

Chuang's Consortium International Limited

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

Interim Report 2022



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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>) Edwin Chuang Ka Fung (<i>Deputy Managing Director</i>) Ann Li Mee Sum Candy Kotewall Chuang Ka Wai Geoffrey Chuang Ka Kam Chan Chun Man Abraham Shek Lai Him, G.B.S., J.P.* Fong Shing Kwong* Yau Chi Ming* David Chu Yu Lin, S.B.S., J.P.* Tony Tse Wai Chuen, B.B.S., J.P.*
	<i>* Independent Non-Executive Directors</i>
Audit Committee	Abraham Shek Lai Him, G.B.S., J.P.# Fong Shing Kwong Yau Chi Ming
Nomination Committee/ Remuneration Committee	Abraham Shek Lai Him, G.B.S., J.P.# Fong Shing Kwong David Chu Yu Lin, S.B.S., J.P.
Corporate Governance Committee	Albert Chuang Ka Pun, J.P.# Edwin Chuang Ka Fung Candy Kotewall Chuang Ka Wai Chan Chun Man
Company Secretary	Lee Wai Ching
Independent Auditor	PricewaterhouseCoopers <i>Certified Public Accountants and Registered Public Interest Entity Auditor</i> 22nd Floor, Prince's Building 10 Chater Road Central, Hong Kong
Registrars	Bermuda: 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 Hang Seng Bank Limited Bank of China (Hong Kong) Limited China Construction Bank (Asia) Corporation Ltd. Nanyang Commercial Bank, Limited Bank of Communications Co., Ltd.
Registered Office	Clarendon House, 2 Church Street Hamilton HM 11, Bermuda
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Stock Code	367

MANAGEMENT DISCUSSION ON RESULTS

The board of Directors (the “Board”) of Chuang’s Consortium International Limited (the “Company”) presents the interim report including the condensed consolidated interim financial information of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30 September 2021. 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 2021, and the condensed consolidated balance sheet as at 30 September 2021 along with the notes thereon, are set out on pages 45 to 70 of this report.

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Business

1. In May 2021, the Group has completed the disposal of the subsidiaries that held the Panyu property project in the People’s Republic of China with an aggregate consideration of about RMB1,574.9 million (equivalent to approximately HK\$1,896.7 million), and a net gain of approximately HK\$1.04 billion (before deducting non-controlling interests of about HK\$0.4 billion) was recorded during the period. The disposal represented a valuable opportunity for the Group to accelerate the return on this investment at a considerable profit and generate substantial cash inflow to the Group.
2. Moreover, the Group has also disposed of Greenview Garden, the Vietnam project, to an independent third party for a consideration of about US\$25.6 million (equivalent to approximately HK\$198.9 million). The transaction was completed in May 2021 and a net profit of approximately HK\$84 million was recorded during the period. This disposal has further strengthened the financial position of the Group.
3. For ONE SOHO, the joint venture project at Mongkok, development is proceeding as scheduled. Site formation and foundation works have been completed, and superstructure works are in progress. Pre-sale consent of the 322 residential units has been obtained in April 2021 and pre-sale has commenced accordingly with satisfactory result. Up-to-date, a total of 184 units have been pre-sold at aggregate amount of about HK\$1.3 billion. According to the current marketing and sales plan, the targeted total sales proceeds of the residential portion of this project are estimated to be about HK\$2.3 billion.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021 *(Continued)*

Business *(Continued)*

4. For Ap Lei Chau project, 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. Foundation work is currently in progress and is expected to be completed by the end of this financial year. Preparation works for pre-sale have also commenced, which is expected to be launched in the first half of 2022.
5. For Po Shan Road joint venture project, site formation and foundation works have been completed. The Group is developing the property into one vertical house with 8-storey over the podium with approved building plan. The 8-storey house will include a luxury living and dining area with 6m floor-to-floor height, an entertainment floor and 6 residential suite floors with at least 3.5m floor-to-floor height. The proposed GFA for the house is about 44,200 *sq. ft.*, with an additional of about 5,200 *sq. ft.* for garden and about 2,200 *sq. ft.* for roof and flat roof area. Marketing to promote this project has commenced.
6. For the redevelopment project at Gage Street, the Group has successfully consolidated this project with a total site area of about 3,600 *sq. ft.*. It is currently planned that a residential/commercial building with GFA of about 35,000 *sq. ft.* will be developed. Following the completion of hoarding and demolition works, foundation works have commenced. The Group will monitor the progress closely. With the prime location at Central, the Group is optimistic about the prospect of this project.
7. For The Esplanade, Tuen Mun, all 371 residential units and 6 carparking spaces have been sold at aggregate amount of about HK\$1,715.8 million. Among these sales, 6 residential units and 3 carparking spaces with sales value of about HK\$68.3 million had been handed-over to end-buyers during the period under review. The Group will continue to market the remaining unsold carparking spaces as well as the commercial units at The Esplanade Place for rental income.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021 *(Continued)*

Financial

- Profit attributable to equity holders of the Company increased by about 4.8 times to HK\$287.3 million
- Total cash resources of the Group (including bond and securities investments amounting to HK\$2,656.6 million) increased by 16% to HK\$6.5 billion
- Net assets attributable to equity holders of the Company increased to HK\$11,604.8 million
- Net debt to equity ratio of the Group improved to 2.5% (31 March 2021: 12.9%)
- Interim dividend of 2.0 HK cents per share was declared

FINANCIAL REVIEW

During the period under review, the market in Hong Kong has slightly recovered after the implementation of the COVID-19 vaccination program and the electronic consumption vouchers scheme by the HKSAR government. Nevertheless, businesses and economies of the world, especially for tourism and hospitality sectors, were still reeling from the prolonged adverse effects of the Covid-19 pandemic. Coupled with the unfavourable and high volatility of the high yield bond market, the operating environment of the current period was still difficult. Despite this macro back-drop, the Group had successfully completed the disposals of the property projects in Panyu, the People's Republic of China (the "PRC") and Vietnam with cash consideration of about RMB1.57 billion and US\$25.6 million respectively. Both of these have helped the Group to strengthen its foundation as well as financial position, and well position the Group to meet the upcoming challenges and to grasp opportunities ahead.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL REVIEW *(Continued)*

Profit attributable to equity holders of the Company for the six months ended 30 September 2021 amounted to HK\$287.3 million (2020: HK\$49.2 million), representing an increase of about 4.8 times when compared to that of the last corresponding period. Earnings per share was 17.18 HK cents (2020: 2.94 HK cents). A review of the results is set out below.

For the six months ended 30 September 2021, revenues of the Group decreased to HK\$496.6 million (2020: HK\$1,847.3 million) mainly due to the decrease in recognition of completed sales of The Esplanade, Tuen Mun in Hong Kong. Revenues of the Group comprised revenues from sales of properties of HK\$270.4 million (2020: HK\$1,617.4 million), revenues from rental and other income of investment properties of HK\$79.4 million (2020: HK\$101.8 million), revenues from hotel operation of HK\$15.5 million (2020: HK\$4.3 million), revenues from cemetery business of HK\$20.8 million (2020: HK\$11.3 million), revenues from sales of goods and merchandises of HK\$7.1 million (2020: HK\$4.9 million), revenues from money lending business of HK\$0.8 million (2020: HK\$0.9 million), and revenues from securities investment and trading business of HK\$102.6 million (2020: HK\$106.7 million).

As a result of the decrease in revenues, gross profit during the period decreased to HK\$309.6 million (2020: HK\$789.4 million). Gross profit margin increased to 62.3% (2020: 42.7%), which was mainly due to the decrease in proportion of revenues generated from sales of properties segment which had a relatively lower profit margin than the other revenue segments of the Group.

Other income and net loss amounted to HK\$567.4 million (2020: net gain of HK\$222.4 million) mainly due to the unrealized fair value loss of bond investments recorded during the period under review. A breakdown of other income and net (loss)/gain is shown in note 7A on page 61 of this report. Gain from disposal of subsidiaries of HK\$1,178.9 million (2020: loss of HK\$10.3 million for disposal of subsidiary holding property at United Kingdom) during the period represented the gain on disposal of property holding subsidiaries that held the property project in Panyu, the PRC. Gain from change in fair value of investment properties of the Group amounted to HK\$93.3 million (2020: loss of HK\$436.6 million) mainly due to the increase in fair value of the investment properties of the Group with recovery from the current market environment.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL REVIEW *(Continued)*

On the costs side, selling and marketing expenses decreased to HK\$24.7 million (2020: HK\$99.7 million) principally due to the decrease in sales commission of The Esplanade in Tuen Mun recorded upon the sales recognition during the period. Administrative and other operating expenses slightly decreased to HK\$189.8 million (2020: HK\$194.6 million) mainly due to the decrease in business activities and overheads of the Group. Finance costs decreased to HK\$60.6 million (2020: HK\$81.3 million) due to the decrease in interest rates and the decreased level of bank borrowings of the Group. Share of results of associated companies and joint ventures amounted to HK\$0.5 million (2020: HK\$2.4 million). Taxation charge amounted to HK\$150.1 million (2020: taxation credit of HK\$23.4 million) mainly due to the tax charge for the disposal of the subsidiaries holding the Panyu project during the period.

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 2.0 HK cents (2020: 1.5 HK cents) per share on or before Wednesday, 19 January 2022 to the shareholders whose names appear on the Company's register of members on Tuesday, 28 December 2021.

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\$23.4 million. Renovation work is being carried out at the entrance for upgrading the esthetics of the property. With the recent release of the complex redevelopment plan after the government tender in Central, the Group is optimistic about the market in this district.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(A) Investment Properties *(Continued)*

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

Strategically located at the heart of shopping centres in Tsim Sha Tsui, Kowloon, and near the exits of the Mass Transit Railway and the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section, the property is a shopping and entertainment complex. The property has a site area of about 9,145 *sq. ft.* and a total GFA of about 103,070 *sq. ft.*. During the period, rental and other income from this property amounted to about HK\$17.8 million. The Group is taking actions to carry out lease restructuring with tenants and reshuffle the tenant mix of the property to mitigate the impact of Covid-19. The entries of fitness and leisure centres have helped to increase the customer flow to the plaza which have in turn improved the occupancy.

(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\$4.3 million. Currently, the property is for commercial (G/F to 3/F and 12/F) and industrial (4/F to 11/F) use. Building plans to redevelop the property into a commercial/residential property with a total GFA of about 35,280 *sq. ft.* have been approved by the Buildings Department, and the Group will evaluate the best timing to carry out such redevelopment (if any). Meanwhile, the Group is also considering other alternatives (such as disposal) to accelerate return on investment in this property.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(A) Investment Properties *(Continued)*

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

Located at Deep Water Bay, a prestigious residential area, the property enjoys a glamorous sea-view. Interior renovation works for upgrading the house are being carried out. Marketing work for leasing the house is in progress. In view of the recent atmosphere of the luxury villa/house market, the Group will adopt appropriate strategy in considering other options (including disposal) to maximize return from this investment.

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

This property is located next to an exit of Honghu Station of Line 7, Shenzhen Metro, and it is for commercial use with a total gross area of about 5,318 *sq. m.*. The property is subject to a rental guarantee of HK\$1.8 million per month from the vendor of the property for 36 months starting from November 2018 to November 2021. Total amount of rental income for the six months ended 30 September 2021 is HK\$10.8 million, but the counterparty has failed to settle the outstanding rental since July 2021. Although the relevant period covered under the rental guarantee has just expired in November 2021, the Group has taken steps to recover the outstanding rental from the counterparty in accordance with the relevant agreements. Nevertheless, marketing work for leasing the property is in progress and the Group is also exploring other options (including disposal) in order to realize this investment.

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

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

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(B) Hotels and Serviced Apartments

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

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

The Covid-19 pandemic has continued to affect Hong Kong's tourism severely by travel bans and quarantine requirements. Occupancy of the hotel has been adversely impacted by a lack of tourists and business travelers. During the period under review, total revenues from the hotel amounted to about HK\$19.8 million (2020: HK\$8.9 million), which comprised room revenues of HK\$15.5 million (2020: HK\$4.3 million) and rental income from the shopping units and restaurants of HK\$4.3 million (2020: HK\$4.6 million).

Over the time, the Group has contributed additional efforts promoting its Co-Living concept to attract more university students and long term tenants of different purposes through effective channels. Through various marketing efforts and competitive pricing, as well as further enhancing communal facilities, the long-staying segment was further expanded. Moreover, dynamic packages were launched to create demands for the local staycation customers and long staying/monthly room rental segment. The Group also keeps on deploying cost reduction measures while maintaining efficiency and service standard so as to mitigate the impact on the hotel.

The performance of the hotel is gradually recovering from the impact of Covid-19 in the first half of the financial year under review. The average occupancy rate has increased from about 52% in the second half of last financial year to about 61% in the first half of this financial year, which has led to an earning before interest, tax, depreciation and amortization of about HK\$1.2 million in the first half of this financial year for the hotel operation (excluding the rental income), showing a slight increase from about HK\$1.1 million in the second half of last financial year.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

During the current pandemic situation, the hotel has practiced effective preventive measures and developed appropriate strategies at different stages to strengthen health and hygiene of all its major stakeholders in order to sustain its operation. The Group will continue to monitor the market situation closely. Meanwhile, as announced on 4 November 2021, the Group is holding a preliminary discussion with an independent third party for a possible disposal of the subsidiaries that hold the hotel and its licence. No terms or definitive agreement in respect of the possible disposal has been entered into up to the date of this report. Further announcement(s) will be made by the Group in respect thereof as and when appropriate.

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

Pacific Cebu Resort, which is 40% owned by the Group, is a resort established in 1992 with 134 rooms (comprising 114 hotel rooms and 20 villas) and abundant diving facilities. It is located at Lapu-Lapu City, Mactan Island in Cebu of Philippines occupying a site area of about 64,987 sq. m..

The resort is among one of the very few resorts still operating in Cebu under the local government mandated regulation to take not more than 30% of its occupancy (not more than 40 rooms). Local staycation is still the major business source for weekends mainly. Food and beverage outlets operate within a limitation of 10 persons or less per group/per table under the local social distancing policy. The resort's dive center is still under operation with minimal manpower conducting shore diving only as island hopping is not allowed. The business of the resort is being affected seriously. As a result, revenue of the resort for the period remained at low level of about HK\$1.4 million (2020: HK\$0.8 million) and a loss of about HK\$1.8 million (2020: HK\$3.1 million) was recorded. The Group's 40% share of loss was about HK\$0.7 million (2020: HK\$1.2 million). The resort is currently operating with minimal manpower to reduce cost.

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\$1.1 million. In view of the recovery of the recent property market, the Group will closely monitor the market opportunity and adopt a flexible approach to sell these 18 units in order to cash out on this investment.

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

In Taiwan, the Group owns sáv Residence which is located nearby the city centre of Taipei City. The property is a residential complex developed by the Group and comprises a fully furnished villa and 6 serviced apartments (of which 2 are duplex) with a total GFA of about 20,600 *sq. ft.*. The serviced apartments have been leased out with rental income amounting to approximately HK\$1.1 million for the period under review. Marketing work for leasing the villa is in progress.

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

The project is located in the city centre within the embassy district and has a site area of about 3,431 *sq. m.*. This 19-storey serviced apartment/office complex comprises 142 units with clubhouse facilities, a ground floor shop with a total GFA of about 19,000 *sq. m.* and 48 carparking spaces. Internal and external finishing works have been completed during the period. Application for the issuance of occupation permit of the project has been submitted to the relevant authorities for approval in the first quarter of 2020. However, as Mongolia has imposed strict lockdown arrangement for long time during the last 2 years due to Covid-19, the approval process has been significantly delayed. The Group will closely monitor the progress with the relevant authorities in order to obtain the occupation permit promptly. Marketing works for leasing have commenced. Meanwhile, the Group is also considering other alternatives (such as disposal) to accelerate return on investment in this property.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) Development Properties

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

The Group has successfully consolidated this project with a total site area of about 3,600 *sq. ft.*. It is currently planned that a residential/commercial building with GFA of about 35,000 *sq. ft.* will be developed. Detailed studies on the redevelopment scheme and building plans for this project are undergoing. Following the completion of hoarding and demolition works, foundation works have commenced. The Group will monitor the progress closely and target to achieve BEAM Plus Silver Rating for the property development from the green building perspective. With the prime location at Central, the Group is optimistic about the prospect of this project.

(ii) *28 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. The Group is developing the property into one vertical house with 8-storey over the podium with the approved building plan, and target to achieve LEED Silver Rating for the property development from the green building perspective. The 8-storey house will include a luxury living and dining area with 6m floor-to-floor height, an entertainment floor and 6 residential suite floors with at least 3.5m floor-to-floor height. The proposed GFA for the house is about 44,200 *sq. ft.*, with an additional of about 5,200 *sq. ft.* for garden and about 2,200 *sq. ft.* for roof and flat roof area.

Site formation and foundation works of the project have been completed. In the meantime, both joint venture partners are also exploring other options (including disposal) to accelerate return on this investment. Marketing to promote this project has commenced.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(C) Development Properties *(Continued)*

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

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

General building plans of the project were approved by the relevant authorities. Site formation and foundation works have been completed, and superstructure works are in progress. The project has already obtained “Provisional Gold” Green Building Certificate and “WELL Precertification” under the Well Building Standard respectively for project development. Pre-sale consent of the 322 residential units of ONE SOHO has been obtained in April 2021 and pre-sale has commenced accordingly with satisfactory result. Up-to-date, a total of 184 units have been pre-sold at aggregate amount of about HK\$1.3 billion, and aggregate deposits amounted to about HK\$342.6 million have been received. According to the current marketing and sales plan, the targeted total sales proceeds of the residential portion of this project are estimated to be about HK\$2.3 billion, and the Group’s share of the 40% portion will be about HK\$900 million.

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

During the period under review, the Group has entered into a conditional sale and purchase agreement to dispose of the project to an independent third party for a consideration of about US\$25.6 million (equivalent to approximately HK\$198.9 million). The transaction was completed in May 2021 and a net profit of approximately HK\$84 million was recorded in the current financial period. This disposal has further strengthened the financial position of the Group.

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 2021, the Chuang's China Group recorded profit attributable to equity holders of HK\$767.9 million (2020: HK\$423.4 million) and revenues of HK\$145.6 million (2020: HK\$1,683.3 million) (which comprised revenues from sales of properties of HK\$71.5 million (2020: HK\$1,617.4 million), revenues from rental and management fee of HK\$12.7 million (2020: HK\$27.2 million), revenues from cemetery assets of HK\$20.8 million (2020: HK\$11.3 million) and revenues from securities investment and trading of HK\$40.6 million (2020: HK\$27.4 million)).

(i) ***Investment Properties***

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

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

The Esplanade Place is developed by the Chuang's China Group in Tuen Mun which comprises a two-storey commercial podium having a total GFA of about 25,813 *sq. ft.*. There are about 16 commercial units and 12 commercial carparking spaces, of which 8 commercial units are leased to independent third parties with an aggregate annual rental income of about HK\$2.3 million. The Chuang's China Group will continue to market the remaining units and carparking spaces in order to generate rental income. As at 30 September 2021, the property was recorded at valuation of about HK\$175.9 million.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

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

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

The weak economy in Anshan is adversely affected by Covid-19, thus business activities and leasing are progressing slowly. During the period under review, the Chuang's China Group has leased certain residential units to multi tenants with aggregate rental income of about RMB0.2 million (equivalent to approximately HK\$0.3 million). 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. The valuation of the property was approximately RMB666.6 million (equivalent to approximately HK\$801.3 million) as at 30 September 2021, comprising RMB261.3 million for the commercial podium and RMB405.3 million for the twin tower.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

3. *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 (GFA of 9,780 *sq. m.*) and 30 villas (aggregate GFA of about 9,376 *sq. m.*) in Siming District, Xiamen. As at 30 September 2021, the properties were recorded at 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\$320.2 million), whereas the total investment costs of the Chuang's China Group are about RMB150.8 million (equivalent to approximately HK\$181.3 million).

During the period under review, the hotel building together with 3 villas are leased to 廈門侂家鷺江酒店 (Xiamen Mega Lujiang Hotel) and is operated as “鷺江·侂家酒店” (Mega Lujiang Hotel). As announced on 15 October 2021, the Chuang's China Group entered into an amendment agreement for the reduction of rent for the hotel building and 3 villas for the period up to January 2024 in view of the operational difficulty of Xiamen Mega Lujiang Hotel under the poor business environment in Xiamen. Besides, the Chuang's China Group entered into an additional tenancy agreement to lease further 16 villas to Xiamen Mega Lujiang Hotel with a term of about 10 years in order to increase the recurrent income. The remaining 7 villas are leased to independent third parties. The aggregate annual rental income of this hotel complex amounted to about RMB17.3 million (equivalent to approximately HK\$20.8 million). The Chuang's China Group will keep on marketing for the leasing of the remaining 4 furnished villas.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

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

The Chuang's China Group holds a 4-storey commercial building in Shatian, Dongguan, providing a total GFA of about 4,167 *sq. m.* for commercial, retail and office usage. As at 30 September 2021, valuation of the property was RMB36.4 million (equivalent to approximately HK\$43.8 million). One storey was leased to 中國人壽東莞分公司 (China Life Dongguan branch) for office use with an annual rental income of about RMB0.3 million (equivalent to approximately HK\$0.4 million). Marketing is in progress for leasing of the remaining units of the property.

5. *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 2021, the valuation of this property was MYR172.2 million (equivalent to approximately HK\$320.3 million), which represents an average value of approximately MYR883 (equivalent to approximately HK\$1,643) per *sq. ft.* of net lettable retail and office area.

During the period under review, the occupancy rate was seriously affected by the lockdown imposed due to Covid-19 and fell to approximately 55%. Rental income is approximately MYR5.4 million (equivalent to approximately HK\$10.0 million), representing a rental yield of approximately 3.1% based on valuation. The Chuang's China Group will continue to review the tenant mix of this property, and to consider further internal building upgrading works in order to further enhance its rental yield and occupancy rate.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

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.

(ii) **Property Development**

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

The project was completed with GFA of about 117,089 *sq. ft.* for residential purpose, named as The Esplanade, and GFA of about 25,813 *sq. ft.* for commercial purpose, named as The Esplanade Place, respectively. The Esplanade comprises 371 residential flats and 30 residential carparking spaces. The Esplanade Place comprises a two-storey commercial podium and 12 commercial carparking spaces for leasing.

Up-to-date, all 371 residential units and 6 carparking spaces have been sold at aggregate amount of about HK\$1,715.8 million. Among these sales, 365 residential units and 3 carparking spaces with sales value of about HK\$1,647.5 million had been handed-over to end-buyers in the last financial year. During the period under review, the remaining 6 residential units and 3 carparking spaces with sales value of about HK\$68.3 million had also been completed. The Group will continue to market the remaining unsold carparking spaces.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

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

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.

Foundation work is currently in progress and is expected to be completed by the end of this financial year. Preparation works for pre-sale have also commenced, which is expected to be launched in the first half of 2022.

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

Chuang's Le Papillon is an integrated residential and commercial community and its development is implemented by phases. The Chuang's China Group has completed the development of Phase I and II, having a total GFA of approximately 260,800 *sq. m.*. It comprises 34 high-rise residential towers with a total of 2,077 flats and 22 villas, commercial properties, club houses and 1,497 carparking spaces. All residential units and 6 villas had been sold in previous years, furthermore, 1 villa was disposed of during the period under review. For the remaining development (Phase III), it comprises a land of over 92,000 *sq. m.* and its total plot ratio GFA was about 175,011 *sq. m.* and saleable GFA is about 162,958.64 *sq. m.*

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 before disposal) (Continued)*

On 9 February 2021, the Chuang's China Group entered into the conditional sale and purchase agreements with independent third parties for the disposal of the properties holding subsidiaries that hold this Phase III land site, together with 15 villas, 2 clubhouses and 369 carparks, for an aggregate consideration of about RMB1,574.9 million (equivalent to approximately HK\$1,896.7 million). One villa and 14 carparks were retained by the Chuang's China Group, in which 10 carparks were disposed of during the period. Completion of the disposal took place on 14 May 2021, and a net gain of about HK\$1.04 billion (after net of the related taxation charge of HK\$142.1 million) (before deducting non-controlling interests) was recognized for the period under review. Consideration of about RMB1,350.1 million (equivalent to approximately HK\$1,628.0 million) was received at completion. Pursuant to the sale and purchase agreement, a deferred consideration of the remaining proceed is expected to be received after the expiry of 12 months from the date of completion, whereas a deferred tax amount capped at RMB25 million (equivalent to approximately HK\$30.1 million) shall be settled by the purchaser when the underlying tax losses are utilized, and any unpaid portion of the deferred tax amount shall be settled within four years from the date of completion. Details of the disposal were announced by Chuang's China and the Company on 11 February 2021 and 14 May 2021 respectively, and published in the circular of the Company on 19 March 2021.

For the villa retained by the Chuang's China Group, it was recorded at valuation of RMB8.0 million (equivalent to approximately HK\$9.6 million) as at 30 September 2021. The Chuang's China Group will adopt a flexible approach to lease/sell this villa.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

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

The Chuang's China Group owns a site area of about 20,000 *sq. m.* in the city centre of Changan (長安), Dongguan, on which an industrial building with GFA of about 39,081 *sq. m.* was erected. The property is currently leased to an independent third party until 2023, at gross rental income of about RMB7.2 million (equivalent to approximately HK\$8.7 million) per annum. As at 30 September 2021, the property was recorded at valuation of RMB223.4 million (equivalent to approximately HK\$268.5 million). On the basis of the annual rental income, the rental yield is approximately 3.2% based on valuation.

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

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

Adjacent to Chuang's Mid-town, the Chuang's China Group acquired through government tender the second site located in the prime city centre of Tie Dong Qu (鐵東區) with a site area of about 39,449 *sq. m.* As about 1,300 *sq. m.* of the land title has not yet been rectified by the government authorities with the local railway corporation, the Chuang's China Group suffered a reduction in land area that was occupied by the local railway corporation. The Chuang's China Group is holding discussions with the local authorities and will identify opportunities to dispose of this project.

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 cost was about HK\$25.9 million (including shareholder's loan of about HK\$3.7 million) as at 30 September 2021. The Chuang's China Group has obtained conclusive court ruling for winding up of the PRC project company. The voluntary liquidation is currently in progress.

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 2021, the Chuang's China Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK\$176.5 million). As announced on 10 February 2021, the Chuang's China Group had received the final judgment from the court which had made a revision of the judgement payments in favour of the Chuang's China Group. The Chuang's China Group has made application to the court to enforce the final judgement. In August 2021, the Chuang's China Group had received a portion of judgement payments amounted to about RMB12.9 million (equivalent to approximately HK\$15.5 million). The Chuang's China Group is seeking legal advice on further appropriate steps that the final judgement can be enforced.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

8. As previously reported, the Chuang's China Group obtained a judgement from court in Beijing for the registered owners of the courtyard house to transfer the title to the designated nominee of the Chuang's China Group. Procedure for the transfer implemented by court is in progress. The Chuang's China Group's original cost of investment in the properties was about RMB9.7 million (equivalent to approximately HK\$11.7 million).

Besides, a handling agent had previously instituted a legal proceeding against the designated nominee of the Chuang's China Group regarding the appointment of the handling agent for the aforesaid courtyard house. Based on the legal advice obtained by the Chuang's China Group, this claim is not supported by sufficient facts and/or legal basis, and the Chuang's China Group has sufficient grounds to contest this claim.

9. *Fortune Wealth, Sihui, Guangdong (86% owned by Chuang's China)*

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

Development of the remaining 418 mu will be divided into Phase II to Phase V. Based on the existing master layout plan of Phase II to Phase V, about 41,815 grave plots will be constructed covering land area of 268 mu and 150 mu of road access and greenbelts. For Phase II to Phase III, land use rights of approximately 143 mu had been obtained, which will accommodate a total of about 22,569 grave plots. For Phase IV to Phase V, land use rights of approximately 5.2 mu had been obtained and additional land quota of about 119.8 mu shall be required, for the construction of a total of about 19,246 grave plots. Fortune Wealth will follow-up with the local authorities for the grant of the remaining land use rights.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

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

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

9. *Fortune Wealth, Sihui, Guangdong (86% owned by Chuang's China) (Continued)*

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 the local government. In July 2021, Fortune Wealth had entered into a supplemental agreement with 四會市自然資源局 and obtained approval from the local government for the extension for commencement of works by January 2022.

As at 30 September 2021, the cemetery assets (including non-controlling interests) were recorded based on the book cost of about RMB621.7 million (equivalent to approximately HK\$747.3 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 2021, about 3,110 grave plots and 531 niches were available for sale. Fortune Wealth will review its sales and marketing strategy and will take more proactive steps in its brand building and customer services.

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

As at 30 September 2021, the Chuang's China Group owned 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.

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”)** *(Continued)*

With reference to the respective closing share prices of CNT and CPM as at 30 September 2021 of HK\$0.4 (31 March 2021: HK\$0.38) and HK\$0.45 (31 March 2021: HK\$0.48), the aggregate book value of the Chuang's China Group's investments in CNT and CPM is about HK\$151.0 million (31 March 2021: HK\$143.8 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 had 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. The hearing of substantial trial was completed in December 2020 and the Chuang's China Group is awaiting the judgement from the Court. 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\$7.1 million (2020: HK\$4.9 million), and incurred a loss of HK\$1.3 million (2020: HK\$1.2 million). It is expected that Covid-19 would continue to have a negative impact on Sintex's business. As such, Sintex is adjusting for a business model that has less reliance on in-store shopping and concentrate more resources for developing online business. Moreover, Sintex is taking steps to reduce significant amount of overhead, solidify its internal operation and further evaluate the effectiveness of its retail stores by reorganizing the retail store portfolio. Meanwhile, the Group is actively reviewing the business and operating scale of Sintex and is exploring other options (including disposal of its warehouse and property) in order to unlock the stored value in this investment.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses *(Continued)*

(ii) Securities Investment and Trading

During the period, the performance of the bond investments of the Group was adversely affected by unfavorable and high volatility of the high yield bond market. Securities investment and trading business of the Group recorded net realized loss on disposal of investments of HK\$12.5 million, dividend and interest income from investments of HK\$102.7 million, and unrealized fair value loss on investments of HK\$563.7 million as a result of mark to market valuations as at the balance sheet date. The unrealized fair value loss is accounting loss with no immediate cash flow impact to the Group.

As at 30 September 2021, investments of the Group amounted to HK\$2,768.8 million (HK\$1,667.1 million were held by the wholly-owned subsidiaries of the Group and HK\$1,101.7 million were held by the Chuang's China Group), and comprised as to HK\$2,654.9 million for investments in high yield bonds, HK\$1.8 million for investments in securities listed on the Stock Exchange and the balance of HK\$112.1 million for other investments in some FinTech companies, venture capital and funds which are not listed in the markets.

The Group has gradually slimmed down the portfolio size in high yield bond investment and is looking for other investments for diversification. 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 bond investments of the Group as at 30 September 2021:

Stock code	Bond issuer	Face value	Market value	Percentage	Interest	Fair value
		of bonds held as at 30 September 2021	as at 30 September 2021	of market value to the Group's total assets as at 30 September 2021	for the period ended 30 September 2021	(loss)/gain for the period ended 30 September 2021
		US\$'000	HK\$'000		HK\$'000	HK\$'000
754	Hopson Development Holdings Limited			0.5%		
	(a) 5.8%, due 2022	2,000	15,651		448	(98)
	(b) 7%, due 2024	13,000	98,330		–	(2,443)
813	Shimao Group Holdings Limited (6.375%, due 2021)	4,000	32,082	0.1%	991	(625)
1030	Seazen Group Limited			0.2%		
	(a) 6.15%, due 2023	2,500	19,771		598	(794)
	(b) 6.45%, due 2022	3,300	25,807		826	(1,117)
1233	Times China Holdings Limited			0.7%		
	(a) 5.3%, due 2022	2,000	15,694		–	158
	(b) 5.55%, due 2024	8,000	59,102		–	(3,193)
	(c) 5.75%, due 2022	4,000	31,484		894	(692)
	(d) 6.6%, due 2023	5,000	38,685		724	(1,733)
1238	Powerlong Real Estate Holdings Limited			0.1%		
	(a) 4%, due 2022	3,000	23,234		–	3
	(b) 7.125%, due 2022	200	1,598		55	(69)

MANAGEMENT DISCUSSION ON RESULTS (Continued)

BUSINESS REVIEW (Continued)

(E) Other Businesses (Continued)

(ii) Securities Investment and Trading (Continued)

Stock code	Bond issuer	Face value	Market value	Percentage	Interest	Fair value
		of bonds held as at	as at	of market value to the Group's total assets as at	income for the period ended	(loss)/gain for the period ended
		30 September 2021	30 September 2021	30 September 2021	30 September 2021	30 September 2021
		US\$'000	HK\$'000		HK\$'000	HK\$'000
1638	Kaisa Group Holdings Ltd.			0.8%		
	(a) 8.5%, due 2022	16,400	113,360		4,143	(18,038)
	(b) 9.75%, due 2023	2,000	12,327		759	(3,543)
	(c) 11.25%, due 2022	6,000	44,570		2,624	(6,145)
1668	China South City Holdings Limited			0.6%		
	(a) 10.75%, due 2023	2,700	13,666		264	(5,005)
	(b) 10.875%, due 2022	2,500	16,601		703	(1,777)
	(c) 11.5%, due 2022	16,000	101,338		6,859	(21,888)
1777	Fantasia Holdings Group Co., Limited			0.5%		
	(a) 7.95%, due 2022	1,000	3,382		163	(4,141)
	(b) 11.75%, due 2022	17,000	92,243		1,502	(43,311)
	(c) 12.25%, due 2022	2,000	6,012		95	(9,809)
	(d) 15%, due 2021	2,000	11,484		1,164	(5,522)
1813	KWG Group Holdings Limited			0.7%		
	(a) 6%, due 2022	10,000	78,315		2,329	(1,261)
	(b) 7.4%, due 2024	5,000	37,878		1,438	(3,151)
	(c) 7.875%, due 2023	5,000	38,149		1,533	(2,152)
1918	Sunac China Holdings Limited (8.35%, due 2023)	9,000	63,578	0.3%	–	(10,637)

MANAGEMENT DISCUSSION ON RESULTS (Continued)

BUSINESS REVIEW (Continued)

(E) Other Businesses (Continued)

(ii) Securities Investment and Trading (Continued)

Stock code	Bond issuer	Face value		Percentage		
		of bonds held as at	Market value as at	of market value to the Group's total assets as at	Interest income for the period ended	Fair value (loss)/gain for the period ended
		30 September 2021	30 September 2021	30 September 2021	30 September 2021	30 September 2021
		US\$'000	HK\$'000		HK\$'000	HK\$'000
1966	China SCE Group Holdings Limited			0.4%		
	(a) 5.95%, due 2024	3,500	25,308		806	(1,621)
	(b) 7.25%, due 2023	6,150	48,376		1,734	(2,281)
1996	Redsun Properties Group Limited			0.2%		
	(a) 7.3%, due 2024	5,000	34,017		–	(4,556)
	(b) 9.7%, due 2023	2,000	14,634		753	(2,152)
2007	Country Garden Holdings Company Limited (5.625%, due 2026)	27,000	220,972	1.0%	5,894	(16,532)
2768	Jiayuan International Group Limited			0.8%		
	(a) 11%, due 2024	5,000	35,761		1,069	(1,753)
	(b) 12%, due 2022	12,100	94,304		3,779	(4,543)
	(c) 12.5%, due 2023	4,000	30,187		1,941	(898)
	(d) 13.75%, due 2023	2,000	16,939		523	641
2772	Zhongliang Holdings Group Company Limited (8.5%, due 2022)	10,000	69,354	0.3%	–	(7,654)

MANAGEMENT DISCUSSION ON RESULTS (Continued)

BUSINESS REVIEW (Continued)

(E) Other Businesses (Continued)

(ii) Securities Investment and Trading (Continued)

Stock code	Bond issuer	Face value	Market value	Percentage	Interest	Fair value
		of bonds held as at	as at	of market value to the Group's total assets as at	income for the period ended	(loss)/gain for the period ended
		30 September 2021	30 September 2021	30 September 2021	30 September 2021	30 September 2021
		US\$'000	HK\$'000		HK\$'000	HK\$'000
2777	Easy Tactic Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (5.75%, due 2022)	51,000	363,727	1.7%	11,382	(28,030)
3301	Ronshine China Holdings Limited			0.6%		
	(a) 7.35%, due 2023	10,000	60,462		2,876	(14,589)
	(b) 8.1%, due 2023	10,000	55,718		1,408	(20,047)
	(c) 8.95%, due 2023	2,000	11,851		695	(4,243)
3333	China Evergrande Group			0.6%		
	(a) 7.5%, due 2023	10,743	22,106		3,127	(51,539)
	(b) 8.25%, due 2022	39,200	93,141		–	(198,183)
	(c) 8.75%, due 2025	4,714	9,615		1,601	(20,529)
3380	Logan Group Company Limited (5.75%, due 2022)	5,000	39,423	0.2%	1,116	(550)
3383	Agile Group Holdings Limited			0.4%		
	(a) 5.125%, due 2022	10,000	77,292		1,993	(2,018)
	(b) 6.7%, due 2022	1,800	13,989		470	(448)
3883	China Aoyuan Group Limited			0.8%		
	(a) 5.375%, due 2022	3,000	21,206		628	(1,804)
	(b) 6.35%, due 2024	16,000	107,287		3,945	(20,128)
	(c) 7.95%, due 2023	6,000	42,986		1,854	(5,010)

MANAGEMENT DISCUSSION ON RESULTS (Continued)

BUSINESS REVIEW (Continued)

(E) Other Businesses (Continued)

(ii) Securities Investment and Trading (Continued)

Stock code	Bond issuer	Face value	Market value	Percentage	Interest	Fair value
		of bonds held as at	as at	of market value to the Group's total assets as at	income for the period ended	(loss)/gain for the period ended
		30 September 2021	30 September 2021	30 September 2021	30 September 2021	30 September 2021
		US\$'000	HK\$'000		HK\$'000	HK\$'000
6158	Zhenro Properties Group Limited			0.6%		
	(a) 5.35%, due 2022	2,000	15,641		415	(20)
	(b) 5.95%, due 2021	2,000	15,729		462	(157)
	(c) 5.98%, due 2022	3,000	23,495		–	167
	(d) 8.7%, due 2022	2,000	15,994		676	(243)
	(e) 9.15%, due 2023	6,000	47,407		317	(1,342)
600606	Greenland Global Investment Limited, a wholly-owned subsidiary of Greenland Holdings Corporation Limited			0.2%		
	(a) 6.125%, due 2023	2,950	16,578		701	(3,211)
	(b) 6.75%, due 2022	2,600	16,052		681	(3,109)
	(c) 6.75%, due 2023	200	999		53	(314)
	Bonds disposed of/redeemed during the period	–	–	–	23,660	–
		<u>410,557</u>	<u>2,654,891</u>	<u>12.3%</u>	<u>102,671</u>	<u>(563,679)</u>

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses *(Continued)*

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

Brief description of principal business of the respective bond issuers held as at 30 September 2021 is as follows:

Name of company	Principal business
Hopson Development Holdings Limited	Property development, commercial properties investment, property management, infrastructure and investments businesses
Shimao Group Holdings Limited	Property development, property investment, property management and hotel operation
Seazen Group Limited	Property development, property investment and commercial property management
Times China Holdings Limited	Property development, urban redevelopment business and property leasing
Powerlong Real Estate Holdings Limited	Property development, property investment, provision of commercial operational services and residential property management services and other property development related businesses
Kaisa Group Holdings Ltd.	Property development, property investment, property management, hotel and catering operations and other businesses
China South City Holdings Limited	Property development, property investment and management and other businesses
Fantasia Holdings Group Co., Limited	Property development, property investment, property agency services, property operation services, hotel operation and others
KWG Group Holdings Limited	Property development, property investment and hotel operation

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses *(Continued)*

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

Name of company	Principal business
Sunac China Holdings Limited	Property development and investment, cultural and tourism city construction and operation, property management services and other services
China SCE Group Holdings Limited	Property development, property investment, property management and project management
Redsun Properties Group Limited	Property development, commercial property investment and operations, and hotel operations
Country Garden Holdings Company Limited	Property development, construction and other businesses
Jiayuan International Group Limited	Property development, property investment and provision of property management services
Zhongliang Holdings Group Company Limited	Property development, property leasing and management consulting services
Guangzhou R&F Properties Co., Ltd.	Development and sale of properties, property investment, hotel operations and other property development related services
Ronshine China Holdings Limited	Property development
China Evergrande Group	Property development, property investment, property management and other businesses

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(E) Other Businesses *(Continued)*

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

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 management, commercial management and environmental protection
China Aoyuan Group Limited	Property development, property investment and others
Zhenro Properties Group Limited	Property development, property leasing and commercial property management
Greenland Holdings Corporation Limited	Property development, property investment, construction and hotel operation

(iii) *Money Lending Business*

The Group had advanced loans to customers. Revenues generated from this business during the period amounted to HK\$0.8 million (2020: HK\$0.9 million). As at 30 September 2021, outstanding amount of loans due from customers amounted to about HK\$178.3 million (31 March 2021: HK\$169.6 million), which were mainly relating to mortgage loans. Among these mortgage loans, one borrower with outstanding loan amount of approximately HK\$117.5 million (the loan is secured by a property in Hong Kong with valuation higher than the outstanding loan amount) has failed to pay its monthly instalments since December 2019 with only HK\$3.0 million settlement, and as such the corresponding unreceived interest income is not recognized since then. The Group is taking legal action to recover the overdue amount in order to protect the Group's interest.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL POSITION

Net asset value

As at 30 September 2021, net assets attributable to equity holders of the Company was HK\$11,604.8 million (31 March 2021: HK\$11,311.2 million). Net asset value per share was HK\$6.94 (31 March 2021: HK\$6.76), 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 2021, the Group's cash, bank balances and bond and securities investments amounted to HK\$6,543.2 million (31 March 2021: HK\$5,633.4 million). Bank borrowings as at the same date amounted to HK\$6,837.2 million (31 March 2021: HK\$7,092.7 million). The Group's net debt to equity ratio, expressed as a percentage of bank borrowings net of cash, bank balances and bond and securities investments over net assets attributable to equity holders of the Company, was only 2.5% (31 March 2021: 12.9%).

Approximately 95.7% of the Group's cash, bank balances and bond and securities investments were denominated in Hong Kong dollar and United States dollar, 1.8% were in Renminbi and the balance of 2.5% were in other currencies. Approximately 98.0% of the Group's bank borrowings were denominated in Hong Kong dollar and United States dollar, and the balance of 2.0% were in Malaysian Ringgit.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 79.2% of the Group's bank borrowings were repayable within the first year, 3.3% were repayable within the second year, 15.6% were repayable within the third to fifth years and the balance of 1.9% were repayable after the fifth year.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL POSITION *(Continued)*

Foreign exchange risk

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

PROSPECTS

The operating environment of the second half of this financial year is expected to remain difficult. We will monitor the situation closely and will take appropriate steps to mitigate the impact to the Group and preserve the Group’s competitiveness. We will continue to seek opportunities to replenish our land bank in Hong Kong, especially for the luxury and mass residential market. In the second half of this financial year, the Group will continue to monitor the progress of the construction works of the projects at ONE SOHO, Ap Lei Chau, Po Shan Road and Gage Street, constantly review and monitor the tenant status and tenant mix of our investment properties. We will monitor the progress of the pre-sale of ONE SOHO, as well as manage the development progress of Ap Lei Chau so as to kick off the pre-sale soonest. Moreover, we will also further review our group structure so that resources can be deployed in a more effective and efficient manner. We are confident that, with the implementation of the above strategies, the Group’s profitability and financial position will be improved, and further value can be created for our shareholders.

OTHER INFORMATION

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

As at 30 September 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

(a) Interests in the Company

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,299,678	Beneficial owner	0.08

(b) Interests in associated corporations

(i) Evergain Holdings Limited ("Evergain")

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

OTHER INFORMATION (Continued)

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

(b) Interests in associated corporations (Continued)

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

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

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

Other than as disclosed herein, as at 30 September 2021, 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 2021, 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	903,357,332	Beneficial owner, <i>Note 1</i>	54.01
Mr. Alan Chuang Shaw Swee (“Mr. Alan Chuang”)	903,357,332	<i>Note 1</i>	54.01
Mrs. Chong Ho Pik Yu	903,357,332	<i>Note 2</i>	54.01

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

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

Save as disclosed above, as at 30 September 2021, 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

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

Except as mentioned above, the Company has complied throughout the six months ended 30 September 2021 with the code provisions set out in the CG Code.

An audit committee has been established by the Company to review and supervise the Company’s financial reporting process, risk management and internal controls and review the relationship with the auditor. The audit committee has held meetings in accordance with the relevant requirements. The Group’s condensed consolidated interim financial information for the period ended 30 September 2021 has been reviewed by the audit committee of the Company and by the Company’s independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The current members of the audit committee are Mr. Abraham Shek Lai Him, Mr. Fong Shing Kwong and Mr. Yau Chi Ming, the Independent Non-Executive Directors of the Company.

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

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

Changes in the information of Directors since the date of the 2021 annual report of the Company and up to the date of this report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. David Chu Yu Lin, an Independent Non-Executive Director of the Company, is also an independent non-executive director of AVIC International Holding (HK) Limited (“AVIC”). AVIC changed its name to Continental Aerospace Technologies Holding Limited as announced on 13 July 2021.

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 Wednesday, 22 December 2021 to Tuesday, 28 December 2021, 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 Tuesday, 21 December 2021.

SHARE OPTION SCHEMES

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

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

OTHER INFORMATION *(Continued)*

STAFF

The Group puts emphasis on training and cultivating elite talent. We are committed to providing a dynamic and enthusiastic working atmosphere and increase hiring talents of all fields. As at 30 September 2021, the Group (excluding Chuang's China group) employed 216 staff and the Chuang's China group employed 129 staff. The Group provides its staff with other benefits including discretionary bonus, double pay, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

By order of the Board of
Chuang's Consortium International Limited
Albert Chuang Ka Pun
Chairman and Managing Director

Hong Kong, 29 November 2021

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 September 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenues	5	496,613	1,847,298
Cost of sales		<u>(186,981)</u>	<u>(1,057,887)</u>
Gross profit		309,632	789,411
Other income and net (loss)/gain	7A	(567,433)	222,393
Gain/(loss) on disposal of subsidiaries	7B	1,178,948	(10,280)
Selling and marketing expenses		(24,697)	(99,727)
Administrative and other operating expenses		(189,821)	(194,584)
Change in fair value of investment properties		<u>93,340</u>	<u>(436,570)</u>
Operating profit	8	799,969	270,643
Finance costs	9	(60,640)	(81,265)
Share of results of associated companies		(863)	(1,168)
Share of results of joint ventures	10	<u>1,354</u>	<u>3,563</u>
Profit before taxation		739,820	191,773
Taxation (charge)/credit	11	<u>(150,051)</u>	<u>23,435</u>
Profit for the period		<u>589,769</u>	<u>215,208</u>
Attributable to:			
Equity holders		287,295	49,237
Non-controlling interests		<u>302,474</u>	<u>165,971</u>
		<u>589,769</u>	<u>215,208</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share (basic and diluted)	13	<u>17.18</u>	<u>2.94</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 September 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the period	589,769	215,208
Other comprehensive income:		
Items that had been/may be reclassified subsequently to profit and loss:		
Net exchange differences	53,123	164,506
Share of exchange reserve of a joint venture	4,063	9,886
Realization of exchange reserve upon disposal of subsidiaries	(27,353)	(22,712)
Total other comprehensive income that had been/ may be reclassified subsequently to profit and loss	29,833	151,680
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	7,213	14,969
Total other comprehensive income for the period	37,046	166,649
Total comprehensive income for the period	626,815	381,857
Total comprehensive income attributable to:		
Equity holders	318,645	149,992
Non-controlling interests	308,170	231,865
	626,815	381,857

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 September 2021

	30 September 2021	31 March 2021
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	419,507	441,307
Investment properties	9,140,607	9,080,726
Right-of-use assets	670,227	691,440
Properties for/under development	510,362	508,523
Cemetery assets	290,328	285,376
Associated companies	57,320	58,183
Joint ventures	795,178	785,730
Financial assets at fair value through other comprehensive income	161,569	154,190
Loans and receivables and other deposits	468,884	419,879
Deferred taxation assets	24,700	24,700
	12,538,682	12,450,054
Current assets		
Properties for sale	1,593,933	1,712,522
Cemetery assets	457,007	452,153
Inventories	104,175	104,397
Debtors and prepayments	268,186	288,609
Financial assets at fair value through profit or loss	2,768,793	3,442,193
Cash and bank balances	3,886,574	2,296,665
	9,078,668	8,296,539
Assets of disposal group classified as held for sale	7B –	770,429
	9,078,668	9,066,968

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) (Continued)

As at 30 September 2021

		30 September 2021	31 March 2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Creditors and accruals	16	481,258	632,366
Sales deposits received		372	10,984
Short-term bank borrowings	17	1,101,104	1,250,948
Current portion of long-term bank borrowings	17	4,611,780	4,781,697
Taxation payable		79,444	68,414
		6,273,958	6,744,409
Liabilities of disposal group classified as held for sale	7B	–	69,437
		6,273,958	6,813,846
Net current assets		2,804,710	2,253,122
Total assets less current liabilities		15,343,392	14,703,176
Equity			
Share capital	18	418,138	418,138
Reserves		11,186,628	10,893,071
Shareholders' funds		11,604,766	11,311,209
Non-controlling interests		2,056,023	1,761,696
Total equity		13,660,789	13,072,905
Non-current liabilities			
Long-term bank borrowings	17	1,124,324	1,060,051
Deferred taxation liabilities		433,494	441,615
Loans and payables with non-controlling interests		47,572	47,688
Other non-current liabilities		77,213	80,917
		1,682,603	1,630,271
		15,343,392	14,703,176

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 September 2021

	<i>Note</i>	2021 HK\$'000	2020 HK\$'000
Net cash from/(used in) operating activities		190,760	(466,568)
Cash flows from investing activities			
Interest income received		2,964	12,101
Additions to investment properties		(224)	(16,484)
Proceeds from disposal of investment properties		59,696	17,463
Net proceeds from disposal of subsidiaries, net of cash and bank balances disposed of	22	1,458,001	962,164
Change in investment in and amounts due from joint ventures, net		(3,685)	(10,629)
Others, net		4,636	7,154
Net cash from investing activities		1,521,388	971,769
Cash flows from financing activities			
New bank borrowings		457,719	369,979
Repayment of bank borrowings	22	(715,610)	(669,266)
Lease payments		(9,784)	(10,210)
Decrease in loans and payables with non-controlling interests		(16)	(15)
Net cash used in financing activities		(267,691)	(309,512)
Net increase in cash and cash equivalents		1,444,457	195,689
Cash and cash equivalents at the beginning of the period		2,294,858	2,518,009
Cash and bank balances included in assets of disposal group classified as held for sale at the beginning of the period		134,650	–
Exchange difference on cash and cash equivalents		8,012	11,514
Cash and cash equivalents at the end of the period		3,881,977	2,725,212
Analysis of cash and cash equivalents			
Cash and bank balances		3,886,574	2,727,001
Bank deposits maturing more than three months from date of placement		(4,597)	(1,789)
Cash and cash equivalents		3,881,977	2,725,212

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2021

	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 2021	418,138	1,249,166	9,643,905	11,311,209	1,761,696	13,072,905
Profit for the period	-	-	287,295	287,295	302,474	589,769
Other comprehensive income:						
Net exchange differences	-	41,480	-	41,480	11,643	53,123
Share of exchange reserve of a joint venture	-	2,097	-	2,097	1,966	4,063
Realization of exchange reserve upon disposal of subsidiaries (note 22)	-	(16,606)	-	(16,606)	(10,747)	(27,353)
Change in fair value of financial assets at fair value through other comprehensive income	-	4,379	-	4,379	2,834	7,213
Total comprehensive income for the period	-	31,350	287,295	318,645	308,170	626,815
Realization of other reserves upon disposal of subsidiaries	-	(66,122)	66,122	-	-	-
Transactions with owners:						
Dividends	-	-	(25,088)	(25,088)	-	(25,088)
Dividends to non-controlling interests	-	-	-	-	(13,843)	(13,843)
At 30 September 2021	418,138	1,214,394	9,972,234	11,604,766	2,056,023	13,660,789
At 1 April 2020	418,138	1,037,615	9,651,604	11,107,357	1,498,430	12,605,787
Profit for the period	-	-	49,237	49,237	165,971	215,208
Other comprehensive income:						
Net exchange differences	-	100,353	-	100,353	64,153	164,506
Share of exchange reserve of a joint venture	-	5,102	-	5,102	4,784	9,886
Realization of exchange reserve upon disposal of a subsidiary (note 22)	-	(13,788)	-	(13,788)	(8,924)	(22,712)
Change in fair value of financial assets at fair value through other comprehensive income	-	9,088	-	9,088	5,881	14,969
Total comprehensive income for the period	-	100,755	49,237	149,992	231,865	381,857
At 30 September 2020	418,138	1,138,370	9,700,841	11,257,349	1,730,295	12,987,644

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 2021 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 2021, except as stated below.

(i) Effect of adopting amendments to standards

For the six months ended 30 September 2021, the Group adopted the following amendments to standards that are effective for the accounting periods beginning on or after 1 April 2021 and relevant to the operations of the Group:

HKFRS 16 (Amendment)	Covid-19-Related Rent Concessions
HKFRS 16 (Amendment)	Covid-19-Related Rent Concessions beyond 30 June 2021
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2

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

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

2. BASIS OF PREPARATION *(Continued)*

(ii) **New standard, amendments to standards and practice statement that are not yet effective**

The following new standard, amendments to standards and practice statement 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 2022, 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 1 (Amendment) and HKFRS Practice Statement 2	Disclosure of Accounting Policies (effective from 1 January 2023)
HKAS 8 (Amendment)	Definition of Accounting Estimates (effective from 1 January 2023)
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction (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)
HKFRS 3 (Amendment)	Reference to the Conceptual Framework (effective from 1 January 2022)
HKAS 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 and HKFRS 17 (Amendment)	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, amendments to standards and practice statement as and when they become effective. The Group has commenced a preliminary assessment of the likely impact of adopting the above new standard, amendments to standards and practice statement, 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 2021. There has been no material change in the Group's financial risk management policies since the year ended 31 March 2021.

(b) Liquidity risk

Compared to the year ended 31 March 2021, 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 2021, except for the performance of the high yield bond investments recorded in financial assets at fair value through profit or loss which was adversely affected by high volatility of the bond market, 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 2021, which were based on the economic, market and other conditions as they exist on, and information available to management as of 30 September 2021. 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 2021.

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 2021, 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:

	2021	2020
	HK\$'000	HK\$'000
Sales of properties	270,390	1,617,350
Rental income and management fees	79,408	101,833
Income from hotel operation and management	15,506	4,330
Sales of cemetery assets	20,803	11,319
Sales of goods and merchandises	7,125	4,878
Interest income from money lending business	776	893
Interest income from bond investments of financial assets at fair value through profit or loss	102,671	106,477
Dividend income from securities investments for trading of financial assets at fair value through profit or loss	34	22
Net fair value (loss)/gain of securities investments for trading of financial assets at fair value through profit or loss	(100)	196
	496,613	1,847,298

6. SEGMENT INFORMATION

(a) Segment information by business lines

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. SEGMENT INFORMATION (Continued)

(a) Segment information by business lines (Continued)

The segment information by business lines is as follows:

	Property development, investment and trading HK\$'000 (Note)	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
2021								
Revenues from contracts with customers:								
– Recognized at a point in time	270,390	-	20,803	7,125	-	-	-	298,318
– Recognized over time	5,464	15,506	-	-	-	-	-	20,970
Revenues from other sources	73,944	-	-	-	102,605	776	-	177,325
Revenues	<u>349,798</u>	<u>15,506</u>	<u>20,803</u>	<u>7,125</u>	<u>102,605</u>	<u>776</u>	<u>-</u>	<u>496,613</u>
Other income and net (loss)/gain	<u>(10,817)</u>	<u>-</u>	<u>29</u>	<u>3,126</u>	<u>(576,572)</u>	<u>-</u>	<u>16,801</u>	<u>(567,433)</u>
Gain on disposal of subsidiaries	<u>1,178,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,178,948</u>
EBITDA/(LBITDA)	<u>1,407,706</u>	<u>461</u>	<u>8,613</u>	<u>2,319</u>	<u>(474,164)</u>	<u>658</u>	<u>(94,607)</u>	<u>850,986</u>
Operating profit/(loss)	1,403,801	(29,805)	8,328	(577)	(474,164)	658	(108,272)	799,969
Finance costs	(45,025)	(5,785)	-	(913)	(7,113)	-	(1,804)	(60,640)
Share of results of associated companies	43	(712)	-	-	-	-	(194)	(863)
Share of results of joint ventures	1,354	-	-	-	-	-	-	1,354
Profit/(loss) before taxation	1,360,173	(36,302)	8,328	(1,490)	(481,277)	658	(110,270)	739,820
Taxation charge	(147,949)	-	(2,102)	-	-	-	-	(150,051)
Profit/(loss) for the period	<u>1,212,224</u>	<u>(36,302)</u>	<u>6,226</u>	<u>(1,490)</u>	<u>(481,277)</u>	<u>658</u>	<u>(110,270)</u>	<u>589,769</u>
As at 30 September 2021								
Segment assets	11,888,240	993,697	815,769	157,624	3,168,589	159,258	3,581,675	20,764,852
Associated companies	179	53,540	-	-	-	-	3,601	57,320
Joint ventures	795,178	-	-	-	-	-	-	795,178
Total assets	<u>12,683,597</u>	<u>1,047,237</u>	<u>815,769</u>	<u>157,624</u>	<u>3,168,589</u>	<u>159,258</u>	<u>3,585,276</u>	<u>21,617,350</u>
Total liabilities	<u>6,005,010</u>	<u>635,559</u>	<u>202,974</u>	<u>36,087</u>	<u>979,158</u>	<u>492</u>	<u>97,281</u>	<u>7,956,561</u>

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

6. SEGMENT INFORMATION *(Continued)*

(a) Segment information by business lines *(Continued)*

	Property development, investment and trading <i>HK\$'000</i> <i>(Note)</i>	Hotel operation and management <i>HK\$'000</i>	Cemetery <i>HK\$'000</i>	Sales of goods and merchandises <i>HK\$'000</i>	Securities investment and trading <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Total <i>HK\$'000</i>
2021								
Other segment items are as follows:								
Capital expenditure	26,350	-	-	913	-	-	-	27,263
Depreciation of property, plant and equipment	2,477	11,516	258	695	-	-	6,912	21,858
Depreciation of right-of-use assets	31	19,462	27	2,201	-	-	6,947	28,668
Fair value gain of investment properties	93,340	-	-	-	-	-	-	93,340

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 (Note)	Hotel operation and management HK\$'000	Cemetery HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Money lending business HK\$'000	Corporate HK\$'000	Total HK\$'000
2020								
Revenue from contracts with customers:								
– Recognized at a point in time	1,617,350	–	11,319	4,878	–	–	–	1,633,547
– Recognized over time	4,206	4,330	–	–	–	–	–	8,536
Revenues from other sources	97,627	–	–	–	106,695	893	–	205,215
Revenues	<u>1,719,183</u>	<u>4,330</u>	<u>11,319</u>	<u>4,878</u>	<u>106,695</u>	<u>893</u>	<u>–</u>	<u>1,847,298</u>
Other income and net gain	<u>8,662</u>	<u>400</u>	<u>10</u>	<u>2,381</u>	<u>192,282</u>	<u>–</u>	<u>18,658</u>	<u>222,393</u>
Loss on disposal of a subsidiary	<u>(10,280)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(10,280)</u>
EBITDA/(LBITDA)	<u>124,280</u>	<u>(7,482)</u>	<u>4,483</u>	<u>2,054</u>	<u>298,901</u>	<u>734</u>	<u>(98,968)</u>	<u>324,002</u>
Operating profit/(loss)	118,868	(37,346)	4,138	(781)	298,901	734	(113,871)	270,643
Finance costs	(68,208)	(7,378)	–	(806)	(4,330)	–	(543)	(81,265)
Share of results of associated companies	55	(1,264)	–	–	–	–	41	(1,168)
Share of results of joint ventures	<u>3,563</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,563</u>
Profit/(loss) before taxation	54,278	(45,988)	4,138	(1,587)	294,571	734	(114,373)	191,773
Taxation credit/(charge)	<u>24,533</u>	<u>–</u>	<u>(1,098)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>23,435</u>
Profit/(loss) for the period	<u>78,811</u>	<u>(45,988)</u>	<u>3,040</u>	<u>(1,587)</u>	<u>294,571</u>	<u>734</u>	<u>(114,373)</u>	<u>215,208</u>
As at 31 March 2021								
Segment assets	11,782,612	1,025,821	773,701	161,661	3,445,476	169,954	2,543,455	19,902,680
Associated companies	136	54,252	–	–	–	–	3,795	58,183
Joint ventures	785,730	–	–	–	–	–	–	785,730
Assets of disposal group classified as held for sale	<u>770,429</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>770,429</u>
Total assets	<u>13,338,907</u>	<u>1,080,073</u>	<u>773,701</u>	<u>161,661</u>	<u>3,445,476</u>	<u>169,954</u>	<u>2,547,250</u>	<u>21,517,022</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. SEGMENT INFORMATION (Continued)

(a) Segment information by business lines (Continued)

	Property development, investment and trading HK\$'000 (Note)	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
As at 31 March 2021								
Segment liabilities	6,288,507	628,626	195,262	38,329	1,124,567	971	98,418	8,374,680
Liabilities of disposal group classified as held for sale	69,437	-	-	-	-	-	-	69,437
Total liabilities	<u>6,357,944</u>	<u>628,626</u>	<u>195,262</u>	<u>38,329</u>	<u>1,124,567</u>	<u>971</u>	<u>98,418</u>	<u>8,444,117</u>
2020								
Other segment items are as follows:								
Capital expenditure	283,196	157	873	11	-	-	40,587	324,824
Depreciation of property, plant and equipment	1,758	11,666	327	714	-	-	7,462	21,927
Depreciation of right-of-use assets	36	19,462	18	2,121	-	-	7,400	29,037
Provision for impairment of trade debtors	1,000	-	-	-	-	-	-	1,000
Fair value loss of investment properties	436,570	-	-	-	-	-	-	436,570
Reversal of provision for impairment of inventories	-	-	-	800	-	-	-	800

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

6. SEGMENT INFORMATION (Continued)

(a) Segment information by business lines (Continued)

Note: The financial performance, assets and liabilities of the rental operation of the commercial portion of the hotel property of the Group in Hong Kong are included in the “Property development, investment and trading” segment above. Details are shown below:

	2021	2020
	HK\$’000	HK\$’000
Revenues from other sources	4,351	4,538
Fair value gain/(loss) of investment properties	7,000	(13,600)
EBITDA/(LBITDA)	10,914	(10,082)
Operating profit/(loss)	10,914	(10,082)
Profit/(loss) before taxation	10,914	(10,082)
Taxation	–	–
Profit/(loss) for the period	10,914	(10,082)
	30 September	31 March
	2021	2021
	HK\$’000	HK\$’000
Segment assets	288,418	281,271
Segment liabilities	2,308	2,412
	30 September	2020
	HK\$’000	HK\$’000
	287,550	2,412

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	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong	244,146	1,789,220	26,097	279,667
The PRC	38,224	29,284	–	34,920
Vietnam	198,914	–	–	–
United Kingdom	–	14,694	–	–
Other countries	15,329	14,100	1,166	10,237
	496,613	1,847,298	27,263	324,824
	Non-current assets (Note)		Total assets	
	30 September 2021 HK\$'000	31 March 2021 HK\$'000	30 September 2021 HK\$'000	31 March 2021 HK\$'000
Hong Kong	8,370,971	8,311,869	16,883,260	16,056,930
The PRC	2,338,275	2,347,805	3,318,236	4,062,678
Other countries	1,174,283	1,191,611	1,415,854	1,397,414
	11,883,529	11,851,285	21,617,350	21,517,022

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)/GAIN

	2021	2020
	HK\$'000	HK\$'000
Interest income from bank deposits	2,879	11,661
Dividend income from financial assets at fair value through other comprehensive income	7,469	7,469
Net realized (loss)/gain of bond and other investments of financial assets at fair value through profit or loss	(12,514)	1,879
Net fair value (loss)/gain of bond and other investments of financial assets at fair value through profit or loss	(563,601)	190,546
Forfeited deposits from sales of properties	–	333
Net loss on disposal of investment properties	(78)	(1,243)
Net loss on disposal of property, plant and equipment	(18)	(297)
Net exchange loss	(6,728)	(831)
Others	5,158	12,876
	(567,433)	222,393

7B. GAIN/(LOSS) ON DISPOSAL OF SUBSIDIARIES

- (a) On 9 February 2021, the wholly-owned subsidiaries of Chuang's China Investments Limited ("Chuang's China") (a listed subsidiary of the Group) entered into the conditional sale and purchase agreements with independent third parties for the disposal of the properties holding subsidiaries that hold the property project in Panyu, Guangzhou, the PRC, for an aggregate consideration of about RMB1,574.9 million (equivalent to approximately HK\$1,896.7 million) (the "Panyu Disposal"). The Panyu Disposal had been approved by the shareholders of Chuang's China and the Company on 13 April 2021 respectively. Details of the Panyu Disposal were announced by Chuang's China and the Company on 11 February 2021 and 14 May 2021, and published in the circulars of Chuang's China and the Company on 19 March 2021 respectively. The transaction was completed on 14 May 2021, and a gain on disposal of subsidiaries was recorded in 2021, taking into account the net assets disposed of approximately HK\$707.2 million, the realization of exchange reserve upon disposal of approximately HK\$27.4 million and related transaction costs. Details of the disposal are shown in note 22.

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

7B. GAIN/(LOSS) ON DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) *(Continued)*

Furthermore, all related assets and liabilities of the Panyu Disposal were reclassified as “Assets of disposal group classified as held for sale” and “Liabilities of disposal group classified as held for sale” respectively on 31 March 2021 with details as shown below:

	31 March 2021 HK\$'000
Assets	
Investment properties	188,945
Properties for sale	443,995
Debtors and prepayments	2,839
Cash and bank balances	134,650
	<hr/>
	770,429
	<hr/>
Liabilities	
Creditors and accruals	224
Deferred taxation liabilities	69,213
	<hr/>
	69,437
	<hr/>

- (b) On 30 April 2020, an indirect wholly-owned subsidiary of Chuang’s China 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). The transaction was approved by the shareholders of Chuang’s China at its special general meeting held on 23 June 2020. Details of the transaction were announced by Chuang’s China and the Company on 3 May 2020, and published in the circulars of Chuang’s China and the Company on 3 June 2020. The transaction was completed on 1 September 2020, and a loss on disposal of a subsidiary was recorded in 2020, taking into account the net assets disposed of approximately HK\$995.2 million, the realization of exchange reserve upon disposal of approximately HK\$22.7 million and related transaction costs. Details of the disposal are shown in note 22.

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

8. OPERATING PROFIT

	2021	2020
	HK\$'000	HK\$'000
Operating profit is stated after crediting:		
Reversal of provision for impairment of inventories	–	800
and after charging:		
Cost of properties sold	140,007	1,018,164
Cost of cemetery assets sold	4,149	2,181
Cost of inventories sold	4,845	4,116
Depreciation of property, plant and equipment	21,858	21,927
Depreciation of right-of-use assets	28,668	29,037
Provision for impairment of trade debtors	–	1,000
Staff costs, including Directors' emoluments		
Wages and salaries (<i>Note</i>)	61,937	53,929
Retirement benefit costs	2,657	2,203

Note: Government grants amounting to HK\$74,000 (2020: HK\$7,924,000) have been recognized and deducted in wages and salaries expenses for the six months ended 30 September 2021.

9. FINANCE COSTS

	2021	2020
	HK\$'000	HK\$'000
Interest expenses of		
Bank borrowings	62,425	81,655
Bank overdraft	44	49
Lease liabilities	1,289	1,300
	63,758	83,004
Amounts capitalized into properties under development	(3,118)	(1,739)
	60,640	81,265

The capitalization rate applied to funds borrowed for the development of properties is 1.24% (2020: 1.52%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

10. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures of HK\$1,354,000 (2020: HK\$3,563,000) in the condensed consolidated income statement included the rental income received by a joint venture from the wholly-owned subsidiary of the joint venture partner for the period ended 30 September 2021 amounting to approximately HK\$6,682,000 (2020: HK\$6,176,000).

11. TAXATION CHARGE/(CREDIT)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	2,630	38,447
Overseas profits tax	8,373	1,445
PRC corporate income tax	4,383	3,471
PRC withholding corporate income tax (<i>note 7B(a)</i>)	142,071	–
PRC land appreciation tax	6,414	8,339
Over-provision in prior years	–	(38,320)
Deferred taxation	(13,820)	(36,817)
	150,051	(23,435)

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the 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 withholding corporate income tax in 2021 represents the relevant tax on disposal of subsidiaries arising from the Panyu Disposal as mentioned in note 7B(a). 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 in 2020 was mainly related to taxation charges, including PRC land appreciation tax, in respect of the sale of properties in the PRC in prior years upon final clearance with the local tax authorities.

Share of taxation expense of associated companies for the six months ended 30 September 2021 of HK\$14,000 (2020: taxation credit of HK\$3,000) is included in the condensed consolidated income statement as “Share of results of associated companies”. There were no taxation charges of joint ventures for the six months ended 30 September 2021 as they either had sufficient tax losses brought forward to set off against the estimated assessable profits for the period or had no estimated assessable profits for the period (2020: Same).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

12. INTERIM DIVIDEND

	2021	2020
	HK\$'000	HK\$'000
Interim dividend of 2.0 HK cents (2020: 1.5 HK cents) per share	33,451	25,088

On 29 November 2021, the board of Directors declared an interim dividend of 2.0 HK cents (2020: 1.5 HK cents) per share amounting to HK\$33,451,000 (2020: HK\$25,088,000). The amount of HK\$33,451,000 is calculated based on 1,672,553,104 issued shares as at 29 November 2021. 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 2022.

13. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$287,295,000 (2020: HK\$49,237,000) and the weighted average number of 1,672,553,104 (2020: 1,672,553,104) shares in issue during the period.

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

14. CAPITAL EXPENDITURE

For the six months ended 30 September 2021, the Group incurred acquisition and development costs on property, plant and equipment of HK\$36,000 (2020: HK\$875,000), right-of-use assets of HK\$7,747,000 (2020: HK\$40,587,000) and property projects, properties, investment properties and cemetery assets of HK\$19,480,000 (2020: HK\$283,362,000) respectively.

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

15. DEBTORS AND PREPAYMENTS

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

	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
Below 30 days	4,908	4,003
31 to 60 days	3,046	3,184
61 to 90 days	2,026	2,349
Over 90 days	7,564	7,099
	17,544	16,635

Debtors and prepayments include net deposits of HK\$11,649,000 (31 March 2021: HK\$22,560,000) for acquisition of property projects, properties and right-of-use assets after the accumulated provision for impairment of HK\$125,666,000 (31 March 2021: HK\$125,666,000) as at 30 September 2021. They also include the deferred consideration of about HK\$120.3 million (31 March 2021: Nil) for the Panyu Disposal as mentioned in note 7B(a), which is expected to be received after the expiry of 12 months from the date of completion. As at 31 March 2021, they also included (i) prepayments of sales commissions of HK\$2,541,000 which represented costs incurred to obtain property sale contracts, and were amortized to profit or loss during the period ended 30 September 2021 when the related revenue was recognized; and (ii) stamp duty receivables of HK\$125,684,000 which represented the refundable stamp duty paid by the Group upon acquisition of certain development properties in Hong Kong in prior years, and were fully refunded during the period ended 30 September 2021.

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 2021 HK\$'000	31 March 2021 HK\$'000
Below 30 days	4,423	60,945
31 to 60 days	679	2,430
Over 60 days	<u>4,843</u>	<u>3,528</u>
	<u>9,945</u>	<u>66,903</u>

Creditors and accruals include the construction cost payables and accruals of HK\$225,049,000 (31 March 2021: HK\$219,245,000) for the property and cemetery projects of the Group, and dividend payable of the Company of HK\$25,088,000 (31 March 2021: Nil). As at 31 March 2021, they also included the deposit received of approximately HK\$118.3 million for the Panyu Disposal as mentioned in note 7B(a).

17. BORROWINGS

	30 September 2021 HK\$'000	31 March 2021 HK\$'000
Unsecured bank borrowings		
Short-term bank borrowing	–	62,208
Long-term bank borrowings	<u>1,335,835</u>	<u>1,427,066</u>
	<u>1,335,835</u>	<u>1,489,274</u>
Secured bank borrowings		
Short-term bank borrowings	<u>1,101,104</u>	1,188,740
Long-term bank borrowings	<u>4,400,269</u>	<u>4,414,682</u>
	<u>5,501,373</u>	<u>5,603,422</u>
Total bank borrowings	<u>6,837,208</u>	<u>7,092,696</u>

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

17. BORROWINGS (Continued)

The total bank borrowings are analyzed as follows:

	30 September 2021 HK\$'000	31 March 2021 HK\$'000
Short-term bank borrowings	1,101,104	1,250,948
Long-term bank borrowings	5,736,104	5,841,748
Total bank borrowings	<u>6,837,208</u>	<u>7,092,696</u>

The long-term bank borrowings are analyzed as follows:

	30 September 2021 HK\$'000	31 March 2021 HK\$'000
Long-term bank borrowings	<u>5,736,104</u>	<u>5,841,748</u>
Current portion included in current liabilities		
Portion due within one year	(4,311,956)	(4,462,932)
Portion due after one year which contains a repayment on demand clause	<u>(299,824)</u>	<u>(318,765)</u>
	<u>(4,611,780)</u>	<u>(4,781,697)</u>
	<u>1,124,324</u>	<u>1,060,051</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 2021 HK\$'000	31 March 2021 HK\$'000
Within the first year	5,413,060	5,713,880
Within the second year	228,282	457,492
Within the third to fifth years	1,066,613	775,174
After the fifth year	<u>129,253</u>	<u>146,150</u>
	<u>6,837,208</u>	<u>7,092,696</u>

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

18. SHARE CAPITAL

	30 September 2021 HK\$'000	31 March 2021 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 2021 and 30 September 2021	1,672,553,104	418,138

19. FINANCIAL GUARANTEES

As at 30 September 2021, the Company had provided guarantees of HK\$423,631,000 (31 March 2021: HK\$419,945,000) for the banking facilities granted to joint ventures, and subsidiaries had provided guarantees of HK\$10,363,000 (31 March 2021: HK\$15,159,000) 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 2021, the Group had commitments contracted but not provided for in respect of property projects, properties and property, plant and equipment of HK\$294,529,000 (31 March 2021: HK\$315,006,000).

21. PLEDGE OF ASSETS

As at 30 September 2021, the Group had pledged certain assets including property, plant and equipment, investment properties, right-of-use assets, properties for/under development, properties for sale and financial assets at fair value through profit or loss, with an aggregate carrying value of HK\$10,093,140,000 (31 March 2021: HK\$10,142,654,000), to secure banking facilities granted to the subsidiaries.

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

22. GAIN/(LOSS) ON DISPOSAL OF SUBSIDIARIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Consideration	1,896,712	971,453
Less: Transaction costs and related expenses	(37,913)	(9,289)
	<hr/> 1,858,799	<hr/> 962,164
Net proceeds		
	<hr/> 1,858,799	<hr/> 962,164
Details of net assets at the date of disposal:		
Investment properties	192,315	999,740
Properties for sale	449,553	–
Debtors and prepayments	10,406	12,162
Cash and bank balances	132,099	–
Creditors and accruals	(2,406)	(6,928)
Taxation payable	(5,040)	(1,529)
Deferred taxation liabilities	(69,723)	(8,289)
	<hr/> 707,204	<hr/> 995,156
Net assets disposed of		
Realization of exchange reserve upon disposal	(27,353)	(22,712)
Gain/(loss) on disposal of subsidiaries <i>(note 7B)</i>	1,178,948	(10,280)
	<hr/> 1,858,799	<hr/> 962,164
Analysis of gain/(loss) on the disposal of subsidiaries:		
Gain/(loss) on disposal of subsidiaries <i>(note 7B)</i>	1,178,948	(10,280)
Less: PRC withholding corporate income tax <i>(note 11)</i>	(142,071)	–
	<hr/> 1,036,877	<hr/> (10,280)
Net gain/(loss) on the disposal of subsidiaries after taxation		
	<hr/> 1,036,877	<hr/> (10,280)
Analysis of net cash inflow in respect of the disposal:		
Net cash consideration received	1,858,799	962,164
Less: Deposit received in creditors and accruals	(118,320)	–
Deferred consideration in debtors and prepayments	(120,271)	–
Deferred tax receivable in loans and receivables and other deposits	(30,108)	–
Cash and bank balances disposed of	(132,099)	–
Repayment of bank borrowings	–	(495,317)
	<hr/> 1,458,001	<hr/> 466,847
Net cash inflow from the disposal		
	<hr/> 1,458,001	<hr/> 466,847
Represented by:		
Net proceeds from disposal of subsidiaries included in cash flows from investing activities	1,458,001	962,164
Repayment of bank borrowings included in cash flows from financing activities	–	(495,317)
	<hr/> 1,458,001	<hr/> 466,847