Chuang's China Investments Limited
（莊士中國投資有限公司）
(Incorporated in Bermuda with limited liability)
(Stock Code: 298)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2017

HIGHLIGHTS OF THE YEAR

Financial

We delivered solid financial results for the year 31st March, 2017.

- Profit attributable to equity holders of the Company escalated by 16-times and reached HK$1,452.0 million

- Net asset value attributable to equity holders of the Company substantially enhanced to HK$4,071.1 million

- Net cash balances of over HK$443.6 million, as a result of strong cash, bank balances and investments held for trading amounted to HK$1,849.8 million while bank borrowings were HK$1,406.2 million

Business

This was a momentous year of transformation for the Group. We have completed a number of strategical moves that not only realign the Group's business directions but also substantially enhanced the Group's financial capabilities. The Board is delighted to report on these spectacular achievement in the year under review as follows:

- *Disposal of development project in Dongguan*

  To start-off, the Group captured the rising market trend in mid-2016 to dispose of its property development interests at approximately RMB1.3 billion (equivalent to approximately HK$1.5 billion) in cash. The disposal comprised over 323,000 *sq. m.* of developable GFA together with unsold inventory and carparking spaces in Chuang's New

City in Dongguan. After completion of the disposal in October 2016, the Group retained the administration building with GFA of 4,166 *sq. m.* and 12 completed residential flats in Dongguan for internal use.

From the disposal, the Group earned a lucrative net profit after taxation of approximately HK$1.2 billion in this financial year, which represented a four-fold return on this investment. The disposal not only served to unlock its stored value in return for cash, but has also validated that substantial value is embedded in the Group's property development assets as a result of their low book cost.

- *Expansion to investment properties in London*

  For the next decisive move, the Group pursued overseas expansion. In November 2016, the Group acquired an office property, 6–12 Fenchurch Street, in the prime location of City of London, United Kingdom at a net consideration of approximately GBP79 million (equivalent to approximately HK$764 million), which represented about GBP1,017 (equivalent to approximately HK$9,845) per *sq. ft.*. London, being one of the world's leading financial marketplaces, is well sought-after by global investors for its market liquidity and transparency.

  The acquisition of this prime office property provides the Group with steady rental stream and corresponding increase in capital value over time. A negative goodwill of HK$38.9 million was recorded in the year under review.

- *Realizing share investment in Shenzhen Harmony*

  Then in January 2017, the Group disposed of its investment in 50 million shares in 深圳市同心投資基金股份公司 (Shenzhen Harmony Investment Funds Company Limited*) ("Shenzhen Harmony"), at a cash consideration of RMB64.5 million (equivalent to approximately HK$74.2 million). A gain of HK$16.7 million was realized from the disposal, representing a 30% return on investment. After the disposal, the Group retained 10 million shares in Shenzhen Harmony at a book cost of RMB10 million, for the purpose of earning dividend income.

- *Diversification to cemetery business in the PRC*

  Further strategic expansion that the Group completed was the acquisition of an effective 85.5% interests in the Fortune Wealth at RMB398 million (equivalent to approximately HK$449 million). The consideration was satisfied partially in cash and partially in exchange for the Group's investment properties in Chengdu, Guangzhou as well as up to 40 villas in Changsha. This arrangement has the benefit of reducing the Group's cash outlay for the acquisition and also realizing the appreciated value of the Group's property assets as profits.

The acquisition was completed in March 2017. A gain on disposal of the Group's Chengdu and Guangzhou investment properties of HK$26.4 million, as well as a negative goodwill of HK$210.5 million was realized and recorded in the year under review.

Shareholders' value

- Earnings per share improved to 61.57 HK cents
- Net asset value per share rose to HK$1.72
- Total dividend per share (including special dividend) increased by about 83% to 5.5 HK cents
- Repurchase of 64,570,000 issued shares (about 2.7%) were conducted on-market, enhancement in shareholders' value is achieved

Looking Forward

At the heart of "One belt, One road" lies the creation of an economic land belt that includes countries on the original Silk Road through Central Asia, West Asia, the Middle East and Europe, as well as a maritime road that links port facilities in the PRC with the African coast into the Mediterranean.

The Group is keen to pursue the state policy of "One belt, One road" initiatives as it will bring about vast opportunities from the creation of economic belt involving many countries from Asia to Europe.

As the saying goes, "Spectacular Achievement is Always Preceded by Unspectacular Preparation". Looking forward, the Group will proactively identify and pursue projects in the PRC as well as expanding abroad so as to reap the benefits driven by the "One belt, One road" initiatives.

RESULTS

The board of Directors (the "Board") of Chuang's China Investments Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively as the "Group") for the year ended 31st March, 2017 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
Revenues and net gain	*3*	**491,338**	470,018
Revenues		**470,691**	462,592
Net gain of financial assets at fair value through profit or loss		**20,647**	7,426
Cost of sales		**(275,680)**	(278,659)
Gross profit		**215,658**	191,359
Other income and net gain	*5*	**217,230**	77,956
Gain on disposal of subsidiaries	*6*	**1,340,681**	–
Selling and marketing expenses		**(19,884)**	(28,990)
Administrative and other operating expenses		**(160,089)**	(141,972)
Change in fair value of investment properties		**38,833**	72,062
Operating profit	*7*	**1,632,429**	170,415
Finance costs	*8*	**(15,511)**	(15,712)
Share of results of associated companies		**(2,903)**	(1,818)
Share of result of a joint venture	*9*	**25,970**	64,320
Profit before taxation		**1,639,985**	217,205
Taxation	*10*	**(191,676)**	(129,126)
Profit for the year		**1,448,309**	88,079
Attributable to:			
Equity holders		**1,451,977**	85,006
Non-controlling interests		**(3,668)**	3,073
		1,448,309	88,079
		HK cents	*HK cents*
Earnings per share (basic and diluted)	*12*	**61.57**	4.91

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2017

	2017 *HK$'000*	2016 *HK$'000*
Profit for the year	**1,448,309**	88,079
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	**(71,594)**	(65,724)
Share of exchange reserve of a joint venture	**(6,562)**	–
Realization of exchange reserves upon disposal/ liquidation of subsidiaries	**(3,668)**	–
Change in fair value of available-for-sale financial assets	**96,535**	(60,190)
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	**(418)**	–
Other comprehensive income/(loss) for the year	**14,293**	(125,914)
Total comprehensive income/(loss) for the year	**1,462,602**	(37,835)
Total comprehensive income/(loss) attributable to:		
Equity holders	**1,467,813**	(36,796)
Non-controlling interests	**(5,211)**	(1,039)
	1,462,602	(37,835)

CONSOLIDATED BALANCE SHEET

As at 31st March, 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**66,656**	69,981
Investment properties	*5(c)*	**1,122,668**	539,103
Land use rights		**3,266**	1,562
Properties for/under development		**141,759**	145,769
Cemetery assets	*5(b)*	**525,648**	–
Associated companies		**21,950**	21,721
Joint venture		**329,953**	282,554
Available-for-sale financial assets		**226,394**	167,924
Loans and receivables		**11,336**	12,051
		2,449,630	1,240,665
Current assets			
Properties for sale		**1,340,982**	1,779,398
Cemetery assets	*5(b)*	**512,883**	–
Inventories		**50,756**	47,586
Debtors and prepayments	*13*	**256,675**	276,478
Financial assets at fair value through profit or loss		**604,948**	226,253
Pledged bank balances		**–**	40,173
Cash and bank balances		**1,244,846**	565,494
		4,011,090	2,935,382
Current liabilities			
Creditors and accruals	*14*	**150,917**	144,413
Sales deposits received		**2,851**	363,709
Short-term bank borrowing		**121,000**	–
Current portion of long-term bank borrowings		**297,500**	406,671
Taxation payable		**224,796**	276,131
		797,064	1,190,924
Net current assets		**3,214,026**	1,744,458
Total assets less current liabilities		**5,663,656**	2,985,123
Equity			
Share capital		**118,357**	81,057
Reserves		**3,952,722**	2,428,425
Shareholders' funds		**4,071,079**	2,509,482
Non-controlling interests		**105,110**	(614)
Total equity		**4,176,189**	2,508,868
Non-current liabilities			
Long-term bank borrowings		**987,736**	302,002
Deferred taxation liabilities		**302,647**	161,729
Amount due to a fellow subsidiary	*5(b)*	**112,880**	–
Loans and payables with non-controlling interests		**25,662**	12,524
Other non-current liabilities		**58,542**	–
		1,487,467	476,255
		5,663,656	2,985,123

NOTES:

1. GENERAL INFORMATION

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 31st March, 2017, the Company was a 57.5% 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 regards CCIL as the ultimate holding company.

The principal activities of the Group are property development, investment and trading, hotel operation and management, development and operation of cemetery, manufacturing, sales and trading of goods and merchandises, including watch components and art pieces, and securities investment and trading.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss at fair value, and in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. The significant accounting policies adopted for the preparation of the consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated below.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group.

During the year ended 31st March, 2017, the Company entered into a sale and purchase agreement to acquire companies that hold and operate a cemetery (see note 5(b)). The transaction was completed on 31st March, 2017, and the Group has recorded cemetery assets in the consolidated balance sheet as at 31st March, 2017 in accordance with the accounting policy below.

(a) Accounting policy for cemetery assets

Cost of cemetery assets comprises the land use rights and costs of development expenditures incurred for the grave plots and niches for cremation urns. Cemetery assets are classified as current assets unless the construction period of the relevant grave plots or niches for cremation urns is expected to complete beyond the normal operating cycle.

Grave plots and niches for cremation urns are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for cemetery assets less all estimated costs of completion and costs necessary to make the sale.

(b) Effect of adopting new standard and amendments to standards

For the financial year ended 31st March, 2017, the Group adopted the following new standard and amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2016 and relevant to the operations of the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements — Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Property, Plant and Equipment and Intangible Assets — Clarification of Acceptable Methods of Depreciation and Amortization
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities — Applying the Consolidation Exception
HKFRS 11 (Amendment)	Joint Arrangements — Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle

The Group has assessed the impact of the adoption of these new standard and 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 consolidated financial statements.

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

The following new standards 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 1st April, 2017, but have not yet been early adopted by the Group:

HKAS 7 (Amendment)	Cash Flow Statements — Disclosure Initiative (effective from 1st January, 2017)
HKAS 12 (Amendment)	Income Taxes — Recognition of Deferred Tax Assets for Unrealized Losses (effective from 1st January, 2017)
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions (effective from 1st January, 2018)
HKFRS 9	Financial Instruments (effective from 1st January, 2018)
HKFRS 15	Revenue from Contracts with Customers (effective from 1st January, 2018)
HKFRS 15 (Amendment)	Clarifications to HKFRS 15 (effective from 1st January, 2018)
HKFRS 16	Leases (effective from 1st January, 2019)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle (effective from 1st January, 2017 or 1st January, 2018, as appropriate)

Key developments of these new standards and amendments to standards which may have an impact to the Group's accounting policies and presentation of the consolidated financial statements are described below:

HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. HKFRS 15 is based on the principle that revenue is recognized when control of a good or service transfers to a customer. Management is currently assessing the effects of adoption of HKFRS 15 on the Group's consolidated financial statements and anticipated that the timing of the recognition of revenue on certain property sales may be affected. At this stage, the Group is not yet able to estimate the impact of the adoption of HKFRS 15 on the Group's consolidated financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

The Group will adopt the above new standards and amendments to standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

3. REVENUES AND NET GAIN

Revenues and net gain recognized during the year are as follows:

	2017	2016
	HK$'000	*HK$'000*
Revenues		
Sales of properties	**408,329**	440,543
Rental income and management fees	**30,803**	19,120
Sales of goods and merchandises	**860**	932
Interest income from financial assets at fair value through profit or loss	**30,699**	1,997
	470,691	462,592
Net gain		
Net realized loss of financial assets at fair value through profit or loss	**(566)**	–
Net fair value gain of financial assets at fair value through profit of loss	**21,213**	7,426
	20,647	7,426
Revenues and net gain	**491,338**	470,018

4. 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 (Note)	Sales of goods and merchandises HK$'000	Securities investment and trading HK$'000	Others and corporate HK$'000	2017 Total HK$'000
Revenues and net gain	439,132	–	860	51,346	–	491,338
Other income and net (loss)/gain	(8,346)	206,523	(7,453)	1,799	24,707	217,230
Operating profit/(loss)	1,456,336	206,523	(11,217)	52,424	(71,637)	1,632,429
Finance costs	(15,267)	–	–	(244)	–	(15,511)
Share of results of associated companies	–	–	–	–	(2,903)	(2,903)
Share of result of a joint venture	25,970	–	–	–	–	25,970
Profit/(loss) before taxation	1,467,039	206,523	(11,217)	52,180	(74,540)	1,639,985
Taxation	(191,676)	–	–	–	–	(191,676)
Profit/(loss) for the year	1,275,363	206,523	(11,217)	52,180	(74,540)	1,448,309
Segment assets	2,960,472	1,064,108	52,774	605,033	1,426,430	6,108,817
Associated companies	–	–	–	–	21,950	21,950
Joint venture	329,953	–	–	–	–	329,953
Total assets	3,290,425	1,064,108	52,774	605,033	1,448,380	6,460,720
Total liabilities	1,852,658	417,264	1,552	102	12,955	2,284,531
Other segment items are as follows:						
Capital expenditure	1,098,964	–	525	–	618	1,100,107
Depreciation	831	–	76	–	10,219	11,126
Amortization of land use right	32	–	–	–	–	32
Provision for impairment of properties for sale	3,054	–	–	–	–	3,054
Provision for impairment of trade debtors	1,804	–	–	–	–	1,804
Gain on disposal of subsidiaries	(1,340,681)	–	–	–	–	(1,340,681)

Note: The cemetery business of the Group was acquired on 31st March, 2017 and thus the results of the cemetery business mainly represent the negative goodwill arising from the acquisition (note 5(b)). Capital expenditure in relation to the acquisition amounted to approximately HK$1,047,933,000.

	Property development, investment and trading HK$'000	Sales of goods and merchandises HK$'000	Securities investment and trading HK$'000	Others and corporate HK$'000	2016 Total HK$'000
Revenues and net gain	459,663	932	9,423	–	470,018
Other income and net gain/(loss)	69,675	(15)	(691)	8,987	77,956
Operating profit/(loss)	237,320	(1,663)	8,732	(73,974)	170,415
Finance costs	(15,712)	–	–	–	(15,712)
Share of results of associated companies	–	–	–	(1,818)	(1,818)
Share of result of a joint venture	64,320	–	–	–	64,320
Profit/(loss) before taxation	285,928	(1,663)	8,732	(75,792)	217,205
Taxation	(129,126)	–	–	–	(129,126)
Profit/(loss) for the year	156,802	(1,663)	8,732	(75,792)	88,079
Segment assets	3,127,218	51,089	226,253	467,212	3,871,772
Associated companies	–	–	–	21,721	21,721
Joint venture	282,554	–	–	–	282,554
Total assets	3,409,772	51,089	226,253	488,933	4,176,047
Total liabilities	1,651,421	569	–	15,189	1,667,179
Other segment items are as follows:					
Capital expenditure	482,102	–	–	618	482,720
Depreciation	1,367	25	–	10,189	11,581
Amortization of land use rights					
— charged to the consolidated income statement	32	–	–	–	32
— capitalized into properties	4,000	–	–	–	4,000
Provision for impairment of properties for sale	2,263	–	–	–	2,263
Provision for impairment of inventories	–	521	–	–	521
Provision for impairment of trade debtors	–	235	–	–	235

(b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues and net gain 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 and net gain		Capital expenditure	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**51,349**	9,426	**54,810**	12,278
The People's Republic of China (the "PRC")	**426,208**	459,663	**243,019**	470,442
United Kingdom	**12,924**	–	**802,278**	–
Other countries	**857**	929	**–**	–
	491,338	470,018	**1,100,107**	482,720

	Non-current assets *(Note)*		Total assets	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**64,383**	73,510	**2,512,554**	1,160,548
The PRC	**1,342,832**	987,180	**3,104,688**	2,979,366
United Kingdom	**804,685**	–	**812,321**	–
Other countries	**–**	–	**31,157**	36,133
	2,211,900	1,060,690	**6,460,720**	4,176,047

Note: Non-current assets in geographical segment represent non-current assets other than available-for-sale financial assets and loans and receivables.

5. OTHER INCOME AND NET GAIN

	2017	2016
	HK$'000	*HK$'000*
Interest income from bank deposits	**5,890**	9,535
Dividend income from available-for-sale financial assets	**3,243**	8,640
Gain on disposal of available-for-sale financial assets	**17,122**	–
Write-back of provision for indemnity *(Note a)*	**–**	58,546
Fair value gain on transfer of properties from properties for sale to investment properties	**–**	2,741
Negative goodwill on acquisition of subsidiaries, net of transaction costs *(Note b)*	**206,523**	–
Negative goodwill on acquisition of a property business, net of transaction costs *(Note c)*	**(4,640)**	–
Realization of exchange reserves upon disposal/liquidation of subsidiaries	**(12,620)**	–
Net (loss)/gain on disposal of property, plant and equipment	**(5)**	484
Net exchange gain/(loss)	**872**	(2,190)
Sundries	**845**	200
	217,230	77,956

Notes:

(a) *On 27th May, 2013, a wholly-owned subsidiary (the "Vendor") of the Group entered into an agreement with an independent third party (the "Purchaser") to dispose of its investment in a wholly-owned subsidiary at a consideration of HK$1. The Vendor also executed an indemnity deed amounting to RMB48.8 million (equivalent to approximately HK$58.5 million) in favour of the Purchaser for a period of two years from the date of completion of the disposal on 15th August, 2013. The transaction was announced by the Company on 27th May, 2013. The write-back of provision for indemnity in 2016 was related to this as the indemnity was expired during the year ended 31st March, 2016.*

(b) *On 21st January, 2017, the Company entered into a sale and purchase agreement with Midas International Holdings Limited, a listed subsidiary of CCIL, to acquire its equity interests in the companies that hold and operate a cemetery located in Sihui, the PRC, at a consideration of RMB398 million (equivalent to approximately HK$449 million) (the "Cemetery Acquisition"). The Cemetery Acquisition was announced by the Company on 22nd January, 2017 and published in the circular on 8th March, 2017 respectively. The transaction was completed on 31st March, 2017, and the consideration was settled partially in cash of RMB174 million (equivalent to approximately HK$196 million), partially in exchange of investment properties of RMB124 million (equivalent to approximately HK$140 million) through disposal of the entire equity interests in the relevant subsidiaries of the Group and partially by a deferred consideration (with the exchange of the properties for sales through disposal of the entire equity interests in the relevant subsidiaries of the Group) of RMB100 million (equivalent to approximately HK$113 million) (recorded as "Amount due to a fellow subsidiary" in the consolidated balance sheet). A negative goodwill of HK$210.5 million (before netting of transaction costs) was recognized upon completion of the transaction.*

(c) *On 4th November, 2016, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to acquire an office property in London, United Kingdom, at a net consideration of approximately GBP79 million (equivalent to approximately HK$764 million) (the "UK Acquisition"). The UK Acquisition was announced by the Company on 6th November, 2016 and published in the circular on 9th December, 2016 respectively. The transaction was completed on 24th November, 2016. The property was recorded as an investment property and a negative goodwill on acquisition of the property business amounting to HK$38.9 million (before netting of transaction costs) was recorded upon completion.*

6. GAIN ON DISPOSAL OF SUBSIDIARIES

On 25th August, 2016, the Company and its wholly-owned subsidiary entered into a sale and purchase agreement with independent third parties to dispose of its wholly-owned subsidiaries which held a property development project at Dongguan, the PRC, for a net consideration of approximately RMB1.3 billion (equivalent to approximately HK$1.5 billion) (the "Dongguan Disposal"). The Group retains the administration building and certain completed properties upon completion. The Dongguan Disposal was announced by the Company on 28th August, 2016 and published in the circular on 26th September, 2016 respectively. The transaction was completed on 27th October, 2016. A gain on disposal of subsidiaries of the Dongguan Disposal and the related PRC withholding corporate income tax were shown in this note and "Taxation" (note 10) respectively.

7. OPERATING PROFIT

	2017	2016
	HK$'000	*HK$'000*
Operating profit is stated after charging:		
Amortization of land use right	**32**	32
Cost of properties sold	**266,297**	265,820
Cost of inventories sold	**203**	633
Depreciation	**11,126**	11,581
Provision for impairment of properties for sale	**3,054**	2,263
Provision for impairment of inventories	**–**	521
Provision for impairment of trade debtors	**1,804**	235
Staff costs, including Directors' emoluments		
Wages and salaries	**53,535**	56,582
Retirement benefit costs	**2,547**	3,124

8. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest expenses on bank borrowings	**26,808**	25,604
Amounts capitalized into		
Investment property	**(1,608)**	–
Properties under development	**(9,689)**	(9,892)
	(11,297)	(9,892)
	15,511	15,712

The capitalization rates applied to funds borrowed for the development of properties range from 1.98% to 8.08% (2016: 2.00% to 8.08%) per annum.

9. SHARE OF RESULT OF A JOINT VENTURE

Share of result of a joint venture of HK$25,970,000 (2016: HK$64,320,000) in the consolidated income statement is the share of result of the joint venture for the year ended 31st March, 2017 which mainly includes the share of fair value gain of its investment properties (net of the related deferred taxation) of HK$30 million (2016: HK$64 million).

10. TAXATION

	2017	2016
	HK$'000	*HK$'000*
Current taxation		
PRC corporate income tax	**46,257**	44,781
PRC withholding corporate income tax *(Notes 5(b) and 6)*	**113,340**	–
PRC land appreciation tax	**32,703**	80,437
Deferred taxation	**(624)**	3,908
	191,676	129,126

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the year (2016: Nil). PRC corporate income tax has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC. PRC withholding corporate income tax includes the relevant tax on the disposal of subsidiaries arising from the Cemetery Acquisition and the Dongguan Disposal as mentioned in notes 5(b) and 6 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 year ended 31st March, 2017 (2016: Nil). Share of deferred taxation charge of the joint venture for the year ended 31st March, 2017 of HK$9,994,000 (2016: HK$21,440,000) is included in the consolidated income statement as share of result of a joint venture.

11. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Interim dividend of 1.5 HK cents (2016: 1.0 HK cent) per share	**35,507**	16,211
Proposed final dividend of 2.0 HK cents (2016: 2.0 HK cents) per share	**47,143**	48,634
Proposed special dividend of 2.0 HK cents (2016: Nil) per share	**47,143**	–
	129,793	64,845

On 27th June, 2017, the Board proposed a final dividend of 2.0 HK cents (2016: 2.0 HK cents) per share amounting to HK$47,143,000 (2016: HK$48,634,000) and a special dividend of 2.0 HK cents (2016: Nil) per share amounting to HK$47,143,000 (2016: Nil). The amounts are calculated based on 2,357,155,316 issued shares as at 27th June, 2017. The proposed dividends are not reflected as dividend payable in the consolidated financial statements, but will be reflected and accounted for as an appropriation of reserves in the year ending 31st March, 2018 upon the approval by the shareholders.

12. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK$1,451,977,000 (2016: HK$85,006,000) and the weighted average number of 2,358,108,483 (2016: 1,732,100,698) shares in issue during the year. The weighted average number of shares used in the calculation of earnings per share had been adjusted for the bonus element of the rights issue following the completion of the rights issue on 3rd May, 2016.

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

13. 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 range from 30 days to 90 days.

As at 31st March, 2017, trade debtors of the Group mainly represent the receivables from sales of properties and cemetery assets. The aging analysis of trade debtors of the Group is as follows:

	2017	2016
	HK$'000	*HK$'000*
Below 30 days	**7,120**	7,193
31 to 60 days	**359**	21
61 to 90 days	**–**	–
Over 90 days	**7,269**	1,230
	14,748	8,444

Debtors and prepayments include net deposits of HK$199,563,000 (2016: HK$212,356,000) for property projects and acquisition of land use rights after the accumulated provision for impairment of HK$11,272,000 (2016: HK$11,272,000) as at 31st March, 2017.

14. CREDITORS AND ACCRUALS

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

	2017	2016
	HK$'000	*HK$'000*
Over 60 days	**1,066**	138

Creditors and accruals include the construction cost payables and accruals of HK$86,837,000 (2016: HK$74,687,000) for the property and cemetery projects of the Group.

15. FINANCIAL GUARANTEES

As at 31st March, 2017, the subsidiaries had provided guarantees of HK$421,079,000 (2016: HK$1,079,858,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

16. COMMITMENTS

As at 31st March, 2017, the Group had commitments contracted but not provided for in respect of property projects and property, plant and equipment of HK$197,396,000 (2016: HK$262,343,000). The Group had commitments contracted but not provided for in respect of available-for-sale financial assets of HK$47,964,000 as at 31st March, 2016.

17. PLEDGE OF ASSETS

As at 31st March, 2017, 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$1,737,016,000 (2016: HK$849,154,000, including bank deposits and portion of such was for financial guarantee facilities granted to the Group), to secure banking facilities granted to the subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS
RESULTS REVIEW

Revenues and net gain of the Group for the year ended 31st March, 2017 slightly increased by 4.5% to HK$491.3 million (2016: HK$470.0 million), comprising the following factors:

- sales of development properties decreased by 7.3% to approximately HK$408.3 million (2016: HK$440.5 million) and were mainly derived from contracted sales from Block 29–31 of Imperial Garden in Dongguan, the People's Republic of China (the "PRC");

- rental and management fee income increased by about 61.3% to HK$30.8 million (2016: HK$19.1 million), contributed by the additional rental income generated from the newly acquired property in the United Kingdom (the "UK");

- securities investment and trading income increased to about HK$51.3 million (2016: HK$9.4 million), as a result of increase in holding of high yield bonds with face value of US$70.6 million, and their market value was approximately HK$604.9 million; and

- income from sales and trading business remained at the same level of about HK$0.9 million (2016: HK$1 million).

During the year under review, gross profit increased by 12.7% to HK$215.7 million (2016: HK$191.4 million). Overall gross profit margin raised from 41% to 44% as a result of improved profit margin from rental and management fee income and higher gross margin from securities investment and trading. The gross profit margin for each revenue segment is as follows:

	3/2017	3/2016
Sales of development properties in the PRC	34%	39%
Rental and management fee income	80%	51%
Securities investment and trading income	100%	100%

Other income and net gain rose to HK$217.2 million (2016: HK$78.0 million), which included the negative goodwill net of expenses on acquisition of cemetery business subsidiaries as announced in January 2017; and the gain of HK$16.7 million on disposal of share investment in Shenzhen Harmony as announced in January 2017. A breakdown of other income and net gain is shown in note 5 to the consolidated financial statements of this announcement. Gain on disposal of subsidiaries of HK$1,340.7 million (2016: nil) was an one-off gain from disposal of subsidiaries in Dongguan as announced in August 2016.

The Group recorded a gain on change in fair value of investment properties of HK$38.8 million (2016: HK$72.1 million), which was principally related to those investment properties in Chengdu, Dongguan and Guangzhou that were disposed of during the year under review. Furthermore, share of result of a joint venture of HK$26.0 million (2016: HK$64.3 million) was related to the share of change in fair value of the investment properties of the joint venture in Xiamen.

On the costs side, selling and marketing expenses decreased by 31.4% to HK$19.9 million (2016: HK$29.0 million) as a result of reduced property development projects for sale in the PRC. Administrative and other operating expenses increased by HK$18.1 million to HK$160.1 million (2016: HK$142.0 million) due to the growth in business activities during the year as well as general rise in operating costs.

Finance costs of HK$15.5 million maintained at similar level with last corresponding year (2016: HK$15.7 million). Share of loss of associated companies was HK$2.9 million (2016: HK$1.8 million). Furthermore, taxation amounted to HK$191.7 million (2016: HK$129.1 million), but which included the PRC income tax of HK$109.5 million relating to the disposal of the subsidiaries in Dongguan.

Taking into account of the above, profit attributable to equity holders of the Company for the year ended 31st March, 2017 increased by 16 times to HK$1,452.0 million (2016: HK$85.0 million). Earnings per share was 61.57 HK cents (2016: 4.91 HK cents).

DIVIDENDS

In view of improved financial results, the Board resolved to recommend for the shareholders' approval at the forthcoming annual general meeting of the Company (the "AGM") the payment of a final dividend of 2.0 HK cents (2016: 2.0 HK cents) per share and a special dividend of 2.0 HK cents (2016: Nil) per share for the year ended 31st March, 2017. The final dividend and the special dividend, if approved, will be paid on or before 18th October, 2017 to the shareholders whose names appear on the Company's register of members on 20th September, 2017.

An interim dividend of 1.5 HK cents (2016: 1.0 HK cent) per share has been paid in respect of the current financial year. Total dividends for the year will amount to 5.5 HK cents (2016: 3.0 HK cents) per share. Total dividend payments for the year will be HK$129.8 million (2016: HK$64.8 million).

BUSINESS REVIEW

A. Investment Properties

The Group holds a portfolio of investment properties in the PRC and the UK for steady recurring rental income. A summary is as follows:

1. Xiamen Mingjia (厦門佲家), Xiamen, Fujian (59.5% owned)

The Xiamen Mingjia (厦門佲家) comprises a 6-storey hotel building with 100 guest-rooms (gross area of 9,780 *sq. m.*) and 30 villas (aggregate gross floor area ("GFA") of about 9,376 *sq. m.*). As at 31st March, 2017, the properties were recorded in the financial statements at valuation of RMB414 million (comprising RMB169 million for the hotel and RMB245 million for the 30 villas). The valuation attributable to the Company was about RMB246 million (equivalent to approximately HK$278 million), whereas the total estimated investment costs of the Company are about HK$185 million in this project.

In January 2017, Xiamen Mingjia entered into a 10-year lease with 廈門鷺江賓館 (Xiamen Lujiang Harbourview Hotel*), for the lease of the hotel building at an initial rental of RMB9 million per annum, representing rental yield of about 5.3% based on the valuation. As the tenant is a subsidiary of the Group's joint venture partner, the tenancy arrangement constituted a continuing connected transaction, details of which was contained in the announcement of the Company dated 19th January, 2017.

Marketing on leasing of the 30 villas is in satisfactory progress. Up to date, 4 villas have been leased to independent third parties, each for a term of 10 years, at aggregate rental of RMB3 million per annum. On the basis that the 30 villas are fully leased out, gross annual rental income will amount to about RMB18 million, representing a rental yield of over 7.3% based on the valuation.

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

Chuang's Mid-town at Tie Dong Qu (鐵東區) is a modern, well-designed architectural project situated at the core city centre of Anshan, 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 total GFA of about 62,700 *sq. m.*.

Superstructure works of the commercial podium and the twin tower have been completed. Internal and external finishing works are in satisfactory progress. It is expected that occupancy permit will be obtained in the second half of 2017.

Chuang's Mid-town combines retail, residential, service apartments, entertainment and business with great accessibility. The Group will appoint an international real estate agency as leasing agent to carry out marketing campaign on this project.

The Group's total investments in this project upon completion will be approximately HK$433 million. The estimated market value of Chuang's Mid-town is approximately RMB639 million (equivalent to approximately HK$721 million) on completed basis, comprising RMB235 million for the commercial podium and RMB404 million for Block AB and C. On an estimated rental income of about RMB25 million per annum, Chuang's Mid-town will generate a rental yield of 4%. As at 31st March, 2017, the commercial podium was stated as "investment properties" in the Group's financial statements whereas Block AB and C were stated as "properties for sale".

3. *Office property in Fenchurch Street, London, UK (100% owned)*

6–12 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 31st March, 2017, the Group's total investments cost of this property is stated at the property valuation of approximately GBP83 million (equivalent to approximately HK$805 million).

The property is fully leased out to multi tenants and is earning annual rental income of approximately GBP3.9 million (equivalent to approximately HK$37.8 million), representing a rental yield of approximately 4.7% based on valuation. The rental income will be further enhanced after the rent review on existing tenancies in the next few months.

B. Property Development

Following the disposal of the development project in Dongguan, the Group retains the following property development in the PRC and in Hong Kong:

1. *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. Phase I and II (Block A to P) have 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.

   Currently, there are 14 units of unsold properties of about RMB60.6 million (equivalent to approximately HK$68.9 million) and unsold carparks of about RMB129.9 million (equivalent to approximately HK$147.7 million). The Group intends to lease the 22 villas (Block P) with GFA of approximately 6,987 *sq. m.* to benefit from asset appreciation in future.

   For the remaining development (Phase III), the Group owns a land of over 92,000 *sq. m.* and its GFA was about 166,000 *sq. m.*. Land quota for development of about 54,300 *sq. m.* has been obtained, and that for another 60,000 *sq. m.* will be approved by the PRC authorities in a few months. The Group will closely follow-up with the relevant PRC authorities for the land quota of the remaining 51,700 *sq. m.* and will also explore means to raise the plot ratio of the site. To capitalize on market opportunities on the rising land costs in Guangzhou, the Group will also explore other options (including disposal) to accelerate capital return on investment in this project.

2. *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. Driven by the urbanization in Changan and its proximity to Shenzhen, Changan is well located to attract property buyers from Shenzhen. Recently, the town planning of the Group's site has been rezoned to "residential usage" by the local PRC authorities. With the rezoning, the Group's site in Changan will be a prime land bank for future development. The Group will liaise with the local authorities regarding the requisite procedures and strategize on the optimal timing for the usage conversion application.

The industrial property on the site is currently leased to an independent third party until 2023. As at 31st March, 2017, the industrial property was recorded in the financial statements at valuation of RMB104 million. The gross rental income amounted to about RMB6.4 million per annum, representing a rental yield of about 6%.

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

   Adjacent to Chuang's Mid-town, 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. Master planning is in progress and the Group will adopt a longer term planning for this project.

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

   The site has an area of about 26,135 *sq. ft.* and has developable GFA of 116,897 *sq. ft.* for residential purpose and 25,102 *sq. ft.* for commercial purpose with 47 carparking spaces. The site 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.

   Building plans of the development project have been approved. Excavation and lateral support works have commenced. It is expected that foundation works will be completed in the third quarter of 2017. Soft marketing will be launched in coming months and pre-sales are planned to commence in the first quarter of 2018.

5. *Other property projects in the PRC*

   (a) During the year under review, the non-wholly-owned subsidiaries of the Group that hold the property project in Changsha completed a rights issue to raise working capital. The Group supported the rights issue and as a result, the Group's effective interests increased from 54% to 69%. As at 31st March, 2017, the Group's total investment costs amounted to about HK$82.5 million, including shareholder's loan of about HK$55 million.

   As the business license of the PRC project subsidiary has expired since 2012, the normal operation of sale of properties was halted. The Group has made keen efforts to reactivate the business license but the minority shareholders of this project do not agree to renew the business license. The Group will consider all rightful actions (including lawsuit against the minority shareholders) in order to resolve the matter. Meanwhile, with the grant of court orders, public auctions were conducted during the year under review to orderly dispose of the unsold properties so as to repay the shareholder's loan owed to the Group. After the public auctions, as at 31st March, 2017, the unsold total GFA of this project was about 22,700 *sq. m.* (residential GFA of 11,100 *sq. m.* and commercial GFA of 11,600 *sq. m.*). It is expected that further public auctions will be held in 2017 to facilitate the repayment of shareholder's loan.

(b) The Group holds a 51% development interest in a project in Wuhou District, Chengdu. As at 31st March, 2017, the Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK$165.9 million). The Group has launched legal proceedings in May 2016 in order to recoup the investment in this project. The aggregate amounts demanded by the Group is approximately RMB435 million (equivalent to approximately HK$491.6 million). Further announcement(s) about the legal proceeding will be made by the Company as and when appropriate.

6. *Fortune Wealth, Sihui, Guangdong (85.5% 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. At present, land use rights certificates of approximately 146.8 mu of land have been obtained. The local government has recently confirmed that land quota for about 23.4 mu is allocated to Fortune Wealth and the relevant procedures for the grant of land will be carried out in the coming few months. In addition, Fortune Wealth will liaise with the local authorities for land resumption in respect of the remaining 347.8 mu. For the area encompassing the land resumption, about 150 mu will be designated for road access and greenbelts. As for the balance of 197.8 mu, Fortune Wealth shall intensively follow-up with the local authorities to allocate land quota for the grant of land use rights.

During the initial phase, Fortune Wealth has completed the development of 100 mu with an administrative building, 12 graveyards with 5,485 grave plots and a mausoleum with 550 niches. For the next phase of development, the Group will plan to construct the road access to the new site, and at the same time review the master layout plan for the 46.8 mu together with the forthcoming 23.4 mu.

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 31st March, 2017, about 3,911 grave plots and 539 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")*

During the year under review, the Group increased its shareholding interests in CNT, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), through on-market purchases. As at the date hereof, the Group owns about 19.2% shareholding interests in CNT. CNT and its subsidiaries are principally engaged, inter alia, in the manufacture and sale of paint products under its own brand names with focus on the PRC market and the property business.

With reference to the closing share price of CNT as at 31st March, 2017 of HK$0.6 (2016: HK$0.295), the book value of the Group in this investment increased to over HK$215 million (2016: HK$96.0 million). The gain in book value is accounted for as "Reserve" in the financial statements. During the year under review, dividend income from CNT was about HK$3.2 million.

On 22nd June, 2017, the Company announced that a wholly-owned subsidiary of the Group has filed a petition against CNT and Prime Surplus Limited. Further announcement(s) about the petition 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 31st March, 2017 with an annualized average yield of 6%:

Stock code	**Bond issuer**	**Face value of bonds held**	**Market value as at 31st March, 2017**	**Percentage of market value to the Group's net assets as at 31st March, 2017**	**Fair value gain for the year ended 31st March, 2017**	**Interest income for the year ended 31st March, 2017**
		US$'000	*HK$'000*		*HK$'000*	*HK$'000*
3333	China Evergrande Group			5.3%	10,524	12,572
	(a) 8.75%	1,600	13,400			
	(b) 12%	22,950	202,265			
2007	Country Garden Holdings Company Limited			4.5%	7,330	4,353
	(a) 7.5%	8,000	67,170			
	(b) 5.625%	14,000	114,646			
813	Shimao Property Holdings Limited (8.375%)	19,000	166,899	4.1%	1,645	10,546
1813	KWG Property Holding Limited (6%)	5,000	40,568	1.0%	1,714	–
1038	Cheung Kong Infrastructure Holdings Limited	–	disposed	–	–	1,686
2777	Caifu Holdings Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Company Limited	–	disposed	–	–	1,511
	Others	–	disposed	–	–	31
		70,550	**604,948**	**14.9%**	**21,213**	**30,699**

Brief description of principal business of the respective bond issuers are as follows:

Name of company	Principal business
China Evergrande Group	Property development, property investment, property management, property construction, hotel operations, finance business, internet business, health industry business and fast consuming product business
Country Garden Holdings Company Limited	Property development, construction, fitting and decoration, property investment, property management and hotel operation
Shimao Property Holdings Limited	Property development, property investment and hotel operation
KWG Property Holding Limited	Property development, property investment, hotel operation and property management
Cheung Kong Infrastructure Holdings Limited	Development, investment and operation of infrastructure businesses
Guangzhou R&F Properties Company Limited	Development and sale of properties, property investment, hotel operations and other property development related services

Fair value gain was recorded by the Group principally as a result of the higher market value of the bonds as at 31st March, 2017, as well as accrued interests up to that date. In general, bond prices and interest rates will carry an inverse relationship, i.e. if interest rates rise, the price of bonds tends to fall. Also, for the financial year ending 31st March, 2018, one of the bonds held by the Group will be callable by bond issuer at a price below the market value as at 31st March, 2017. If all the above happen, the high interest income will be offset by the effects of increase in interest rates and early redemption. The Group intends to continue investing in high yield bonds, which is a great tool to generate steady income stream, and will monitor the performance of the portfolio from time to time.

FINANCIAL REVIEW

Funds Raising

At the beginning of the year under review, the Company completed a one-for-two rights issue, receiving full support from our shareholders. The estimated net proceeds of the rights issue after deducting estimated expenses was approximately HK$222.5 million. Proceeds from the rights issue were used during the year under review as to over HK$170 million for the Group's business expansion and the balance as working capital.

Net asset value

As at 31st March, 2017, the net asset value attributable to equity holders of the Company increased to HK$4,071.1 million. During the year, the Company made on-market repurchases of 64,570,000 shares at HK$34.6 million. Taking this into account, net asset value per share amounted to HK$1.72, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value.

Financial resources

The Group maintained strong financial position. As at 31st March, 2017, the Group's cash, bank balances and investments held for trading amounted to HK$1,849.8 million (2016: HK$831.9 million). As at the same date, bank borrowings of the Group amounted to HK$1,406.2 million (2016: HK$708.7 million). As the Group maintained net cash of over HK$443.6 million (2016: HK$123.2 million), calculation to debt ratio is non-applicable. Approximately 90.3% of the Group's cash, bank balances and investments held for trading were in Hong Kong dollar and United States dollar, 9.4% were in Renminbi and the balance of 0.3% were in other currencies. Approximately 59.6% of the Group's bank borrowings were in Hong Kong dollar, 35.9% were in British Pound Sterling with the remaining 4.5% were in Renminbi.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 12.1% of the Group's bank borrowings were repayable within the first year, 8.5% were repayable within the second year and the balance of 79.4% 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 the United Kingdom, 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 PRC's economic growth is expected to stabilize further and solid demand for commodity housing in first tier cities and core second tier cities will continue to be robust. For expansion of land bank, the Group will identify revitalization and urban redevelopment of industrial properties in first tier cities.

In the financial year ending 31st March, 2018, the Group's revenues will be mainly derived from rental income and management fees, sales of goods and merchandises and securities investment and trading. Apart from that, the Group will adhere to its strategy of focusing on property development in first tier cities as well as to further diversify to other businesses with steady income. Geographically, the Group will seek for opportunities not only in Hong Kong and the PRC but will also expand to other developed countries. The Group will continue to seek investment opportunities, further expand the Group's sources of revenue, enhance the Group's profitability, and maximize return for its shareholders.

CLOSING OF REGISTER

The AGM is scheduled on Friday, 8th September, 2017. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 4th September, 2017 to Friday, 8th September, 2017, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 1st September, 2017.

The proposed final dividend and the special dividend are subject to the approval of the shareholders of the Company at the AGM. The record date for entitlement to the proposed final dividend and the special dividend is Wednesday, 20th September, 2017. For determining the entitlement to the proposed final dividend and the special dividend, the register of members of the Company will be closed from Friday, 15th September, 2017 to Wednesday, 20th September, 2017, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and the special dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 14th September, 2017.

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 31st March, 2017, the Group employed 214 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

During the year ended 31st March, 2017 and up to the date of this report, the Company repurchased a total of 74,560,000 shares on the Stock Exchange at an aggregate cash consideration of approximately HK$39,922,150 (excluding expenses). All the repurchased shares were then cancelled and the number of issued shares of the Company was reduced accordingly. Particulars of the repurchases are as follows:

Period of repurchase	Total number of shares repurchased	Price per share paid		Aggregate consideration
		Highest	Lowest	
		HK$	*HK$*	*HK$*
September 2016	59,220,000	0.55	0.51	31,883,000
October 2016	200,000	0.51	0.50	101,900
December 2016	5,150,000	0.495	0.495	2,549,250
April 2017	9,990,000	0.55	0.53	5,388,000
Total	74,560,000			39,922,150

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31st March, 2017 and up to the date of this report.

CORPORATE GOVERNANCE

Due to other commitments, one or more Independent Non-Executive Directors had not attended the 2016 annual general meeting or the special general meetings of the Company as required by Code A.6.7 of the code provisions set out in the Appendix 14 — 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 year ended 31st March, 2017 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 and reviewed the consolidated results of the Group for the year ended 31st March, 2017. The current members of the audit committee are Mr. Abraham Shek Lai Him, Mr. David Chu Yu Lin and Mr. Andrew Fan Chun Wah, 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.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in this preliminary announcement of the Group's results for the year ended 31st March, 2017 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The annual report of the Company for the year ended 31st March, 2017 containing all applicable information required by Paragraph 45 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
Managing Director

Hong Kong, 27th June, 2017

As at the date of this announcement, Miss Ann Li Mee Sum, Mr. Albert Chuang Ka Pun, Mr. Chong Ka Fung and Mr. Sunny Pang Chun Kit are the Executive Directors of the Company, and Mr. Abraham Shek Lai Him, Mr. David Chu Yu Lin and Mr. Andrew Fan Chun Wah are the Independent Non-Executive Directors of the Company.

* *English translation only*