



CHUANG'S CHINA INVESTMENTS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 298



INTERIM REPORT 2021

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CORPORATE INFORMATION

Honorary Chairman	Abraham Shek Lai Him, G.B.S., J.P.
Directors	Albert Chuang Ka Pun, J.P. (<i>Chairman</i>) Ann Li Mee Sum (<i>Deputy Chairman</i>) Chong Ka Fung (<i>Managing Director</i>) Sunny Pang Chun Kit Geoffrey Chuang Ka Kam Neville Charles Kotewall Dominic Lai [®] Abraham Shek Lai Him, G.B.S., J.P.* Andrew Fan Chun Wah, J.P.* Eddy Li Sau Hung, G.B.S., J.P.* Ng Kit Chong, M.H.*
	[®] <i>Non-Executive Director</i> [*] <i>Independent Non-Executive Directors</i>
Audit Committee	Abraham Shek Lai Him, G.B.S., J.P. [#] Andrew Fan Chun Wah, J.P. Eddy Li Sau Hung, G.B.S., J.P.
Nomination Committee	Abraham Shek Lai Him, G.B.S., J.P. [#] Andrew Fan Chun Wah, J.P. Ng Kit Chong, M.H.
Remuneration Committee	Abraham Shek Lai Him, G.B.S., J.P. [#] Andrew Fan Chun Wah, J.P. Eddy Li Sau Hung, G.B.S., J.P.
Corporate Governance Committee	Albert Chuang Ka Pun, J.P. [#] Ann Li Mee Sum Chong Ka Fung
Company Secretary	Lee Wai Ching
Independent Auditor	PricewaterhouseCoopers <i>Certified Public Accountants and Registered Public Interest Entity Auditor</i> 22nd Floor, Prince's Building 10 Chater Road Central, Hong Kong

[#] *Chairman of the relevant committee*

CORPORATE INFORMATION (*Continued*)

Registrars

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Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Hong Kong:

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Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited
Nanyang Commercial Bank, Limited
Bank of Communications Co., Ltd.

Registered Office

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Hamilton HM 11, Bermuda

Principal Office in Hong Kong

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CORPORATE INFORMATION *(Continued)*

Offices in the People's Republic of China (the "PRC")

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Room F, 23rd Floor, Noble Center
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Shenzhen, the PRC

Guangzhou Office

Guangzhou Panyu Chuang's Real Estate
Development Company Limited
No. 126, Liangang Road
Shilou Town, Panyu District, Guangzhou
Guangdong, the PRC

Anshan Office

Anshan Chuang's Property Development
Company Limited
Anshan Chuang's Real Estate Development
Company Limited
No. 690 Jian Guo Road
Tie Dong Qu, Anshan
Liaoning, the PRC

Xiamen Office

Xiamen Mingjia Binhai Resort Company Limited
No. 382 Long Hu Shan Road
Siming District, Xiamen
Fujian, the PRC

Sihui Office

Fortune Wealth Memorial Park (Si Hui) Limited
Jiang Gu, Sihui
Guangdong, the PRC

CORPORATE INFORMATION *(Continued)*

Office in Malaysia	Suite 16.05, 16th Floor, Wisma Chuang 34 Jalan Sultan Ismail, 50250 Kuala Lumpur Malaysia
Sales Offices in the PRC	Chuang's Le Papillon Sales Office No. 126, Liangang Road Shilou Town, Panyu District, Guangzhou Guangdong, the PRC Chuang's Mid-town Sales Office No. 690 Jian Guo Road Tie Dong Qu, Anshan Liaoning, the PRC Fortune Wealth Sales Office Jiang Gu, Sihui Guangdong, the PRC
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MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “Board”) of Chuang’s China Investments Limited (the “Company”) presents the interim report including the condensed consolidated interim financial information of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30 September 2020. The condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the six months ended 30 September 2020 and the condensed consolidated balance sheet as at 30 September 2020 along with the notes thereon, are set out on pages 34 to 56 of this report.

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

- In September 2020, the Group has successfully completed the disposal of the investment property in the United Kingdom (the “UK”) for approximately GBP93.8 million (equivalent to approximately HK\$971.5 million). The disposal has greatly strengthened the Group’s financial position.
- For The Esplanade in Tuen Mun, Hong Kong, upon the issuance of certificate of compliance, 358 residential units (out of the pre-sold 366 units) have been handed-over to end-buyers during the period ended 30 September 2020.
- Revenues for the period amounted to HK\$1,683.3 million.
- Profit attributable to equity holders of the Company amounted to HK\$423.4 million.
- The Group had net cash of HK\$391.8 million as at 30 September 2020. Total cash resources of the Group (including investments held for trading) amounted to HK\$2,057.7 million, and bank borrowings amounted to HK\$1,665.9 million.
- Net asset value per share amounted to HK\$1.85.
- Earnings per share was 18.03 HK cents.
- Interim dividend of 1.5 HK cents per share was declared.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

RESULTS REVIEW

Profit attributable to equity holders of the Company for the period ended 30 September 2020 amounted to HK\$423.4 million (2019: HK\$21.3 million), representing an increase of about 19 times when compared to that of the last corresponding period. Earnings per share was 18.03 HK cents (2019: 0.91 HK cent).

During the period under review, the Group's revenues significantly increased by about 20 times to HK\$1,683.3 million (2019: HK\$81.3 million), and comprised the following:

- sales of development properties significantly increased by about 108 times to about HK\$1,617.4 million (2019: HK\$14.8 million) mainly due to the recognition of completed sales of The Esplanade, Tuen Mun in Hong Kong after the handover of completed properties to the end-buyers;
- rental and management fee income decreased by 16.0% to about HK\$27.2 million (2019: HK\$32.4 million), mainly due to the decrease in rental income recorded for the investment property in the UK as a result of the completion of the disposal of this property on 1 September 2020;
- revenues from securities investment and trading increased by 28.0% to about HK\$27.4 million (2019: HK\$21.4 million), as a result of the increase in the portfolio of bonds investments held by the Group comparing to that in the last corresponding period; and
- sales of cemetery assets in the People's Republic of China (the "PRC") increased by 7.6% to about HK\$11.3 million (2019: HK\$10.5 million) mainly due to the general increase in sales.

During the period under review, gross profit increased significantly to HK\$656.0 million (2019: HK\$63.0 million) mainly as a result of the increase in revenues. The overall gross profit margin decreased from 77% to 39% which was mainly due to the increase in proportion of sales of development properties which has a relatively lower profit margin than the other revenue segments of the Group. The gross profit margin for each revenue segment is as follows:

	9/2020	9/2019
Sales of development properties	37%	55%
Rental and management fee income	81%	83%
Revenues from securities investment and trading	100%	100%
Sales of cemetery assets	65%	60%

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

RESULTS REVIEW *(Continued)*

Other income and net gain increased to about HK\$67.9 million (2019: net loss of HK\$8.5 million). It mainly comprised interest income, dividend income and the fair value gain of bonds investments. The increase during the period was principally due to the record of unrealized fair value gain of bonds investments. A breakdown of other income and net gain is shown in note 7 on page 48 hereof.

The Group recorded a loss on change in fair value of investment properties of HK\$137.9 million (2019: a gain of HK\$96.3 million), mainly due to the fair value loss recorded for the investment properties in Guangzhou and Anshan in the PRC as well as in Malaysia. Share of result of a joint venture was HK\$6.1 million (2019: HK\$8.4 million), and the reduction was mainly due to the decrease in share of profit of the joint venture as compared to the last corresponding period.

On the costs side, selling and marketing expenses increased significantly by about 6.3 times to about HK\$98.0 million (2019: HK\$13.5 million) and is principally due to sales commission of The Esplanade in Tuen Mun recorded upon the sales recognition during the period under review. Administrative and other operating expenses increased by 17.5% to about HK\$68.6 million (2019: HK\$58.4 million) mainly due to the increase in professional fees incurred for activities of the Group.

Finance costs decreased by 34.8% to HK\$25.1 million (2019: HK\$38.5 million) as a result of the decrease in bank borrowings as well as the lower interest rates prevailing during the period. Share of profit of associated companies amounted to about HK\$0.1 million (2019: loss of HK\$1.1 million). Taxation credit amounted to about HK\$22.3 million (2019: taxation charge of HK\$25.9 million) mainly due to a write-back of over-provision of taxation charges in respect of the sales of development properties in the PRC in prior years, as well as the deferred taxation credit arising from the fair value loss of investment properties for the current period.

INTERIM DIVIDEND

After taking into account the working capital requirements for the Group's projects and business development, in particular under the current uncertain market environment, the Board has resolved to pay an interim dividend of 1.5 HK cents (2019: Nil) per share payable on or before Monday, 18 January 2021 to the shareholders whose names appear on the Company's register of members on Monday, 28 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW

During the period under review, not only that the level of business activities has significantly dropped under the pandemic of Covid-19, but the property investment business of the Group has also been adversely affected by a drop in market value. Despite this macro backdrop, the Group has successfully completed the disposal of the investment property in the UK and completed the sales of the development properties in Tuen Mun according to schedule.

Following the completion of the disposal of the investment property in the UK, the Group had increased its bonds investments by about HK\$145 million in order to provide steady and recurring income. The following is a summary of the Group's major business updates.

A. Investment Properties

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

A. Investment Properties *(Continued)*

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

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

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

2. *Hotel and resort villas in Xiamen, Fujian (59.5% owned)*

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

A. Investment Properties (Continued)

2. Hotel and resort villas in Xiamen, Fujian (59.5% owned) (Continued)

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

A. Investment Properties *(Continued)*

4. Commercial Property in Shatian, Dongguan, Guangdong (100% owned)

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

5. Office Property in Fenchurch Street, London, UK (100% owned before disposal)

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

A. Investment Properties *(Continued)*

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

B. Property Development

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

The Esplanade has a site area of about 26,135 *sq. ft.* and has a developable GFA of 117,089 *sq. ft.* for residential purpose and 25,813 *sq. ft.* for commercial purpose. It is located along the riverside recreation park, overlooking Tuen Mun River. Along the promenade right in front of the site, it is within leisure walking distance to the nearby landmark commercial mall.

The Esplanade comprises a two-storey commercial podium, a clubhouse, 47 carparking spaces and a 20-storey residential building, totalling 371 residential flats, which provides 233 studio, 97 one-bedroom, 39 two-bedrooms and 2 three-bedrooms.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

B. Property Development *(Continued)*

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

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

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

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

Chuang's Le Papillon is an integrated residential and commercial community and its development is implemented by phases. The Group has completed the development of Phase I and II, having a total GFA of approximately 260,800 *sq. m.*. It comprises 34 high-rise residential towers with a total of 2,077 flats and 22 villas, commercial properties, club houses and 1,497 carparking spaces.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

B. Property Development *(Continued)*

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

B. Property Development *(Continued)*

4. Changan, Dongguan, Guangdong (100% owned)

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

This site has been rezoned to “residential usage”, and the location of this property in Changan is strategic to benefit from the Guangdong-Hong Kong-Macao Greater Bay Area. The 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 Group will also consider disposal of the property when suitable opportunities arise.

5. Chuang’s Plaza, Anshan, Liaoning (100% owned)

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

B. Property Development (Continued)

6. Changsha, Hunan (69% owned)

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

7. Chengdu, Sichuan (51% owned)

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

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

B. Property Development *(Continued)*

9. Fortune Wealth, Sihui, Guangdong (86.0% owned)

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

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

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

As at 30 September 2020, the cemetery assets (including non-controlling interests) were recorded based on the book cost of about RMB916.4 million (equivalent to approximately HK\$1,041.8 million).

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

C. Securities Investments

1. Investments in CNT Group Limited (“CNT”) and CPM Group Limited (“CPM”)

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

C. Securities Investments (Continued)

2. Investments in high yield bonds

The Group holds the following portfolio of high yield bonds, as at 30 September 2020 with an annualized average yield of about 7%:

(a) Bonds investments

Stock code	Bond issuer	Face value	Market value	Percentage of	Interest	Fair value
		of bonds held	as at	market value	income for	gain/(loss)
		as at	as at	to the Group's	the period	for the period
		30 September	30 September	total assets	ended	ended
		2020	2020	30 September	2020	2020
		US\$'000	HK\$'000	2020	HK\$'000	HK\$'000
754	Hopson Development Holdings Limited (7.5%, due 2022)	5,000	39,548	0.6%	1,454	2,935
813	Shimao Group Holdings Limited (6.375%, due 2021)	2,000	16,498	0.2%	495	406
884	CIFI Holdings (Group) Co. Ltd.			0.5%		
	(a) 5.5%, due 2023	1,000	7,931		–	(90)
	(b) 6%, due 2025	1,500	11,881		349	1,368
	(c) 6.875%, due 2021	2,000	16,150		533	405
1030	Seazen Group Limited			0.5%		
	(a) 6.15%, due 2023	2,500	19,982		–	(431)
	(b) 6.45%, due 2022	2,300	18,384		–	(249)
1233	Times China Holdings Limited (5.75%, due 2022)	3,000	23,873	0.3%	446	1,105
1238	Powerlong Real Estate Holdings Limited			0.6%		
	(a) 6.95%, due 2021	2,000	16,103		540	1,036
	(b) 6.95%, due 2023	3,400	27,329		916	(90)
	(c) 7.125%, due 2022	200	1,646		55	196

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

C. Securities Investments (Continued)

2. Investments in high yield bonds (Continued)

(a) Bonds investments (Continued)

Stock code	Bond issuer	Face value	Market value	Percentage of	Interest	Fair value
		of bonds held	as at	to the Group's	income for	gain/(loss)
		as at	as at	total assets	the period	for the period
		30 September	30 September	as at	ended	ended
		2020	2020	30 September	30 September	30 September
		US\$ '000	HK\$ '000	2020	2020	2020
					HK\$ '000	HK\$ '000
1638	Kaisa Group Holdings Ltd.			1.1%		
	(a) 7.875%, due 2021	2,000	15,805		610	1,523
	(b) 8.5%, due 2022	4,400	34,230		1,450	5,202
	(c) 11.25%, due 2022	3,000	25,086		1,309	3,078
1668	China South City Holdings Limited			0.5%		
	(a) 6.75%, due 2021	1,605	12,051		–	(101)
	(b) 11.5%, due 2022	3,000	23,512		–	(383)
1813	KWG Group Holdings Limited			0.8%		
	(a) 6%, due 2022	5,000	39,559		1,163	2,402
	(b) 7.4%, due 2024	2,000	16,032		574	1,833
1966	China SCE Group Holdings Limited (7.25%, due 2023)	4,150	33,795	0.5%	–	(199)
2007	Country Garden Holdings Company Limited (5.625%, due 2026)	14,000	121,888	1.7%	3,050	11,956
2777	Easy Tactic Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (5.75%, due 2022)	1,000	7,186	0.1%	223	161
3301	Ronshine China Holdings Limited (7.35%, due 2023)	5,000	38,735	0.5%	–	(363)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

C. Securities Investments (Continued)

2. Investments in high yield bonds (Continued)

(a) Bonds investments (Continued)

Stock code	Bond issuer	Face value	Market value	Percentage of	Interest	Fair value
		of bonds held	as at	market value	income for	gain/(loss)
		as at	as at	to the Group's	the period	for the period
		30 September	30 September	total assets	ended	ended
		2020	2020	as at	30 September	30 September
		2020	2020	30 September	2020	2020
		US\$ '000	HK\$ '000	2020	HK\$ '000	HK\$ '000
3333	China Evergrande Group			2.5%		
	(a) 7.5%, due 2023	10,743	68,198		3,123	6,657
	(b) 8.25%, due 2022	11,600	80,153		3,709	6,892
	(c) 8.75%, due 2025	4,714	29,472		1,599	2,724
3380	Logan Group Company Limited			0.7%		
	(a) 6.875%, due 2021	4,000	32,384		1,066	890
	(b) 8.75%, due 2020	2,000	16,087		678	306
3383	Agile Group Holdings Limited (5.125%, due 2022)	10,000	78,469	1.1%	1,986	7,059
6158	Zhenro Properties Group Limited			0.6%		
	(a) 8.3%, due 2023	3,000	24,132		-	918
	(b) 8.7%, due 2022	2,000	16,054		675	(357)
600606	Greenland Global Investment Limited, a wholly-owned subsidiary of Greenland Holdings Corporation Limited			0.6%		
	(a) 5.25%, due 2021	4,300	33,500		875	1,665
	(b) 6.125%, due 2023	1,000	7,625		-	(64)
Z25	Yanlord Land Group Limited (6.75%, due 2023)	4,308	35,638	0.5%	-	(470)
	Bond redeemed during the period	-	-	-	562	-
		<u>127,720</u>	<u>988,916</u>	<u>13.9%</u>	<u>27,440</u>	<u>57,920</u>

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

C. Securities Investments *(Continued)*

2. Investments in high yield bonds *(Continued)*

- (b) Brief description of principal business of the respective bond issuers is as follows:

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

C. Securities Investments *(Continued)*

2. Investments in high yield bonds *(Continued)*

- (b) Brief description of principal business of the respective bond issuers is as follows: *(Continued)*

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

C. Securities Investments (Continued)

2. Investments in high yield bonds (Continued)

- (b) Brief description of principal business of the respective bond issuers is as follows: (Continued)

Name of company	Principal business
Logan Group Company Limited	Property development, property investment, construction and decoration, and urban redevelopment business
Agile Group Holdings Limited	Property development, property investment, hotel operation, property management and environmental protection
Zhenro Properties Group Limited	Property development, property leasing and commercial property management
Greenland Holdings Corporation Limited	Property development, property investment, construction and hotel operation
Yanlord Land Group Limited	Property development, property investment and hotel operations

During the period under review, unrealized fair value gain amounted to about HK\$57.9 million was recorded by the Group principally as a result of the increase in bond prices as at 30 September 2020 when compared to that of 31 March 2020. The Group will closely monitor the performance of the bonds portfolio in light of the monetary environment and with reference to the Group's financial position.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FINANCIAL REVIEW

Net asset value

As at 30 September 2020, the net asset value attributable to equity holders of the Company amounted to HK\$4,337.0 million. Net asset value per share amounted to HK\$1.85, which is calculated based on the historical cost of the Group's land bank.

Financial resources

As at 30 September 2020, the Group's cash, bank balances and investments held for trading amounted to HK\$2,057.7 million (31 March 2020: HK\$1,461.5 million). As at the same date, bank borrowings of the Group amounted to HK\$1,665.9 million (31 March 2020: HK\$1,901.0 million). The Group had net cash of HK\$391.8 million (31 March 2020: net debt of HK\$439.5 million) and the calculation of net debt to equity ratio was therefore not applicable (31 March 2020: 11.7%, 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).

Approximately 94.6% of the Group's cash, bank balances and investments held for trading were in Hong Kong dollar and United States dollar, 5.1% were in Renminbi and the balance of 0.3% were in other currencies. Approximately 91.9% of the Group's bank borrowings were in Hong Kong dollar and United States dollar, and the remaining of 8.1% were in Malaysian Ringgit.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 46.8% of the Group's bank borrowings were repayable within the first year, 7.7% were repayable within the second year, 39.1% were repayable within the third to fifth years, and the balance of 6.4% were repayable after the fifth year.

Foreign exchange risk

As disclosed in the "Business Review" section of this report, besides Hong Kong, the Group also conducts its businesses in the PRC and Malaysia, 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 AND ANALYSIS *(Continued)*

PROSPECTS

The effect of the lingering Covid-19 pandemic has continued to adversely affect the business prospects and confidence of investors during the period under review. Nevertheless, as the Covid-19 pandemic is gradually under control in the PRC, it is expected that the economic growth of the PRC will continue to recover. The Group will monitor the situation closely, assess the risks and react with appropriate actions.

Going forward, apart from seeking new opportunities to replenish land bank for property development, the Group will also continue to identify suitable investments to expand our investment property portfolio in order to enhance steady and recurring rental income. The Group will identify opportunities not only in Hong Kong but also with focus on cities along the Guangdong-Hong Kong-Macao Greater Bay Area and Belt and Road Initiative. The Group will continue to take actions to expand its sources of revenue, enhance its profitability, and maximize return for its shareholders.

OTHER INFORMATION

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

As at 30 September 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

(a) Interests in the Company

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Sunny Pang Chun Kit	930,000	Beneficial owner	0.04
Mr. Neville Charles Kotewall ("Mr. Neville Kotewall")	1,255,004	<i>Note</i>	0.05

Note: Such interests arose by attribution through his spouse, Mrs. Candy Kotewall Chuang Ka Wai ("Ms. Candy Chuang").

OTHER INFORMATION *(Continued)*

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

(b) Interests in associated corporations

(i) *Evergain Holdings Limited ("Evergain")*

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1	Beneficial owner	10.00
Mr. Chong Ka Fung	1	Beneficial owner	10.00
Mr. Geoffrey Chuang Ka Kam	1	Beneficial owner	10.00
Mr. Neville Kotewall	1	<i>Note</i>	10.00

Note: Such interests arose by attribution through his spouse, Ms. Candy Chuang.

(ii) *Chuang's Consortium International Limited ("CCIL")*

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Albert Chuang	1,299,678	Beneficial owner	0.08

Save as disclosed, during the period under review, none of the Directors and chief executive of the Company nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company, its specified undertaking or any of its associated corporations.

Other than as disclosed herein, as at 30 September 2020, none of the Directors and chief executive of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

OTHER INFORMATION (Continued)

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executive of the Company and save as disclosed in the section headed “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, as at 30 September 2020, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of Shareholder	Number of shares of the Company	Capacity	Percentage of shareholding
Profit Stability Investments Limited (“PSI”)	1,426,074,923	Beneficial owner	60.71
CCIL	1,426,074,923	<i>Note 1</i>	60.71
Evergain	1,426,074,923	<i>Note 1</i>	60.71
Mr. Alan Chuang Shaw Swee (“Mr. Alan Chuang”)	1,426,074,923	<i>Note 1</i>	60.71
Mrs. Chong Ho Pik Yu	1,426,074,923	<i>Note 2</i>	60.71

Note 1: Interests in 1,426,074,923 shares owned by PSI. PSI is a wholly-owned subsidiary of CCIL. Mr. Alan Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of CCIL through Evergain which is 60% beneficially owned by Mr. Alan Chuang. Mr. Albert Chuang, Mr. Chong Ka Fung, Ms. Candy Chuang and Mr. Geoffrey Chuang Ka Kam are directors of CCIL and directors and shareholders of Evergain, and Mr. Albert Chuang is also a director of PSI. Miss Ann Li Mee Sum is also a director of CCIL.

Note 2: Such interests arose by attribution through her spouse, Mr. Alan Chuang.

Save as disclosed above, as at 30 September 2020, there was no other person who was recorded in the register of the Company as having interests and 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

The Company has complied throughout the six months ended 30 September 2020 with the code provisions set out in the Corporate Governance Code.

An audit committee has been established by the Company to review and supervise the Company's financial reporting process, risk management and internal controls and review the relationship with the auditor. The audit committee has held meetings in accordance with the relevant requirements. The Group's condensed consolidated interim financial information for the period ended 30 September 2020 have been reviewed by the audit committee of the Company and by the Company's independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The current members of the audit committee are Mr. Abraham Shek Lai Him, Mr. Andrew Fan Chun Wah and Dr. Eddy Li Sau Hung, the Independent Non-Executive Directors of the Company.

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

UPDATE ON INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes in the information of Directors since the date of the 2020 annual report of the Company and up to the date of this report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

1. Mr. Abraham Shek Lai Him had been appointed as an independent non-executive director of Landing International Development Limited (with effect from 14 August 2020) and Hao Tian International Construction Investment Group Limited (with effect from 15 October 2020), the shares of both companies are listed on the Stock Exchange.
2. Mr. Andrew Fan Chun Wah resigned as an independent non-executive director of Sinomax Group Limited (with effect from 30 June 2020), CNC Holdings Limited (with effect from 11 August 2020) and Universal Star (Holdings) Limited (with effect from 1 October 2020), the shares of these companies are listed on the Stock Exchange.

After the date of this report, Mr. Andrew Fan Chun Wah resigned as an independent non-executive director of Omnibridge Holdings Limited (with effect from 30 November 2020), the shares of this company are listed on the Stock Exchange.

OTHER INFORMATION *(Continued)*

DEALING IN THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2020 and up to the date of this report.

CLOSING OF REGISTER

For the purpose of determining entitlements to the interim dividend, the register of members of the Company will be closed from Tuesday, 22 December 2020 to Monday, 28 December 2020, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrars in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Monday, 21 December 2020.

SHARE OPTION SCHEME

On 31 August 2012, a share option scheme (the "Share Option Scheme") was adopted by the Company. The purpose of the Share Option Scheme is to recognize the contribution of the eligible persons as defined in the scheme including, inter alia, any Directors, employees or business consultants of the Group (the "Eligible Persons"), to the growth of the Group and to further motivate the Eligible Persons to continue to contribute to the Group's long-term prosperity. No options have been granted under the Share Option Scheme since its adoption.

STAFF

The Group puts emphasis on training and cultivating elite talent. We are committed to providing a dynamic and enthusiastic working atmosphere and increase hiring talents of all fields. As at 30 September 2020, the Group employed 150 staff. The Group provides its staff with other benefits including discretionary bonus, double pay, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

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

Hong Kong, 25 November 2020

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 September 2020

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenues	5	1,683,261	81,269
Cost of sales		(1,027,293)	(18,303)
Gross profit		655,968	62,966
Other income and net gain/(loss)	7	67,889	(8,540)
Selling and marketing expenses		(97,994)	(13,561)
Administrative and other operating expenses		(68,624)	(58,418)
Change in fair value of investment properties		(137,886)	96,277
Operating profit	8	419,353	78,724
Finance costs	9	(25,132)	(38,456)
Share of results of associated companies		41	(1,134)
Share of result of a joint venture	10	6,078	8,386
Profit before taxation		400,340	47,520
Taxation credit/(charge)	11	22,319	(25,868)
Profit for the period		422,659	21,652
Attributable to:			
Equity holders		423,417	21,320
Non-controlling interests		(758)	332
		422,659	21,652
		<i>HK cents</i>	<i>HK cent</i>
Earnings per share (basic and diluted)	13	18.03	0.91

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 September 2020

	2020	2019
	HK\$'000	HK\$'000
Profit for the period	422,659	21,652
Other comprehensive income:		
Items that had been/may be reclassified subsequently to profit and loss:		
Net exchange differences	155,897	(202,334)
Share of exchange reserve of a joint venture	9,886	(14,041)
Realization of exchange reserve upon disposal of a subsidiary	(22,712)	–
Total other comprehensive income/(loss) that had been/may be reclassified subsequently to profit and loss	143,071	(216,375)
Item that may not be reclassified subsequently to profit and loss:		
Change in fair value of financial assets at fair value through other comprehensive income	14,969	25,291
Total other comprehensive income/(loss) for the period	158,040	(191,084)
Total comprehensive income/(loss) for the period	580,699	(169,432)
Total comprehensive income/(loss) attributable to:		
Equity holders	567,366	(167,788)
Non-controlling interests	13,333	(1,644)
	580,699	(169,432)

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 September 2020

	30 September 2020	31 March 2020
	<i>Note</i> HK\$'000	HK\$'000
Non-current assets		
Property, plant and equipment	52,564	59,430
Investment properties	1,599,899	2,608,396
Right-of-use assets	1,607	1,865
Properties for/under development	142,817	137,253
Cemetery assets	289,661	276,396
Associated company	3,949	3,908
Joint venture	355,671	340,911
Financial assets at fair value through other comprehensive income	144,170	128,730
Loans and receivables and other deposits	215,187	207,895
Deferred taxation assets	–	1,554
	<u>2,805,525</u>	<u>3,766,338</u>
Current assets		
Properties for sale	1,387,901	2,162,230
Cemetery assets	752,155	723,987
Inventories	49,795	49,795
Debtors and prepayments	15 50,727	147,120
Financial assets at fair value through profit or loss	1,065,935	757,675
Cash and bank balances	991,763	703,794
	<u>4,298,276</u>	<u>4,544,601</u>
Current liabilities		
Creditors and accruals	16 301,820	229,448
Sales deposits received	28,711	1,552,356
Short-term bank borrowing	17 211,660	80,351
Current portion of long-term bank borrowings	17 829,222	514,352
Taxation payable	148,333	223,657
	<u>1,519,746</u>	<u>2,600,164</u>
Net current assets	<u>2,778,530</u>	<u>1,944,437</u>
Total assets less current liabilities	<u>5,584,055</u>	<u>5,710,775</u>

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

		30 September 2020	31 March 2020
	<i>Note</i>	HK\$'000	HK\$'000
Equity			
Share capital	18	117,442	117,442
Reserves		4,219,578	3,652,212
		<hr/>	<hr/>
Shareholders' funds		4,337,020	3,769,654
Non-controlling interests		120,652	107,319
		<hr/>	<hr/>
Total equity		4,457,672	3,876,973
		<hr/>	<hr/>
Non-current liabilities			
Long-term bank borrowings	17	625,000	1,306,272
Deferred taxation liabilities		417,798	445,746
Loans and payables with non-controlling interests		47,822	47,472
Other non-current liabilities		35,763	34,312
		<hr/>	<hr/>
		1,126,383	1,833,802
		<hr/>	<hr/>
		5,584,055	5,710,775
		<hr/>	<hr/>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 September 2020

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Net cash (used in)/from operating activities		<u>(426,447)</u>	<u>158,246</u>
Cash flows from investing activities			
Additions to investment properties		(7,184)	(28,158)
Proceeds from disposal of investment properties		17,463	2,520
Net proceeds from disposal of a subsidiary	22	963,164	–
Decrease in investment in and amount due from a joint venture, net		2,270	16,153
Interest income received		3,067	4,674
Dividend income received from financial assets at fair value through other comprehensive income		7,469	3,647
Decrease in bank deposits maturing more than three months from date of placement		502	13
Others, net		<u>(707)</u>	<u>(4,354)</u>
Net cash from/(used in) investing activities		<u>986,044</u>	<u>(5,505)</u>
Cash flows from financing activities			
New bank borrowings		269,218	645,823
Repayment of bank borrowings	22	(550,175)	(628,314)
Lease payments		(316)	(1,787)
Change in loans from non-controlling interests		<u>(15)</u>	<u>17,892</u>
Net cash (used in)/from financing activities		<u>(281,288)</u>	<u>33,614</u>
Net increase in cash and cash equivalents		278,309	186,355
Cash and cash equivalents at the beginning of the period		703,292	919,000
Exchange difference on cash and cash equivalents		<u>10,162</u>	<u>(13,762)</u>
Cash and cash equivalents at the end of the period		<u>991,763</u>	<u>1,091,593</u>
Analysis of cash and cash equivalents			
Cash and bank balances		991,763	1,092,082
Bank deposits maturing more than three months from date of placement		<u>–</u>	<u>(489)</u>
Cash and cash equivalents		<u>991,763</u>	<u>1,091,593</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2020

	Attributable to equity holders of the Company					Total HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Shareholders' funds HK\$'000	Non- controlling interests HK\$'000	
At 1 April 2020	117,442	2,101,220	1,550,992	3,769,654	107,319	3,876,973
Profit/(loss) for the period	-	-	423,417	423,417	(758)	422,659
Other comprehensive income:						
Net exchange differences	-	143,289	-	143,289	12,608	155,897
Share of exchange reserve of a joint venture	-	8,403	-	8,403	1,483	9,886
Realization of exchange reserve upon disposal of a subsidiary (note 22)	-	(22,712)	-	(22,712)	-	(22,712)
Change in fair value of financial assets at fair value through other comprehensive income	-	14,969	-	14,969	-	14,969
Total comprehensive income for the period	-	143,949	423,417	567,366	13,333	580,699
At 30 September 2020	<u>117,442</u>	<u>2,245,169</u>	<u>1,974,409</u>	<u>4,337,020</u>	<u>120,652</u>	<u>4,457,672</u>
At 1 April 2019	117,442	2,345,107	1,790,324	4,252,873	114,090	4,366,963
Profit for the period	-	-	21,320	21,320	332	21,652
Other comprehensive income:						
Net exchange differences	-	(202,464)	-	(202,464)	130	(202,334)
Share of exchange reserve of a joint venture	-	(11,935)	-	(11,935)	(2,106)	(14,041)
Change in fair value of financial assets at fair value through other comprehensive income	-	25,291	-	25,291	-	25,291
Total comprehensive (loss)/income for the period	-	(189,108)	21,320	(167,788)	(1,644)	(169,432)
Transactions with owners:						
Dividends	-	-	(46,977)	(46,977)	-	(46,977)
At 30 September 2019	<u>117,442</u>	<u>2,155,999</u>	<u>1,764,667</u>	<u>4,038,108</u>	<u>112,446</u>	<u>4,150,554</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

As at 30 September 2020, the Company was a 60.7% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The board of Directors (the "Board") regard CCIL as the ultimate holding company.

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, sales of goods and merchandises (including art pieces), and securities investment and trading.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value, and in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by The Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31 March 2020 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs").

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

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

2. BASIS OF PREPARATION *(Continued)*

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated annual financial statements of the Group for the year ended 31 March 2020, except as stated below.

(i) Accounting policy of “Government Grants”

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

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

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

(ii) Effect of adopting amendments to standards and framework

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

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

The Group has assessed the impact of the adoption of these amendments to standards and framework and considered that there was no significant impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies and presentation of the condensed consolidated interim financial information.

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

2. BASIS OF PREPARATION *(Continued)*

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

The following new standard and amendments to standards have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1 April 2021, but have not yet been early adopted by the Group:

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

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

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

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The activities of the Group expose it to a variety of financial risks including credit risk, liquidity risk, cash flow and fair value interest rate risk, foreign exchange risk and price risk. The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the consolidated annual financial statements and it should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31 March 2020. There has been no material change in the Group's financial risk management policies since the year ended 31 March 2020.

(b) Liquidity risk

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

(c) Fair value estimation

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

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

During the six months ended 30 September 2020, there was no significant change in the business or economic circumstances that affect the fair values of the Group's financial assets and financial liabilities, no transfers of financial assets or financial liabilities between the levels in the hierarchy, and no reclassifications of financial assets.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the condensed consolidated interim financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions applied in the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated annual financial statements of the Group for the year ended 31 March 2020, and the impacts on Covid-19 have also been considered in making the estimates and judgments.

5. REVENUES

Revenues recognized during the period are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Sales of properties	1,617,350	14,810
Rental income and management fees	27,152	32,419
Sales of cemetery assets	11,319	10,456
Sales of goods and merchandises	–	2,170
Interest income from financial assets at fair value through profit or loss	27,440	21,414
	<u>1,683,261</u>	<u>81,269</u>

6. SEGMENT INFORMATION

(a) Segment information by business lines

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. SEGMENT INFORMATION (Continued)

(a) Segment information by business lines (Continued)

The segment information by business lines is as follows:

	Property development, investment and trading HK\$'000	Cemetery HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Others and corporate HK\$'000	Total HK\$'000
2020						
Revenues from contracts with customers:						
– Recognized at a point in time	1,617,350	11,319	-	-	-	1,628,669
Revenues from other sources	27,152	-	-	27,440	-	54,592
Revenues	<u>1,644,502</u>	<u>11,319</u>	<u>-</u>	<u>27,440</u>	<u>-</u>	<u>1,683,261</u>
Other income and net (loss)/gain	(743)	10	-	58,439	10,183	67,889
Operating profit/(loss)	376,647	2,387	(164)	85,866	(45,383)	419,353
Finance costs	(24,432)	-	-	(700)	-	(25,132)
Share of result of an associated company	-	-	-	-	41	41
Share of result of a joint venture	6,078	-	-	-	-	6,078
Profit/(loss) before taxation	358,293	2,387	(164)	85,166	(45,342)	400,340
Taxation credit/(charge)	22,979	(660)	-	-	-	22,319
Profit/(loss) for the period	<u>381,272</u>	<u>1,727</u>	<u>(164)</u>	<u>85,166</u>	<u>(45,342)</u>	<u>422,659</u>
As at 30 September 2020						
Segment assets	3,451,455	1,089,383	50,189	1,067,201	1,085,953	6,744,181
Associated company	-	-	-	-	3,949	3,949
Joint venture	355,671	-	-	-	-	355,671
Total assets	<u>3,807,126</u>	<u>1,089,383</u>	<u>50,189</u>	<u>1,067,201</u>	<u>1,089,902</u>	<u>7,103,801</u>
Total liabilities	<u>2,142,571</u>	<u>267,876</u>	<u>10</u>	<u>212,391</u>	<u>23,281</u>	<u>2,646,129</u>
2020						
Other segment items are as follows:						
Capital expenditure	233,927	873	-	-	-	234,800
Depreciation of property, plant and equipment	674	327	52	-	6,968	8,021
Depreciation of right-of-use assets	321	18	-	-	-	339
Fair value loss of investment properties	137,886	-	-	-	-	137,886

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	Cemetery HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Others and corporate HK\$'000	Total HK\$'000
2019						
Revenues from contracts with customers:						
– Recognized at a point in time	14,810	10,456	2,170	–	–	27,436
Revenues from other sources	32,419	–	–	21,414	–	53,833
Revenues	<u>47,229</u>	<u>10,456</u>	<u>2,170</u>	<u>21,414</u>	<u>–</u>	<u>81,269</u>
Other income and net gain/(loss)	<u>3,930</u>	<u>25</u>	<u>–</u>	<u>(20,815)</u>	<u>8,320</u>	<u>(8,540)</u>
Operating profit/(loss)	108,018	3,836	(84)	577	(33,623)	78,724
Finance costs	(37,716)	–	–	(740)	–	(38,456)
Share of results of associated companies	–	–	–	–	(1,134)	(1,134)
Share of result of a joint venture	8,386	–	–	–	–	8,386
Profit/(loss) before taxation	78,688	3,836	(84)	(163)	(34,757)	47,520
Taxation (charge)/credit	(26,580)	712	–	–	–	(25,868)
Profit/(loss) for the period	<u>52,108</u>	<u>4,548</u>	<u>(84)</u>	<u>(163)</u>	<u>(34,757)</u>	<u>21,652</u>
As at 31 March 2020						
Segment assets	5,533,103	1,043,104	50,252	758,206	581,455	7,966,120
Associated company	–	–	–	–	3,908	3,908
Joint venture	340,911	–	–	–	–	340,911
Total assets	<u>5,874,014</u>	<u>1,043,104</u>	<u>50,252</u>	<u>758,206</u>	<u>585,363</u>	<u>8,310,939</u>
Total liabilities	<u>4,074,058</u>	<u>255,096</u>	<u>10</u>	<u>81,020</u>	<u>23,782</u>	<u>4,433,966</u>
2019						
Other segment items are as follows:						
Capital expenditure	750,523	49	–	–	1,468	752,040
Depreciation of property, plant and equipment	4,674	386	52	–	4,566	9,678
Depreciation of right-of-use assets	1,733	47	–	–	–	1,780
Provision for impairment of trade debtors	610	–	–	–	–	610
Fair value gain of investment properties	96,277	–	–	–	–	96,277
Reversal of provision for impairment of other deposits	<u>2,813</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,813</u>

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

6. SEGMENT INFORMATION *(Continued)*

(b) Geographical segment information

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

	Revenues		Capital expenditure	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	1,640,974	24,520	199,173	688,784
The PRC	19,343	29,607	34,920	62,622
United Kingdom	14,694	18,075	–	–
Malaysia	8,250	9,067	707	634
	1,683,261	81,269	234,800	752,040
	Non-current assets <i>(Note)</i>		Total assets	
	30 September 2020 <i>HK\$'000</i>	31 March 2020 <i>HK\$'000</i>	30 September 2020 <i>HK\$'000</i>	31 March 2020 <i>HK\$'000</i>
Hong Kong	43,755	51,446	3,035,860	3,253,552
The PRC	2,064,291	2,116,939	3,687,000	3,748,515
United Kingdom	–	926,400	–	935,983
Malaysia	338,122	333,374	345,208	339,151
Other countries	–	–	35,733	33,738
	2,446,168	3,428,159	7,103,801	8,310,939

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*)

7. OTHER INCOME AND NET GAIN/(LOSS)

	2020	2019
	HK\$'000	HK\$'000
Interest income from bank deposits	3,024	4,895
Dividend income from financial assets at fair value through other comprehensive income	7,469	3,647
Net realized gain/(loss) of financial assets at fair value through profit or loss	522	(487)
Net fair value gain/(loss) of financial assets at fair value through profit or loss	58,084	(20,605)
Loss on disposal of a subsidiary (<i>note and note 22</i>)	(9,280)	–
Forfeited deposits from sales of properties	333	1,266
(Loss)/gain on disposal of investment properties	(1,243)	1,309
Net (loss)/gain on disposal of property, plant and equipment	(98)	78
Net exchange (loss)/gain	(625)	329
Others	9,703	1,028
	67,889	(8,540)

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

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

8. OPERATING PROFIT

	2020	2019
	HK\$'000	HK\$'000
Operating profit is stated after crediting:		
Reversal of provision for impairment of other deposits	–	2,813
and after charging:		
Cost of properties sold	1,018,164	6,659
Cost of cemetery assets sold	3,932	4,182
Cost of inventories sold	–	2,070
Depreciation of property, plant and equipment	8,021	9,678
Depreciation of right-of-use assets	339	1,780
Provision for impairment of trade debtors	–	610
Staff costs, including Directors' emoluments		
Wages and salaries (<i>note</i>)	20,467	23,995
Retirement benefit costs	801	1,293

Note: Government grants amounting to HK\$861,000 have been recognized and deducted in wages and salaries expenses for the six months ended 30 September 2020.

9. FINANCE COSTS

	2020	2019
	HK\$'000	HK\$'000
Interest expenses of		
Bank borrowings	26,870	45,625
Lease liabilities	1	51
Amounts capitalized into properties under development	(1,739)	(7,220)
	25,132	38,456

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

10. SHARE OF RESULT OF A JOINT VENTURE

Share of result of a joint venture of HK\$6,078,000 (2019: HK\$8,386,000) in the condensed consolidated income statement included the rental income received by the joint venture from the non-wholly-owned subsidiary of the joint venture partner for the period ended 30 September 2020 amounted to approximately HK\$6,176,000 (2019: HK\$6,264,000).

11. TAXATION (CREDIT)/CHARGE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	38,447	–
PRC corporate income tax	2,484	1,044
PRC land appreciation tax	8,339	4,307
Overseas profits tax	1,445	193
Over-provision in prior years	(38,320)	–
Deferred taxation	(34,714)	20,324
	<u>(22,319)</u>	<u>25,868</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the period (2019: No provision for Hong Kong profits tax had been made as the Group had no estimated assessable profits for that period). PRC corporate income tax and overseas profits tax have been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the PRC and the countries in which the Group operates respectively. PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures. The over-provision is mainly related to taxation charges, including PRC land appreciation tax, in respect of the sales of properties in the PRC in prior years upon final clearance with the local tax authorities.

There is no taxation charge/credit of the associated companies for the six months ended 30 September 2020 (2019: Nil). There was no taxation charge of the joint venture for the six months ended 30 September 2020 as it had sufficient tax losses brought forward to set off against the estimated assessable profits for the period (2019: Same).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

12. INTERIM DIVIDEND

	2020 HK\$'000	2019 HK\$'000
Interim dividend of 1.5 HK cents (2019: Nil) per share	<u>35,233</u>	<u>–</u>

On 25 November 2020, the Board declared an interim dividend of 1.5 HK cents (2019: Nil) per share amounting to HK\$35,233,000 (2019: Nil). The amount of HK\$35,233,000 is calculated based on 2,348,835,316 issued shares as at 25 November 2020. This dividend is not reflected as a dividend payable in the condensed consolidated interim financial information, but will be reflected and accounted for as an appropriation of reserves in the year ending 31 March 2021.

13. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$423,417,000 (2019: HK\$21,320,000) and the weighted average number of 2,348,835,316 (2019: 2,348,835,316) shares in issue during the period.

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

14. CAPITAL EXPENDITURE

For the six months ended 30 September 2020, the Group incurred acquisition and development costs on property, plant and equipment of HK\$707,000 (2019: HK\$2,274,000), and property projects, properties, investment properties and cemetery assets of HK\$234,093,000 (2019: HK\$749,766,000) respectively.

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

15. DEBTORS AND PREPAYMENTS

Receivables from sales of properties, cemetery assets as well as goods and merchandises are settled in accordance with the terms of respective contracts. Rental income and management fees are received in advance.

Trade debtors of the Group mainly represent the receivables from sales of properties and cemetery assets as well as rental income and management fees from investment properties. The aging analysis of the trade debtors of the Group is as follows:

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Below 30 days	327	2,826
31 to 60 days	162	–
61 to 90 days	84	298
Over 90 days	8,417	8,410
	8,990	11,534

Debtors and prepayments include net deposits of HK\$5,368,000 (31 March 2020: HK\$5,158,000) for acquisition of property projects, properties and right-of-use assets after the accumulated provision for impairment of HK\$8,459,000 (31 March 2020: HK\$8,459,000) as at 30 September 2020. It also includes sales commission of HK\$1,939,000 (31 March 2020: HK\$85,756,000) which represent costs incurred to obtain property sale contracts. The Group has capitalized the amounts which are amortized when the related revenue is recognized. For the period ended 30 September 2020, the prepaid amount recognized to profit or loss was HK\$88,711,000 (2019: Nil) and there was no impairment loss in relation to the costs capitalized.

**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 2020 HK\$'000	31 March 2020 HK\$'000
Below 30 days	1,826	343
31 to 60 days	23	–
Over 60 days	41	275
	<u>1,890</u>	<u>618</u>

Creditors and accruals include the construction cost payables and accruals of HK\$224,462,000 (31 March 2020: HK\$138,264,000) for the property and cemetery projects of the Group.

17. BORROWINGS

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Unsecured bank borrowings		
Long-term bank borrowings	<u>1,138,000</u>	<u>1,048,000</u>
Secured bank borrowings		
Short-term bank borrowing	211,660	80,351
Long-term bank borrowings	<u>316,222</u>	<u>772,624</u>
	<u>527,882</u>	<u>852,975</u>
Total bank borrowings	<u>1,665,882</u>	<u>1,900,975</u>

The total bank borrowings are analyzed as follows:

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Short-term bank borrowing	211,660	80,351
Long-term bank borrowings	<u>1,454,222</u>	<u>1,820,624</u>
	<u>1,665,882</u>	<u>1,900,975</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

17. BORROWINGS (Continued)

The long-term bank borrowings are analyzed as follows:

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Long-term bank borrowings	<u>1,454,222</u>	<u>1,820,624</u>
Current portion included in current liabilities		
Portion due within one year	(567,192)	(121,480)
Portion due after one year which contains a repayment on demand clause	<u>(262,030)</u>	<u>(392,872)</u>
	<u>(829,222)</u>	<u>(514,352)</u>
	<u>625,000</u>	<u>1,306,272</u>

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

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Within the first year	778,852	201,831
Within the second year	129,200	1,000,272
Within the third to fifth years	651,595	698,872
After the fifth year	<u>106,235</u>	<u>–</u>
	<u>1,665,882</u>	<u>1,900,975</u>

As at 30 September 2020, the Group had pledged certain assets, including investment properties, properties for sale and financial assets at fair value through profit or loss, with an aggregate carrying value of HK\$1,141,617,000 (31 March 2020: HK\$1,927,224,000), to secure banking facilities granted to the subsidiaries. As at 30 September 2020, bank borrowings of HK\$527,882,000 (31 March 2020: HK\$852,975,000) were guaranteed by the Company, HK\$418,000,000 (31 March 2020: HK\$288,000,000) are guaranteed by CCIL, and HK\$720,000,000 (31 March 2020: HK\$760,000,000) were guaranteed by both the Company and CCIL.

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

18. SHARE CAPITAL

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Authorized:		
18,000,000,000 shares of HK\$0.05 each	900,000	900,000
	Number of shares	Amount HK\$'000
Issued and fully paid at HK\$0.05 each:		
At 31 March 2020 and 30 September 2020	2,348,835,316	117,442

19. FINANCIAL GUARANTEES

As at 30 September 2020, the subsidiaries had provided guarantees of HK\$17,111,000 (31 March 2020: HK\$32,428,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

20. COMMITMENTS

As at 30 September 2020, the Group had commitments contracted but not provided for in respect of property projects and properties of HK\$43,824,000 (31 March 2020: HK\$101,790,000).

21. RELATED PARTY TRANSACTION

On 7 May 2018, a wholly-owned subsidiary of the Company entered into a tenancy agreement with a wholly-owned subsidiary of CCIL for the lease of one basement floor at its investment property in Hong Kong for a term of two years from 7 May 2018 to 6 May 2020. Upon expiry, a short-term tenancy agreement for a period of 3 months from 7 May 2020 to 6 August 2020 had been entered into on the same terms. The premises were used as a sales office and show flat of the property project of the Group. Details of the transaction were announced by the Company on 7 May 2018. Total rental, management fee and license fee for the period ended 30 September 2020 amounted to approximately HK\$1,714,000 (2019: HK\$2,402,000).

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

22. DISPOSAL OF A SUBSIDIARY

	2020 HK\$'000
Consideration	971,453
Less: Transaction costs and related expenses	<u>(8,289)</u>
Net proceeds	<u>963,164</u>
Details of net assets at the date of disposal:	
Investment property	999,740
Debtors and prepayments	12,162
Creditors and accruals	(6,928)
Taxation payable	(1,529)
Deferred taxation liabilities	<u>(8,289)</u>
Net assets disposed of	995,156
Realization of exchange reserve upon disposal	(22,712)
Loss on disposal of a subsidiary (<i>note 7</i>)	<u>(9,280)</u>
	<u>963,164</u>
Analysis of loss on disposal of a subsidiary:	
Loss on disposal of a subsidiary (<i>note 7</i>)	<u>(9,280)</u>
Analysis of net cash inflow in respect of the disposal:	
Net consideration received	963,164
Less: Repayment of bank borrowings	<u>(495,317)</u>
Net cash inflow from the disposal	<u>467,847</u>
Represented by:	
Net proceeds from disposal of a subsidiary included in cash flows from investing activities	963,164
Repayment of bank borrowings included in cash flows from financing activities	<u>(495,317)</u>
	<u>467,847</u>