			
Equity holders		31,982	507,489
Non-controlling interests		8,112	37,091
		40,094	544,580
		HK cents	HK cents
Earnings per share (basic and diluted)	13	1.91	30.34

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)*For the six months ended 30 September 2019*

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	<u>40,094</u>	<u>544,580</u>
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	(197,603)	(249,563)
Share of exchange reserve of a joint venture	(14,041)	(17,918)
Total other comprehensive loss that may be reclassified subsequently to profit and loss	<u>(211,644)</u>	<u>(267,481)</u>
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	<u>25,291</u>	(16,603)
Total other comprehensive loss for the period	<u>(186,353)</u>	<u>(284,084)</u>
Total comprehensive (loss)/income for the period	<u>(146,259)</u>	<u>260,496</u>
Total comprehensive (loss)/income attributable to:		
Equity holders	(85,312)	338,784
Non-controlling interests	(60,947)	(78,288)
	<u>(146,259)</u>	<u>260,496</u>

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 September 2019

	30 September 2019	31 March 2019
<i>Note</i>	HK\$'000	HK\$'000
Non-current assets		
Property, plant and equipment	461,244	488,223
Investment properties	10,788,413	10,281,404
Right-of-use assets	733,627	–
Leasehold lands and land use rights	–	709,627
Properties for/under development	1,043,787	979,295
Cemetery assets	264,507	282,534
Associated companies	70,146	69,274
Joint ventures	724,846	739,328
Financial assets at fair value through other comprehensive income	158,287	131,570
Loans and receivables and other deposits	381,560	386,735
Deferred taxation assets	31,254	29,700
	14,657,671	14,097,690
Current assets		
Properties for sale	2,450,055	2,082,749
Cemetery assets	420,972	451,943
Inventories	137,662	139,294
Debtors and prepayments	326,661	179,340
Financial assets at fair value through profit or loss	2,417,172	2,146,099
Cash and bank balances	3,556,303	3,492,271
	9,308,825	8,491,696
Current liabilities		
Creditors and accruals	541,153	372,714
Sales deposits received	1,468,785	343,153
Short-term bank borrowings	953,148	607,555
Current portion of long-term bank borrowings	1,139,061	1,350,290
Taxation payable	209,698	219,728
	4,311,845	2,893,440
Net current assets	4,996,980	5,598,256
Total assets less current liabilities	19,654,651	19,695,946

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) (Continued)*As at 30 September 2019*

		30 September 2019	31 March 2019
	<i>Note</i>	HK\$'000	HK\$'000
Equity			
Share capital	18	418,138	418,138
Reserves		11,489,986	11,684,014
		<hr/>	<hr/>
Shareholders' funds		11,908,124	12,102,152
Non-controlling interests		1,608,221	1,687,625
		<hr/>	<hr/>
Total equity		13,516,345	13,789,777
		<hr/>	<hr/>
Non-current liabilities			
Long-term bank borrowings	17	5,490,590	5,349,668
Deferred taxation liabilities		542,518	494,896
Loans and payables with non-controlling interests		42,771	24,879
Other non-current liabilities		62,427	36,726
		<hr/>	<hr/>
		6,138,306	5,906,169
		<hr/>	<hr/>
		19,654,651	19,695,946
		<hr/>	<hr/>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 September 2019

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Net cash used in operating activities	<u>(243,742)</u>	<u>(16,793)</u>
Cash flows from investing activities		
Interest income received	30,304	10,134
Additions to investment properties	(30,322)	(50,608)
Decrease/(increase) in amounts due from joint ventures, net	5,713	(9,175)
Others, net	1,556	4,206
Net cash from/(used in) investing activities	<u>7,251</u>	<u>(45,443)</u>
Cash flows from financing activities		
New bank borrowings	1,259,272	1,257,723
Repayment of bank borrowings	(951,258)	(678,870)
Principal elements of lease payments	(10,369)	–
Loans from non-controlling interests	17,892	2,195
Net cash from financing activities	<u>315,537</u>	<u>581,048</u>
Net increase in cash and cash equivalents	79,046	518,812
Cash and cash equivalents at the beginning of the period	3,489,988	1,984,130
Exchange difference on cash and cash equivalents	(15,001)	(17,633)
Cash and cash equivalents at the end of the period	<u>3,554,033</u>	<u>2,485,309</u>
Analysis of cash and cash equivalents		
Cash and bank balances	3,556,303	2,487,581
Bank deposits maturing more than three months from date of placement	(2,270)	(2,272)
Cash and cash equivalents	<u>3,554,033</u>	<u>2,485,309</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2019

	Attributable to equity holders of the Company					Total HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Shareholders' funds HK\$'000	Non- controlling interests HK\$'000	
At 1 April 2019	418,138	1,192,952	10,491,062	12,102,152	1,687,625	13,789,777
Profit for the period	-	-	31,982	31,982	8,112	40,094
Other comprehensive income:						
Net exchange differences	-	(125,402)	-	(125,402)	(72,201)	(197,603)
Share of exchange reserve of a joint venture	-	(7,246)	-	(7,246)	(6,795)	(14,041)
Change in fair value of financial assets at fair value through other comprehensive income	-	15,354	-	15,354	9,937	25,291
Total comprehensive (loss)/income for the period	-	(117,294)	31,982	(85,312)	(60,947)	(146,259)
Transactions with owners:						
Dividends	-	-	(108,716)	(108,716)	-	(108,716)
Dividends to non-controlling interests	-	-	-	-	(18,457)	(18,457)
At 30 September 2019	<u>418,138</u>	<u>1,075,658</u>	<u>10,414,328</u>	<u>11,908,124</u>	<u>1,608,221</u>	<u>13,516,345</u>
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	-	(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	<u>418,138</u>	<u>1,158,499</u>	<u>9,830,447</u>	<u>11,407,084</u>	<u>1,650,388</u>	<u>13,057,472</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property development, investment and trading, hotel operation and management, development and operation of cemetery, manufacturing, sales and trading of goods and merchandises, securities investment and trading and money lending business.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value, and in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31 March 2019 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 2019, except as stated below.

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

For the six months ended 30 September 2019, the Group adopted the following new standard, amendments to standards and new interpretation that are effective for the accounting periods beginning on or after 1 April 2019 and relevant to the operations of the Group:

HKAS 19 (Amendment)	Employee Benefits – Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015–2017 Cycle
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

The impact of the adoption of HKFRS 16 is 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION (Continued)

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

The following new standard and amendments to standards have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1 April 2020, but have not yet been early adopted by the Group:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material (effective from 1 January 2020)
HKFRS 3 (Amendment)	Definition of a Business (effective from 1 January 2020)
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 17	Insurance Contracts (effective from 1 January 2021)
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting (effective from 1 January 2020)

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

(iii) Changes in accounting policies

HKFRS 16 replaces HKAS 17 "Leases" and related interpretations where the distinction between operating and finance leases is removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized on the balance sheet for all leases by lessees. The standard does not significantly change the accounting of lessors.

The Group has adopted HKFRS 16 from 1 April 2019, but has not restated the comparatives for the prior years, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognized in the opening condensed consolidated balance sheet on 1 April 2019 and summarized as follows:

	As at 1 April 2019		
	As previously stated HK\$ '000	Effects of the adoption HK\$ '000	As restated HK\$ '000
Right-of-use assets	–	762,359	762,359
Leasehold lands and land use rights	709,627	(709,627)	–
Other non-current liabilities	36,726	30,558	67,284
Creditors and accruals	372,714	22,174	394,888

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

2. BASIS OF PREPARATION *(Continued)*

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

From 1 April 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

On adoption of HKFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019, and were included in “Other non-current liabilities” and “Creditors and accruals”.

Lease payments include fixed payments less any lease incentives receivable. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to condensed consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

As a result, the total obligations under the operating lease commitments of HK\$27,312,000 disclosed at 31 March 2019, adjusted by the effect of discounting, other commitments reassessed as leases and exclusion of short-term leases and low-value asset leases, amounted to lease liabilities of HK\$52,732,000 recognized on 1 April 2019. The amount was split into current and non-current portions of HK\$22,174,000 and HK\$30,558,000 respectively.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities on a present value basis, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated balance sheet as at 31 March 2019. In addition, leasehold lands and land use rights were reclassified to right-to-use assets. Together with this reclassification, right-of-use assets of HK\$762,359,000 were recognized in the condensed consolidated balance sheet as of 1 April 2019. The right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as lease expenses in the condensed consolidated income statement.

Cash payments for the settlement of lease liabilities are reclassified from operating activities to financing activities according to HKFRS 16 in the condensed consolidated cash flow statement. In applying HKFRS 16 for the first time, the Group has accounted for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases as permitted under the practical expedients in the standard.

There is no material impact to the Group’s profit or loss due to the adoption of this new accounting standard.

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

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The activities of the Group expose it to a variety of financial risks including credit risk, liquidity risk, cash flow and fair value interest rate risk, foreign exchange risk and price risk. The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the consolidated annual financial statements and it should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31 March 2019. There has been no material change in the Group's financial risk management policies since the year ended 31 March 2019.

(b) Liquidity risk

Compared to the year ended 31 March 2019, 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 such as market approach and discounted cash flow analysis.

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

During the six months ended 30 September 2019, there was no significant change in the business or economic circumstances that affect the fair values of the Group's financial assets and financial liabilities, no transfers of financial assets or financial liabilities between the levels in the hierarchy, and no reclassifications of financial assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the condensed consolidated interim financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions applied in the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated annual financial statements of the Group for the year ended 31 March 2019.

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

5. REVENUES

Revenues recognized during the period are as follows:

	2019	2018
	HK\$'000	HK\$'000
Sales of properties	14,810	60,961
Rental income and management fees	118,303	111,495
Income from hotel operation and management	29,978	43,477
Sales of cemetery assets	10,456	8,355
Sales of goods and merchandises	22,144	23,957
Interest income from money lending business	4,044	3,664
Interest income from bonds investments of financial assets at fair value through profit or loss	86,224	67,004
Dividend income from securities investments for trading of financial assets at fair value through profit or loss	45	75
Net realized gain of securities investments for trading of financial assets at fair value through profit or loss	–	1,493
Net fair value loss of securities investments for trading of financial assets at fair value through profit or loss	(28)	(2,521)
	285,976	317,960

6. SEGMENT INFORMATION

(a) Segment information by business lines

The chief operating decision maker (the “CODM”) has been identified as the Executive Directors and senior management. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business from a business perspective, including property development, investment and trading, hotel operation and management, development and operation of cemetery, sales of goods and merchandises, securities investment and trading and money lending business. The CODM assesses the performance of the operating segments based on the measure of earning/(loss) before interest, tax, depreciation and amortization (the “EBITDA/(LBITDA)”) and segment result.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. SEGMENT INFORMATION (Continued)

(a) Segment information by business lines (Continued)

The segment information by business lines is as follows:

	Property development, investment and trading	Hotel operation and management	Cemetery	Sales of goods and merchandises	Securities investment and trading	Money lending business	Corporate	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2019								
Revenues from contracts with customers:								
– Recognized at a point in time	14,810	-	10,456	22,144	-	-	-	47,410
– Recognized over time	5,502	29,978	-	-	-	-	-	35,480
Revenues from other sources	112,801	-	-	-	86,241	4,044	-	203,086
Revenues	133,113	29,978	10,456	22,144	86,241	4,044	-	285,976
Other income and net gain/(loss)	4,160	(1)	25	42	(47,777)	-	34,338	(9,213)
EBITDA/(LBITDA)	350,184	7,466	6,194	(4,663)	38,436	3,983	(94,815)	306,785
Operating profit/(loss)	335,995	(27,613)	5,761	(8,508)	38,436	3,983	(106,720)	241,334
Finance costs	(110,170)	(11,524)	-	(1,088)	(11,320)	-	(215)	(134,317)
Share of results of associated companies	42	1,919	-	-	-	-	(1,134)	827
Share of results of joint ventures	8,347	-	-	-	-	-	-	8,347
Profit/(loss) before taxation	234,214	(37,218)	5,761	(9,596)	27,116	3,983	(108,069)	116,191
Taxation (charge)/credit	(77,083)	13	231	742	-	-	-	(76,097)
Profit/(loss) for the period	157,131	(37,205)	5,992	(8,854)	27,116	3,983	(108,069)	40,094
As at 30 September 2019								
Segment assets	15,091,267	1,123,190	726,640	200,174	2,421,551	177,410	3,431,272	23,171,504
Associated companies	193	55,318	-	-	-	-	14,635	70,146
Joint ventures	724,846	-	-	-	-	-	-	724,846
Total assets	15,816,306	1,178,508	726,640	200,174	2,421,551	177,410	3,445,907	23,966,496
Total liabilities	8,713,604	643,486	176,238	38,554	706,029	90	172,150	10,450,151

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. SEGMENT INFORMATION (Continued)

(a) Segment information by business lines (Continued)

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. SEGMENT INFORMATION (Continued)

(a) Segment information by business lines (Continued)

	Property development, investment and trading HK\$'000	Hotel operation and management HK\$'000	Cemetery HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Money lending business HK\$'000	Corporate HK\$'000	Total HK\$'000
2018								
Revenues from contracts with customers:								
– Recognized at a point in time	60,961	–	8,355	23,957	–	–	–	93,273
– Recognized over time	5,374	43,477	–	–	–	–	–	48,851
Revenues from other sources	106,121	–	–	–	66,051	3,664	–	175,836
Revenues	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 31 March 2019								
Segment assets	14,205,673	1,161,493	769,980	175,192	2,146,420	173,772	3,148,254	21,780,784
Associated companies	152	53,399	–	–	–	–	15,723	69,274
Joint ventures	739,328	–	–	–	–	–	–	739,328
Total assets	14,945,153	1,214,892	769,980	175,192	2,146,420	173,772	3,163,977	22,589,386
Total liabilities	7,621,331	656,443	189,337	13,495	282,584	460	35,959	8,799,609
2018								
Other segment items are as follows:								
Capital expenditure	216,532	1,436	16,904	862	–	–	1,344	237,078
Depreciation of property, plant and equipment	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)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. SEGMENT INFORMATION (Continued)

(b) Geographical segment information

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

	Revenues		Capital expenditure	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Hong Kong	198,541	187,284	755,494	155,287
The People's Republic of China (the "PRC")	39,473	74,388	64,833	47,640
United Kingdom	18,075	22,347	–	–
Other countries	29,887	33,941	47,165	34,151
	285,976	317,960	867,492	237,078
	Non-current assets (Note)		Total assets	
	30 September 2019 HK\$'000	31 March 2019 HK\$'000	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Hong Kong	9,389,804	9,386,579	17,706,380	16,473,816
The PRC	2,524,531	2,558,678	3,878,857	3,958,204
United Kingdom	1,002,560	1,063,920	1,012,342	1,075,077
Other countries	1,169,675	540,508	1,368,917	1,082,289
	14,086,570	13,549,685	23,966,496	22,589,386

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

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

7A. OTHER INCOME AND NET LOSS

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income from bank deposits	31,260	13,738
Dividend income from financial assets at fair value through other comprehensive income	3,647	4,941
Net realized loss of bonds and other investments of financial assets at fair value through profit or loss	(721)	(1,191)
Net fair value loss of bonds and other investments of financial assets at fair value through profit or loss	(47,290)	(94,228)
Forfeited deposits from sales of properties	1,266	–
Gain on disposal of investment properties	1,309	–
Net (loss)/gain on disposal of property, plant and equipment	(2,555)	104
Net exchange loss	(128)	(296)
Sundries	3,999	4,353
	(9,213)	(72,579)

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

During the period ended 30 September 2019, upon the change of intended use, the Group had transferred certain properties in Mongolia from properties for sale to investment properties at aggregate fair value of HK\$584,155,000 (2018: Nil). Fair value gain on transfer of these properties of approximately HK\$218.0 million (2018: Nil) and the related deferred taxation of HK\$49.2 million (2018: Nil) (note 11) were recorded respectively.

8. OPERATING PROFIT

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit is stated after crediting:		
Reversal of provision for impairment of inventories	1,800	–
Reversal of provision for impairment of other deposits	2,813	–
and after charging:		
Cost of properties sold	6,659	41,284
Cost of cemetery assets sold	2,257	2,099
Cost of inventories sold	22,164	15,320
Depreciation of property, plant and equipment	25,798	22,534
Depreciation of right-of-use assets	30,479	–
Amortization of leasehold lands and land use rights	–	19,657
Provision for impairment of trade debtors	920	–
Staff costs, including Directors' emoluments		
Wages and salaries	81,354	79,964
Retirement benefit costs	3,657	3,836

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

9. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest expenses of		
Bank borrowings	140,232	91,855
Bank overdraft	138	256
Lease liabilities	1,167	–
	<u>141,537</u>	<u>92,111</u>
Amounts capitalized into		
Investment properties	–	(2,410)
Properties under development	(7,220)	(5,346)
	<u>(7,220)</u>	<u>(7,756)</u>
	<u>134,317</u>	<u>84,355</u>

The capitalization rate applied to funds borrowed for the development of properties is 2.38% (2018: ranged from 4.70% to 8.08%) per annum.

10. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures of HK\$8,347,000 (2018: HK\$11,529,000) in the condensed consolidated income statement included the share of results of the joint ventures for the period ended 30 September 2019 (2018: same, and 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). Rental income received by the joint venture from the non-wholly-owned subsidiary of the joint venture partner for the period ended 30 September 2019 amounted to approximately HK\$6,264,000 (2018: HK\$6,345,000) and was included in the “Share of results of joint ventures” in the condensed consolidated income statement.

11. TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current taxation		
Overseas profits tax	180	237
PRC corporate income tax	2,344	4,178
PRC land appreciation tax	4,307	16,621
Deferred taxation	69,266	44,690
	<u>76,097</u>	<u>65,726</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

11. TAXATION (Continued)

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 (2018: 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 2019 of HK\$11,000 (2018: HK\$15,000) is included in the condensed consolidated income statement as “Share of results of associated companies”. In 2018, share of deferred taxation charge of joint ventures for the six months ended 30 September 2018 of HK\$1,293,000 was included in the condensed consolidated income statement as “Share of results of joint ventures”.

12. INTERIM DIVIDEND

	2019 HK\$'000	2018 HK\$'000
Interim dividend of 1.5 HK cents (2018: 3.5 HK cents) per share	<u>25,088</u>	<u>58,539</u>

On 28 November 2019, the board of Directors declared an interim dividend of 1.5 HK cents (2018: 3.5 HK cents) per share amounting to HK\$25,088,000 (2018: HK\$58,539,000). The amount of HK\$25,088,000 is calculated based on 1,672,553,104 issued shares as at 28 November 2019. 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 2020.

13. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$31,982,000 (2018: HK\$507,489,000) and the weighted average number of 1,672,553,104 (2018: 1,672,553,104) shares in issue during the period.

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

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

14. CAPITAL EXPENDITURE

For the six months ended 30 September 2019, the Group incurred acquisition and development costs on property, plant and equipment of HK\$2,796,000 (2018: HK\$3,706,000), right-of-use assets of HK\$2,007,000 (2018: Nil) and property projects, properties, investment properties and cemetery assets of HK\$862,689,000 (2018: HK\$233,372,000) respectively.

15. DEBTORS AND PREPAYMENTS

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

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Below 30 days	7,106	12,480
31 to 60 days	1,864	611
61 to 90 days	1,442	476
Over 90 days	9,702	9,854
	20,114	23,421

Debtors and prepayments include net deposits of HK\$97,985,000 (31 March 2019: HK\$15,173,000) for acquisition of property projects, properties and right-of-use assets after the accumulated provision for impairment of HK\$125,666,000 (31 March 2019: HK\$128,479,000) as at 30 September 2019. It also includes sales commissions of HK\$82,136,000 (31 March 2019: HK\$15,697,000) which represent costs incurred to obtain property sale contracts. The Group has capitalized the amounts which will be amortized when the related revenue is recognized.

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

16. CREDITORS AND ACCRUALS

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

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Below 30 days	3,216	3,473
31 to 60 days	970	425
Over 60 days	<u>2,161</u>	<u>6,469</u>
	<u>6,347</u>	<u>10,367</u>

Creditors and accruals include the construction cost payables and accruals of HK\$168,527,000 (31 March 2019: HK\$144,830,000) for the property and cemetery projects of the Group, and dividend payable of the Company of HK\$108,716,000 (31 March 2019: Nil).

17. BORROWINGS

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Unsecured bank borrowings		
Short-term bank borrowing	100,000	200,000
Long-term bank borrowings	<u>1,499,500</u>	<u>1,244,500</u>
	<u>1,599,500</u>	<u>1,444,500</u>
Secured bank borrowings		
Short-term bank borrowings	853,148	407,555
Long-term bank borrowings	<u>5,130,151</u>	<u>5,455,458</u>
	<u>5,983,299</u>	<u>5,863,013</u>
Total bank borrowings	<u>7,582,799</u>	<u>7,307,513</u>

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

17. BORROWINGS (Continued)

The total bank borrowings are analyzed as follows:

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Short-term bank borrowings	953,148	607,555
Long-term bank borrowings	6,629,651	6,699,958
Total bank borrowings	7,582,799	7,307,513

The long-term bank borrowings are analyzed as follows:

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Long-term bank borrowings	6,629,651	6,699,958
Current portion included in current liabilities		
Portion due within one year	(613,101)	(837,298)
Portion due after one year which contains a repayment on demand clause	(525,960)	(512,992)
	(1,139,061)	(1,350,290)
	5,490,590	5,349,668

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

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Within the first year	1,566,249	1,444,853
Within the second year	1,211,316	850,745
Within the third to fifth years	4,601,207	4,827,511
After the fifth year	204,027	184,404
	7,582,799	7,307,513

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

18. SHARE CAPITAL

	30 September 2019 HK\$'000	31 March 2019 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 2019 and 30 September 2019	1,672,553,104	418,138

19. FINANCIAL GUARANTEES

As at 30 September 2019, the Company had provided guarantees of HK\$394,472,000 (31 March 2019: HK\$391,443,000) for the banking facilities granted to joint ventures, and subsidiaries had provided guarantees of HK\$39,834,000 (31 March 2019: HK\$71,626,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

20. COMMITMENTS

As at 30 September 2019, the Group had commitments contracted but not provided for in respect of properties, property projects and property, plant and equipment of HK\$464,292,000 (31 March 2019: HK\$984,587,000).

21. PLEDGE OF ASSETS

As at 30 September 2019, the Group had pledged certain assets including property, plant and equipment, investment properties, right-of-use assets, properties for/under development, properties for sale and financial assets at fair value through profit or loss, with an aggregate carrying value of HK\$11,619,608,000 (31 March 2019: HK\$11,548,540,000, including leasehold lands and land use rights), to secure banking facilities granted to the subsidiaries.