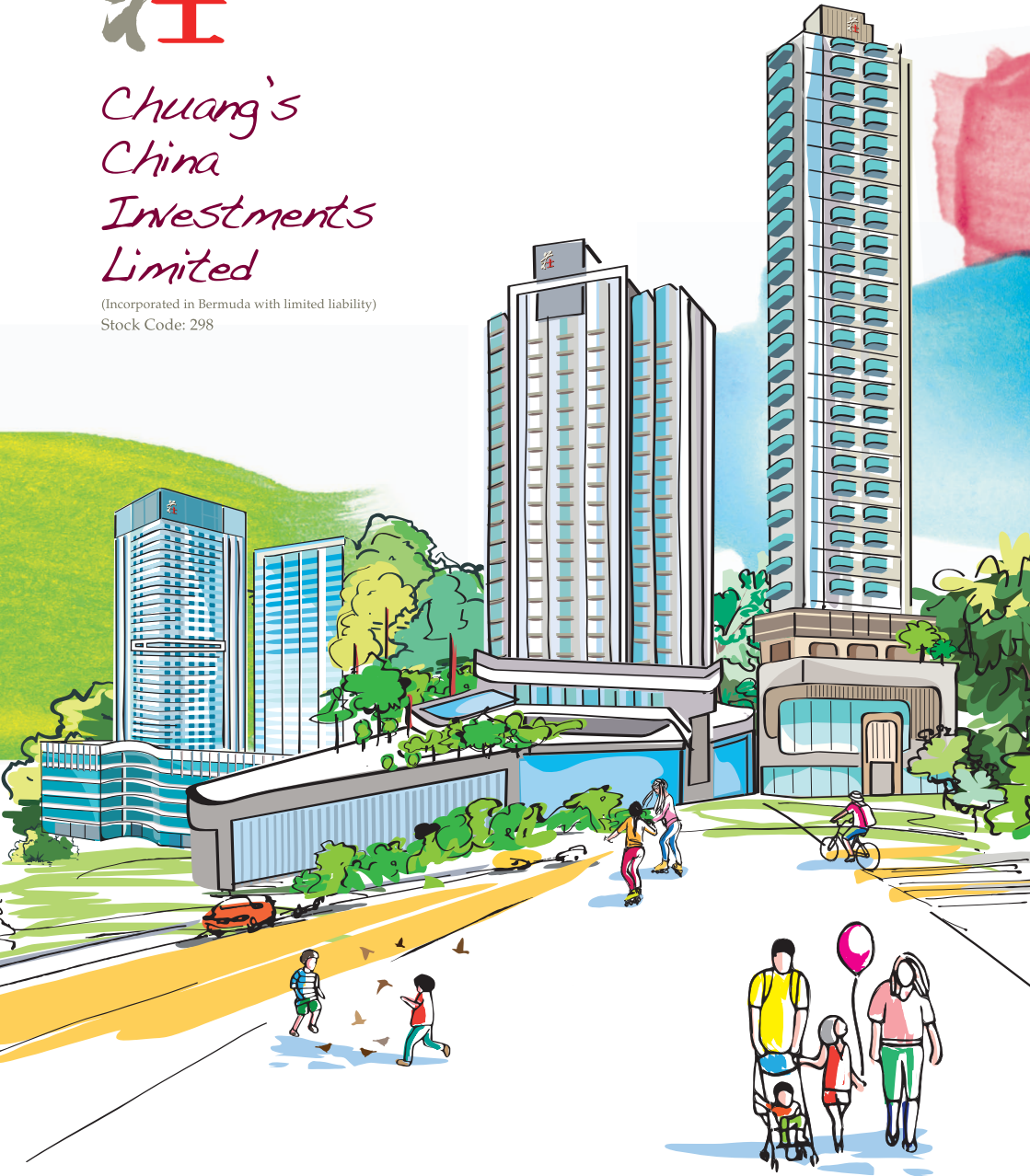




Interim Report 2023

*Chuang's
China
Investments
Limited*

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



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CORPORATE INFORMATION

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

[#] *Chairman of the relevant committee*

CORPORATE INFORMATION (*Continued*)

Registrars	Bermuda: MUFG Fund Services (Bermuda) Limited 4th floor North Cedar House 41 Cedar Avenue Hamilton, HM 12 Bermuda Hong Kong: Tricor Progressive Limited 17/F., Far East Finance Centre 16 Harcourt Road Hong Kong
Principal Bankers	The Hongkong and Shanghai Banking Corporation Limited Bank of China (Hong Kong) Limited Nanyang Commercial Bank, Limited Bank of Communications Co., Ltd.
Registered Office	Clarendon House, 2 Church Street Hamilton, HM 11, Bermuda
Principal Office in Hong Kong	25th Floor, Alexandra House 18 Chater Road, Central, Hong Kong Telephone: (852) 2522 2013 Facsimile: (852) 2810 6213 Email address: chuangs@chuangs.com.hk Website: www.chuangs-china.com
Regional Office in the People's Republic of China (the "PRC")	Guangdong Regional Office 2nd Floor Chuang's New City Administration Building No. 8 Chuang's Road, Dongguan Guangdong, the PRC

CORPORATE INFORMATION *(Continued)*

Office in Malaysia	Suite 16.05, 16th Floor, Wisma Chuang 34 Jalan Sultan Ismail, 50250 Kuala Lumpur Malaysia
Sales/Leasing Offices in the PRC	Chuang's Mid-town Sales/Leasing Office No. 690 Jian Guo Road Tie Dong Qu, Anshan Liaoning, the PRC Xiamen Leasing Office Xiamen Mingjia Binhai Resort Company Limited No. 382 Long Hu Shan Road Siming District, Xiamen Fujian, the PRC Fortune Wealth Sales Office Jiang Gu, Sihui Guangdong, the PRC
Stock Code	298

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “Board”) of Chuang’s China Investments Limited (the “Company”) presents the interim report including the condensed consolidated interim financial information of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30 September 2022. 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 2022 and the condensed consolidated balance sheet as at 30 September 2022 along with the notes thereon, are set out on pages 23 to 44 of this report.

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

- On 5 August 2022, the Group entered into a sale and purchase agreement with an independent third party for the disposal of the property in Changan, Dongguan, the People’s Republic of China (the “PRC”) for a consideration of approximately RMB132.1 million (equivalent to approximately HK\$149.7 million). The disposal was completed on 5 September 2022. Net cash proceed, after considering tax related to the disposal, of approximately RMB127.6 million (equivalent to approximately HK\$144.6 million) was received by the Group and has strengthened the Group’s financial position.
- Loss attributable to equity holders of the Company amounted to HK\$187.3 million.
- The Group had net cash of HK\$557.6 million as at 30 September 2022. Total cash resources of the Group (including bond investments of HK\$83.4 million) amounted to HK\$1,935.2 million, and bank borrowings amounted to HK\$1,377.6 million.
- Net asset value per share amounted to HK\$1.65.
- Loss per share was 7.98 HK cents.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

RESULTS REVIEW

During the period under review, the Group's revenues amounted to about HK\$38.8 million (2021: HK\$145.6 million), and comprised the following:

- sales of development properties decreased by about HK\$70.1 million to about HK\$1.4 million (2021: HK\$71.5 million), mainly due to reduced recognition of completed sales of The Esplanade, Tuen Mun in Hong Kong as majority of the properties had been sold by the last corresponding period;
- rental and management fee income increased by 6.3% to about HK\$13.5 million (2021: HK\$12.7 million), mainly due to the increase in rental income recorded for The Esplanade Place at Tuen Mun in Hong Kong as compared to the last corresponding period;
- revenues from securities investment and trading decreased by 64.0% to about HK\$14.6 million (2021: HK\$40.6 million) as a result of the decreased level of bond investments held by the Group during the period under review; and
- sales of cemetery assets in the PRC decreased by 55.3% to about HK\$9.3 million (2021: HK\$20.8 million) mainly due to the decrease in number of grave plots sold during the period under review.

During the period under review, gross profit decreased by about 70.0% to about HK\$27.8 million (2021: HK\$92.7 million) mainly as a result of the decrease in revenues. Overall gross profit margin increased from 64% to 72% and was mainly due to the decrease in proportion of sales of development properties which has a relatively lower profit margin than the other revenue segments of the Group. The gross profit margin for each revenue segment is as follows:

	9/2022	9/2021
Sales of development properties	50%	45%
Rental and management fee income	51%	52%
Revenues from securities investment and trading	100%	100%
Sales of cemetery assets	59%	63%

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

RESULTS REVIEW *(Continued)*

Other income and net loss amounted to a net loss of about HK\$91.1 million (2021: HK\$255.5 million) principally due to the net loss of bond investments. A breakdown of other income and net loss is shown in note 7A on page 37 hereof. Loss on disposal of subsidiaries of about HK\$45.7 million was recorded for the period under review upon the completion of the disposal of subsidiaries holding the property in Changan, Dongguan, the PRC as announced on 5 August 2022 (2021: gain of HK\$1.18 billion for the disposal of subsidiaries holding the property project in Panyu, Guangzhou, the PRC).

The Group recorded a gain on change in fair value of investment properties of HK\$0.4 million mainly arising from the investment properties in Hong Kong (2021: loss of HK\$15.0 million arising from the investment property in Malaysia).

On the costs side, selling and marketing expenses decreased by about 58.6% to about HK\$5.5 million (2021: HK\$13.3 million) due to the decrease in sales commission of The Esplanade in Tuen Mun recorded as comparing to that for the last corresponding period. Administrative and other operating expenses decreased by 28.3% to about HK\$43.3 million (2021: HK\$60.4 million) due to the decrease in business activities and cost saving on general overheads during the period under review. Finance costs increased by 7.3% to HK\$20.5 million (2021: HK\$19.1 million) mainly due to the increase in interest rates prevailing during the period. Share of loss of a joint venture was HK\$6.6 million (2021: profit of HK\$6.0 million) mainly due to the share of revaluation loss arising on investment properties owned by the joint venture. Taxation charge amounted to about HK\$4.6 million (2021: HK\$149.2 million) mainly due to the taxation charge relating to the disposal of subsidiaries with property in Changan, Dongguan, the PRC as mentioned above during the period under review (2021: mainly due to the taxation charge relating to the disposal of subsidiaries with property project in Panyu).

Taking into account the above, loss attributable to equity holders of the Company for the period ended 30 September 2022 amounted to HK\$187.3 million (2021: profit of HK\$767.9 million). Loss per share was 7.98 HK cents (2021: earnings per share of 32.69 HK cents).

INTERIM DIVIDEND

In order to maintain a stronger cash position under the current uncertain business environment, the Board has resolved not to declare an interim dividend for the six months ended 30 September 2022 (2021: 2.0 HK cents per share).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW

During the period under review, the Group has completed the disposal of the property in Changan, Dongguan, the PRC and this disposal has strengthened the financial position of the Group. However, the performance of the Group's investment in listed corporate bonds was continuously adversely affected by the unfavorable and high volatility of the sector during the period under review.

A. Investment Properties

The 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)*

The project was completed with gross floor area (“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, and all the residential flats were sold in prior years. During the period under review, one carparking space with sales value of about HK\$1.3 million had also been completed. The Group will continue to market the remaining 22 unsold carparking spaces.

The Esplanade Place comprises a two-storey commercial podium with about 16 commercial units and 12 commercial carparking spaces, of which 12 commercial units are leased to independent third parties with an aggregate annual rental income of about HK\$3.8 million. The Group will continue to market the remaining units and carparking spaces in order to generate rental income. As at 30 September 2022, the property was recorded at valuation of about HK\$176.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

A. Investment Properties (Continued)

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

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.*

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 Group has leased certain residential units to multi tenants with aggregate rental income of about RMB0.4 million (equivalent to approximately HK\$0.5 million). The 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\$735.7 million) as at 30 September 2022, comprising RMB261.3 million for the commercial podium and RMB405.3 million for the twin tower.

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

This hotel complex is developed by the Group, comprising a 6-storey hotel building with 100 guest-rooms (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 2022, the properties were recorded at valuation of RMB381.0 million (comprising RMB169.0 million for the hotel and RMB212.0 million for the 30 villas). The valuation attributable to the Group was about RMB226.7 million (equivalent to approximately HK\$250.2 million), whereas the total investment costs of the Group were about RMB155.2 million (equivalent to approximately HK\$171.3 million).

During the period under review, the hotel building together with 23 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). The remaining 7 villas are leased to independent third parties. The aggregate annual rental income of this hotel complex amounted to about RMB18.9 million (equivalent to approximately HK\$20.9 million).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

A. Investment Properties (Continued)

4. *One villa, Chuang's Le Papillon, Guangzhou, Guangdong (100% owned)*

The Group holds one villa and 4 carpark in Guangzhou, with a GFA of about 318 *sq. m.* for investment purpose. The villa was recorded at valuation of RMB8.1 million (equivalent to approximately HK\$8.9 million) as at 30 September 2022. The Group will adopt a flexible approach to lease/sell this villa.

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

The Group holds a 4-storey commercial building in Shatian, Dongguan, providing a total GFA of about 4,167 *sq. m.* for commercial, retail and office usage. As at 30 September 2022, valuation of the property was RMB36.4 million (equivalent to approximately HK\$40.2 million). During the period under review, one storey was leased to 中國人壽東莞分公司 (China Life Dongguan branch) for office use, and the ground floor was leased to an independent third party in June 2022 for retail use. The aggregate annual rental income is about RMB0.8 million (equivalent to approximately HK\$0.9 million). Marketing is in progress for leasing of the remaining units of the property.

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

Wisma Chuang is located within the prime city centre, situated right next to the landmark shopping complex, Pavilion KL, the heart of central business district and prestigious shopping area of Kuala Lumpur. It is built on a freehold land and is a 29-storey high rise office building having retail and office spaces of approximately 254,000 *sq. ft.* (on total net lettable area basis is approximately 195,000 *sq. ft.*) and 298 carparking spaces. As at 30 September 2022, the valuation of this property was MYR167.7 million (equivalent to approximately HK\$284.1 million), which represents an average value of approximately MYR860 (equivalent to approximately HK\$1,457) per *sq. ft.* of net lettable retail and office area.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

A. Investment Properties *(Continued)*

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

Wisma Chuang is leased to multi tenants with an occupancy rate of approximately 60%, and annual rental income was approximately MYR6.0 million (equivalent to approximately HK\$10.2 million). The Group will seek appropriate opportunities to dispose of the property to accelerate return from this investment.

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

B. Property Development

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

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 works have been completed. Superstructure work is currently in progress and it is built up to the fifth floor level. Preparation works for pre-sale have also commenced, which is expected to be launched in the first quarter of 2023.

2. *Changan, Dongguan, Guangdong (100% owned before disposal)*

The Group owns a site area of about 20,000 *sq. m.* in the city centre of Changan (長安), Dongguan, on which an industrial building with GFA of about 39,081 *sq. m.* was erected. During the period under review, the property was leased to an independent third party with aggregate rental income of about RMB3.0 million (equivalent to approximately HK\$3.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

B. Property Development (Continued)

2. *Changan, Dongguan, Guangdong (100% owned before disposal)
(Continued)*

On 5 August 2022, the Group entered into a sale and purchase agreement with an independent third party for the disposal of subsidiaries that hold this property for a consideration of approximately RMB132.1 million (equivalent to approximately HK\$149.7 million). The disposal was completed on 5 September 2022. Net cash proceed, after considering tax related to the disposal, of approximately RMB127.6 million (equivalent to approximately HK\$144.6 million) was received and has strengthened the Group's financial position.

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

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

4. *Changsha, Hunan (69% owned)*

The Group owns an effective 69% interests in a property development project in Changsha, and the total historical investment cost incurred by the Group in the PRC project company was about HK\$23.8 million. The Group has obtained conclusive court ruling for winding up of the PRC project company. The voluntary liquidation is currently in progress. Based on the preliminary assessment by the liquidation team regarding the assets and liabilities of the PRC project company and as adversely affected by the weak market condition in Changsha, there may not be much distribution available to shareholders of the PRC project company, however, the actual outcome will still be subject to finalization of the liquidation process. Taking into account the estimated net liabilities of the PRC project company, its consolidated net value is nil in the consolidated financial statements of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

B. Property Development *(Continued)*

5. *Chengdu, Sichuan (51% owned)*

The Group holds a 51% development interest in a project in Wuhou District, Chengdu. The Group's total historical investment costs in this project was about RMB146.8 million (equivalent to approximately HK\$162.0 million). As announced on 10 February 2021, the Group had received the final judgment from the court which had made a revision of the judgement payments in favour of the Group. The Group has made application to the court to enforce the final judgement. In August 2021, the Group had received a portion of judgement payments amounting to about RMB12.9 million (equivalent to approximately HK\$14.2 million). The Group will continue to explore ways in order to recover its investment.

6. *Others*

As previously reported, the Group obtained a judgement from court in Beijing for the registered owners of the courtyard house to transfer the title to the designated nominee of the Group. The transfer of one courtyard house with original investment cost of about HK\$0.7 million was completed during the year ended 31 March 2022, whereas procedure for the transfer of another courtyard house with original investment cost of about HK\$7.8 million implemented by court is in progress.

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

C. Fortune Wealth, Sihui, Guangdong (86% owned)

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

C. Fortune Wealth, Sihui, Guangdong (86% owned) *(Continued)*

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. As for the 150 mu of road access and greenbelts, Fortune Wealth will ascertain the arrangement required by the local authorities. Site formation and construction works are in progress on parts of the land.

As at 30 September 2022, the cemetery assets (including non-controlling interests) were recorded based on the book cost of about RMB908.5 million (equivalent to approximately HK\$1,002.7 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 2022, about 2,902 grave plots and 530 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.

D. Securities Investments

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

As at 30 September 2022, the Group owned about 19.35% 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. CNT and its subsidiaries are principally engaged in the property business, and through its 75% owned subsidiary, CPM, is principally engaged in the manufacture and sale of paint products under its own brand names with focus on the PRC market.

With reference to the respective closing share prices of CNT and CPM as at 30 September 2022 of HK\$0.38 (31 March 2022: HK\$0.39) and HK\$0.35 (31 March 2022: HK\$0.4), the aggregate book value of the Group’s investments in CNT and CPM is about HK\$142.2 million (31 March 2022: HK\$146.2 million). The change in book value is accounted for as “Reserve” in the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

D. Securities Investments *(Continued)*

2. *Investments in listed corporate bonds and other investments*

During the period under review, the performance of listed corporate bond investments of the Group was continuously adversely affected by unfavourable and high volatility of the sector, and certain listed corporate bonds held by the Group were in default. The Group has trimmed down the portfolio size in listed corporate bond investments during the period. As a result, the Group recorded net loss before tax of HK\$73.0 million for investments, comprising interest and other income from bond investments of HK\$14.7 million, net gain on disposals and redemption (including the redemption of existing bonds through the exchange of the new bonds of the same issuers) of investments of HK\$22.7 million, and unrealized fair value loss on investments of HK\$110.4 million mainly as a result of mark to market valuation of investments held 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 2022, investments of the Group amounted to HK\$236.8 million, comprised as to HK\$83.4 million for investments in listed corporate bonds and the balance of HK\$153.4 million for other investments (of which about HK\$71.4 million are denominated in Renminbi, and about HK\$82.0 million are denominated in United States dollar), comprising FinTech companies, venture capital investment platforms, high technology companies and investment funds which are not listed or just listed in the markets. The Group will continue to monitor the performance of its respective investment portfolios from time to time.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FINANCIAL REVIEW

Net asset value

As at 30 September 2022, the net asset value attributable to equity holders of the Company amounted to HK\$3,873.7 million. Net asset value per share amounted to HK\$1.65.

Financial Resources

As at 30 September 2022, the Group had cash and bank balances of HK\$1,851.8 million (31 March 2022: HK\$1,524.9 million) and held bond investments amounted to HK\$83.4 million (31 March 2022: HK\$428.2 million), totaling HK\$1,935.2 million (31 March 2022: HK\$1,953.1 million). As at the same date, bank borrowings of the Group amounted to HK\$1,377.6 million (31 March 2022: HK\$1,255.0 million). On this basis, the Group had net cash of HK\$557.6 million (31 March 2022: HK\$698.1 million) and the calculation of net debt to equity ratio was therefore not applicable (31 March 2022: Same).

Approximately 84.2% of the Group's cash, bank balances and bond investments were in Hong Kong dollar and United States dollar, 15.2% were in Renminbi and the balance of 0.6% were in other currencies. Approximately 90.6% of the Group's bank borrowings were in Hong Kong dollar and United States dollar, and the remaining of 9.4% were in Malaysian Ringgit.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 46.1% of the Group's bank borrowings were repayable within the first year, 45.7% were repayable within the second year, and the balance of 8.2% were repayable within the third to fifth years.

Foreign Exchange Risk

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

PROSPECTS

Going forward, the Group holds a cautious view about the global economic outlook. In the PRC, the Group considers that the economic growth will be slowed down and that the liquidity crisis of property development sector has yet to be resolved. In Hong Kong, we are facing a downturn in the property sector, in the midst of the rising interest rates. Against such backdrop, the Group will continue to optimize its operations and will also continue to identify opportunities to enhance its revenue and maximize return for its shareholders.

OTHER INFORMATION

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

As at 30 September 2022, 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. Neville Charles Kotewall ("Mr. Neville Kotewall")	1,255,004	<i>Note 1</i>	0.05

Note 1: Such interests arose by attribution through his spouse, Mrs. Candy Kotewall Chuang Ka Wai ("Ms. Candy Chuang").

Note 2: Mr. Neville Kotewall resigned as a director of the Company on 18 November 2022.

OTHER INFORMATION (Continued)

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

(b) Interests in associated corporations

(i) Evergain Holdings Limited (“Evergain”)

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Albert Chuang Ka Pun (“Mr. Albert Chuang”)	1	Beneficial owner	10.00
Mr. 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
Mr. Neville Kotewall	1	Note	10.00

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

(ii) Chuang’s Consortium International Limited (“CCIL”)

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

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

Other than as disclosed herein, as at 30 September 2022, 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 2022, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of Shareholder	Number of shares of the Company	Capacity	Percentage of shareholding
Profit Stability Investments Limited (“PSI”)	1,435,314,923	Beneficial owner	61.15
CCIL	1,435,314,923	<i>Note 1</i>	61.15
Evergain	1,435,314,923	<i>Note 1</i>	61.15
Mr. Alan Chuang Shaw Swee (“Mr. Alan Chuang”)	1,435,314,923	<i>Note 1</i>	61.15
Mrs. Chong Ho Pik Yu	1,435,314,923	<i>Note 2</i>	61.15

Note 1: Interests in 1,435,314,923 shares owned by PSI. PSI is a wholly-owned subsidiary of CCIL. Mr. Alan Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of CCIL through Evergain which is 60% beneficially owned by Mr. Alan Chuang. Mr. Albert Chuang, Mr. Edwin Chuang, Ms. Candy Chuang and Mr. Geoffrey Chuang are directors of CCIL and directors and shareholders of Evergain, and Mr. Albert Chuang is also a director of PSI. Miss Ann Li Mee Sum is also a director of CCIL.

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

Save as disclosed above, as at 30 September 2022, there was no other person who was recorded in the register of the Company as having interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

OTHER INFORMATION *(Continued)*

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30 September 2022 with the code provisions set out in the Appendix 14 – Corporate Governance Code of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

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 2022 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. Andrew Fan Chun Wah and Dr. Eddy Li Sau Hung, the Independent Non-Executive Directors of the Company.

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

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

Changes in the information of Directors since the date of the 2022 annual report of the Company and up to the date of this report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

1. Mr. Andrew Fan Chun Wah resigned as an independent non-executive director of Space Group Holdings Limited with effect from 8 August 2022, the shares of this company are listed on the Stock Exchange.
2. Dr. Ng Kit Chong was appointed as the co-chairman and a non-executive director of Walnut Capital Limited with effect from 17 October 2022 and resigned as the chairman and an executive director of Oriental Payment Group Holdings Limited with effect from 10 November 2022, the shares of these companies are listed on the Stock Exchange.

OTHER INFORMATION *(Continued)*

DEALING IN THE COMPANY’S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2022 and up to the date of this report.

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 31 August 2012 for a period of 10 years had expired on 30 August 2022. On 2 September 2022, a new share option scheme for a period of 10 years expiring 1 September 2032 (the “New Share Option Scheme”) was adopted by the Company. The purpose of the New Share Option Scheme is to recognize the contribution of the eligible persons as defined in the scheme including, inter alia, any Directors or employees of the Group (the “Eligible Persons”), to the growth of the Group and to further motivate the Eligible Persons to continue to contribute to the Group’s long-term prosperity. No options have been granted under the New Share Option Scheme since its adoption.

STAFF

The Group puts emphasis on training and cultivating elite talent. We are committed to providing a dynamic and enthusiastic working atmosphere and increase hiring talents of all fields. As at 30 September 2022, the Group employed 109 staff. The Group provides its staff with other benefits including discretionary bonus, double pay, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

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

Hong Kong, 28 November 2022

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 September 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenues	5	38,808	145,642
Cost of sales		<u>(11,018)</u>	<u>(52,899)</u>
Gross profit		27,790	92,743
Other income and net loss	7A	(91,121)	(255,486)
(Loss)/gain on disposal of subsidiaries	7B	(45,739)	1,181,548
Selling and marketing expenses		(5,493)	(13,345)
Administrative and other operating expenses		(43,253)	(60,350)
Change in fair value of investment properties		<u>385</u>	<u>(14,953)</u>
Operating (loss)/profit	8	(157,431)	930,157
Finance costs	9	(20,464)	(19,146)
Share of result of an associated company		–	(194)
Share of result of a joint venture	10	<u>(6,588)</u>	<u>5,970</u>
(Loss)/profit before taxation		(184,483)	916,787
Taxation	11	<u>(4,636)</u>	<u>(149,216)</u>
(Loss)/profit for the period		<u>(189,119)</u>	<u>767,571</u>
Attributable to:			
Equity holders		(187,284)	767,921
Non-controlling interests		<u>(1,835)</u>	<u>(350)</u>
		<u>(189,119)</u>	<u>767,571</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share (basic and diluted)	13	<u>(7.98)</u>	<u>32.69</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)*For the six months ended 30 September 2022*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit for the period	(189,119)	767,571
Other comprehensive income:		
Items that had been/may be reclassified subsequently to profit and loss:		
Net exchange differences	(262,714)	46,605
Share of exchange reserve of a joint venture	(25,653)	4,063
Realization of exchange reserve upon disposal of subsidiaries	6,002	(27,353)
Total other comprehensive (loss)/income that had been/may be reclassified subsequently to profit and loss	(282,365)	23,315
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	(4,002)	7,213
Total other comprehensive (loss)/income for the period	(286,367)	30,528
Total comprehensive (loss)/income for the period	(475,486)	798,099
Total comprehensive (loss)/income attributable to:		
Equity holders	(452,153)	805,310
Non-controlling interests	(23,333)	(7,211)
	(475,486)	798,099

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 September 2022

	30 September 2022	31 March 2022
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	33,330	35,660
Investment properties	1,249,064	1,601,355
Right-of-use assets	4,938	6,773
Properties for/under development	138,839	154,113
Cemetery assets	280,510	315,649
Joint venture	307,625	340,314
Financial assets at fair value through other comprehensive income	150,284	155,258
Loans and receivables and other deposits	226,603	251,336
	<u>2,391,193</u>	<u>2,860,458</u>
Current assets		
Properties for sale	685,028	680,273
Cemetery assets	722,198	798,604
Inventories	49,795	49,795
Debtors and prepayments	15 52,135	173,339
Financial assets at fair value through profit or loss	236,797	588,732
Cash and bank balances	1,851,821	1,524,929
	<u>3,597,774</u>	<u>3,815,672</u>
Current liabilities		
Creditors and accruals	16 228,596	255,722
Sales deposits received	–	381
Short-term bank borrowings	17 200,000	22,152
Current portion of long-term bank borrowings	17 516,402	512,905
Taxation payable	37,132	39,867
	<u>982,130</u>	<u>831,027</u>
Net current assets	<u>2,615,644</u>	<u>2,984,645</u>
Total assets less current liabilities	<u>5,006,837</u>	<u>5,845,103</u>

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) *(Continued)*
As at 30 September 2022

		30 September 2022	31 March 2022
	<i>Note</i>	HK\$'000	HK\$'000
Equity			
Share capital	18	117,352	117,352
Reserves		3,756,325	4,443,182
		<hr/>	<hr/>
Shareholders' funds		3,873,677	4,560,534
Non-controlling interests		92,603	115,936
		<hr/>	<hr/>
Total equity		3,966,280	4,676,470
		<hr/>	<hr/>
Non-current liabilities			
Long-term bank borrowings	17	661,179	719,918
Deferred taxation liabilities		300,237	363,573
Loans and payables with non-controlling interests		44,352	44,626
Other non-current liabilities		34,789	40,516
		<hr/>	<hr/>
		1,040,557	1,168,633
		<hr/>	<hr/>
		5,006,837	5,845,103
		<hr/>	<hr/>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 September 2022

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
Net cash from/(used in) operating activities		274,638	(48,236)
Cash flows from investing activities			
Interest income received		6,564	1,551
Dividend income received from financial assets at fair value through other comprehensive income		7,366	7,469
Purchase of property, plant and equipment		(2,403)	(28)
Proceeds from disposal of investment properties		–	12,461
Net proceeds from disposal of subsidiaries, net of cash and bank balances disposed of	<i>21</i>	144,638	1,460,601
Decrease/(increase) in bank deposits maturing more than three months from date of placement		4,656	(2,790)
Others, net		415	115
Net cash from investing activities		161,236	1,479,379
Cash flows from financing activities			
New bank borrowings		223,113	2,948
Repayment of bank borrowings		(89,049)	(227,588)
Dividends paid to shareholders		(234,704)	–
Decrease in loans and payables with non-controlling interests		–	(16)
Lease payments		(1,823)	(28)
Net cash used in financing activities		(102,463)	(224,684)
Net increase in cash and cash equivalents		333,411	1,206,459
Cash and cash equivalents at the beginning of the period		1,520,273	679,001
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		(1,863)	3,464
Cash and cash equivalents at the end of the period		1,851,821	2,023,574
Analysis of cash and cash equivalents			
Cash and bank balances		1,851,821	2,026,364
Bank deposits maturing more than three months from date of placement		–	(2,790)
Cash and cash equivalents		1,851,821	2,023,574

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2022

	Attributable to equity holders of the Company				Non-controlling interests	Total
	Share capital	Other reserves	Retained profits	Shareholders' funds		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	117,352	2,367,044	2,076,138	4,560,534	115,936	4,676,470
Loss for the period	-	-	(187,284)	(187,284)	(1,835)	(189,119)
Other comprehensive income:						
Net exchange differences	-	(245,064)	-	(245,064)	(17,650)	(262,714)
Share of exchange reserve of a joint venture	-	(21,805)	-	(21,805)	(3,848)	(25,653)
Realization of exchange reserve upon disposal of subsidiaries (note 21)	-	6,002	-	6,002	-	6,002
Change in fair value of financial assets at fair value through other comprehensive income	-	(4,002)	-	(4,002)	-	(4,002)
Total comprehensive loss for the period	-	(264,869)	(187,284)	(452,153)	(23,333)	(475,486)
Realization of investment revaluation reserve upon disposal of financial assets at fair value through other comprehensive income	-	(11)	11	-	-	-
Transactions with owners:						
Dividends	-	-	(234,704)	(234,704)	-	(234,704)
At 30 September 2022	<u>117,352</u>	<u>2,102,164</u>	<u>1,654,161</u>	<u>3,873,677</u>	<u>92,603</u>	<u>3,966,280</u>
At 1 April 2021	117,442	2,386,987	1,915,324	4,419,753	123,571	4,543,324
Profit/(loss) for the period	-	-	767,921	767,921	(350)	767,571
Other comprehensive income:						
Net exchange differences	-	54,075	-	54,075	(7,470)	46,605
Share of exchange reserve of a joint venture	-	3,454	-	3,454	609	4,063
Realization of exchange reserve upon disposal of subsidiaries (note 21)	-	(27,353)	-	(27,353)	-	(27,353)
Change in fair value of financial assets at fair value through other comprehensive income	-	7,213	-	7,213	-	7,213
Total comprehensive income/(loss) for the period	-	37,389	767,921	805,310	(7,211)	798,099
Realization of other reserves upon disposal of subsidiaries	-	(108,915)	108,915	-	-	-
Transactions with owners:						
Dividend	-	-	(35,233)	(35,233)	-	(35,233)
At 30 September 2021	<u>117,442</u>	<u>2,315,461</u>	<u>2,756,927</u>	<u>5,189,830</u>	<u>116,360</u>	<u>5,306,190</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

As at 30 September 2022, the Company was a 61.15% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The board of Directors (the "Board") regard CCIL as the ultimate holding company.

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

2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value, and in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by The Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31 March 2022 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs").

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

2. BASIS OF PREPARATION (*Continued*)

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated annual financial statements of the Group for the year ended 31 March 2022, except as stated below.

(i) **Effect of adopting amendments and improvements to standards, and revised accounting guideline**

For the six months ended 30 September 2022, the Group adopted the following amendments and improvements to standards, and revised accounting guideline that are effective for the accounting periods beginning on or after 1 April 2022 and relevant to the operations of the Group:

HKAS 16 (Amendment)	Property, Plant and Equipment: Proceeds before Intended Use
HKAS 37 (Amendment)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRS 3 (Amendment)	Reference to the Conceptual Framework
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018–2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The Group has assessed the impact of the adoption of these amendments and improvements to standards, and revised accounting guideline 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, practice statement and interpretation that are not yet effective**

The following new standard, amendments to standards, practice statement and interpretation have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1 April 2023, 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)
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (no mandatory effective date)
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts (effective from 1 January 2023)
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (effective from 1 January 2023)

The Group will adopt the above new standard, amendments to standards, practice statement and interpretation 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, practice statement and interpretation 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 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 2022. There has been no material change in the Group's financial risk management policies since the year ended 31 March 2022.

(b) Liquidity risk

Compared to the year ended 31 March 2022, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

(c) Fair value estimation

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

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

During the six months ended 30 September 2022, except for the performance of the listed corporate 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 2022, which were based on the economic, market and other conditions as they exist on, and information available to management as of 30 September 2022.

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 2022.

5. REVENUES

Revenues recognized during the period are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sales of properties	1,350	71,477
Rental income and management fees	13,493	12,775
Sales of cemetery assets	9,280	20,803
Interest and other income from financial assets at fair value through profit or loss	14,685	40,587
	<u>38,808</u>	<u>145,642</u>

6. SEGMENT INFORMATION

(a) Segment information by business lines

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. SEGMENT INFORMATION (Continued)

(a) Segment information by business lines (Continued)

The segment information by business lines is as follows:

	Property development, investment and trading HK\$'000	Cemetery HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Others and corporate HK\$'000	Total HK\$'000
2022						
Revenues from contracts with customers:						
– Recognized at a point in time	1,350	9,280	–	–	–	10,630
– Recognized over time	548	–	–	–	–	548
Revenues from other sources	12,945	–	–	14,685	–	27,630
Revenues	<u>14,843</u>	<u>9,280</u>	<u>–</u>	<u>14,685</u>	<u>–</u>	<u>38,808</u>
Other income and net gain/(loss)	<u>690</u>	<u>336</u>	<u>–</u>	<u>(87,643)</u>	<u>(4,504)</u>	<u>(91,121)</u>
Loss on disposal of subsidiaries	<u>(45,739)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(45,739)</u>
Operating (loss)/profit	<u>(49,048)</u>	<u>47</u>	<u>(8)</u>	<u>(73,469)</u>	<u>(34,953)</u>	<u>(157,431)</u>
Finance costs	<u>(20,439)</u>	<u>–</u>	<u>–</u>	<u>(25)</u>	<u>–</u>	<u>(20,464)</u>
Share of result of a joint venture	<u>(6,588)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(6,588)</u>
(Loss)/profit before taxation	<u>(76,075)</u>	<u>47</u>	<u>(8)</u>	<u>(73,494)</u>	<u>(34,953)</u>	<u>(184,483)</u>
Taxation	<u>(4,398)</u>	<u>(238)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(4,636)</u>
Loss for the period	<u>(80,473)</u>	<u>(191)</u>	<u>(8)</u>	<u>(73,494)</u>	<u>(34,953)</u>	<u>(189,119)</u>
As at 30 September 2022						
Segment assets	<u>2,427,571</u>	<u>1,059,122</u>	<u>49,969</u>	<u>238,786</u>	<u>1,905,894</u>	<u>5,681,342</u>
Joint venture	<u>307,625</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>307,625</u>
Total assets	<u>2,735,196</u>	<u>1,059,122</u>	<u>49,969</u>	<u>238,786</u>	<u>1,905,894</u>	<u>5,988,967</u>
Total liabilities	<u>1,709,584</u>	<u>261,614</u>	<u>10</u>	<u>4,138</u>	<u>47,341</u>	<u>2,022,687</u>
2022						
Other segment items are as follows:						
Capital expenditure	18,492	9,357	–	–	1,720	29,569
Depreciation of property, plant and equipment	247	235	–	–	2,947	3,429
Depreciation of right-of-use assets	1,709	46	–	–	–	1,755
Provision for impairment of trade debtors	304	–	–	–	–	304
Fair value gain of investment properties	<u>385</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>385</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	Cemetery HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Others and corporate HK\$'000	Total HK\$'000
2021						
Revenues from contracts with customers:						
– Recognized at a point in time	71,477	20,803	–	–	–	92,280
– Recognized over time	309	–	–	–	–	309
Revenues from other sources	12,466	–	–	40,587	–	53,053
Revenues	<u>84,252</u>	<u>20,803</u>	<u>–</u>	<u>40,587</u>	<u>–</u>	<u>145,642</u>
Other income and net gain/(loss)	<u>–</u>	<u>29</u>	<u>–</u>	<u>(261,190)</u>	<u>5,675</u>	<u>(255,486)</u>
Gain on disposal of subsidiaries	<u>1,181,548</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,181,548</u>
Operating profit/(loss)	1,183,934	4,772	(186)	(220,717)	(37,646)	930,157
Finance costs	(17,167)	–	–	(1,979)	–	(19,146)
Share of result of an associated company	–	–	–	–	(194)	(194)
Share of result of a joint venture	5,970	–	–	–	–	5,970
Profit/(loss) before taxation	1,172,737	4,772	(186)	(222,696)	(37,840)	916,787
Taxation	(148,003)	(1,213)	–	–	–	(149,216)
Profit/(loss) for the period	<u>1,024,734</u>	<u>3,559</u>	<u>(186)</u>	<u>(222,696)</u>	<u>(37,840)</u>	<u>767,571</u>
As at 31 March 2022						
Segment assets	2,883,254	1,190,603	49,979	615,019	1,596,961	6,335,816
Joint venture	340,314	–	–	–	–	340,314
Total assets	<u>3,223,568</u>	<u>1,190,603</u>	<u>49,979</u>	<u>615,019</u>	<u>1,596,961</u>	<u>6,676,130</u>
Total liabilities	<u>1,628,117</u>	<u>295,758</u>	<u>10</u>	<u>26,758</u>	<u>49,017</u>	<u>1,999,660</u>
2021						
Other segment items are as follows:						
Capital expenditure	21,221	–	–	–	–	21,221
Depreciation of property, plant and equipment	259	258	52	–	6,321	6,890
Depreciation of right-of-use assets	31	27	–	–	–	58
Fair value loss of investment properties	14,953	–	–	–	–	14,953

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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong	18,144	110,048	19,765	21,193
The People's Republic of China (the "PRC")	13,516	28,451	9,357	–
Malaysia	7,148	7,143	447	28
	38,808	145,642	29,569	21,221
	Non-current assets (<i>Note</i>)		Total assets	
	30 September 2022 HK\$'000	31 March 2022 HK\$'000	30 September 2022 HK\$'000	31 March 2022 HK\$'000
Hong Kong	201,849	204,729	2,955,560	3,093,293
The PRC	1,526,962	1,935,539	2,705,173	3,225,449
Malaysia	285,495	313,596	299,124	324,376
Other countries	–	–	29,110	33,012
	2,014,306	2,453,864	5,988,967	6,676,130

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

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

7A. OTHER INCOME AND NET LOSS

	2022	2021
	HK\$'000	HK\$'000
Interest income from bank deposits	7,713	1,544
Dividend income from financial assets at fair value through other comprehensive income	7,366	7,469
Net loss of financial assets at fair value through profit or loss <i>(note)</i>	(87,672)	(260,794)
Loss on disposal of investment properties	–	(313)
Net gain/(loss) on disposal of property, plant and equipment	187	(18)
Net exchange loss	(19,146)	(3,908)
Others	431	534
	(91,121)	(255,486)

Note: The amount is comprising of net gain on disposal of HK\$22.7 million (2021: net loss of HK\$4.9 million) and net fair value loss of HK\$110.4 million (2021: HK\$255.9 million) for financial assets at fair value through profit or loss.

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

- (a) On 5 August 2022, a direct wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to dispose of the property holding subsidiaries which held a property in Changan, Dongguan, the PRC, at a consideration of approximately RMB132.1 million (equivalent to approximately HK\$149.7 million) (the “Changan Disposal”). Details of the Changan Disposal were announced by the Company on 5 August 2022. The transaction was completed on 5 September 2022, and a loss on disposal of subsidiaries was recorded in the period ended 30 September 2022, taking into account the net assets disposed of approximately HK\$189.1 million, the realization of a negative exchange reserve upon disposal of approximately HK\$6.0 million and the related transaction costs. Details of the Changan Disposal are shown in note 21.
- (b) On 9 February 2021, 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 the Company on 13 April 2021. Details of the Panyu Disposal were announced by the Company on 11 February 2021 and 14 May 2021, and published in the circular of the Company on 19 March 2021. 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 Panyu Disposal are shown in note 21.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

8. OPERATING (LOSS)/PROFIT

	2022 HK\$'000	2021 HK\$'000
Operating (loss)/profit is stated after charging:		
Cost of properties sold	678	39,100
Cost of cemetery assets sold	3,763	7,706
Depreciation of property, plant and equipment	3,429	6,890
Depreciation of right-of-use assets	1,755	58
Provision of impairment of trade debtors	304	–
Staff costs, including Directors' emoluments		
Wages and salaries (note)	16,459	19,896
Retirement benefit costs	1,162	1,263
	<u>16,459</u>	<u>19,896</u>

Note: Government grants amounting to HK\$382,000 (2021: Nil) have been recognized and deducted in wages and salaries expenses for the six months ended 30 September 2022.

9. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interest expenses of		
Bank borrowings	22,547	21,171
Lease liabilities	31	1
	<u>22,578</u>	<u>21,172</u>
Amounts capitalized into properties under development	(2,114)	(2,026)
	<u>20,464</u>	<u>19,146</u>

The capitalization rate applied to funds borrowed for the development of properties ranged from 3.44% to 3.54% (2021: 1.24%) per annum.

10. SHARE OF RESULT OF A JOINT VENTURE

Share of loss of a joint venture of HK\$6,588,000 (2021: profit of HK\$5,970,000) in the condensed consolidated income statement included the share of fair value loss of the investment properties (net of the related deferred taxation) of joint venture of HK\$13,936,000 (2021: Nil), and the rental income recorded by the joint venture from the wholly-owned subsidiary of the joint venture partner for the period ended 30 September 2022 amounting to approximately HK\$9,433,000 (2021: HK\$6,682,000).

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

11. TAXATION

	2022	2021
	HK\$'000	HK\$'000
Current taxation		
Hong Kong profits tax	–	2,630
PRC corporate income tax	1,720	2,738
PRC withholding corporate income tax <i>(notes 7B(a) and 7B(b))</i>	3,441	142,071
PRC land appreciation tax	–	6,414
Overseas profits tax	95	375
Deferred taxation	(620)	(5,012)
	4,636	149,216

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the period (2021: Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits for that period). PRC corporate income tax and overseas profits tax have been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the PRC and the countries in which the Group operates respectively. PRC withholding corporate income tax represents the relevant tax on disposal of subsidiaries arising from the Changan Disposal and Panyu Disposal as mentioned in note 7B(a) and 7B(b) respectively. PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures.

There was no taxation charge/credit of the associated company for the period ended 30 September 2022 (2021: Nil). Share of deferred taxation credit arising from the fair value loss of the investment properties of the joint venture for the period ended 30 September 2022 of HK\$4,645,000 (2021: Nil, as it did not have deferred taxation arising from the change in fair value of the investment properties and it had sufficient tax losses brought forward to set off against the estimated assessable profits for that period) is included in the condensed consolidated income statement as “Share of result of a joint venture”.

12. INTERIM DIVIDEND

On 28 November 2022, the Board has resolved not to declare an interim dividend for the six months ended 30 September 2022 (2021: 2.0 HK cents per share amounting to HK\$46,977,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

13. (LOSS)/EARNINGS PER SHARE

The calculation of the (loss)/earnings per share is based on the loss attributable to equity holders of HK\$187,284,000 (2021: profit attributable to equity holders of HK\$767,921,000) and the weighted average number of 2,347,035,316 (2021: 2,348,835,316) shares in issue during the period.

The diluted (loss)/earnings per share is equal to the basic (loss)/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 2022, the Group incurred acquisition and development costs on property, plant and equipment of HK\$2,403,000 (2021: HK\$28,000), right-of-use assets of HK\$111,000 (2021: HK\$6,843,000) and property projects, properties, investment properties and cemetery assets of HK\$27,055,000 (2021: HK\$14,350,000) respectively.

15. DEBTORS AND PREPAYMENTS

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

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

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
Below 30 days	629	632
31 to 60 days	62	141
61 to 90 days	167	216
Over 90 days	3,637	7,452
	<hr/> 4,495 <hr/>	<hr/> 8,441 <hr/>

As at 31 March 2022, debtors and prepayments included net deposits of HK\$3,000,000 for acquisition of property projects, properties and right-of-use assets after the accumulated provision for impairment, and the deferred consideration of about HK\$122.9 million for the Panyu Disposal as mentioned in note 7B(b), which was received in May 2022 after the expiry of 12 months from the date of completion of the Panyu Disposal.

**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 2022 HK\$'000	31 March 2022 HK\$'000
Below 30 days	2,040	1,632
31 to 60 days	37	2
Over 60 days	18	11
	<u>2,095</u>	<u>1,645</u>

Creditors and accruals include the construction cost payables and accruals of HK\$126,833,000 (31 March 2022: HK\$144,138,000) for the property and cemetery projects of the Group.

17. BORROWINGS

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
Unsecured bank borrowings		
Short-term bank borrowing	200,000	–
Long-term bank borrowings	822,933	888,593
	<u>1,022,933</u>	<u>888,593</u>
Secured bank borrowings		
Short-term bank borrowing	–	22,152
Long-term bank borrowings	354,648	344,230
	<u>354,648</u>	<u>366,382</u>
Total bank borrowings	<u>1,377,581</u>	<u>1,254,975</u>

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

17. BORROWINGS (Continued)

The total bank borrowings are analyzed as follows:

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
Short-term bank borrowings	200,000	22,152
Long-term bank borrowings	1,177,581	1,232,823
	<u>1,377,581</u>	<u>1,254,975</u>

The long-term bank borrowings are analyzed as follows:

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
Long-term bank borrowings	1,177,581	1,232,823
Current portion included in current liabilities		
Portion due within one year	(435,691)	(398,050)
Portion due after one year which contains a repayment on demand clause	(80,711)	(114,855)
	<u>(516,402)</u>	<u>(512,905)</u>
	<u>661,179</u>	<u>719,918</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 2022 HK\$'000	31 March 2022 HK\$'000
Within the first year	635,691	420,202
Within the second year	629,172	437,382
Within the third to fifth years	112,718	397,391
	<u>1,377,581</u>	<u>1,254,975</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

17. BORROWINGS (Continued)

As at 30 September 2022, the Group had pledged certain assets, including investment properties and properties for sale with an aggregate carrying value of HK\$846,610,000 (31 March 2022: HK\$878,967,000, also included financial assets at fair value through profit or loss), to secure banking facilities granted to the subsidiaries. As at 30 September 2022, bank borrowings of HK\$354,647,000 (31 March 2022: HK\$366,382,000) are guaranteed by the Company, HK\$576,684,000 (31 March 2022: HK\$389,843,000) are guaranteed by CCIL, and HK\$446,250,000 (31 March 2022: HK\$498,750,000) are guaranteed by both the Company and CCIL.

18. SHARE CAPITAL

	30 September 2022	31 March 2022
	HK\$'000	HK\$'000
Authorized:		
18,000,000,000 shares of HK\$0.05 each	900,000	900,000
	Number of shares	Amount HK\$'000
Issued and fully paid at HK\$0.05 each:		
At 31 March 2022 and 30 September 2022	2,347,035,316	117,352

19. FINANCIAL GUARANTEES

As at 30 September 2022, the subsidiaries had provided guarantees of HK\$6,401,000 (31 March 2022: HK\$9,409,000) 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 2022, the Group had commitments contracted but not provided for in respect of property projects and properties of HK\$214,836,000 (31 March 2022: HK\$26,724,000) and financial assets at fair value through profit or loss of HK\$46,128,000 (31 March 2022: HK\$47,569,000) respectively.

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

21. (LOSS)/GAIN ON DISPOSAL OF SUBSIDIARIES

	Changan Disposal 2022 HK\$'000	Panyu Disposal 2021 HK\$'000
Consideration	149,700	1,896,712
Less: Transaction costs and related expenses	(351)	(35,313)
Net proceeds	149,349	1,861,399
Details of net assets at the date of disposal:		
Investment properties	215,119	192,315
Properties for sale	–	449,553
Debtors and prepayments	167	10,406
Cash and bank balances	1,311	132,099
Creditors and accruals	(1,456)	(2,406)
Taxation payable	(1,064)	(5,040)
Deferred taxation liabilities	(24,991)	(69,723)
Net assets disposed of	189,086	707,204
Realization of exchange reserve upon disposal	6,002	(27,353)
(Loss)/gain on disposal of subsidiaries (<i>note 7B</i>)	(45,739)	1,181,548
	149,349	1,861,399
Analysis of (loss)/gain on the disposal of subsidiaries:		
(Loss)/gain on disposal of subsidiaries (<i>note 7B</i>)	(45,739)	1,181,548
Less: PRC withholding corporate income tax (<i>note 11</i>)	(3,441)	(142,071)
Net (loss)/gain on the disposal of subsidiaries after taxation	(49,180)	1,039,477
Analysis of net cash inflow in respect of the disposal:		
Net cash consideration received	149,349	1,861,399
Less: Deposit received in creditors and accruals	–	(118,320)
Consideration receivable/deferred consideration in debtors and prepayments	(3,400)	(120,271)
Deferred tax receivable in loans and receivables and other deposits	–	(30,108)
Cash and bank balances disposed of	(1,311)	(132,099)
Net cash inflow from the disposal	144,638	1,460,601
Represented by:		
Net proceeds from disposal of subsidiaries included in cash flows from investing activities	144,638	1,460,601