

Chuang's China Investments Limited

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

Interim Report 2022

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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 Neville Charles Kotewall Dominic Lai [@] Abraham Shek Lai Him, G.B.S., J.P.* Andrew Fan Chun Wah, J.P.* Eddy Li Sau Hung, G.B.S., J.P.* Ng Kit Chong, M.H.*
	[@] <i>Non-Executive Director</i> [*] <i>Independent Non-Executive Directors</i>
Audit Committee	Abraham Shek Lai Him, G.B.S., J.P. [#] Andrew Fan Chun Wah, J.P. Eddy Li Sau Hung, G.B.S., J.P.
Nomination Committee	Abraham Shek Lai Him, G.B.S., J.P. [#] Andrew Fan Chun Wah, J.P. Ng Kit Chong, M.H.
Remuneration Committee	Abraham Shek Lai Him, G.B.S., J.P. [#] Andrew Fan Chun Wah, J.P. Eddy Li Sau Hung, G.B.S., J.P.
Corporate Governance Committee	Albert Chuang Ka Pun, J.P. [#] Ann Li Mee Sum 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
Level 54, Hopewell Centre
183 Queen's Road East
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 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 30 to 52 of this report.

BUSINESS HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

- On 14 May 2021, the Group completed the disposal of the property project in Panyu, Guangzhou, the People’s Republic of China (the “PRC”). The Group’s net cash position has increased by about HK\$1.4 billion, after payment of tax relating to the disposal. The disposal has greatly strengthened the Group’s financial position.
- Profit attributable to equity holders of the Company amounted to HK\$767.9 million.
- The Group had net cash of HK\$1,427.0 million as at 30 September 2021. Total cash resources of the Group (including bond investments of HK\$992.7 million) amounted to HK\$3,019.1 million, and bank borrowings amounted to HK\$1,592.1 million.
- Net asset value per share amounted to HK\$2.21.
- Earnings per share was 32.69 HK cents.
- Interim dividend of 2.0 HK cents per share was declared.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

RESULTS REVIEW

Profit attributable to equity holders of the Company for the period ended 30 September 2021 amounted to HK\$767.9 million (2020: HK\$423.4 million). Earnings per share was 32.69 HK cents (2020: 18.03 HK cents).

During the period under review, the Group's revenues amounted to about HK\$145.6 million (2020: HK\$1,683.3 million), and comprised the following:

- sales of development properties decreased by about HK\$1,545.9 million to about HK\$71.5 million (2020: HK\$1,617.4 million), mainly due to the decrease in recognition of completed sales of The Esplanade, Tuen Mun in Hong Kong as the majority of the completed properties had been handed-over to the end-buyers in the last corresponding period;
- rental and management fee income decreased by 53.3% to about HK\$12.7 million (2020: HK\$27.2 million), mainly because rental income was recorded for the investment property in the United Kingdom (the "UK") in the last corresponding period and this property had been disposed of on 1 September 2020;
- revenues from securities investment and trading increased by 48.2% to about HK\$40.6 million (2020: HK\$27.4 million), as a result of the increased level in the portfolio of bond investments held by the Group during this period comparing to that in the last corresponding period; and
- sales of cemetery assets in the PRC increased by 84.1% to about HK\$20.8 million (2020: HK\$11.3 million) mainly due to the increase in number of grave plots sold during the period under review.

During the period under review, gross profit decreased by about 85.9% to about HK\$92.7 million (2020: HK\$656.0 million) mainly as a result of the decrease in revenues. Overall gross profit margin increased from 39% to 64% 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:

	9/2021	9/2020
Sales of development properties	45%	37%
Rental and management fee income	52%	81%
Revenues from securities investment and trading	100%	100%
Sales of cemetery assets	63%	65%

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

RESULTS REVIEW *(Continued)*

Other income and net loss amounted to about HK\$255.5 million (2020: net gain of HK\$77.2 million). It mainly comprised interest income, dividend income and the fair value loss of bond investments. The net loss during the period under review was principally due to the unrealized fair value loss of bond investments. A breakdown of other income and net loss is shown in note 7A on page 43 hereof. Gain on disposal of subsidiaries of about HK\$1.18 billion was recorded for the period under review upon the completion of the disposal of subsidiaries holding the property project in Panyu, Guangzhou, the PRC as announced in May 2021 (2020: loss of HK\$9.3 million for the disposal of subsidiary holding the UK property).

The Group recorded a loss on change in fair value of investment properties of HK\$15.0 million arising from the investment properties in Malaysia (2020: HK\$137.9 million from Malaysia and the PRC).

On the costs side, selling and marketing expenses decreased by about 86.4% to about HK\$13.3 million (2020: HK\$98.0 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 12.0% to about HK\$60.4 million (2020: HK\$68.6 million) mainly due to the general decrease in overheads during the period under review.

Finance costs decreased by 23.9% to HK\$19.1 million (2020: HK\$25.1 million) as a result of the decrease in bank borrowings as well as the lower interest rates prevailing during the period. Share of loss of an associated company amounted to about HK\$0.2 million (2020: profit of HK\$0.1 million), and share of profit of a joint venture was HK\$6.0 million (2020: HK\$6.1 million). Taxation charge amounted to about HK\$149.2 million (2020: taxation credit of HK\$22.3 million) mainly due to the taxation charge of HK\$142.1 million relating to the disposal of subsidiaries with project in Panyu, Guangzhou, the PRC as mentioned above during the period under review.

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of 2.0 HK cents (2020: 1.5 HK cents) per share payable 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW

During the period under review, the Group has successfully completed the disposal of the property project in Panyu, Guangzhou, the PRC, and this disposal has strengthened the financial position of the Group. However, the performance of the Group's investment in high yield bonds was adversely affected by the unfavorable and high volatility of the high yield bond market 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 Esplanade Place is developed by the Group in Tuen Mun which comprises a two-storey commercial podium having a total gross floor area ("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 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.

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.*. 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 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 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 AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

A. Investment Properties *(Continued)*

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 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 Group was about RMB266.4 million (equivalent to approximately HK\$320.2 million), whereas the total investment costs of the 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 廈門佻家鷺江酒店 (Xiamen Mega Lujiang Hotel) and is operated as “鷺江·佻家酒店” (Mega Lujiang Hotel). As announced on 15 October 2021, the 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 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 Group will keep on marketing for the leasing of the remaining 4 furnished villas.

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

The Group holds a 4-storey commercial building in Shatian, Dongguan, providing a total GFA of about 4,167 *sq. m.* for commercial, retail and office usage. As at 30 September 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

A. Investment Properties *(Continued)*

5. *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 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 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.

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

B. Property Development

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

The 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.

2. 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

B. Property Development *(Continued)*

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

B. Property Development (Continued)

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

The Group owns a site area of about 20,000 *sq. m.* in the city centre of Changan (長安), Dongguan, on which an industrial building with GFA of about 39,081 *sq. m.* was erected. The property is currently leased to an independent third party until 2023, at gross rental income of about 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 strategic to benefit from the Guangdong-Hong Kong-Macao Greater Bay Area. The Group will monitor the requisite procedures and strategize on the optimal timing for usage conversion application of the site. On the basis of 3.5 times plot ratio, the project will have a developable GFA of about 70,000 *sq. m.* and will be a prime land bank for future development. The Group will also consider disposal of the property when suitable opportunities arise.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

B. Property Development *(Continued)*

6. Changsha, Hunan (69% owned)

The Group owns an effective 69% interests in a property development project in Changsha and the total investment cost was about HK\$25.9 million (including shareholder's loan of about HK\$3.7 million) as at 30 September 2021. The 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)

The Group holds a 51% development interest in a project in Wuhou District, Chengdu. As at 30 September 2021, the 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 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 amounted to about RMB12.9 million (equivalent to approximately HK\$15.5 million). The Group is seeking legal advice on further appropriate steps that the final judgement can be enforced.

8. 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. Procedure for the transfer implemented by court is in progress. The Group's original cost of investment in the properties was about RMB9.7 million (equivalent to approximately HK\$11.7 million).

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

B. Property Development *(Continued)*

9. 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.

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.

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 RMB908.8 million (equivalent to approximately HK\$1,092.5 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

C. Securities Investments

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

As at 30 September 2021, the 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.

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 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

C. Securities Investments (Continued)

2. Investments in high yield bonds and other securities

As at 30 September 2021, investments of the Group at market value amounted to HK\$1,101.7 million, and comprised as to HK\$992.7 million for investments in high yield bonds, and the balance of HK\$109.0 million for other investments in some FinTech companies, venture capital and funds which are not listed in the markets.

The Group holds the following portfolio of high yield bonds as at 30 September 2021:

(a) Bond investments

Stock code	Bond issuer	Face value	Market value	Percentage	Interest	Fair value loss
		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	for the period ended 30 September 2021
		US\$ '000	HK\$ '000		HK\$ '000	HK\$ '000
754	Hopson Development Holdings Limited (7.0%, due 2024)	3,000	22,691	0.3%	–	(523)
813	Shimao Group Holdings Limited (6.375%, due 2021)	2,000	16,041	0.2%	496	(312)
1030	Seazen Group Limited			0.5%		
	(a) 6.15%, due 2023	2,500	19,771		598	(794)
	(b) 6.45%, due 2022	2,300	17,987		576	(779)
1233	Times China Holdings Limited			1.1%		
	(a) 5.55%, due 2024	5,000	36,939		–	(2,018)
	(b) 5.75%, due 2022	3,000	23,613		671	(519)
	(c) 6.6%, due 2023	4,000	30,948		467	(1,337)
1238	Powerlong Real Estate Holdings Limited (7.125%, due 2022)	200	1,598	0.1%	55	(69)
1638	Kaisa Group Holdings Ltd.			1.0%		
	(a) 8.5%, due 2022	8,400	58,063		2,141	(9,182)
	(b) 11.25%, due 2022	3,000	22,285		1,312	(3,072)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

C. Securities Investments (Continued)

2. Investments in high yield bonds and other securities (Continued)

(a) Bond investments (Continued)

Stock code	Bond issuer	Face value	Market value	Percentage	Interest	Fair value loss
		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	income for the period ended 30 September 2021	for the period ended 30 September 2021
		US\$ '000	HK\$ '000		HK\$ '000	HK\$ '000
1668	China South City Holdings Limited			1.1%		
	(a) 10.875%, due 2022	2,500	16,601		703	(1,777)
	(b) 11.5%, due 2022	11,000	69,670		4,734	(15,336)
1777	Fantasia Holdings Group Co., Limited			0.8%		
	(a) 11.75%, due 2022	10,000	54,260		886	(25,500)
	(b) 12.25%, due 2022	2,000	6,012		95	(9,809)
1813	KWG Group Holdings Limited			1.0%		
	(a) 6%, due 2022	5,000	39,157		1,164	(631)
	(b) 7.4%, due 2024	5,000	37,878		1,438	(3,151)
1918	Sunac China Holdings Limited (8.35%, due 2023)	5,000	35,321	0.5%	–	(5,920)
1966	China SCE Group Holdings Limited (7.25%, due 2023)	4,150	32,644	0.4%	1,170	(1,539)
2007	Country Garden Holdings Company Limited (5.625%, due 2026)	13,000	106,394	1.3%	2,838	(7,960)
2768	Jiayuan International Group Limited			0.3%		
	(a) 12%, due 2022	1,000	7,794		467	(534)
	(b) 12.5%, due 2023	2,000	15,094		970	(449)
2777	Easy Tactic Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (5.75%, due 2022)	1,000	7,132	0.1%	223	(550)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

C. Securities Investments (Continued)

2. Investments in high yield bonds and other securities (Continued)

(a) Bond investments (Continued)

Stock code	Bond issuer	Face value	Market value	Percentage	Interest	Fair value loss
		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	income for the period ended 30 September 2021	for the period ended 30 September 2021
		US\$'000	HK\$'000		HK\$'000	HK\$'000
3301	Ronshine China Holdings Limited			0.8%		
	(a) 7.35%, due 2023	5,000	30,231		1,426	(7,413)
	(b) 8.1%, due 2023	5,000	27,859		763	(10,083)
3333	China Evergrande Group			0.8%		
	(a) 7.5%, due 2023	10,743	22,106		3,127	(51,539)
	(b) 8.25%, due 2022	11,600	27,562		-	(58,646)
	(c) 8.75%, due 2025	4,714	9,615		1,601	(20,529)
3383	Agile Group Holdings Limited (5.125%, due 2022)	10,000	77,292	1.0%	1,993	(2,018)
3883	China Aoyuan Group Limited			1.0%		
	(a) 5.375%, due 2022	3,000	21,206		628	(1,804)
	(b) 6.35%, due 2024	8,000	53,644		1,972	(10,074)
6158	Zhenro Properties Group Limited			0.5%		
	(a) 8.7%, due 2022	2,000	15,994		676	(243)
	(b) 9.15%, due 2023	3,000	23,704		227	(678)
600606	Greenland Global Investment Limited, a wholly-owned subsidiary of Greenland Holdings Corporation Limited (6.125%, due 2023)	1,000	5,619	0.1%	238	(1,088)
	Bonds disposed of/redeemed during the period	-	-	-	6,932	-
		<u>159,107</u>	<u>992,725</u>	<u>12.9%</u>	<u>40,587</u>	<u>(255,876)</u>

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

C. Securities Investments *(Continued)*

2. Investments in high yield bonds and other securities *(Continued)*

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

Name of company	Principal business
Hopson Development Holdings Limited	Property development, commercial properties investment, property management, infrastructure and 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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

C. Securities Investments *(Continued)*

2. Investments in high yield bonds and other securities *(Continued)*

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

Name of company	Principal business
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
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
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
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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

C. Securities Investments *(Continued)*

2. Investments in high yield bonds and other securities *(Continued)*

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

Name of company	Principal business
China Evergrande Group	Property development, property investment, property management and other businesses
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

During the period under review, the performance of the Group's bond investments was adversely affected by unfavourable and high volatility of the high yield bond market. The Group has disposed of a portion of bond investments during the period in order to reduce the total bond investments and the risk exposure. As a result, the Group recorded net realized loss on disposal of investments of HK\$4.9 million, interest income from bond investments of HK\$40.6 million, and unrealized fair value loss on investments of HK\$255.9 million as a result of mark to market valuation as at the balance sheet date. The unrealized fair value loss is accounting loss with no immediate cash flow impact to the Group. The Group will closely monitor the bond market and will dispose of the bond investments when suitable opportunities arise.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FINANCIAL REVIEW

Net asset value

As at 30 September 2021, the net asset value attributable to equity holders of the Company amounted to HK\$5,189.8 million. Net asset value per share amounted to HK\$2.21, which is calculated based on the historical cost of the Group's land bank.

Financial resources

As at 30 September 2021, the Group had cash and bank balances of HK\$2,026.4 million (31 March 2021: HK\$679.0 million) and held bond investments amounted to HK\$992.7 million (31 March 2021: HK\$1,220.0 million), totaling HK\$3,019.1 million (31 March 2021: HK\$1,899.0 million). As at the same date, bank borrowings of the Group amounted to HK\$1,592.1 million (31 March 2021: HK\$1,816.3 million). On this basis, the Group had net cash of HK\$1,427.0 million (31 March 2021: HK\$82.7 million) and the calculation of net debt to equity ratio was therefore not applicable (31 March 2021: Same).

Approximately 97.5% of the Group's cash, bank balances and bond investments were in Hong Kong dollar and United States dollar, 2.2% were in Renminbi and the balance of 0.3% were in other currencies. Approximately 91.4% of the Group's bank borrowings were in Hong Kong dollar and United States dollar, and the remaining of 8.6% 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 40.8% of the Group's bank borrowings were repayable within the first year, 12.7% were repayable within the second year, and the balance of 46.5% 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, 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 will focus on property projects in Hong Kong and the PRC and apart from seeking new opportunities to replenish land bank for property development, the Group will also continue to identify suitable investments to expand our investment property portfolio in order to enhance steady and recurring rental income. The Group will identify opportunities not only in Hong Kong but also with focus on cities along the Guangdong-Hong Kong-Macao Greater Bay Area and Belt and Road Initiative. The Group will continue to take actions to expand its sources of revenue, enhance its profitability, and maximize return for its shareholders.

OTHER INFORMATION

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

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

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

OTHER INFORMATION (Continued)

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

(b) Interests in associated corporations

(i) Evergain Holdings Limited (“Evergain”)

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Albert Chuang Ka Pun (“Mr. Albert Chuang”)	1	Beneficial owner	10.00
Mr. 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 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
Profit Stability Investments Limited (“PSI”)	1,426,074,923	Beneficial owner	60.71
CCIL	1,426,074,923	<i>Note 1</i>	60.71
Evergain	1,426,074,923	<i>Note 1</i>	60.71
Mr. Alan Chuang Shaw Swee (“Mr. Alan Chuang”)	1,426,074,923	<i>Note 1</i>	60.71
Mrs. Chong Ho Pik Yu	1,426,074,923	<i>Note 2</i>	60.71

Note 1: Interests in 1,426,074,923 shares owned by PSI. PSI is a wholly-owned subsidiary of CCIL. Mr. Alan Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of CCIL through Evergain which is 60% beneficially owned by Mr. Alan Chuang. Mr. Albert Chuang, Mr. 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 2021, 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 2021 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 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. 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 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. Dominic Lai, a Non-Executive Director of the Company, is also a non-executive director of Oriental Press Group Limited (“OPGL”). OPGL changed its name to Oriental Enterprise Holdings Limited with effect from 27 August 2021.

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 2021 and up to the date of this report.

CLOSING OF REGISTER

For the purpose of determining entitlements to the interim dividend, the register of members of the Company will be closed from 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 registrars in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Tuesday, 21 December 2021.

SHARE OPTION SCHEME

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

STAFF

The Group puts emphasis on training and cultivating elite talent. We are committed to providing a dynamic and enthusiastic working atmosphere and increase hiring talents of all fields. As at 30 September 2021, the 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 China Investments Limited
Albert Chuang Ka Pun
Chairman

Hong Kong, 25 November 2021

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 September 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenues	5	145,642	1,683,261
Cost of sales		(52,899)	(1,027,293)
Gross profit		92,743	655,968
Other income and net (loss)/gain	7A	(255,486)	77,169
Gain/(loss) on disposal of subsidiaries	7B	1,181,548	(9,280)
Selling and marketing expenses		(13,345)	(97,994)
Administrative and other operating expenses		(60,350)	(68,624)
Change in fair value of investment properties		(14,953)	(137,886)
Operating profit	8	930,157	419,353
Finance costs	9	(19,146)	(25,132)
Share of result of an associated company		(194)	41
Share of result of a joint venture	10	5,970	6,078
Profit before taxation		916,787	400,340
Taxation (charge)/credit	11	(149,216)	22,319
Profit for the period		767,571	422,659
Attributable to:			
Equity holders		767,921	423,417
Non-controlling interests		(350)	(758)
		767,571	422,659
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share (basic and diluted)	13	32.69	18.03

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)*For the six months ended 30 September 2021*

	2021	2020
	HK\$'000	HK\$'000
Profit for the period	767,571	422,659
Other comprehensive income:		
Items that had been/may be reclassified subsequently to profit and loss:		
Net exchange differences	46,605	155,897
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	23,315	143,071
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	30,528	158,040
Total comprehensive income for the period	798,099	580,699
Total comprehensive income/(loss) attributable to:		
Equity holders	805,310	567,366
Non-controlling interests	(7,211)	13,333
	798,099	580,699

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	38,872	45,560
Investment properties	1,623,593	1,635,636
Right-of-use assets	8,492	1,674
Properties for/under development	150,664	148,393
Cemetery assets	307,714	302,489
Associated company	3,601	3,795
Joint venture	372,761	362,498
Financial assets at fair value through other comprehensive income	161,569	154,190
Loans and receivables and other deposits	248,116	217,108
	<u>2,915,382</u>	<u>2,871,343</u>
Current assets		
Properties for sale	654,101	677,837
Cemetery assets	784,802	778,286
Inventories	49,795	49,795
Debtors and prepayments	15 167,813	156,754
Financial assets at fair value through profit or loss	1,101,711	1,321,870
Cash and bank balances	2,026,364	679,001
	<u>4,784,586</u>	<u>3,663,543</u>
Assets of disposal group classified as held for sale	7B –	770,429
	<u>4,784,586</u>	<u>4,433,972</u>
Current liabilities		
Creditors and accruals	16 268,966	346,509
Sales deposits received	372	10,984
Short-term bank borrowings	17 260,614	411,052
Current portion of long-term bank borrowings	17 502,752	700,557
Taxation payable	75,571	66,620
	<u>1,108,275</u>	<u>1,535,722</u>
Liabilities of disposal group classified as held for sale	7B –	69,437
	<u>1,108,275</u>	<u>1,605,159</u>
Net current assets	<u>3,676,311</u>	<u>2,828,813</u>
Total assets less current liabilities	<u>6,591,693</u>	<u>5,700,156</u>

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) *(Continued)**As at 30 September 2021*

		30 September 2021	31 March 2021
	<i>Note</i>	HK\$'000	HK\$'000
Equity			
Share capital	18	117,442	117,442
Reserves		5,072,388	4,302,311
Shareholders' funds		5,189,830	4,419,753
Non-controlling interests		116,360	123,571
Total equity		5,306,190	4,543,324
Non-current liabilities			
Long-term bank borrowings	17	828,724	704,733
Deferred taxation liabilities		367,840	367,188
Loans and payables with non-controlling interests		47,572	47,688
Other non-current liabilities		41,367	37,223
		1,285,503	1,156,832
		6,591,693	5,700,156

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 September 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net cash used in operating activities		<u>(48,236)</u>	<u>(426,447)</u>
Cash flows from investing activities			
Additions to investment properties		–	(7,184)
Proceeds from disposal of investment properties		12,461	17,463
Net proceeds from disposal of subsidiaries, net of cash and bank balances disposed of	22	1,460,601	963,164
Change in investment in and amount due from a joint venture, net		115	2,270
Interest income received		1,551	3,067
Dividend income received from financial assets at fair value through other comprehensive income		7,469	7,469
(Increase)/decrease in bank deposits maturing more than three months from date of placement		(2,790)	502
Others, net		(28)	(707)
Net cash from investing activities		<u>1,479,379</u>	<u>986,044</u>
Cash flows from financing activities			
New bank borrowings		2,948	269,218
Repayment of bank borrowings	22	(227,588)	(550,175)
Decrease in loans and payables with non-controlling interests		(16)	(15)
Lease payments		(28)	(316)
Net cash used in financing activities		<u>(224,684)</u>	<u>(281,288)</u>
Net increase in cash and cash equivalents		1,206,459	278,309
Cash and cash equivalents at the beginning of the period		679,001	703,292
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		3,464	10,162
Cash and cash equivalents at the end of the period		<u>2,023,574</u>	<u>991,763</u>
Analysis of cash and cash equivalents			
Cash and bank balances		2,026,364	991,763
Bank deposits maturing more than three months from date of placement		(2,790)	–
Cash and cash equivalents		<u>2,023,574</u>	<u>991,763</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2021

	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 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 22)	–	(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>
At 1 April 2020	117,442	2,101,220	1,550,992	3,769,654	107,319	3,876,973
Profit/(loss) for the period	–	–	423,417	423,417	(758)	422,659
Other comprehensive income:						
Net exchange differences	–	143,289	–	143,289	12,608	155,897
Share of exchange reserve of a joint venture	–	8,403	–	8,403	1,483	9,886
Realization of exchange reserve upon disposal of a subsidiary (note 22)	–	(22,712)	–	(22,712)	–	(22,712)
Change in fair value of financial assets at fair value through other comprehensive income	–	14,969	–	14,969	–	14,969
Total comprehensive income for the period	–	143,949	423,417	567,366	13,333	580,699
At 30 September 2020	<u>117,442</u>	<u>2,245,169</u>	<u>1,974,409</u>	<u>4,337,020</u>	<u>120,652</u>	<u>4,457,672</u>

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 2021, the Company was a 60.7% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The board of Directors (the "Board") regard CCIL as the ultimate holding company.

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

2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value, and in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by The Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31 March 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)
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 (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 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 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	71,477	1,617,350
Rental income and management fees	12,775	27,152
Sales of cemetery assets	20,803	11,319
Interest income from financial assets at fair value through profit or loss	40,587	27,440
	145,642	1,683,261

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
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)	<u>1,183,934</u>	<u>4,772</u>	<u>(186)</u>	<u>(220,717)</u>	<u>(37,646)</u>	<u>930,157</u>
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	<u>1,172,737</u>	<u>4,772</u>	<u>(186)</u>	<u>(222,696)</u>	<u>(37,840)</u>	<u>916,787</u>
Taxation charge	(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 30 September 2021						
Segment assets	2,865,718	1,160,949	49,979	1,167,568	2,079,392	7,323,606
Associated company	–	–	–	–	3,601	3,601
Joint venture	372,761	–	–	–	–	372,761
Total assets	<u>3,238,479</u>	<u>1,160,949</u>	<u>49,979</u>	<u>1,167,568</u>	<u>2,082,993</u>	<u>7,699,968</u>
Total liabilities	<u>1,786,620</u>	<u>289,358</u>	<u>10</u>	<u>265,728</u>	<u>52,062</u>	<u>2,393,778</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)

(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
2020						
Revenues from contracts with customers:						
– Recognized at a point in time	1,617,350	11,319	–	–	–	1,628,669
Revenues from other sources	27,152	–	–	27,440	–	54,592
Revenues	<u>1,644,502</u>	<u>11,319</u>	<u>–</u>	<u>27,440</u>	<u>–</u>	<u>1,683,261</u>
Other income and net gain	8,537	10	–	58,439	10,183	77,169
Loss on disposal of a subsidiary	(9,280)	–	–	–	–	(9,280)
Operating profit/(loss)	376,647	2,387	(164)	85,866	(45,383)	419,353
Finance costs	(24,432)	–	–	(700)	–	(25,132)
Share of result of an associated company	–	–	–	–	41	41
Share of result of a joint venture	6,078	–	–	–	–	6,078
Profit/(loss) before taxation	358,293	2,387	(164)	85,166	(45,342)	400,340
Taxation credit/(charge)	22,979	(660)	–	–	–	22,319
Profit/(loss) for the period	<u>381,272</u>	<u>1,727</u>	<u>(164)</u>	<u>85,166</u>	<u>(45,342)</u>	<u>422,659</u>
As at 31 March 2021						
Segment assets	2,837,204	1,116,947	50,023	1,325,125	839,294	6,168,593
Associated company	–	–	–	–	3,795	3,795
Joint venture	362,498	–	–	–	–	362,498
Assets of disposal group classified as held for sale	770,429	–	–	–	–	770,429
Total assets	<u>3,970,131</u>	<u>1,116,947</u>	<u>50,023</u>	<u>1,325,125</u>	<u>843,089</u>	<u>7,305,315</u>
Segment liabilities	2,036,745	281,161	10	353,858	20,780	2,692,554
Liabilities of disposal group classified as held for sale	69,437	–	–	–	–	69,437
Total liabilities	<u>2,106,182</u>	<u>281,161</u>	<u>10</u>	<u>353,858</u>	<u>20,780</u>	<u>2,761,991</u>
2020						
Other segment items are as follows:						
Capital expenditure	233,927	873	–	–	–	234,800
Depreciation of property, plant and equipment	674	327	52	–	6,968	8,021
Depreciation of right-of-use assets	321	18	–	–	–	339
Fair value loss of investment properties	137,886	–	–	–	–	137,886

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

6. SEGMENT INFORMATION *(Continued)*

(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	110,048	1,640,974	21,193	199,173
The PRC	28,451	19,343	–	34,920
United Kingdom	–	14,694	–	–
Malaysia	7,143	8,250	28	707
	145,642	1,683,261	21,221	234,800
	Non-current assets <i>(Note)</i>		Total assets	
	30 September 2021 HK\$'000	31 March 2021 HK\$'000	30 September 2021 HK\$'000	31 March 2021 HK\$'000
Hong Kong	213,057	212,782	4,109,281	2,981,489
The PRC	1,970,858	1,948,096	3,224,357	3,941,989
Malaysia	321,782	339,167	330,878	346,061
Other countries	–	–	35,452	35,776
	2,505,697	2,500,045	7,699,968	7,305,315

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)/GAIN

	2021	2020
	HK\$'000	HK\$'000
Interest income from bank deposits	1,544	3,024
Dividend income from financial assets at fair value through other comprehensive income	7,469	7,469
Net realized (loss)/gain of financial assets at fair value through profit or loss	(4,918)	522
Net fair value (loss)/gain of financial assets at fair value through profit or loss	(255,876)	58,084
Forfeited deposits from sales of properties	–	333
Loss on disposal of investment properties	(313)	(1,243)
Net loss on disposal of property, plant and equipment	(18)	(98)
Net exchange loss	(3,908)	(625)
Others	534	9,703
	(255,486)	77,169

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

- (a) 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 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 the Group entered into a sale and purchase agreement with an independent third party to dispose of a property holding company which held an investment property in the United Kingdom at a consideration of about GBP93.8 million (equivalent to approximately HK\$971.5 million). The transaction was approved by the shareholders of the Company at its special general meeting held on 23 June 2020. Details of the transaction were announced by the Company on 3 May 2020, and published in the circular of the Company on 3 June 2020. The transaction was completed on 1 September 2020, and a loss on disposal of a subsidiary was recorded 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 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Operating profit is stated after charging:		
Cost of properties sold	39,100	1,018,164
Cost of cemetery assets sold	7,706	3,932
Depreciation of property, plant and equipment	6,890	8,021
Depreciation of right-of-use assets	58	339
Staff costs, including Directors' emoluments		
Wages and salaries (<i>Note</i>)	19,896	20,467
Retirement benefit costs	1,263	801
	<u>19,896</u>	<u>20,467</u>

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

9. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses of		
Bank borrowings	21,171	26,870
Lease liabilities	1	1
	<u>21,172</u>	<u>26,871</u>
Amounts capitalized into properties under development	(2,026)	(1,739)
	<u>19,146</u>	<u>25,132</u>

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

10. SHARE OF RESULT OF A JOINT VENTURE

Share of result of a joint venture of HK\$5,970,000 (2020: HK\$6,078,000) in the condensed consolidated income statement included the rental income received by the 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).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

11. TAXATION CHARGE/(CREDIT)

	2021 HK\$'000	2020 HK\$'000
Current taxation		
Hong Kong profits tax	2,630	38,447
PRC corporate income tax	2,738	2,484
PRC withholding corporate income tax (note 7B(a))	142,071	–
PRC land appreciation tax	6,414	8,339
Overseas profits tax	375	1,445
Over-provision in prior years	–	(38,320)
Deferred taxation	(5,012)	(34,714)
	<u>149,216</u>	<u>(22,319)</u>

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.

There is no taxation charge/credit of the associated company for the six months ended 30 September 2021 (2020: Nil). There was no taxation charge of the joint venture for the six months ended 30 September 2021 as it had sufficient tax losses brought forward to set off against the estimated assessable profits for the period (2020: Same).

12. INTERIM DIVIDEND

	2021 HK\$'000	2020 HK\$'000
Interim dividend of 2.0 HK cents (2020: 1.5 HK cents) per share	<u>46,977</u>	<u>35,233</u>

On 25 November 2021, the Board declared an interim dividend of 2.0 HK cents (2020: 1.5 HK cents) per share amounting to HK\$46,977,000 (2020: HK\$35,233,000). The amount of HK\$46,977,000 is calculated based on 2,348,835,316 issued shares as at 25 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

13. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$767,921,000 (2020: HK\$423,417,000) and the weighted average number of 2,348,835,316 (2020: 2,348,835,316) shares in issue during the period.

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

14. CAPITAL EXPENDITURE

For the six months ended 30 September 2021, the Group incurred acquisition and development costs on property, plant and equipment of HK\$28,000 (2020: HK\$707,000), right-of-use assets of HK\$6,843,000 (2020: Nil) and property projects, properties, investment properties and cemetery assets of HK\$14,350,000 (2020: HK\$234,093,000) 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 2021 HK\$'000	31 March 2021 HK\$'000
Below 30 days	341	353
31 to 60 days	367	267
61 to 90 days	285	273
Over 90 days	7,409	6,926
	8,402	7,819

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

15. DEBTORS AND PREPAYMENTS (Continued)

Debtors and prepayments include net deposits of HK\$8,676,000 (31 March 2021: HK\$19,587,000) for acquisition of property projects, properties and right-of-use assets after the accumulated provision for impairment of HK\$8,459,000 (31 March 2021: HK\$8,459,000) 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\$88,777,000 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.

16. CREDITORS AND ACCRUALS

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

	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
Below 30 days	2,535	1,128
31 to 60 days	5	–
Over 60 days	11	13
	<hr/>	<hr/>
	2,551	1,141
	<hr/>	<hr/>

Creditors and accruals include the construction cost payables and accruals of HK\$159,816,000 (31 March 2021: HK\$154,268,000) for the property and cemetery projects of the Group, and dividend payable of the Company of HK\$35,233,000 (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).

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

17. BORROWINGS

	30 September 2021 <i>HK\$'000</i>	31 March 2021 <i>HK\$'000</i>
Unsecured bank borrowings		
Short-term bank borrowing	–	62,208
Long-term bank borrowings	<u>1,012,752</u>	<u>1,088,565</u>
	<u>1,012,752</u>	<u>1,150,773</u>
Secured bank borrowings		
Short-term bank borrowings	<u>260,614</u>	348,844
Long-term bank borrowings	<u>318,724</u>	<u>316,725</u>
	<u>579,338</u>	<u>665,569</u>
Total bank borrowings	<u>1,592,090</u>	<u>1,816,342</u>

The total bank borrowings are analyzed as follows:

	30 September 2021 <i>HK\$'000</i>	31 March 2021 <i>HK\$'000</i>
Short-term bank borrowings	<u>260,614</u>	411,052
Long-term bank borrowings	<u>1,331,476</u>	<u>1,405,290</u>
	<u>1,592,090</u>	<u>1,816,342</u>

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

17. BORROWINGS (Continued)

The long-term bank borrowings are analyzed as follows:

	30 September 2021 HK\$'000	31 March 2021 HK\$'000
Long-term bank borrowings	1,331,476	1,405,290
Current portion included in current liabilities		
Portion due within one year	(388,514)	(572,196)
Portion due after one year which contains a repayment on demand clause	(114,238)	(128,361)
	(502,752)	(700,557)
	828,724	704,733

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	649,128	983,248
Within the second year	202,141	153,629
Within the third to fifth years	740,821	679,465
	1,592,090	1,816,342

As at 30 September 2021, the Group had pledged certain assets, including investment properties, properties for sale and financial assets at fair value through profit or loss, with an aggregate carrying value of HK\$1,100,251,000 (31 March 2021: HK\$1,191,355,000), to secure banking facilities granted to the subsidiaries. As at 30 September 2021, bank borrowings of HK\$579,338,000 (31 March 2021: HK\$665,569,000) are guaranteed by the Company, HK\$387,752,000 (31 March 2021: HK\$475,773,000) are guaranteed by CCIL, and HK\$625,000,000 (31 March 2021: HK\$675,000,000) are guaranteed by both the Company and CCIL.

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

18. SHARE CAPITAL

	30 September 2021 HK\$'000	31 March 2021 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 2021 and 30 September 2021	2,348,835,316	117,442

19. FINANCIAL GUARANTEES

As at 30 September 2021, the 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 and properties of HK\$34,796,000 (31 March 2021: HK\$46,356,000).

21. RELATED PARTY TRANSACTION

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

**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	<u>(35,313)</u>	<u>(8,289)</u>
Net proceeds	<u>1,861,399</u>	<u>963,164</u>
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	<u>(69,723)</u>	<u>(8,289)</u>
Net assets disposed of	707,204	995,156
Realization of exchange reserve upon disposal	(27,353)	(22,712)
Gain/(loss) on disposal of subsidiaries (<i>note 7B</i>)	<u>1,181,548</u>	<u>(9,280)</u>
	<u>1,861,399</u>	<u>963,164</u>
Analysis of gain/(loss) on the disposal of subsidiaries:		
Gain/(loss) on disposal of subsidiaries (<i>note 7B</i>)	1,181,548	(9,280)
Less: PRC withholding corporate income tax (<i>note 11</i>)	<u>(142,071)</u>	<u>–</u>
Net gain/(loss) on the disposal of subsidiaries after taxation	<u>1,039,477</u>	<u>(9,280)</u>
Analysis of net cash inflow in respect of the disposal:		
Net cash consideration received	1,861,399	963,164
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	<u>–</u>	<u>(495,317)</u>
Net cash inflow from the disposal	<u>1,460,601</u>	<u>467,847</u>
Represented by:		
Net proceeds from disposal of subsidiaries included in cash flows from investing activities	1,460,601	963,164
Repayment of bank borrowings included in cash flows from financing activities	<u>–</u>	<u>(495,317)</u>
	<u>1,460,601</u>	<u>467,847</u>