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Chuang's China Investments Limited

(莊士中國投資有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 298)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

RESULTS

The board of Directors (the “Board”) of Chuang's China Investments Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30 September 2019 as follow:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 September 2019

	Note	2019 HK\$'000	2018 HK\$'000
Revenues	5	81,269	126,864
Cost of sales		(18,303)	(51,134)
Gross profit		62,966	75,730
Other income and net loss	7	(8,540)	(34,129)
Selling and marketing expenses		(13,561)	(10,636)
Administrative and other operating expenses		(58,418)	(96,128)
Change in fair value of investment properties		96,277	234,858
Operating profit	8	78,724	169,695
Finance costs	9	(38,456)	(20,863)
Share of results of associated companies		(1,134)	(1,075)
Share of result of a joint venture	10	8,386	11,555
Profit before taxation		47,520	159,312
Taxation	11	(25,868)	(65,247)
Profit for the period		21,652	94,065
Attributable to:			
Equity holders		21,320	94,266
Non-controlling interests		332	(201)
		21,652	94,065
		HK cent	HK cents
Earnings per share (basic and diluted)	13	0.91	4.01

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

For the six months ended 30 September 2019

	2019 HK\$'000	2018 <i>HK\$'000</i>
Profit for the period	21,652	94,065
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	(202,334)	(262,609)
Share of exchange reserve of a joint venture	(14,041)	(17,918)
Total other comprehensive loss that may be reclassified subsequently to profit and loss	(216,375)	(280,527)
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	25,291	(16,603)
Total other comprehensive loss for the period	(191,084)	(297,130)
Total comprehensive loss for the period	(169,432)	(203,065)
Total comprehensive loss attributable to:		
Equity holders	(167,788)	(191,203)
Non-controlling interests	(1,644)	(11,862)
	(169,432)	(203,065)

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 September 2019

		30 September 2019	31 March 2019
	Note	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		36,426	44,681
Investment properties		2,705,757	2,733,601
Right-of-use assets		3,659	–
Land use rights		–	1,721
Properties for/under development		138,250	146,494
Cemetery assets		280,399	299,418
Associated companies		14,635	15,723
Joint venture		341,704	366,587
Financial assets at fair value through other comprehensive income		158,287	131,570
Loans and receivables and other deposits		203,195	207,690
Deferred taxation assets		1,554	–
		<u>3,883,866</u>	<u>3,947,485</u>
Current assets			
Properties for sale		1,981,246	1,287,349
Cemetery assets		730,044	782,306
Inventories		49,795	51,865
Debtors and prepayments	15	233,588	83,318
Financial assets at fair value through profit or loss		736,213	679,694
Cash and bank balances		1,092,082	919,502
		<u>4,822,968</u>	<u>3,804,034</u>
Current liabilities			
Creditors and accruals	16	271,166	210,625
Sales deposits received		1,468,785	343,153
Short-term bank borrowings	17	180,786	216,955
Current portion of long-term bank borrowings	17	398,525	878,203
Taxation payable		208,430	219,656
		<u>2,527,692</u>	<u>1,868,592</u>
Net current assets		<u>2,295,276</u>	<u>1,935,442</u>
Total assets less current liabilities		<u><u>6,179,142</u></u>	<u><u>5,882,927</u></u>

		30 September 2019	31 March 2019
	<i>Note</i>	HK\$'000	HK\$'000
Equity			
Share capital	18	117,442	117,442
Reserves		3,920,666	4,135,431
Shareholders' funds		4,038,108	4,252,873
Non-controlling interests		112,446	114,090
Total equity		4,150,554	4,366,963
Non-current liabilities			
Long-term bank borrowings	17	1,486,854	986,178
Deferred taxation liabilities		464,370	468,181
Loans and payables with non-controlling interests		42,771	24,879
Other non-current liabilities		34,593	36,726
		2,028,588	1,515,964
		6,179,142	5,882,927

NOTES:

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 2019, 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 2019 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs").

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated annual financial statements of the Group for the year ended 31 March 2019, except as stated below.

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

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

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

The impact of the adoption of HKFRS 16 is disclosed in Note 2(iii) below. The other amendments to standards and new interpretation did not have significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the condensed consolidated interim financial information.

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

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

HKAS 1 and HKAS 8 (Amendments)	Definition of Material (effective from 1 January 2020)
HKFRS 3 (Amendment)	Definition of a Business (effective from 1 January 2020)
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (no mandatory effective date)
HKFRS 17	Insurance Contracts (effective from 1 January 2021)
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting (effective from 1 January 2020)

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

(iii) Changes in accounting policies

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

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

	As at 1 April 2019		
	As previously stated HK\$'000	Effects of the adoption HK\$'000	As restated HK\$'000
Right-of-use assets	–	5,566	5,566
Land use rights	1,721	(1,721)	–
Other non-current liabilities	36,726	326	37,052
Creditors and accruals	210,625	3,519	214,144

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

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

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

As a result, the total obligations under the operating lease commitments of HK\$4,460,000 disclosed at 31 March 2019, adjusted by the effect of discounting and exclusion of short-term leases and low-value asset leases, amounted to lease liabilities of HK\$3,845,000, recognized on 1 April 2019. The amount was split into current and non-current portions of HK\$3,519,000 and HK\$326,000 respectively.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities on a present value basis, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated balance sheet as at 31 March 2019. In addition, land use rights were reclassified to right-of-use assets. Together with this reclassification, right-of-use assets of HK\$5,566,000 were recognized in the condensed consolidated balance sheet as of 1 April 2019. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

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

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

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

(b) Liquidity risk

Compared to the year ended 31 March 2019, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

(c) Fair value estimation

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. REVENUES

Revenues recognized during the period are as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Sales of properties	14,810	60,961
Rental income and management fees	32,419	36,288
Sales of cemetery assets	10,456	8,355
Sales of goods and merchandises	2,170	–
Interest income from financial assets at fair value through profit or loss	21,414	21,260
	<u>81,269</u>	<u>126,864</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.

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
2019						
Revenues from contracts with customers:						
– Recognized at a point in time	14,810	10,456	2,170	–	–	27,436
Revenues from other sources	32,419	–	–	21,414	–	53,833
Revenues	47,229	10,456	2,170	21,414	–	81,269
Other income and net gain/(loss)	3,930	25	–	(20,815)	8,320	(8,540)
Operating profit/(loss)	108,018	3,836	(84)	577	(33,623)	78,724
Finance costs	(37,716)	–	–	(740)	–	(38,456)
Share of results of associated companies	–	–	–	–	(1,134)	(1,134)
Share of result of a joint venture	8,386	–	–	–	–	8,386
Profit/(loss) before taxation	78,688	3,836	(84)	(163)	(34,757)	47,520
Taxation (charge)/credit	(26,580)	712	–	–	–	(25,868)
Profit/(loss) for the period	52,108	4,548	(84)	(163)	(34,757)	21,652
As at 30 September 2019						
Segment assets	5,570,587	1,051,604	50,332	740,565	937,407	8,350,495
Associated companies	–	–	–	–	14,635	14,635
Joint venture	341,704	–	–	–	–	341,704
Total assets	5,912,291	1,051,604	50,332	740,565	952,042	8,706,834
Total liabilities	4,155,608	257,560	50	81,030	62,032	4,556,280
2019						
Other segment items are as follows:						
Capital expenditure	750,523	49	–	–	1,468	752,040
Depreciation of property, plant and equipment	4,674	386	52	–	4,566	9,678
Depreciation of right-of-use assets	1,733	47	–	–	–	1,780
Provision for impairment of trade debtors	610	–	–	–	–	610
Change in fair value of investment properties	(96,277)	–	–	–	–	(96,277)
Reversal of provision for impairment of other deposits	(2,813)	–	–	–	–	(2,813)

	Property development, investment and trading <i>HK\$'000</i>	Cemetery <i>HK\$'000</i>	Sales of goods and merchandises <i>HK\$'000</i>	Securities investment and trading <i>HK\$'000</i>	Others and corporate <i>HK\$'000</i>	Total <i>HK\$'000</i>
2018						
Revenues from contracts with customers:						
– Recognized at a point in time	60,961	8,355	–	–	–	69,316
Revenues from other sources	36,288	–	–	21,260	–	57,548
Revenues	97,249	8,355	–	21,260	–	126,864
Other income and net gain/(loss)	167	53	60	(40,713)	6,304	(34,129)
Operating profit/(loss)	259,937	(1,901)	85	(19,471)	(68,955)	169,695
Finance costs	(20,863)	–	–	–	–	(20,863)
Share of results of associated companies	–	–	–	–	(1,075)	(1,075)
Share of result of a joint venture	11,555	–	–	–	–	11,555
Profit/(loss) before taxation	250,629	(1,901)	85	(19,471)	(70,030)	159,312
Taxation (charge)/credit	(65,909)	662	–	–	–	(65,247)
Profit/(loss) for the period	184,720	(1,239)	85	(19,471)	(70,030)	94,065
As at 31 March 2019						
Segment assets	4,823,700	1,117,226	52,476	679,987	695,820	7,369,209
Associated companies	–	–	–	–	15,723	15,723
Joint venture	366,587	–	–	–	–	366,587
Total assets	5,190,287	1,117,226	52,476	679,987	711,543	7,751,519
Total liabilities	3,072,899	276,235	50	17,134	18,238	3,384,556
2018						
Other segment items are as follows:						
Capital expenditure	100,116	16,904	–	–	–	117,020
Depreciation of property, plant and equipment	234	406	52	–	5,105	5,797
Amortization of land use rights	–	30	–	–	–	30
Change in fair value of investment properties	(234,858)	–	–	–	–	(234,858)

(b) Geographical segment information

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

	Revenues		Capital expenditure	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	24,520	21,260	688,784	69,292
The People's Republic of China (the "PRC")	29,607	74,388	62,622	47,632
United Kingdom	18,075	22,347	–	–
Malaysia	9,067	8,869	634	96
	81,269	126,864	752,040	117,020
	Non-current assets (Note)		Total assets	
	30 September	31 March	30 September	31 March
	2019	2019	2019	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	40,341	46,820	3,541,380	2,428,642
The PRC	2,129,627	2,155,425	3,768,191	3,868,095
United Kingdom	1,002,560	1,063,920	1,012,342	1,075,077
Malaysia	348,302	342,060	351,253	345,173
Other countries	–	–	33,668	34,532
	3,520,830	3,608,225	8,706,834	7,751,519

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

7. OTHER INCOME AND NET LOSS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest income from bank deposits	4,895	1,562
Dividend income from financial assets at fair value through other comprehensive income	3,647	4,941
Net realized loss of financial assets at fair value through profit or loss	(487)	(1,556)
Net fair value loss of financial assets at fair value through profit or loss	(20,605)	(39,157)
Forfeited deposits from sales of properties	1,266	–
Gain on disposal of investment properties	1,309	–
Net gain on disposal of property, plant and equipment	78	3
Net exchange gain/(loss)	329	(18)
Sundries	1,028	96
	<u>(8,540)</u>	<u>(34,129)</u>

8. OPERATING PROFIT

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Operating profit is stated after crediting:		
Reversal of provision for impairment of other deposits	<u>2,813</u>	<u>–</u>
and after charging:		
Amortization of land use rights	–	30
Cost of properties sold	6,659	41,284
Cost of cemetery assets sold	4,182	3,868
Cost of inventories sold	2,070	–
Depreciation of property, plant and equipment	9,678	5,797
Depreciation of right-of-use assets	1,780	–
Provision for impairment of trade debtors	610	–
Staff costs, including Directors' emoluments		
Wages and salaries	23,995	30,295
Retirement benefit costs	<u>1,293</u>	<u>1,629</u>

9. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest expenses of		
Bank borrowings	45,625	28,619
Lease liabilities	51	–
	<u>45,676</u>	<u>28,619</u>
Amounts capitalized into		
Investment properties	–	(2,410)
Properties under development	(7,220)	(5,346)
	<u>(7,220)</u>	<u>(7,756)</u>
	<u><u>38,456</u></u>	<u><u>20,863</u></u>

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

10. SHARE OF RESULT OF A JOINT VENTURE

Share of result of a joint venture of HK\$8,386,000 (2018: HK\$11,555,000) in the condensed consolidated income statement included the share of result of the joint venture for the period ended 30 September 2019 (2018: same, and also included the share of fair value gain of the investment properties (net of the related deferred taxation) of joint venture of HK\$3,880,000). Rental income received by the joint venture from the non-wholly-owned subsidiary of the joint venture partner for the period ended 30 September 2019 amounted to approximately HK\$6,264,000 (2018: HK\$6,345,000) and was included in the “Share of result of a joint venture” in the condensed consolidated income statement.

11. TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current taxation		
PRC corporate income tax	1,044	4,178
PRC land appreciation tax	4,307	16,621
Overseas profits tax	193	200
Deferred taxation	20,324	44,248
	<u><u>25,868</u></u>	<u><u>65,247</u></u>

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the period (2018: Nil). PRC corporate income tax and overseas profits tax have been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the PRC and the countries in which the Group operates respectively. PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures.

There is no taxation charge/credit of associated companies for the six months ended 30 September 2019 (2018: Nil). In 2018, share of deferred taxation charge of the joint venture for the six months ended 30 September 2018 of HK\$1,293,000 was included in the condensed consolidated income statement as “Share of result of a joint venture”.

12. INTERIM DIVIDEND

	2019 HK\$'000	2018 <i>HK\$'000</i>
Interim dividend of 1.5 HK cents per share for 2018	<u>–</u>	<u>35,233</u>

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2019 (2018: 1.5 HK cents per share amounting to HK\$35,233,000).

13. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$21,320,000 (2018: HK\$94,266,000) and the weighted average number of 2,348,835,316 (2018: 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 2019, the Group incurred acquisition and development costs on property, plant and equipment of HK\$2,274,000 (2018: HK\$61,000), and property projects, properties, investment properties and cemetery assets of HK\$749,766,000 (2018: HK\$116,959,000).

15. DEBTORS AND PREPAYMENTS

Receivables from sales of properties and cemetery assets are settled in accordance with the terms of respective contracts. Rental income and management fees are received in advance. Credit terms of sales of goods and merchandises mainly ranged from 30 days to 90 days.

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 2019 HK\$'000	31 March 2019 <i>HK\$'000</i>
Below 30 days	3,081	2,863
31 to 60 days	115	121
61 to 90 days	107	143
Over 90 days	<u>8,473</u>	<u>9,014</u>
	<u>11,776</u>	<u>12,141</u>

Debtors and prepayments include net deposits of HK\$93,974,000 (31 March 2019: HK\$10,181,000) for acquisition of property projects, properties and right-of-use assets after the accumulated provision for impairment of HK\$8,459,000 (31 March 2019: HK\$11,272,000) as at 30 September 2019. It also includes sales commissions of HK\$82,136,000 (31 March 2019: HK\$15,697,000) which represent costs incurred to obtain property sale contracts. The Group has capitalized the amounts which will be amortized when the related revenue is recognized.

16. CREDITORS AND ACCRUALS

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

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Below 30 days	991	854
31 to 60 days	253	48
Over 60 days	260	52
	1,504	954

Creditors and accruals include the construction cost payables and accruals of HK\$116,299,000 (31 March 2019: HK\$110,455,000) for the property and cemetery projects of the Group, and dividend payable of the Company of HK\$46,977,000 (31 March 2019: Nil).

17. BORROWINGS

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Unsecured bank borrowings		
Short-term bank borrowing	100,000	200,000
Long-term bank borrowings	1,100,000	700,000
	1,200,000	900,000
Secured bank borrowings		
Short-term bank borrowing	80,786	16,955
Long-term bank borrowings	785,379	1,164,381
	866,165	1,181,336
Total bank borrowings	2,066,165	2,081,336

The total bank borrowings are analyzed as follows:

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Short-term bank borrowings	180,786	216,955
Long-term bank borrowings	1,885,379	1,864,381
Total bank borrowings	2,066,165	2,081,336

The long-term bank borrowings are analyzed as follows:

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Long-term bank borrowings	<u>1,885,379</u>	<u>1,864,381</u>
Current portion included in current liabilities		
Portion due within one year	(122,525)	(590,203)
Portion due after one year which contains a repayment on demand clause	<u>(276,000)</u>	<u>(288,000)</u>
	<u>(398,525)</u>	<u>(878,203)</u>
	<u><u>1,486,854</u></u>	<u><u>986,178</u></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 2019 HK\$'000	31 March 2019 HK\$'000
Within the first year	303,311	807,158
Within the second year	321,764	129,029
Within the third to fifth years	<u>1,441,090</u>	<u>1,145,149</u>
	<u><u>2,066,165</u></u>	<u><u>2,081,336</u></u>

As at 30 September 2019, 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\$1,923,897,000 (31 March 2019: HK\$2,239,845,000), to secure banking facilities granted to the subsidiaries. As at 30 September 2019, bank borrowings of HK\$866,165,000 (31 March 2019: HK\$1,181,336,000) were guaranteed by the Company, HK\$400,000,000 (31 March 2019: HK\$500,000,000) were guaranteed by CCIL, and HK\$800,000,000 (31 March 2019: HK\$400,000,000) were guaranteed by the Company and CCIL, respectively.

18. SHARE CAPITAL

	30 September 2019 HK\$'000	31 March 2019 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 2019 and 30 September 2019	2,348,835,316	117,442

19. FINANCIAL GUARANTEES

As at 30 September 2019, the subsidiaries had provided guarantees of HK\$39,834,000 (31 March 2019: HK\$71,626,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

20. COMMITMENTS

As at 30 September 2019, the Group had commitments contracted but not provided for in respect of property projects and properties of HK\$239,293,000 (31 March 2019: HK\$480,019,000).

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. The premises are 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 2019 amounted to approximately HK\$2,402,000 (2018: HK\$1,709,000).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS REVIEW

Up to the date hereof, the Group achieved contracted sales of property development in Hong Kong not yet recognized as revenues amounted to about HK\$1,617.5 million.

For the six months ended 30 September 2019, revenues of the Group was approximately HK\$81.3 million (2018: HK\$126.9 million), decreased by approximately 35.9% compared to that of the last corresponding period as a result of the decrease in sales of properties in the People's Republic of China (the "PRC"). During the period, revenues comprised sales of properties of HK\$14.8 million (2018: HK\$60.9 million), rental and management fee income of HK\$32.4 million (2018: HK\$36.3 million), sales of cemetery assets of HK\$10.5 million (2018: HK\$8.4 million), income from sales and trading business of HK\$2.2 million (2018: Nil) and revenues from securities investment and trading of HK\$21.4 million (2018: HK\$21.3 million).

During the period under review, gross profit decreased by 16.8% to HK\$63.0 million (2018: HK\$75.7 million) mainly as a result of the decrease in revenues. The overall gross profit margin increased from 60% to 77% which was mainly due to the higher profit margin generated from sales of development properties business and the increase in proportion of revenues generated from securities investment and trading business which has a higher profit margin. The gross profit margin for each revenue segment is as follows:

	9/2019	9/2018
Sales of development properties in the PRC	55%	32%
Rental and management fee income	83%	84%
Cemetery assets income	60%	54%
Revenues from securities investment and trading	100%	100%

Other income and net loss was about HK\$8.5 million (2018: HK\$34.1 million), which mainly comprised interest income, dividend income and the fair value loss of bonds investments. The decrease during the period was principally due to the decrease in unrealized fair value loss of bonds investment as compared to that of the last corresponding period. A breakdown of other income and net loss is shown in note 7 on page 12 of this announcement.

The Group recorded a gain on change in fair value of investment properties of HK\$96.3 million (2018: HK\$234.9 million), mainly reflecting the development progress towards completion of the investment properties in Anshan (2018: investment properties in Anshan, Changan and the United Kingdom ("UK")).

During the period under review, the Group's selling and marketing expenses increased to HK\$13.6 million (2018: HK\$10.6 million) principally due to the marketing of The Esplanade in Tuen Mun, Hong Kong. Administrative and other operating expenses decreased by 39.2% to HK\$58.4 million (2018: HK\$96.1 million) as a result of general decrease in overhead of the Group as well as decrease in legal costs incurred during the current period. Finance costs increased to HK\$38.5 million (2018: HK\$20.9 million) as a result of the increase in bank borrowings as well as the higher interest rates prevailing during the period.

Share of loss of associated companies amounted to HK\$1.1 million (2018: HK\$1.1 million). Share of result of a joint venture was HK\$8.4 million (2018: HK\$11.6 million) which included a share of profit of the joint venture, whereas last period's result also included the change in fair value of its investment properties. Taxation decreased to HK\$25.9 million (2018: HK\$65.2 million) mainly due to the decrease in sales of properties in the PRC recognized by the Group as well as the decrease in deferred taxation liabilities arising from the change in fair value of investment properties.

Profit attributable to equity holders of the Company for the six months ended 30 September 2019 amounted to HK\$21.3 million (2018: HK\$94.3 million). Earnings per share was 0.91 HK cent (2018: 4.01 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 2019 (2018: 1.5 HK cents).

BUSINESS REVIEW

A. Investment Properties

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

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

Chuang's Mid-town consists of a 6-level commercial podium providing an aggregate gross floor area ("GFA") of about 29,600 *sq. m.*. Above the podium stands a twin tower (Block AB and C) with 27 and 33-storey respectively, offering a total GFA of about 62,700 *sq. m.*. Construction works have been completed and occupation will commence. The Group will submit the documentations to relevant authorities to obtain their respective approval.

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

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

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

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

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

3. *22 villas and commercial properties in Chuang's Le Papillon, Guangzhou, Guangdong (100% owned)*

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

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

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

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 2019, valuation of the property was RMB36.4 million (equivalent to approximately HK\$40.0 million). During the period under review, one storey unit was leased to an independent third party. Marketing is in progress for leasing of the remaining units of the property.

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

10 Fenchurch Street is a freehold property in the City of London, the UK. It is an 11-storey commercial building providing 77,652 *sq. ft.* of office and retail usage. As at 30 September 2019, the property was recorded at valuation of GBP104.0 million (equivalent to approximately HK\$1,002.6 million), representing an increase of about 31.6% over the Group's original investment cost.

The property is fully leased to multi tenants with annual rental income of approximately GBP4.1 million (equivalent to approximately HK\$39.3 million), representing a rental yield of approximately 4% based on valuation. Despite the overhang of the Brexit, investors are seeking for opportunities in the UK to acquire properties in prime location. The Group will adopt appropriate strategy to consider disposal of this 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 2019, the valuation of this property was MYR185.3 million (equivalent to approximately HK\$347.0 million), which represents an average value of approximately MYR950 (equivalent to approximately HK\$1,780) per *sq. ft.* of net lettable retail and office area.

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

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

B. Property Development

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

The Esplanade has a site area of about 26,135 *sq. ft.* and has a developable GFA of 117,089 *sq. ft.* for residential purpose and 25,813 *sq. ft.* for commercial purpose with 47 carparking spaces. It is located along the riverside recreation park, overlooking Tuen Mun River. Along the promenade right in front of the site, it is within leisure walking distance to the nearby landmark commercial mall. Superstructure work has been substantially completed and interior works have commenced. The Group has recently submitted the application for occupation permit and it is expected that the occupation permit will be obtained within the coming two months. After this, the Group will apply for the certificate of compliance in the first quarter of 2020, and then the handover to end-buyers will be carried out around July 2020.

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

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

2. A Property Development Site, Hong Kong (100% owned)

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

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

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

The residential flats of Phase I and II have largely been sold. During the period under review, two residential duplex and 73 carpark were sold, and a further 51 carpark were sold subsequent to 30 September 2019. Currently, there remains 448 carpark of about RMB50 million (equivalent to approximately HK\$55 million) available for sale.

For the remaining development (Phase III), the Group owns a land of over 92,000 *sq. m.* and its total plot ratio GFA was about 175,011 *sq. m.*. Land quota for development of about 119,648 *sq. m.* has been obtained. The Group will closely follow-up with the relevant PRC authorities for the land quota of the remaining 55,363 *sq. m.*. The Group will commence preparatory works on the development, while other options (including disposal) will be explored to accelerate capital return on investment in this project.

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

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

This site has been rezoned to “residential usage”, and the location of this property in Changan is strategical 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 Midtown, the Group holds the second site located in the prime city centre of Tie Dong Qu (鐵東區). With a developable GFA of 390,000 *sq. m.*, the site will provide a mega integrated development including office towers, retail, food and beverage and entertainment facilities together with residential blocks. The Group will identify suitable options, including disposal, to accelerate capital return on this investment.

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

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

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

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

8. *Fortune Wealth, Sihui, Guangdong (86.0% owned)*

The Fortune Wealth Memorial Park operates a cemetery in Sihui with a site area of approximately 518 mu agreed by the local government authorities. As at 30 September 2019, the book cost of this project (including non-controlling interests) was about RMB920.0 million (equivalent to approximately HK\$1,010.4 million).

As at the date of this announcement, land use rights of approximately 248.2 mu of land had been obtained. Fortune Wealth will liaise with the local authorities for land resumption in respect of the remaining 269.8 mu. For the area encompassing the land resumption, about 150 mu will be designated for road access and greenbelts. As for the balance of 119.8 mu, Fortune Wealth shall intensively follow-up with the local authorities to allocate land quota for the grant of land use rights.

On the sale aspects, Fortune Wealth has full license for sale not only in the PRC, but also includes overseas Chinese as well as residents of Hong Kong, Macau and Taiwan. As at 30 September 2019, about 3,556 grave plots and 537 niches were available for sale. Fortune Wealth will review its sales and marketing strategy and will take more proactive steps in its brand building and customer services.

C. Securities Investments

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

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

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

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

2. Investments in high yield bonds

The Group holds the following portfolio of high yield bonds, as at 30 September 2019 with an annualized average yield of about 7%:

Stock code	Bond issuer	Face value of bonds held as at 30 September 2019 US\$'000	Market value as at 30 September 2019 HK\$'000	Percentage of market value to the Group's total assets as at 30 September 2019	Interest income for the period ended 30 September 2019 HK\$'000	Fair value gain/(loss) for the period ended 30 September 2019 HK\$'000
754	Hopson Development Holdings Limited (7.5%, due 2022)	3,000	23,989	0.3%	–	236
1233	Times China Holdings Limited (5.75%, due 2022)	2,000	15,823	0.2%	–	379
1638	Kaisa Group Holdings Limited			1.2%		
	(a) 7.25%, due 2020	4,000	31,518		1,136	(334)
	(b) 7.875%, due 2021	2,000	15,357		617	(162)
	(c) 8.5%, due 2022	4,400	32,134		1,465	(641)
	(d) 11.25%, due 2022	3,000	24,345		–	(123)

Stock code	Bond issuer	Face value of bonds held as at 30 September 2019 <i>US\$'000</i>	Market value as at 30 September 2019 <i>HK\$'000</i>	Percentage of market value to the Group's total assets as at 30 September 2019	Interest income for the period ended 30 September 2019 <i>HK\$'000</i>	Fair value gain/(loss) for the period ended 30 September 2019 <i>HK\$'000</i>
1813	KWG Group Holdings Limited			0.6%		
	(a) 6%, due 2022	5,000	39,430		1,175	(149)
	(b) 7.4%, due 2024	2,000	15,283		116	(187)
2007	Country Garden Holdings Company Limited (5.625%, due 2026)	14,000	113,619	1.3%	3,088	2,523
2777	Easy Tactic Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (5.75%, due 2022)	1,000	7,562	0.1%	225	(207)
3333	China Evergrande Group			2.1%		
	(a) 7.5%, due 2023	10,743	71,574		3,156	(9,729)
	(b) 8.25%, due 2022	11,600	81,724		3,753	(7,927)
	(c) 8.75%, due 2025	4,714	30,717		1,616	(5,128)
3380	Logan Property Holdings Company Limited			0.5%		
	(a) 6.875%, due 2021	4,000	33,015		1,079	244
	(b) 8.75%, due 2020	2,000	16,761		686	(66)
3383	Agile Group Holdings Limited (5.125%, due 2022)	10,000	77,928	0.9%	2,007	534
600606	Greenland Global Investment Limited, a wholly-owned subsidiary of Greenland Holdings Corporation Limited (5.25%, due 2021)	4,300	33,905	0.4%	884	270
	Bonds disposed of during the period	—	—	—	411	—
		<u>87,757</u>	<u>664,684</u>	<u>7.6%</u>	<u>21,414</u>	<u>(20,467)</u>

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 and infrastructure business
Times China Holdings Limited	Property development, urban redevelopment business, property leasing and property management
Kaisa Group Holdings Limited	Property development, property investment, property management, hotel and catering operations and other businesses
KWG Group Holdings Limited	Property development, property investment, hotel operation and property management
Country Garden Holdings Company Limited	Property development and construction
Guangzhou R&F Properties Co., Ltd.	Development and sale of properties, property investment, hotel operations and other property development related services
China Evergrande Group	Property development, property investment, property management and other businesses
Logan Property Holdings Company Limited	Property development, property investment, construction and decoration, and primary land development
Agile Group Holdings Limited	Property development, property investment, hotel operation and property management, and environmental protection
Greenland Holdings Corporation Limited	Property development, property investment, construction and hotel operation

Unrealized fair value loss was recorded by the Group principally as a result of the drop in bond prices as at 30 September 2019 when compared to that of 31 March 2019 as the trade war tensions triggered risk-off sentiment that affect the price of high yield and long-dated bonds during the period. In the event that the Group holds the bonds up to their respective maturity dates and the bonds are being redeemed at par, the unrealized fair value loss would almost be unnecessary. In recent months, the uncertain political and economic environment had asserted downward pressure on the prices of the bonds held by the Group. These factors have therefore offset the high interest income generated during the period. The Group will closely monitor the performance of the bond portfolio in light of the monetary environment.

FINANCIAL REVIEW

Net asset value

As at 30 September 2019, the net asset value attributable to equity holders of the Company amounted to HK\$4,038.1 million. Net asset value per share amounted to HK\$1.72, which is calculated based on the historical cost of the Group's land bank. During the period under review, the net asset value was adversely affected by the depreciation in Renminbi and British Pound Sterling resulting in a reduction of about HK\$214.4 million in the exchange reserve.

Financial resources

As at 30 September 2019, the Group's cash, bank balances and investments held for trading amounted to HK\$1,828.3 million (31 March 2019: HK\$1,599.2 million). As at the same date, bank borrowings of the Group amounted to HK\$2,066.2 million (31 March 2019: HK\$2,081.3 million). Accordingly, the Group's net debt has decreased to about HK\$237.9 million (31 March 2019: HK\$482.1 million) and the net debt to equity ratio has decreased to 5.9% (31 March 2019: 11.3%), expressed as a percentage of bank borrowings net of cash, bank balances and investments held for trading over net assets attributable to equity holders of the Company.

Approximately 88.4% of the Group's cash, bank balances and investments held for trading were in Hong Kong dollar and United States dollar, 9.7% were in Renminbi and the balance of 1.9% were in other currencies. Approximately 70.8% of the Group's bank borrowings were in Hong Kong dollar and United States dollar, 22.7% were in British Pound Sterling, and the remaining of 6.5% 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 14.7% of the Group's bank borrowings were repayable within the first year, 15.6% were repayable within the second year and the balance of 69.7% were repayable within the third to fifth years.

Foreign exchange risk

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

PROSPECTS

The global political and economic uncertainty continue to affect business prospects and confidence of investors. The PRC's economy is facing challenge to maintain its growth whilst Hong Kong is facing its unprecedented internal challenge, all these factors have caused a slow-down on the Group's business initiatives in the short term. However, the Group believes that the fundamental factors underpinning the long-term healthy growth in the PRC will remain intact. Going forward, the Guangdong-Hong Kong-Macao Greater Bay Area and Belt and Road Initiative will be the growth drivers for the PRC and create business opportunities for Hong Kong. To weather the challenges, the Group will exercise stringent control over its financial position by adhering to the "cash is king" principle, while closely monitoring business opportunities under this strategy.

STAFF

The Group puts emphasis on training and cultivating elite talent. We are committed to providing a dynamic and enthusiastic working atmosphere and increase hiring talents of all fields. As at 30 September 2019, the Group employed 157 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

DEALING IN THE COMPANY'S SECURITIES

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

CORPORATE GOVERNANCE

Due to other commitments, three Independent Non-Executive Directors had not attended the 2019 annual general meeting of the Company as required by Code A.6.7 of the Corporate Governance Code (the "CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Except as mentioned hereof, the Company has complied throughout the six months ended 30 September 2019 with the code provisions set out in the CG Code.

An audit committee has been established by the Company to review and supervise the Company's financial reporting process, risk management and internal controls and review the relationship with the auditor. The audit committee has held meetings in accordance with the relevant requirements. The Group's condensed consolidated interim financial information for the period ended 30 September 2019 have been reviewed by the audit committee of the Company and by the Company's independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The current members of the audit committee are Mr. Abraham Shek Lai Him, Mr. David Chu Yu Lin, 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 for Securities Transactions by Directors of Listed Issuers (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.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE’S WEBSITE

The interim report of the Company for the six months ended 30 September 2019 containing all applicable information required by Paragraph 46 of Appendix 16 of the Listing Rules will be published on the Stock Exchange’s website in due course.

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

Hong Kong, 26 November 2019

As at the date of this announcement, Mr. Albert Chuang Ka Pun, Miss Ann Li Mee Sum, Mr. Chong Ka Fung, Mr. Sunny Pang Chun Kit, Mr. Geoffrey Chuang Ka Kam and Mr. Neville Charles Kotewall are the Executive Directors of the Company, Mr. Dominic Lai is the Non-Executive Director of the Company, and Mr. Abraham Shek Lai Him, Mr. David Chu Yu Lin, Mr. Andrew Fan Chun Wah, Dr. Eddy Li Sau Hung and Dr. Ng Kit Chong are the Independent Non-Executive Directors of the Company.