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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)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2018

HIGHLIGHTS OF THE YEAR

Business

The financial year ended 31 March 2018 was a year of consolidation when the Group continued with its stated strategy to expand its portfolio of investment properties while at the same time pursue the solidification of its business mission. An overview of the major business progress is as follow:

- *Expansion to Malaysia for acquisition of investment properties*

  In December 2017, the Group acquired an office property, Central Plaza, in the prime location of Kuala Lumpur, Malaysia at a cash consideration of approximately HK$184.7 million together with outstanding bank loan of approximately MYR75.8 million (equivalent to approximately HK$152.0 million).

- *Leasing of hotel and villas in Xiamen accomplished*

  The Group's hotel and resort development project in Xiamen comprises 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.*). The hotel building and the 30 villas are fully leased for terms of 10 to 12 years. Total annual rental is approximately RMB25.9 million (equivalent to approximately HK$31.1 million).

In the coming financial year, the Group will focus on the business initiatives to launch the sales of the property development project in Tuen Mun, Hong Kong. In addition, the Group will continue to pursue the business strategy to identify opportunities to realize the appreciation in value of the investments in the United Kingdom (the "UK") and the property development project in Panyu, the People's Republic of China (the "PRC").

Financial

Highlight of the financial results for the year 31 March 2018 is as follows:

- Profit attributable to equity holders of the Company: HK$279.9 million (2017: HK$1,452.0 million). The decrease in profit this year was attributable by the absence of the substantial profits recorded by the Group from disposal of the property development project in Dongguan, the PRC, in the last corresponding year.

- Net asset value attributable to equity holders of the Company: HK$4,402.3 million

- Aggregate of cash and bank balances and investments held for trading of over HK$1,210.1 million, while bank borrowings were HK$1,632.5 million. The Group's net debt to equity ratio was 9.6%.

Shareholders' value

- Earnings per share was 11.89 HK cents (2017: 61.57 HK cents)

- Net asset value per share rose to HK$1.87

- Total dividends per share was 3.5 HK cents

- Repurchase of 18,310,000 issued shares (about 0.8%) were conducted on-market, enhancement in shareholders' value is achieved

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 31 March 2018 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2018

	Note	**2018** *HK$'000*	2017 *HK$'000*
Revenues and net (loss)/gain	*3*	**168,827**	491,338
Revenues		**174,284**	470,691
Net (loss)/gain of financial assets at fair value through profit or loss		**(5,457)**	20,647
Cost of sales		**(48,103)**	(275,680)
Gross profit		**120,724**	215,658
Other income and net gain	*5A*	**32,973**	217,230
Fair value gain on transfer of properties from properties for sale to investment properties	*5B*	**232,664**	–
Gain on disposal of subsidiaries	*6*	**–**	1,340,681
Selling and marketing expenses		**(8,568)**	(19,884)
Administrative and other operating expenses		**(158,986)**	(160,089)
Change in fair value of investment properties		**170,830**	38,833
Operating profit	*7*	**389,637**	1,632,429
Finance costs	*8*	**(31,421)**	(15,511)
Share of results of associated companies		**(2,199)**	(2,903)
Share of result of a joint venture	*9*	**10,335**	25,970
Profit before taxation		**366,352**	1,639,985
Taxation	*10*	**(87,914)**	(191,676)
Profit for the year		**278,438**	1,448,309
Attributable to:			
Equity holders		**279,882**	1,451,977
Non-controlling interests		**(1,444)**	(3,668)
		278,438	1,448,309
		HK cents	*HK cents*
Earnings per share (basic and diluted)	*12*	**11.89**	61.57

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
Profit for the year	**278,438**	1,448,309
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	**254,685**	(71,594)
Share of exchange reserve of a joint venture	**10,556**	(6,562)
Realization of exchange reserves upon disposal/ liquidation of subsidiaries	**(4,183)**	(3,668)
Change in fair value of available-for-sale financial assets	**(64,126)**	96,535
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	**(100)**	(418)
Total other comprehensive income that may be reclassified subsequently to profit and loss	**196,832**	14,293
Item that may not be reclassified subsequently to profit and loss:		
Fair value gain on transfer of property from property, plant and equipment and land use right to investment property, net of deferred tax	**11,876**	–
Total other comprehensive income for the year	**208,708**	14,293
Total comprehensive income for the year	**487,146**	1,462,602
Total comprehensive income attributable to:		
Equity holders	**472,509**	1,467,813
Non-controlling interests	**14,637**	(5,211)
	487,146	1,462,602

CONSOLIDATED BALANCE SHEET
As at 31 March 2018

	Note	**2018** **HK$'000**	2017 HK$'000
Non-current assets			
Property, plant and equipment		**47,561**	66,656
Investment properties		**2,460,046**	1,122,668
Land use rights		**1,909**	3,266
Properties for/under development		**155,038**	141,759
Cemetery assets		**577,671**	525,648
Associated companies		**17,594**	21,950
Joint venture		**355,798**	329,953
Available-for-sale financial assets		**234,659**	226,394
Loans and receivables		**12,447**	11,336
		3,862,723	2,449,630
Current assets			
Properties for sale		**1,139,136**	1,340,982
Cemetery assets		**557,770**	512,883
Inventories		**51,865**	50,756
Debtors and prepayments	*13*	**280,495**	256,675
Financial assets at fair value through profit or loss		**686,897**	604,948
Cash and bank balances		**523,248**	1,244,846
		3,239,411	4,011,090
Current liabilities			
Creditors and accruals	*14*	**185,628**	153,768
Short-term bank borrowing		**121,000**	121,000
Current portion of long-term bank borrowings		**345,176**	297,500
Taxation payable		**259,344**	224,796
		911,148	797,064
Net current assets		**2,328,263**	3,214,026
Total assets less current liabilities		**6,190,986**	5,663,656
Equity			
Share capital		**117,442**	118,357
Reserves		**4,284,853**	3,952,722
Shareholders' funds		**4,402,295**	4,071,079
Non-controlling interests		**121,127**	105,110
Total equity		**4,523,422**	4,176,189
Non-current liabilities			
Long-term bank borrowings		**1,166,282**	987,736
Deferred taxation liabilities		**407,100**	302,647
Amount due to a fellow subsidiary		**–**	112,880
Loans and payables with non-controlling interests		**29,905**	25,662
Other non-current liabilities		**64,277**	58,542
		1,667,564	1,487,467
		6,190,986	5,663,656

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 31 March 2018, the Company was a 60.7% (2017: 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 of Directors (the "Board") regards 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 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 ("HKICPA"). 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.

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.

Effect of adopting amendments to standards

For the financial year ended 31 March 2018, the Group adopted the following amendments to standards that are effective for the accounting periods beginning on or after 1 April 2017 and relevant to the operations of the Group:

HKAS 7 (Amendment)	Cash Flow Statements – Disclosure Initiative
HKAS 12 (Amendment)	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses
HKFRS 12 (Amendment)	Disclosure of Interest in Other Entities

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

Amendment to standard that is not yet effective but has been early adopted

The following amendment to standard was early adopted by the Group from 1 April 2017:

HKAS 40 (Amendment)	Investment Property – Transfers of Investment Property

The amendment to HKAS 40 clarifies that, to transfer to or from, investment properties, there must be a change in use. A change in use would involve (a) an assessment of whether a property meets the definition of investment property; and (b) supporting evidence that a change in use has occurred. The amendment also re-characterized the list of circumstances in the standard as a non-exhaustive list of examples. The Group considers that the revised standard better reflects the intended use of the properties of the Group, and has early adopted the amended standard. The impact to the Group was reflected in the consolidated financial statements with details as shown in note 5B.

New standards, amendments to standards and new interpretations that are not yet effective

The following new standards, amendments to standards and new interpretations 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 2018, but have not yet been early adopted by the Group:

HKAS 28 (Amendment)	Investments in Associates and Joint Ventures (effective from 1 January 2019)
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions (effective from 1 January 2018)
HKFRS 9	Financial Instruments (effective from 1 January 2018)
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation (effective from 1 January 2019)
HKFRS 15	Revenue from Contracts with Customers (effective from 1 January 2018)
HKFRS 15 (Amendment)	Clarifications to HKFRS 15 (effective from 1 January 2018)
HKFRS 16	Leases (effective from 1 January 2019)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle (effective from 1 January 2018)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015–2017 Cycle (effective from 1 January 2019)
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration (effective from 1 January 2018)
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments (effective from 1 January 2019)

The Group will adopt the above new standards, amendments to standards and new interpretations as and when they become effective. The Group has commenced an assessment of the likely impact of adopting the above new standards, amendments to standards and new interpretations, in which the preliminary assessment of HKFRS 9, HKFRS 15 and HKFRS 16 is detailed below. The Group will continue to assess the impact in more detail over the next twelve months.

HKFRS 9 "Financial Instruments"

The new standard addresses and introduces new requirements for the classification, measurement and derecognition of financial instruments, hedge accounting and a new impairment model for financial assets.

The equity investments not held for trading currently classified as available-for-sale financial assets for which a fair value through other comprehensive income ("FVOCI") election is available and hence there will be no change to the accounting for these assets. However, gains or loss realized on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified from the FVOCI reserve to retained earnings. Moreover, based on the preliminary assessment, certain investments currently classified as available-for-sale financial assets may not meet the criteria to be classified as FVOCI and hence, may need to be reclassified to financial assets at fair value through profit or loss. The other financial assets held by the Group include listed bonds that are currently measured at fair value through profit or loss will continue to be measured on the same basis under HKFRS 9. Accordingly, save as disclosed, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

The Group does not expect a significant impact under the new hedge accounting rules as the Group does not have such hedging.

The Group has also assessed on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment provision is determined based on the 12-month expected credit losses which are not material to the Group.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The new standard must be applied for financial years commencing on or after 1 April 2018. The Group will apply the new rules retrospectively from 1 April 2018, with the practical expedients permitted under the standard. Comparatives for 2018 will not be restated.

HKFRS 15 "Revenue from Contracts with Customers"

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related interpretations. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management has assessed the effects of applying the new standard on the Group's consolidated financial statements and has identified the following areas that will be affected:

- Revenue from pre-sales of properties under development is recognized when or as the control of the asset is transferred to the customer. Depending on the terms of the contracts and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. If properties have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognizes revenue over time by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the completed property.

  The progress towards complete satisfaction of the performance obligation is measured based on the property development costs incurred as a percentage of total estimated costs for completion as allocated to the contract.

  The timing of revenue recognition for certain development properties, which is currently based on whether significant risks and rewards of ownership of properties have been transferred, will be recognized at a later point in time when the underlying property is legally and/or physically transferred to the customer. Revenue for certain pre-sale properties transactions may be recognized earlier over time during the construction.

- The Group intends to offer different payment schemes to customers, the amount of revenue for the sale of property will be adjusted when significant financial component exists in that contract.

The Group intends to adopt the standard on all uncompleted contracts as at 1 April 2018 using the modified retrospective approach which means that the cumulative impact of the adoption will be recognized in retained earnings as of 1 April 2018 and that comparatives will not be restated.

HKFRS 16 "Leases"

The new standard will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases.

At 31 March 2018, the Group had operating lease commitments of about HK$1.7 million. Upon adoption of HKFRS 16, the majority of operating lease commitments will be recognized in the consolidated balance sheet as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortized cost and the right-of-use asset will be depreciated on a straight-line basis during the lease term.

The Group conducted preliminary assessment and estimated that the adoption of HKFRS 16 would result in recognition of right-of-use assets and lease liabilities. The Group will continue to assess the impact in more detail.

The new standard is mandatory for financial years commencing on or after 1 April 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Apart from the above, according to the preliminary assessment, there was no significant impact from the other new standards, amendments to standards and new interpretations on the Group's results of operations and financial position or any substantial changes in the Group's accounting policies and presentation of the consolidated financial statements.

3. REVENUES AND NET (LOSS)/GAIN

Revenues and net (loss)/gain recognized during the year are as follows:

	2018	2017
	HK$'000	*HK$'000*
Revenues		
Sales of properties	**59,170**	408,329
Rental income and management fees	**52,111**	30,803
Sales of cemetery assets	**16,038**	–
Sales of goods and merchandises	**2,211**	860
Interest income from financial assets at fair value through profit or loss	**44,754**	30,699
	174,284	470,691
Net (loss)/gain		
Net realized gain/(loss) of financial assets at fair value through profit or loss	**5,758**	(566)
Net fair value (loss)/gain of financial assets at fair value through profit of loss	**(11,215)**	21,213
	(5,457)	20,647
Revenues and net (loss)/gain	**168,827**	491,338

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*	Sales of goods and merchandises *HK$'000*	Securities investment and trading *HK$'000*	Others and corporate *HK$'000*	2018 Total *HK$'000*
Revenues and net gain	111,281	16,038	2,211	39,297	–	168,827
Other income and net gain/(loss)	18,442	(1,819)	120	(726)	16,956	32,973
Fair value gain on transfer of properties from properties for sale to investment properties	232,664	–	–	–	–	232,664
Operating profit/(loss)	453,596	(4,765)	(128)	38,072	(97,138)	389,637
Finance costs	(29,175)	(2,246)	–	–	–	(31,421)
Share of results of associated companies	–	–	–	–	(2,199)	(2,199)
Share of result of a joint venture	10,335	–	–	–	–	10,335
Profit/(loss) before taxation	434,756	(7,011)	(128)	38,072	(99,337)	366,352
Taxation (charge)/credit	(89,615)	1,701	–	–	–	(87,914)
Profit/(loss) for the year	345,141	(5,310)	(128)	38,072	(99,337)	278,438
Segment assets	4,130,961	1,184,871	52,584	687,526	672,800	6,728,742
Associated companies	–	–	–	–	17,594	17,594
Joint venture	355,798	–	–	–	–	355,798
Total assets	4,486,759	1,184,871	52,584	687,526	690,394	7,102,134
Total liabilities	2,233,591	323,846	100	85	21,090	2,578,712
Other segment items are as follows:						
Capital expenditure	524,662	288	–	–	635	525,585
Depreciation	618	813	113	–	10,224	11,768
Amortization of land use rights	16	60	–	–	–	76
Gain on settlement of deferred consideration *(Note 5A(c))*	(17,197)	–	–	–	–	(17,197)
Change in fair value of investment properties	(170,830)	–	–	–	–	(170,830)

	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)
Change in fair value of investment properties	(38,833)	–	–	–	–	(38,833)

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

(b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues and net (loss)/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 (loss)/gain		**Capital expenditure**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**40,697**	51,349	**69,233**	54,810
The People's Republic of China (the "PRC")	**85,356**	426,208	**105,146**	243,019
United Kingdom	**39,031**	12,924	**–**	802,278
Malaysia	**2,932**	–	**351,206**	–
Other countries	**811**	857	**–**	–
	168,827	491,338	**525,585**	1,100,107

	Non-current assets *(Note)*		**Total assets**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**49,932**	64,383	**1,892,361**	2,512,554
The PRC	**2,127,292**	1,342,832	**3,714,095**	3,104,688
United Kingdom	**1,082,655**	804,685	**1,097,221**	812,321
Malaysia	**355,738**	–	**362,190**	–
Other countries	**–**	–	**36,267**	31,157
	3,615,617	2,211,900	**7,102,134**	6,460,720

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

5A. OTHER INCOME AND NET GAIN

	2018	2017
	HK$'000	*HK$'000*
Interest income from bank deposits	**8,939**	5,890
Dividend income from available-for-sale financial assets	**5,058**	3,243
Gain on disposal of available-for-sale financial assets	**166**	17,122
Negative goodwill on acquisition of subsidiaries, net of transaction costs *(Note a)*	**875**	206,523
Negative goodwill on acquisition of a property business, net of transaction costs *(Note b)*	**–**	(4,640)
Gain on settlement of deferred consideration *(Note c)*	**17,197**	–
Realization of exchange reserves upon disposal/liquidation of subsidiaries	**–**	(12,620)
Net loss on disposal of property, plant and equipment	**–**	(5)
Net exchange gain	**530**	872
Sundries	**208**	845
	32,973	217,230

Notes:

(a) (i) *On 21 January 2017, the Company entered into a sale and purchase agreement with Midas International Holdings Limited ("Midas"), a listed subsidiary of CCIL at that time, 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 22 January 2017 and published in the circular on 8 March 2017 respectively. The transaction was completed on 31 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 interests in the relevant subsidiaries of the Group and partially by a deferred consideration (with the exchange of the properties for sale through disposal of the entire 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 in 2017). Such deferred consideration of RMB100 million was subsequently settled on 8 March 2018 (please see note 5A(c) for details). A negative goodwill of HK$206.5 million (after netting of transaction costs of HK$4 million) was recognized upon completion of the transaction during the year ended 31 March 2017.*

(ii) *On 7 December 2017, the Company entered into a sale and purchase agreement with CCIL to acquire the entire equity interests in the companies that hold an investment property in Malaysia at a net consideration of approximately MYR92 million (equivalent to approximately HK$185 million) (the "Malaysia Acquisition"). The Malaysia Acquisition was announced by the Company on 7 December 2017 and published in the circular on 11 January 2018 respectively. The transaction was completed on 5 February 2018. A negative goodwill of HK$0.9 million (after netting of transaction costs of HK$3 million) was recognized upon completion of the transaction.*

(b) *On 4 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 6 November 2016 and published in the circular on 9 December 2016 respectively. The transaction was completed on 24 November 2016. The property was recorded as an investment property and a negative goodwill on acquisition of the property business amounting to (HK$4.6 million) (after netting of transaction costs of HK$43.6 million) was recorded upon completion during the year ended 31 March 2017.*

(c) *In accordance with the terms and conditions of the sale and purchase agreement of the Cemetery Acquisition as mentioned in note 5A(a)(i), on 8 March 2018, the Group has settled the deferred consideration of RMB100 million (equivalent to approximately HK$124 million) through the disposal of its wholly-owned subsidiaries (which held 18 residential units of properties for sale at Changsha, the PRC of RMB46.1 million (equivalent to approximately HK$57.2 million), cash and bank balances of RMB54.0 million (equivalent to approximately HK$66.9 million) and current liabilities of RMB0.1 million (equivalent to approximately HK$0.1 million)) to Midas (the "Changsha Disposal"). The Changsha Disposal was announced by the Company on 8 March 2018. The Group shall indemnify Midas with the maximum amount of RMB6.8 million (equivalent to approximately HK$8.4 million) for certain PRC tax liabilities arising from the subsequent sales of these properties by Midas for a period of three years from the date of completion of the Changsha Disposal on 8 March 2018. A gain on settlement of deferred consideration, together with the tax indemnity and the related PRC withholding corporate income tax arising from the Changsha Disposal were recorded in this note and "Taxation" (note 10) respectively.*

5B. FAIR VALUE GAIN ON TRANSFER OF PROPERTIES FROM PROPERTIES FOR SALE TO INVESTMENT PROPERTIES

During the year ended 31 March 2018, upon the change of intended use and as a result of the early adoption of HKAS 40 (Amendment), the Group has transferred certain properties in the PRC from properties for sale to investment properties at aggregate fair value of RMB489.7 million (equivalent to approximately HK$606.5 million). Fair value gain on transfer of these properties of HK$232.7 million and the related deferred taxation of HK$58.2 million (note 10) were recorded respectively.

6. GAIN ON DISPOSAL OF SUBSIDIARIES

On 25 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, in which the administration building was reclassified from property, plant and equipment and land use right to investment property upon the change of its intended use during the year ended 31 March 2018. The Dongguan Disposal was announced by the Company on 28 August 2016 and published in the circular on 26 September 2016 respectively. The transaction was completed on 27 October 2016. A gain on disposal of subsidiaries of the Dongguan Disposal and the related PRC withholding corporate income tax were recorded in this note and "Taxation" (note 10) respectively during the year ended 31 March 2017.

7. OPERATING PROFIT

	2018	2017
	HK$'000	*HK$'000*
Operating profit is stated after charging:		
Amortization of land use rights	**76**	32
Cost of properties sold	**35,654**	266,297
Cost of cemetery assets sold	**7,373**	–
Cost of inventories sold	**1,688**	203
Depreciation	**11,768**	11,126
Provision for impairment of properties for sale	**–**	3,054
Provision for impairment of trade debtors	**–**	1,804
Staff costs, including Directors' emoluments		
Wages and salaries	**49,739**	53,535
Retirement benefit costs	**2,972**	2,547

8. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest expenses		
Bank borrowings	**42,331**	26,808
Deferred consideration of the Cemetery Acquisition	**2,247**	–
	44,578	26,808
Amounts capitalized into		
Investment property	**(1,631)**	(1,608)
Properties under development	**(11,526)**	(9,689)
	(13,157)	(11,297)
	31,421	15,511

The capitalization rates applied to funds borrowed for the development of properties range from 2.67% to 8.08% (2017: 1.98% to 8.08%) per annum.

9. SHARE OF RESULT OF A JOINT VENTURE

Share of result of a joint venture of HK$10,335,000 (2017: HK$25,970,000) in the consolidated income statement is the share of result of the joint venture for the year ended 31 March 2018, which mainly included the share of fair value gain of the investment properties (net of the related deferred taxation) of joint venture of HK$6 million (2017: HK$30 million). Rental income received by the joint venture from the non-wholly-owned subsidiary of the joint venture partner for the year ended 31 March 2018 amounted to approximately HK$10,870,000 (2017: HK$231,000) and was included in the "Share of result of a joint venture" in the consolidated income statement.

10. TAXATION

	2018	2017
	HK$'000	*HK$'000*
Current taxation		
PRC corporate income tax	**3,480**	46,257
PRC withholding corporate income tax *(Notes 5A(a)(i), 5A(c) and 6)*	**1,883**	113,340
PRC land appreciation tax	**10,263**	32,703
Others *(Note 5A(c))*	**8,426**	–
Overseas profit tax	**112**	–
Deferred taxation	**63,750**	(624)
	87,914	191,676

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the year (2017: Nil). PRC corporate income tax and overseas profits tax have been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC and the countries in which the Group operates respectively. PRC withholding corporate income tax includes the relevant tax on the disposal of subsidiaries arising from the Cemetery Acquisition, the Changsha Disposal and the Dongguan Disposal as mentioned in notes 5A(a)(i), 5A(c) 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 31 March 2018 (2017: Nil). Share of deferred taxation charge of the joint venture for the year ended 31 March 2018 of HK$1,958,000 (2017: HK$9,994,000) is included in the consolidated income statement as share of result of a joint venture.

11. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Interim dividend of 1.5 HK cents (2017: 1.5 HK cents) per share	**35,233**	35,507
Proposed final dividend of 2.0 HK cents (2017: 2.0 HK cents) per share	**46,977**	47,143
Special dividend of 2.0 HK cents per share for 2017	**–**	47,143
	82,210	129,793

On 26 June 2018, the Board proposed a final dividend of 2.0 HK cents (2017: 2.0 HK cents) per share amounting to HK$46,977,000 (2017: HK$47,143,000). The amount is calculated based on 2,348,835,316 issued shares as at 26 June 2018. The proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but will be reflected and accounted for as an appropriation of reserves in the year ending 31 March 2019 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$279,882,000 (2017: HK$1,451,977,000) and the weighted average number of 2,353,113,042 (2017: 2,358,108,483) shares in issue during the year. The weighted average number of shares used in the calculation of earnings per share of 2017 had been adjusted for the bonus element of the rights issue following the completion of the rights issue on 3 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 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 trade debtors of the Group is as follows:

	2018	2017
	HK$'000	*HK$'000*
Below 30 days	**3,322**	7,120
31 to 60 days	**168**	359
61 to 90 days	**73**	–
Over 90 days	**9,182**	7,269
	12,745	14,748

Debtors and prepayments include net deposits of HK$214,844,000 (2017: HK$199,563,000) for property projects and acquisition of land use rights after the accumulated provision for impairment of HK$11,272,000 (2017: HK$11,272,000) as at 31 March 2018.

14. CREDITORS AND ACCRUALS

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

	2018	2017
	HK$'000	*HK$'000*
Below 30 days	**506**	–
31 to 60 days	**64**	–
Over 60 days	**488**	1,066
	1,058	1,066

Creditors and accruals include the construction cost payables and accruals of HK$89,143,000 (2017: HK$86,837,000) for the property and cemetery projects of the Group.

15. FINANCIAL GUARANTEES

As at 31 March 2018, the subsidiaries had provided guarantees of HK$315,827,000 (2017: HK$421,079,000) 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 31 March 2018, the Group had commitments contracted but not provided for in respect of property projects and property, plant and equipment of HK$668,771,000 (2017: HK$197,396,000).

17. PLEDGE OF ASSETS

As at 31 March 2018, 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$2,734,224,000 (2017: HK$1,731,016,000), 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 31 March 2018 were HK$168.8 million (2017: HK$491.3 million), representing a decrease of 65.6% as attributable by the following factors:

- rental and management fee income increased by about 69.2% to HK$52.1 million (2017: HK$30.8 million), as a result of the Group's strategy to increase its property investment portfolio, contributed principally from the investment properties in the UK and in Malaysia;

- sales of development properties decreased by 85.5% to approximately HK$59.2 million (2017: HK$408.3 million) as a result of reduction in flow of property development projects available for sales;

- securities investment and trading income decreased to about HK$39.3 million (2017: HK$51.3 million), mainly due to the fair value loss of HK$11.2 million recorded for the year as compared to the fair value gain of HK$21.2 million for last corresponding year, as a result of the decrease in bond prices and the rise of interest rates during the year;

- sales of cemetery assets were about HK$16.0 million (2017: Nil) from the cemetery business in the PRC acquired by the Group in March 2017; and

- income from sales and trading business increased to about HK$2.2 million (2017: HK$0.9 million).

During the year under review, gross profit decreased by 44.0% to HK$120.7 million (2017: HK$215.7 million) as a result of reduction in revenues. However, overall gross profit margin raised from 44% to 72% as a result of comparatively higher profit margin generated respectively from rental and management fee income, and securities investment and trading income. The gross profit margin for each revenue segment is as follows:

	3/2018	3/2017
Rental and management fee income	**93%**	80%
Sales of development properties in the PRC	**40%**	34%
Securities investment and trading income	**100%**	100%
Cemetery assets income	**54%**	N/A

Other income and net gain for the current year amounted to HK$33.0 million which mainly comprised interest income, dividend income and the one-off gain on settlement of deferred consideration through disposal of the wholly-owned subsidiaries as announced on 8 March 2018, whereas the amount for the last corresponding year was HK$217.2 million which mainly comprised the negative goodwill net of expenses on acquisition of cemetery business subsidiaries as announced in January 2017. A breakdown of other income and net gain is shown in note 5A to the consolidated financial statements of this report. Fair value gain on transfer of properties from properties for sale to investment properties for the current year of HK$232.7 million (2017: Nil) represented the fair value gain on reclassification of (i) the 22 villas in Guangzhou and (ii) the residential twin-tower in Anshan from "properties for sale" to "investment properties". Gain on disposal of subsidiaries of HK$1,340.7 million in 2017 was related to the disposal of the wholly-owned subsidiaries that held a property development project at Dongguan, the PRC.

The Group recorded gain on change in fair value of investment properties of HK$170.8 million (2017: HK$38.8 million), the increase of which was mainly resulted from appreciation of 10 Fenchurch Street in the UK. Share of result of a joint venture of HK$10.3 million (2017: HK$26.0 million) was mainly related to the share of change in fair value of the investment properties in Xiamen.

On the costs side, selling and marketing expenses reduced to HK$8.6 million (2017: HK$19.9 million) in view of the decrease in sales of properties in the PRC. Administrative and other operating expenses amounted to HK$159.0 million (2017: HK$160.1 million).

Finance costs increased to HK$31.4 million (2017: HK$15.5 million) during the year as a result of increase in bank borrowings. Taxation decreased to HK$87.9 million (2017: HK$191.7 million) principally due to the absence of PRC income tax of HK$109.5 million relating to the disposal of the subsidiaries in Dongguan in the last corresponding year.

Taking into account of the above, profit attributable to equity holders of the Company for the year ended 31 March 2018 was approximately HK$279.9 million (2017: HK$1,452.0 million). Earnings per share was 11.89 HK cents (2017: 61.57 HK cents).

DIVIDENDS

After taking into account the working capital requirements for the Group's projects and business development, 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 (2017: 2.0 HK cents) per share for the year ended 31 March 2018. The final dividend, if approved, will be paid on or before 31 October 2018 to the shareholders whose names appear on the Company's register of members on 10 October 2018.

An interim dividend of 1.5 HK cents (2017: 1.5 HK cents) per share has been paid in respect of the current financial year. Total dividends for the year will amount to 3.5 HK cents (2017: 5.5 HK cents, including a special dividend of 2.0 HK cents) per share. Total dividend payments for the year will be HK$82.2 million (2017: HK$129.8 million).

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.*. External finishing works have been completed. Internal fitting works are in full speed in order to counteract the halting of construction works in winter season. Occupancy permit is targeted to be obtained in the financial year ending 31 March 2019.

   The Group has entered into an agreement to lease the entire commercial podium to a furniture and home finishing retailer as anchor tenant for a period of 15-year. The tenancy is expected to commence in the third quarter of this year upon obtaining the requisite fire safety certificate. As for the twin tower, the Group has appointed international real estate agencies as leasing agents to carry out marketing campaign as serviced apartments and office.

   The Group's total investments in this project is estimated to be HK$487 million at completion. As at 31 March 2018, the properties had aggregate market value of approximately RMB641 million (equivalent to approximately HK$794 million) on completed basis, comprising RMB235 million for the commercial podium and RMB406 million for the twin tower. On an estimated rental income of about RMB25 million per annum, Chuang's Mid-town will generate a rental yield of 4% based on market value.

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

   The Group has completed the development of 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 31 March 2018, the properties were recorded in the financial statements at valuation of RMB428.9 million (comprising RMB176.4 million for the hotel and RMB252.5 million for the 30 villas). The valuation attributable to the Group was about RMB255.2 million (equivalent to HK$316.1 million), whereas the total investment costs of the Group are about HK$205 million.

The hotel building and 30 villas are fully leased. The hotel building was leased to 廈門佲家鷺江酒店 as "鷺江•佲家酒店" (Mega Lujiang Hotel) that has commenced operation in the summer of 2017. As announced on 30 April 2018, additional three villas situated right next to the hotel building were leased to 廈門佲家鷺江酒店 to complement the operation of the Mega Lujiang Hotel. Furthermore, 27 villas have been leased to independent third parties for a term of 10 to 12 years. On the basis of the aggregate rental income of about RMB25.9 million per annum, its rental yield is approximately 6% based on valuation.

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

   Within the Group's property development in Guangzhou, the Group intends to hold the 22 villas with GFA of approximately 6,987 *sq. m.* for long term investment. Marketing is in progress for leasing of the 22 villas. As at 31 March 2018, valuation of the 22 villas was RMB246.4 million (equivalent to approximately of HK$305.2 million).

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. Marketing work is in progress to lease out the property for recurring rental income. As at 31 March 2018, valuation of the property was RMB26.4 million (equivalent to approximately of HK$32.7 million).

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 31 March 2018, the valuation of this property increased to GBP98.0 million (equivalent to approximately HK$1,082.7 million), representing an increase of about 24.1% 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$42.7 million), representing a rental yield of approximately 4.2% based on valuation. The Group will appraise the market condition and identify opportunities to dispose of this investment and realize the appreciation in value.

6. *Central Plaza, Jalan Sultan Ismail, Kuala Lumpur, Malaysia (100% owned)*

   Central Plaza 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 31 March 2018, the valuation of this property was

MYR175 million (equivalent to approximately HK$355.4 million), which represents an average value of approximately MYR897 (equivalent to approximately HK$1,822) per *sq. ft.* of net lettable retail and office area.

Central Plaza is leased to multi tenants with an occupancy rate of approximately 71%. Its annual rental income is approximately MYR10.2 million (equivalent to approximately HK$19.1 million), representing a rental yield of approximately 6% based on valuation. 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 further identify investment opportunities on investment properties with steady income.

B. Property Development

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 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.

The residential flats of Phase I and II have largely been sold. Currently, there are 7 units of unsold residential and commercial properties of about RMB42.5 million (equivalent to approximately HK$51.0 million) and unsold carparks of about RMB116.7 million (equivalent to approximately HK$139.9 million).

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 114,300 *sq. m.* has been obtained. The Group will closely follow-up with the relevant PRC authorities for the land quota of the remaining 51,700 *sq. m.*. The Group will commence preparatory works on the development, and 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. The property is currently leased to an independent third party until 2023, at gross rental income of about RMB6.4 million per annum. 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 plan. 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.

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. The Group will identify suitable options, including disposal, to accelerate capital return on this investment.

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 a developable GFA of 116,898 *sq. ft.* for residential purpose and 25,090 *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.

   Foundation works have been completed and superstructure works are in progress up to the 3rd level. The project is expected to be completed in the first quarter of 2020. As announced on 7 May 2018, the Group has leased one basement floor with 8,746 *sq. ft.* at Chuang's London Plaza, to house the sales office and show flat of this project. Application for pre-sale consent has been submitted in January 2018. Marketing and presales will commence upon grant of pre-sale consent which is expected to be in the third quarter of 2018.

5. *Other property projects in the PRC*

   In March 2018, the Group completed the disposal of wholly-owned subsidiaries which owned 18 residential villas in Changsha, the PRC, with aggregate market value of approximately RMB46.1 million (equivalent to approximately HK$57.2 million). A gain of HK$17.2 million was recorded, and with the disposal, the Group had also fully settled the deferred consideration for the acquisition of the cemetery business as announced on 22 January 2017. Furthermore, the Group owns an effective 69% interests in a property development project in Changsha and the total investment costs was about HK$26.7 million (including shareholder's loan of about HK$3.8 million) as at 31 March 2018. Since 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 did not avail, due to the rejection of the renewal by the minority shareholders. The Group will consider all rightful actions (including lawsuit against the minority shareholders and winding up of the PRC project company) in order to protect the Group's investment in this project.

   The Group holds a 51% development interest in a project in Wuhou District, Chengdu. As at 31 March 2018, the Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK$181.8 million). The Group has launched legal proceedings in May 2016 in order to recoup the investment in this project. As announced on 1 June 2018, the Group has further increased the claims to approximately RMB559 million (equivalent to approximately HK$688 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. As at 31 March 2018, the book cost of this project (including non-controlling interests) was about RMB916.8 million (equivalent to approximately HK$1,135.4 million), whereas the market valuation was about RMB944.3 million (equivalent to approximately HK$1,169.5 million).

As at 31 March 2018, land use rights of approximately 146.8 mu of land had been obtained. In June 2018, Fortune Wealth participated in the land auction and has successfully obtained new lots of land of about 23.4 mu, thereby increasing the total land use rights to 170.2 mu. Furthermore, the Group is actively liaising with the local government for additional 78 mu of land to be released for auction. In addition, 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 31 March 2018, about 3,773 grave plots and 538 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 (a) 364,689,655 shares in CNT, representing about 19.2% interests in CNT; and (b) 6,392,203 shares in CPM, representing about 0.6% interests in CPM, both companies 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 31 March 2018 of HK$0.43 and HK$0.52, the aggregate book value of the Group's investments in CNT and CPM decreased to HK$160.1 million. The Group's respective loss in book value amounted to approximately HK$61.9 million in CNT and HK$2.2 million in CPM. The loss in book value is accounted for as "Reserve" in the financial statements.

On 22 June 2017, the Company announced that a wholly-owned subsidiary of the Group, Chinaculture.com Limited ("Chinaculture"), has filed a petition against CNT and Prime Surplus Limited (the "Petition"). Despite the issuance of the Petition, the spin-off was completed and dealings in the shares of CPM on the Stock Exchange commenced on 10 July 2017. On 13 December 2017, the Company announced that the Court has given expedited directions for Chinaculture to commence and continue a derivative action on behalf of CNT against certain directors of CNT (the "Derivative Action"). On 25 April 2018, the Company announced that the Court has directed for the substantive trial of the action to be re-fixed to 14 May 2019 to 6 June 2019. Further announcement(s) about the 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 31 March 2018 with an annualized average yield of about 7%:

Stock code	**Bond issuer**	**Face value of bonds held**	**Market value as at 31 March 2018**	**Percentage of market value to the Group's total assets as at 31 March 2018**	**Fair value (loss)/gain for the year ended 31 March 2018**	**Interest income for the year ended 31 March 2018**
		US$'000	*HK$'000*		*HK$'000*	*HK$'000*
813	Shimao Property Holdings Limited (8.375%, due 2022)	19,000	162,138	2.3%	(4,761)	12,428
1813	KWG Property Holding Limited (6%, due 2022)	5,000	39,012	0.6%	(1,556)	2,342
2007	Country Garden Holdings Company Limited			1.6%		
	(a) 5.625%, due 2026	14,000	113,084		(1,562)	6,140
	(b) 7.5%, due 2023	–	disposed		–	4,097
3333	China Evergrande Group			3.0%		
	(a) 7.5%, due 2023	10,743	84,420		579	3,148
	(b) 8.25%, due 2022	11,600	93,893		(4,260)	7,490
	(c) 8.75%, due 2025	4,714	37,919		1,130	1,612
	(d) 8.75%, due 2018	–	disposed		–	227
	(e) 12%, due 2020	–	disposed		–	4,806
3383	Agile Group Holdings Limited (5.125%, due 2022)	10,000	78,275	1.1%	(842)	1,970
N/A	Guangxi Financial Investment Group Co., Limited (5.75%, due 2021)	8,000	62,451	0.9%	(29)	–
N/A	Qinghai Provincial Investment Group Co., Limited (6.3%, due 2018)	2,000	15,705	0.2%	86	494
		85,057	**686,897**	**9.7%**	**(11,215)**	**44,754**

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

Name of company	Principal business
Shimao Property Holdings Limited	Property development, property investment and hotel operation
KWG Property Holding Limited	Property development, property investment, hotel operation and property management
Country Garden Holdings Company Limited	Property development, construction, property investment, property management and hotel operation
China Evergrande Group	Property development, property investment, property management, property construction, hotel operations, finance business, internet business and health industry business
Agile Group Holdings Limited	Property development, property investment, hotel operation and property management
Guangxi Financial Investment Group Co., Limited	Provision of micro and small loans, credit guarantees, property insurance, financing leasing and others
Qinghai Provincial Investment Group Co., Limited	Aluminum production, electricity generation, the mining and sale of coal, and other ancillary businesses (including property development and property management)

Fair value loss was recorded by the Group principally as a result of the drop in bond prices as at 31 March 2018 as compared to that of 31 March 2017. In recent months, the rise in interest rates asserted downward pressure on price of bonds, as bond prices and interest rates will carry an inverse relationship. Also, during the second half of the year under review, one of the bonds held by the Group was redeemed at a price below the market value as at 31 March 2017 which led to realized loss. These two factors have therefore offset the high interest income generated. The Group will closely monitor the performance of the bond portfolio in light of the monetary environment.

FINANCIAL REVIEW

Net asset value

As at 31 March 2018, the net asset value attributable to equity holders of the Company increased to HK$4,402.3 million. During the year, the Company made on-market repurchases of 18,310,000 shares at HK$10.8 million. Taking this into account, net asset value per share amounted to HK$1.87, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value.

Financial resources

As at 31 March 2018, the Group's cash, bank balances and investments held for trading amounted to HK$1,210.1 million (2017: HK$1,849.8 million). As at the same date, bank borrowings of the Group amounted to HK$1,632.5 million (2017: HK$1,406.2 million). The Group's net debt to equity ratio, 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, was 9.6% (2017: N/A, as net cash of HK$443.6 million).

Approximately 87.1% of the Group's cash, bank balances and investments held for trading were in Hong Kong dollar and United States dollar, 10.7% were in Renminbi and the balance of 2.2% were in other currencies. Approximately 52.5% of the Group's bank borrowings were in Hong Kong dollar, 34.3% were in British Pound Sterling, 9.4% were in Malaysia Ringgit and the remaining 3.8% 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 21.3% of the Group's bank borrowings were repayable within the first year, 28.7% were repayable within the second year and the balance of 50.0% 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, Malaysia 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 Group is thrilled about the two major national strategies of the PRC government, being the Guangdong-Hong Kong-Macao Greater Bay Area plan and the Belt and Road initiative. These two policies will bring a new round of enormous opportunities not only within those bay area cities, but also extend to economic cooperation among countries along the proposed Belt and Road. These will be the long term driving force for the sustainable development and economic growth in the PRC.

The Group will adhere to its strategy of focusing on property development in cities along these two national strategies, as well as to further diversify to other businesses with steady income. 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 Thursday, 27 September 2018. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 21 September 2018 to Thursday, 27 September 2018, 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 Thursday, 20 September 2018.

The proposed final dividend is subject to the approval of the shareholders of the Company at the AGM. The record date for entitlement to the proposed final dividend is Wednesday, 10 October 2018. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 5 October 2018 to Wednesday, 10 October 2018, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final 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, 4 October 2018.

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 31 March 2018, the Group employed 189 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 31 March 2018 and up to the date of this report, the Company repurchased a total of 18,310,000 shares on the Stock Exchange at an aggregate cash consideration of approximately HK$10,823,100 (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 Highest	Price per share paid Lowest	Aggregate consideration
		HK$	*HK$*	*HK$*
April 2017	9,990,000	0.55	0.53	5,388,000
September 2017	8,320,000	0.67	0.63	5,435,100
Total	18,310,000			10,823,100

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 31 March 2018 and up to the date of this report.

CORPORATE GOVERNANCE

Due to other commitments, an Independent Non-Executive Director had not attended the 2017 annual general meeting and an Independent Non-Executive Director had not attended the special general meeting 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 31 March 2018 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 31 March 2018. 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 31 March 2018 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 31 March 2018 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, 26 June 2018

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