Chuang's Consortium International Limited

（莊士機構國際有限公司）

(Incorporated in Bermuda with limited liability)

(Stock Code: 367)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2018

The board of Directors (the "Board") of Chuang's Consortium International Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively as the "Group") for the year ended 31 March 2018 as follows:

HIGHLIGHTS OF THE YEAR

Business

This financial year is another important and fruitful year following the outstanding performance of the last financial year. We recorded a net profit attributable to equity holders of the Company of HK$1,297.1 million. We also implemented strategic moves to replenish our land bank and rationalized our group structure with a view to further streamline our operation, expand our business and create value for our shareholders:

- *Acquisitions of properties and property interests during the year to enhance and strengthen our land bank and lay pathway for the future prosperity of the Group*

  (a) The Group completed the acquisition of Posco Building in Sham Shui Po. The property has a site area of about 3,920 *sq. ft.* and a total gross floor area ("GFA") of about 47,258 *sq. ft.*.

  (b) The Group had successfully acquired full ownership of No. 20 Gage Street and about 83% and 81% ownership of No. 16 and No. 18 Gage Street in Central respectively. The Group is taking steps to acquire the remaining units of No. 16 and No. 18 Gage Street. This project has a total site area of about 3,600 *sq. ft.* and it is currently planned that a commercial/residential building with GFA of about 36,000 *sq. ft.* will be developed.

  (c) Through a joint venture, the Group participated in a development project at Reclamation Street in Mongkok. It covers a site area of approximately 14,900 *sq. ft.* and it will provide residential GFA of about 112,200 *sq. ft.* upon completion.

- *Disposal of interest in Midas International Holdings Limited ("Midas")*

  With a view to simplify our group structure, the Group had successfully disposed of its entire 60.8% interest in Midas in December 2017 for a consideration of approximately HK$789 million, generating a net gain of approximately HK$363 million to the Group. The 3 shopping units at Parkes Residence transferred by the Group to Midas in August 2017 were also sold as part of this disposal, and thus the appreciation in value of the aforesaid properties of approximately HK$236.8 million was realized.

- *Completion of a group rationalization exercise regarding our investment property in Kuala Lumpur, Malaysia*

  The Group completed a group rationalization exercise in February 2018 whereby the investment property located at Kuala Lumpur, Malaysia was transferred to Chuang's China Investments Limited ("Chuang's China") in order to enable Chuang's China to pursue its stated policy of the Belt and Road initiative. The Group believes that such move can better deploy our resources.

- *Repurchase of shares*

  With a view to increase value for our shareholders, during the past three financial years, the Company had repurchased a total of approximately 66 million shares on The Stock Exchange of Hong Kong Limited at an aggregate cash consideration of approximately HK$77 million, equivalent to about HK$1.17 per share.

Financial

We delivered solid financial results for the year ended 31 March 2018 and key financial indicators of the Group are set out as follows:

- Profit attributable to equity holders of the Company amounted to HK$1,297.1 million
- Earnings per share was 77.39 HK cents
- Total assets of the Group increased by 7% to HK$20.7 billion
- Net assets attributable to equity holders of the Company increased by 14% to HK$11.2 billion
- Net asset value per share increased by 14% to HK$6.67
- Total cash resources of the Group (including investments held for trading) amounted to HK$3.9 billion
- Final dividend per share for the year will amount to 5.0 HK cents per share, making total dividend for the year to be 8.0 HK cents per share

Going Forward

Going forward, we will actively speed up the construction progress of No. 15 Gough Hill Road, The Peak in order to complete the disposal and collect the remaining sale proceeds. We will also keep on improving rental yield and return of our investment/hotel properties and thus their capital values by constantly reviewing the portfolio mix and yield with reference to their market prices. In parallel, we will speed up the development of our other projects located at Po Shan Road, Gage Street, Mongkok and Tuen Mun in Hong Kong, Chuang's Mid-town in Anshan, the People's Republic of China, and International Finance Centre and sáv Residence in Mongolia in order to unlock their store value. Furthermore, we will continue to identify new business opportunities including land acquisitions and property investments. We are confident that, with the implementation of the above strategies, further value can be created for our shareholders.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Revenues and net gain	3	**730,818**	1,137,910
Revenues		**729,145**	1,066,225
Net gain of financial assets at fair value through profit or loss		**1,673**	71,685
Cost of sales		**(299,938)**	(585,055)
Gross profit		**430,880**	552,855
Other income and net gain	5A	**65,767**	34,326
Fair value gain on transfer of properties from properties for sale to investment properties	5B	**481,779**	18,829
Gain on disposal of subsidiaries	6	**363,156**	1,340,681
Selling and marketing expenses		**(44,365)**	(73,765)
Administrative and other operating expenses		**(473,744)**	(557,730)
Change in fair value of investment properties		**822,925**	751,336
Operating profit	7	**1,646,398**	2,066,532
Finance costs	8	**(124,911)**	(90,308)
Share of results of associated companies		**1,319**	(210)
Share of results of joint ventures	9	**10,256**	25,905
Profit before taxation		**1,533,062**	2,001,919
Taxation	10	**(124,011)**	(226,754)
Profit for the year		**1,409,051**	1,775,165
Attributable to:			
Equity holders		**1,297,145**	1,264,279
Non-controlling interests		**111,906**	510,886
		1,409,051	1,775,165
		HK cents	*HK cents*
Earnings per share (basic and diluted)	12	**77.39**	75.19

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
Profit for the year	**1,409,051**	1,775,165
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	**270,793**	(111,992)
Share of exchange reserve of a joint venture	**10,556**	(6,562)
Realization of exchange reserves upon disposal/liquidation of subsidiaries	**(4,794)**	616
Change in fair value of available-for-sale financial assets	**(63,606)**	95,895
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	**(615)**	(549)
Total other comprehensive income/(loss) that may be reclassified subsequently to profit and loss	**212,334**	(22,592)
Item that may not be reclassified subsequently to profit and loss:		
Fair value gain on transfer of properties from property, plant and equipment and leasehold lands and land use rights to investment properties, net of deferred taxes	**18,931**	34,710
Total other comprehensive income for the year	**231,265**	12,118
Total comprehensive income for the year	**1,640,316**	1,787,283
Total comprehensive income attributable to:		
Equity holders	**1,443,528**	1,283,792
Non-controlling interests	**196,788**	503,491
	1,640,316	1,787,283

CONSOLIDATED BALANCE SHEET
As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**520,124**	617,968
Investment properties	*13*	**10,290,698**	8,333,540
Leasehold lands and land use rights		**749,279**	813,487
Properties for/under development		**1,061,141**	593,071
Cemetery assets	*14*	**544,625**	495,550
Associated companies		**66,673**	67,610
Joint ventures	*9*	**710,463**	401,475
Available-for-sale financial assets		**240,251**	235,907
Loans and receivables		**148,129**	156,290
		14,331,383	11,714,898
Current assets			
Properties for sale		**1,649,057**	1,882,939
Cemetery assets	*14*	**219,256**	201,463
Inventories		**141,054**	172,029
Debtors and prepayments	*15*	**388,235**	459,237
Financial assets at fair value through profit or loss		**1,944,414**	1,657,389
Cash and bank balances		**1,988,353**	3,140,744
		6,330,369	7,513,801
Current liabilities			
Creditors and accruals	*16*	**636,359**	632,469
Short-term bank borrowings		**195,917**	158,377
Current portion of long-term bank borrowings		**1,037,882**	803,324
Taxation payable		**259,344**	277,543
		2,129,502	1,871,713
Net current assets		**4,200,867**	5,642,088
Total assets less current liabilities		**18,532,250**	17,356,986

	2018	2017
	HK$'000	*HK$'000*
Equity		
Share capital	**418,138**	419,298
Reserves	**10,733,979**	9,369,133
Shareholders' funds	**11,152,117**	9,788,431
Non-controlling interests	**1,746,944**	1,955,529
Total equity	**12,899,061**	11,743,960
Non-current liabilities		
Long-term bank borrowings	**5,187,380**	5,222,864
Deferred taxation liabilities	**351,627**	284,136
Loans and payables with non-controlling interests	**29,905**	47,484
Other non-current liabilities	**64,277**	58,542
	5,633,189	5,613,026
	18,532,250	17,356,986

NOTES:

1. GENERAL INFORMATION

Chuang's Consortium International 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.

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, manufacturing, sales and trading of goods and merchandises, securities investment and trading and money lending business.

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 securities and 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$34 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 GAIN

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

	2018	2017
	HK$'000	*HK$'000*
Revenues		
Sales of properties	**78,172**	453,306
Rental income and management fees	**211,465**	194,882
Income from hotel operation and management	**87,325**	90,052
Sales of cemetery assets	**16,038**	17,574
Sales of goods and merchandises	**217,128**	251,248
Interest income from money lending business	**7,835**	7,837
Interest income from financial assets at fair value through profit or loss	**108,454**	50,116
Dividend income from listed investments	**2,728**	1,210
	729,145	1,066,225
Net gain		
Net realized gain of financial assets at fair value through profit or loss	**32,605**	9,098
Net fair value (loss)/gain of financial assets at fair value through profit or loss	**(30,932)**	62,587
	1,673	71,685
Revenues and net gain	**730,818**	1,137,910

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, hotel operation and management, cemetery, sales of goods and merchandises, securities investment and trading and money lending business. 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$'000*	Hotel operation and management *HK$'000*	Cemetery *HK$'000*	Sales of goods and merchandises *HK$'000*	Securities investment and trading *HK$'000*	Money lending business *HK$'000*	Corporate *HK$'000*	2018 Total *HK$'000*
Revenues and net gain	289,637	87,325	16,038	217,128	112,855	7,835	–	730,818
Other income and net gain/(loss)	24,151	–	(1,819)	9,134	(303)	–	34,604	65,767
Fair value gain on transfer of properties from properties for sale to investment properties	481,779	–	–	–	–	–	–	481,779
Operating profit/(loss)	1,438,054	(35,514)	(1,501)	(2,167)	111,292	5,642	130,592	1,646,398
Finance costs	(108,376)	(14,728)	(534)	(1,273)	–	–	–	(124,911)
Share of results of associated companies	73	3,445	–	–	–	–	(2,199)	1,319
Share of results of joint ventures	10,256	–	–	–	–	–	–	10,256
Profit/(loss) before taxation	1,340,007	(46,797)	(2,035)	(3,440)	111,292	5,642	128,393	1,533,062
Taxation (charge)/credit	(124,793)	(103)	885	–	–	–	–	(124,011)
Profit/(loss) for the year	1,215,214	(46,900)	(1,150)	(3,440)	111,292	5,642	128,393	1,409,051
Segment assets	13,453,669	1,201,779	813,311	180,435	1,945,069	156,271	2,134,082	19,884,616
Associated companies	173	48,906	–	–	–	–	17,594	66,673
Joint ventures	710,463	–	–	–	–	–	–	710,463
Total assets	14,164,305	1,250,685	813,311	180,435	1,945,069	156,271	2,151,676	20,661,752
Total liabilities	6,795,113	680,062	230,865	11,370	5,053	–	40,228	7,762,691
Other segment items are as follows:								
Capital expenditure	1,091,561	313	288	7,512	–	–	870	1,100,544
Depreciation	2,605	27,988	813	11,841	–	–	11,559	54,806
Amortization of leasehold lands and land use rights	16	39,536	60	476	–	–	–	40,088
Provision for impairment of trade debtors	163	–	–	–	–	–	–	163
Reversal of provision for impairment of properties for sale	(7,955)	–	–	–	–	–	–	(7,955)
Reversal of provision for impairment of inventories	–	–	–	(192)	–	–	–	(192)
Gain on settlement of deferred consideration *(Note 5A(b))*	(17,197)	–	–	–	–	–	–	(17,197)
Gain on disposal of subsidiaries	–	–	–	–	–	–	(363,156)	(363,156)
Change in fair value of investment properties	(822,925)	–	–	–	–	–	–	(822,925)

	Property development, investment and trading *HK$'000*	Hotel operation and management *HK$'000*	Cemetery *HK$'000* *(Note)*	Sales of goods and merchandises *HK$'000*	Securities investment and trading *HK$'000*	Money lending business *HK$'000*	Corporate *HK$'000*	2017 Total *HK$'000*
Revenues and net gain	648,188	90,052	17,574	251,248	123,011	7,837	–	1,137,910
Other income and net (loss)/gain	(2,832)	74	564	7,364	3,343	–	25,813	34,326
Fair value gain on transfer of property from properties for sale to investment properties	18,829	–	–	–	–	–	–	18,829
Operating profit/(loss)	2,234,895	(58,646)	(2,297)	(13,759)	125,048	5,408	(224,117)	2,066,532
Finance (costs)/income	(73,858)	(14,661)	127	(1,672)	(244)	–	–	(90,308)
Share of results of associated companies	68	2,625	–	–	–	–	(2,903)	(210)
Share of results of joint ventures	25,905	–	–	–	–	–	–	25,905
Profit/(loss) before taxation	2,187,010	(70,682)	(2,170)	(15,431)	124,804	5,408	(227,020)	2,001,919
Taxation (charge)/credit	(189,963)	–	(36,954)	163	–	–	–	(226,754)
Profit/(loss) for the year	1,997,047	(70,682)	(39,124)	(15,268)	124,804	5,408	(227,020)	1,775,165
Segment assets	11,291,402	1,293,231	722,590	311,499	1,659,319	158,143	3,323,430	18,759,614
Associated companies	199	45,461	–	–	–	–	21,950	67,610
Joint ventures	401,475	–	–	–	–	–	–	401,475
Total assets	11,693,076	1,338,692	722,590	311,499	1,659,319	158,143	3,345,380	19,228,699
Total liabilities	6,356,723	701,399	256,756	84,013	136	–	85,712	7,484,739
Other segment items are as follows:								
Capital expenditure	1,179,497	5,933	13,418	12,449	–	–	2,679	1,213,976
Depreciation	1,553	29,756	714	16,242	–	–	11,879	60,144
Amortization of leasehold lands and land use rights	32	40,316	59	520	–	–	–	40,927
Provision for impairment of properties for sale	3,054	–	–	–	–	–	–	3,054
Provision for impairment of trade debtors	2,693	–	–	–	–	–	–	2,693
Provision for impairment of other deposits	54,707	–	–	–	–	–	–	54,707
Reversal of provision for impairment of inventories	–	–	–	(1,420)	–	–	–	(1,420)
Gain on disposal of subsidiaries	(1,340,681)	–	–	–	–	–	–	(1,340,681)
Change in fair value of investment properties	(751,336)	–	–	–	–	–	–	(751,336)

Note: Taxation in relation to the restructuring of the cemetery business as mentioned in note 14 was included in the "cemetery" segment.

(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	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**378,637**	418,080	**944,686**	98,808
The People's Republic of China (the "PRC")	**93,944**	447,632	**111,633**	265,851
United Kingdom	**53,785**	41,493	**–**	802,278
Other countries	**204,452**	230,705	**44,225**	47,039
	730,818	1,137,910	**1,100,544**	1,213,976

	Non-current assets *(Note)*		Total assets	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**10,071,004**	8,433,868	**15,196,149**	14,513,635
The PRC	**2,094,461**	1,518,262	**3,345,618**	3,013,761
United Kingdom	**1,082,655**	804,685	**1,097,221**	812,321
Other countries	**694,883**	565,886	**1,022,764**	888,982
	13,943,003	11,322,701	**20,661,752**	19,228,699

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	**20,404**	14,674
Dividend income from available-for-sale financial assets	**5,058**	3,243
Sales of scraped materials	**1,604**	2,977
Negative goodwill on acquisition of property businesses, net of transaction costs *(Note a)*	**(3,413)**	(4,640)
Reversal of provision for impairment of properties for sale	**7,955**	–
Gain on settlement of deferred consideration *(Note b)*	**17,197**	–
Net gain on disposal of property, plant and equipment	**3,124**	3,867
Gain on disposal of available-for-sale financial assets	**2,612**	19,313
Realization of exchange reserves upon disposal/liquidation of subsidiaries	**–**	(16,904)
Net exchange gain	**4,225**	3,129
Sundries	**7,001**	8,667
	65,767	34,326

Notes:

(a) *(i)* *On 4 November 2016, a wholly-owned subsidiary of Chuang's China Investments Limited ("Chuang's China") (a listed subsidiary of the Group) 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.*

(ii) *In April 2017, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with an independent third party to acquire a property (for commercial and industrial use) in Hong Kong at a consideration of HK$301.2 million. The transaction was announced by the Company on 12 April 2017 and was completed on 31 July 2017. The property was recorded as an investment property and after netting of transaction costs of HK$28.8 million, no negative goodwill on acquisition of the property business was recognized upon completion.*

(iii) *In April 2017, a non-wholly-owned subsidiary of the Group at that time entered into a sale and purchase agreement with an independent third party to acquire a property (for commercial use) in Hong Kong at a consideration of HK$40 million. The transaction was completed on 17 May 2017 and the property was recorded as an investment property. Since the consideration is equal to the fair value of the property business, except for the transaction costs of HK$3.4 million, no goodwill was recorded on acquisition of the property business upon completion.*

(b) *In accordance with the terms and conditions of the sale and purchase agreement entered into by Chuang's China and Midas International Holdings Limited ("Midas") (a listed subsidiary of the Group before its disposal) for the group restructuring as mentioned in note 14, on 8 March 2018 (after disposal of Midas as set out in note 6(b)), the Chuang's China 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 Chuang's China on 8 March 2018. The Chuang's China 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 Hong Kong, the PRC and Taiwan from properties for sale to investment properties at aggregate fair value of HK$914.5 million (2017: HK$40.0 million). Fair value gain on transfer of these properties of HK$481.8 million (2017: HK$18.8 million) and the related deferred taxation of HK$100.0 million (2017: Nil) (note 10) were recorded respectively.

6. GAIN ON DISPOSAL OF SUBSIDIARIES

(a) On 25 August 2016, Chuang's China 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 Chuang's China group retains the administration building and certain completed properties upon completion, in which the administration building was reclassified from property, plant and equipment and leasehold lands and land use rights 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.

(b) On 15 December 2017, the Company and its wholly-owned subsidiary entered into a sale and purchase agreement with independent third parties to dispose of its entire 60.8% interest in Midas (including the deferred consideration as set out in note 5A(b)) at a consideration of approximately HK$789.3 million (the "Midas Disposal"). The Midas Disposal was announced by the Company on 15 December 2017 and published in the circular on 5 January 2018 respectively. The transaction was completed on 19 December 2017, and a gain on disposal of subsidiaries of the Midas Disposal was recorded in this note.

7. OPERATING PROFIT

	2018	2017
	HK$'000	*HK$'000*
Operating profit is stated after crediting:		
Reversal of provision for impairment of inventories	**192**	1,420
and after charging:		
Cost of properties sold	**49,584**	295,120
Cost of cemetery assets sold	**4,108**	4,673
Cost of inventories sold	**127,335**	127,282
Depreciation	**54,806**	60,144
Amortization of leasehold lands and land use rights	**40,088**	40,927
Provision for impairment of properties for sale	**–**	3,054
Provision for impairment of trade debtors	**163**	2,693
Provision for impairment of other deposits	**–**	54,707
Staff costs, including Directors' emoluments		
Wages and salaries	**189,084**	224,363
Retirement benefit costs	**8,082**	8,515

8. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest expenses		
Bank borrowings	**138,025**	106,234
Bank overdraft	**651**	575
Deferred consideration of the restructuring *(Note 14)*	**534**	–
	139,210	106,809
Fair value adjustment of trade debtors	**–**	(127)
Amounts capitalized into		
Investment properties	**(2,773)**	(6,685)
Properties under development	**(11,526)**	(9,689)
	(14,299)	(16,374)
	124,911	90,308

The capitalization rates applied to funds borrowed for the development of properties range from 1.60% to 8.08% (2017: 1.57% to 8.08%) per annum.

9. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures of HK$10,256,000 (2017: HK$25,905,000) in the consolidated income statement is the share of results of the joint ventures 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 a 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 results of joint ventures" in the consolidated income statement.

During the year ended 31 March 2018, the Group had formed a joint venture with an independent third party in Hong Kong. The principal activities of the joint venture are property development and investment in Hong Kong. The Group had made advance to the joint venture in the amount of approximately HK$326.6 million on a pro rata basis for the acquisition of leasehold land and land use right in Hong Kong and the financing of such property project. Such advance is unsecured, interest free and not receivable within the next twelve months from the balance sheet date.

10. TAXATION

	2018	2017
	HK$'000	*HK$'000*
Current taxation		
Hong Kong profits tax	**43**	–
Overseas profits tax	**820**	–
PRC corporate income tax	**3,480**	46,257
PRC withholding corporate income tax *(Notes 5A(b), 6(a) and 14)*	**1,883**	151,176
PRC land appreciation tax	**10,263**	32,703
Others *(Note 5A(b))*	**8,426**	–
Over-provision in previous years	**(2,898)**	(272)
Deferred taxation	**101,994**	(3,110)
	124,011	226,754

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year (2017: no provision for Hong Kong profits tax was made as the Group had sufficient tax losses brought forward to set off against the estimated assessable profits for that year). 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 disposals of subsidiaries from the Changsha Disposal, the Dongguan Disposal and the restructuring as mentioned in notes 5A(b), 6(a) and 14 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.

Share of taxation charge of associated companies for the year ended 31 March 2018 of HK$22,000 (2017: HK$2,000) is included in the consolidated income statement as share of results of associated companies. Share of deferred taxation charge of joint ventures 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 results of joint ventures.

11. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Interim dividend of 3.0 HK cents (2017: 3.0 HK cents) per share	**50,316**	50,316
Proposed final dividend of 5.0 HK cents (2017: 3.0 HK cents) per share	**83,628**	50,316
Special dividend of 2.0 HK cents per share for 2017	**–**	33,544
	133,944	134,176

On 28 June 2018, the board of Directors proposed a final dividend of 5.0 HK cents (2017: 3.0 HK cents) per share amounting to HK$83,628,000 (2017: HK$50,316,000). The amount is calculated based on 1,672,553,104 issued shares as at 28 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$1,297,145,000 (2017: HK$1,264,279,000) and the weighted average number of 1,676,071,263 (2017: 1,681,341,323) shares in issue during the year.

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. INVESTMENT PROPERTIES

On 9 June 2016, a wholly-owned subsidiary of the Group entered into a conditional agreement with an independent third party for the disposal of its wholly-owned subsidiary which held an investment property under construction in Hong Kong for a consideration of HK$2.1 billion (subject to adjustment) (the "HK Disposal"). The consideration will be satisfied as to approximately 80% by cash and as to approximately 20% by the transfer of a PRC property to the Group. The HK Disposal was announced by the Company on 15 June 2016 and published in the circular on 20 July 2016 respectively. As at 31 March 2018, deposits of HK$315 million (2017: HK$315 million) were received and recorded in "Creditors and accruals" (see note 16). Based on the latest development, the transaction is expected to be completed in the financial year ending 2020 upon the completion of the construction and internal decoration works and inspection by the purchaser. As such, the said property is continued to be recorded in investment properties with the amount of HK$1,305,000,000 (2017: HK$1,180,000,000) as at 31 March 2018 as it does not qualify for the classification as "assets of disposal group held for sale" in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations".

14. CEMETERY ASSETS

On 31 March 2017, the Group completed a group restructuring whereby the cemetery business was transferred from Midas to Chuang's China (the "Restructuring"). As a result of the Restructuring, the Group's effective interest in the cemetery business was slightly changed from 52.0% to 49.2% as at 31 March 2017 but without losing control and the respective effect was recognized within equity. The Restructuring was announced by the Company on 22 January 2017 and published in the circulars of Chuang's China and Midas on 8 March 2017 respectively. The related PRC withholding corporate income tax of the Restructuring was recorded in "Taxation" (note 10).

In accordance with the terms and conditions of the sale and purchase agreement of the Restructuring, there is a deferred consideration (with the exchange of the properties for sales through disposal of the entire interests in the relevant subsidiaries of the Chuang's China group) of RMB100 million (equivalent to approximately HK$124 million), bearing interest of 2% per annum, to be payable by Chuang's China to Midas after the completion of the Restructuring on 31 March 2017. After disposal of Midas as set out in note 6(b), the deferred consideration was subsequently fully settled by Chuang's China to Midas on 8 March 2018 (see note 5A(b) for Changsha Disposal).

15. DEBTORS AND PREPAYMENTS

Receivables from sales of properties and cemetery assets are settled in accordance with the terms of respective contracts. Rental income and management fees are received in advance. Credit terms of hotel income and sales of goods and merchandises mainly range from 30 days to 45 days and 30 days to 90 days respectively. The aging analysis of trade debtors of the Group is as follows:

	2018	2017
	HK$'000	*HK$'000*
Below 30 days	**12,746**	27,490
31 to 60 days	**1,164**	8,941
61 to 90 days	**215**	7,111
Over 90 days	**9,641**	21,027
	23,766	64,569

Debtors and prepayments include net deposits of HK$232,608,000 (2017: HK$264,275,000) for property projects and acquisition of properties and leasehold lands and land use rights in Hong Kong, the PRC and Vietnam after the accumulated provision for impairment of HK$128,479,000 (2017: HK$128,479,000) as at 31 March 2018.

16. 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	**7,799**	18,809
31 to 60 days	**3,167**	5,793
Over 60 days	**3,691**	9,991
	14,657	34,593

Creditors and accruals include the construction cost payables and accruals of HK$102,808,000 (2017: HK$115,565,000) for the property and cemetery projects of the Group. They also include the deposits of HK$315 million (2017: HK$315 million) received for the HK Disposal as mentioned in Note 13, and the provision for tax indemnity in the amount of HK$37,658,000 (2017: Nil) which represents the maximum amount that the Group will indemnify Midas (after disposal of Midas as set out in note 6(b)) for any Hong Kong profits tax liabilities arising from the subsequent sales by Midas of those Hong Kong investment properties which were acquired by Midas from the Group on 24 August 2017.

17. FINANCIAL GUARANTEES

As at 31 March 2018, the Company had provided guarantees of HK$382,563,000 (2017: HK$117,000,000) for the banking facilities granted to the joint ventures, and 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.

18. 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$914,475,000 (2017: HK$275,655,000).

19. PLEDGE OF ASSETS

As at 31 March 2018, the Group had pledged certain assets including property, plant and equipment, investment properties, leasehold lands and land use rights, properties for/under development, properties for sale and financial assets at fair value through profit or loss, with an aggregate carrying value of HK$11,082,275,000 (2017: HK$10,361,641,000, including trade debtors), to secure banking facilities granted to the subsidiaries.

FINANCIAL REVIEW

Profit attributable to equity holders of the Company for the year ended 31 March 2018 amounted to HK$1,297.1 million (2017: HK$1,264.3 million). Earnings per share was 77.39 HK cents (2017: 75.19 HK cents). A review of the results is set out below.

For the year ended 31 March 2018, revenues and net gain of the Group amounted to HK$730.8 million (2017: HK$1,137.9 million), representing a decrease of 35.8% compared to that of the last year. This was mainly due to the decrease in property sales recognized by the Group during the year as a result of reduction in flow of property development projects available for sales. Revenues and net gain of the Group comprised revenues from sales of properties of HK$78.2 million (2017: HK$453.3 million), revenues from rental and other income of investment properties of HK$211.5 million (2017: HK$194.9 million), revenues from hotel operation of HK$87.3 million (2017: HK$90.1 million), revenues from cemetery business of HK$16.0 million (2017: HK$17.6 million), revenues from sales of goods and merchandises of HK$217.1 million (2017: HK$251.2 million), revenues from money lending business of HK$7.8 million (2017: HK$7.8 million), and revenues from securities investment and trading business of HK$112.9 million (2017: HK$123.0 million).

As a result of the decrease in revenues and net gain, gross profit during the year amounted to HK$430.9 million (2017: HK$552.9 million), representing a decrease of 22.1% compared to that of the last year. Gross profit margin, however, increased to 59.0% (2017: 48.6%) mainly due to the increase in proportion of revenues generated from securities investment and trading business which has a higher profit margin.

Other income and net gain amounted to HK$65.8 million (2017: HK$34.3 million), which mainly comprised interest income, dividend income and the one-off gain on settlement of deferred consideration by Chuang's China Investments Limited ("Chuang's China") through the disposal of the subsidiaries as announced by Chuang's China on 8 March 2018. A breakdown of other income and net gain is shown in note 5A on page 14 of this report.

Fair value gain on transfer of properties from properties for sale to investment properties for the current year amounted to HK$481.8 million (2017: HK$18.8 million) which represented the fair value gain on transfer relating to properties in Hong Kong, the People's Republic of China (the "PRC") and Taiwan with their respective amounts of HK$236.8 million, HK$232.7 million and HK$12.3 million. Among these investment properties, the Group had subsequently disposed of the properties in Hong Kong through the disposal of Midas International Holdings Limited ("Midas").

Gain on disposal of subsidiaries for the current financial year was HK$363.2 million which was related to the disposal of Midas, whereas the amount for the last financial year was HK$1,340.7 million which was related to the disposal of the subsidiaries that held a property development project at Dongguan, the PRC.

Gain from change in fair value of investment properties of the Group amounted to HK$822.9 million (2017: HK$751.3 million), mainly reflecting the continued improvement in property prices of our investment properties during the year, of which HK$74.4 million was related to No. 15 Gough Hill Road, The Peak.

Share of results of associated companies and joint ventures amounted to HK$11.6 million (2017: HK$25.7 million) mainly due to the share of revaluation gain arising on investment properties owned by a joint venture.

On the costs side, selling and marketing expenses decreased to HK$44.4 million (2017: HK$73.8 million) due to the decrease in property sales. Administrative and other operating expenses decreased to HK$473.7 million (2017: HK$557.7 million) mainly due to the absence of the provision for diminution in value of a property project in Vietnam recorded in last year, and the decrease in expenses consolidated from Midas after the completion of its disposal in December 2017. Finance costs increased to HK$124.9 million (2017: HK$90.3 million) mainly due to the increased level of bank borrowings of the Group. Taxation decreased to HK$124.0 million (2017: HK$226.8 million) mainly 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.

DIVIDENDS

As regards payment of dividend, it is the policy of the Group to pay a recurrent and stable dividend to its shareholders. After taking into account the need to maintain sufficient financial resources for the working capital of the Group's projects and businesses, the Board has 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 5.0 HK cents (2017: 3.0 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 3.0 HK cents (2017: 3.0 HK cents) per share has been paid in respect of the current financial year. Total dividends for the year, therefore, will amount to 8.0 HK cents (2017: 8.0 HK cents, including a special dividend of 2.0 HK cents) per share. Total dividends paid and to be paid in respect of the current financial year will amount to HK$133.9 million (2017: HK$134.2 million).

BUSINESS REVIEW

(A) Investment Properties

(i) Chuang's Tower, Nos. 30-32 Connaught Road Central, Hong Kong (100% owned)

The property is a commercial/office building and is strategically located at the heart of Central District and close to the exits of both the Central Station of the Mass Transit Railway and the Hong Kong Station of the Airport Express Line. The property has a site area of about 3,692 *sq. ft.* and a total gross floor area ("GFA") of about 55,367 *sq. ft.*. During the year, rental and other income from this property amounted to about HK$45.5 million. After upgrading the entire lift system with the installation of new lifts during the year, the Group is planning to have further renovation works on the main lobby and other parts of the property in order to improve its esthetics. With the limited supply of quality office spaces in Central, the Group will closely monitor the market and will take appropriate steps to further improve the rental yield and capital value of the property.

(ii) Chuang's London Plaza, No. 219 Nathan Road, Tsim Sha Tsui, Kowloon (100% owned)

Strategically located at the heart of shopping centres in Tsim Sha Tsui, Kowloon, and near the exits of the Mass Transit Railway and the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section, the property is a shopping and entertainment complex. The property has a site area of about 9,145 *sq. ft.* and a total GFA of about 103,070 *sq. ft.*. During the year, rental and other income from this property amounted to about HK$55.5 million. In order to further enhance the capital value, the Group is studying plans and strategies to renovate and upgrade the property, or even redevelop the whole property to a new commercial landmark in Tsim Sha Tsui. After taking into account the existing tenancy status and the prevailing market conditions, the Group will evaluate the best timing to carry out the above renovation or redevelopment (if any).

(iii) Posco Building, No. 165 Un Chau Street, Sham Shui Po, Kowloon (100% owned)

The Group completed the acquisition of Posco Building at a cash consideration of HK$301.2 million in July 2017. The property is located in between the Cheung Sha Wan (approximately 0.4 kilometre) and the Sham Shui Po (approximately 0.5 kilometre) Mass Transit Railway Stations, enjoying the convenience of good transportation network. The property has a site area of about 3,920 *sq. ft.* and a total GFA of about 47,258 *sq. ft.*. Rental and other income from this property for the year since its acquisition on 31 July 2017 amounted to about HK$4.4 million. The property is for commercial (G/F to 3/F and 12/F) and industrial (4/F to 11/F) use, and the application to convert the industrial use portion to office use had been approved by the Town Planning Board. Further studies on other technical aspects of such conversion are in progress. Meanwhile, the Group is also evaluating the benefits and feasibility to redevelop the property into a commercial/residential property with a total GFA of about 35,280 *sq. ft.*. After taking into account the existing tenancy status and the prevailing market conditions, the Group will evaluate the best timing to carry out the above conversion or redevelopment (if any).

(iv) House A, No. 37 Island Road, Deep Water Bay, Hong Kong (100% owned)

Located at Deep Water Bay, a prestigious residential area, the property enjoys a glamourous sea-view. The property has been leased out during the year and the current monthly rental is HK$1 million.

(B) Hotels and Serviced Apartments

(i) Hotel sáv, No. 83 Wuhu Street, Hunghom, Kowloon (100% owned)

Hotel sáv is located at the heart of Hunghom and in between the Ho Man Tin (approximately 0.4 kilometre) and the Whampoa (approximately 0.3 kilometre) Mass Transit Railway Stations. It comprises 388 rooms together with shopping units at the ground floor and 2 restaurants at the first floor. Total revenues from the hotel during the year amounted to HK$93.7 million (2017: HK$96.3 million), which comprised room revenues of HK$83.7 million (2017: HK$80.2 million), food and beverage income of HK$3.2 million (2017: HK$9.4 million), and rental income from the shopping units and restaurants of HK$6.8 million (2017: HK6.7 million).

As for the room revenues, following the opening of the Ho Man Tin and the Whampoa Mass Transit Railway Stations, the Group had changed its operation strategy and put more effort in marketing to its higher margin customer segments in order to raise the room rates of the hotel and strengthen the hotel brand. As a result, the average room rate of the hotel during the year improved by about 12% from that of the last corresponding year to about HK$760 whereas the average occupancy rate dropped from 86% in the last corresponding year to about 80% in the current year. Despite the drop in the occupancy rate, the Group had deployed various cost reduction measures while maintaining efficiency and service standard so as to mitigate the impact.

As the food and beverage operation had not been profitable, the Group had gradually ceased the operation of two restaurants during the year to reduce operating costs and leased out the premises in order to generate more income.

With all these measures, the Group achieved a better result for its hotel operation (excluding the rental income) with an earning before interest, tax, depreciation and amortization amounted to about HK$31.6 million for this year (2017: HK$11.0 million), representing an increase of about 1.9 times comparing to that of the last year. With the above strategies and the recovery of the tourism industry, the Group believes that the operating results of the hotel will be further improved in the medium to long term.

(ii) Pacific Cebu Resort, Cebu, Philippines (40% owned)

Pacific Cebu Resort, which is 40% owned by the Group, is a resort established in 1992 with 134 rooms (comprising 114 hotel rooms and 20 villas) and abundant diving facilities. It is located at Lapu-Lapu City, Mactan Island in Cebu of Philippines occupying a site area of about 64,987 *sq. m.*. During the year, with the completion of the renovation works to upgrade the hotel rooms, the villas and the facilities, in particular the beach and the swimming pool, together with the opening of a new restaurant, the average room rate of the hotel improved by about 8% from that of the last corresponding year to about US$65 whereas the average occupancy rate was about 74% which was similar to that of the last corresponding year. Profit of the resort for the year amounted to about HK$8.6 million, and the Group's share of 40% was about HK$3.4 million which was improved by about 31% from that of the last corresponding year.

(iii) Parkes Residence, No. 101 Parkes Street, Kowloon, Hong Kong (100% owned)

The property is close to the Jordan Station of the Mass Transit Railway and had been developed by the Group into a 25-storey commercial/residential building comprising 114 fully furnished studio units with clubhouse facilities and shopping units at the podium levels (G/F to 2/F). Sales of 3 residential units with net sales value of HK$19.0 million were completed during the year. The Group still owns 18 residential units of this property, which have been operated as serviced apartments and leased out during the year. Rental income from the serviced apartments during the year amounted to approximately HK$3.5 million. The Group believes that the rental yield and capital value of these serviced apartments will be further enhanced upon the completion of the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section in the second half of this year.

In August 2017, the Group completed the disposal of the subsidiary that holds the remaining 3 shopping units of this property to Midas and a net cash proceed (after deducting the bank borrowing and other net liabilities amounted to approximately HK$95.4 million) of about HK$158.1 million was received. Details of the transaction were set out in the announcement of the Company dated 6 July 2017.

(iv) sáv Residence, Xinyi District, Taipei City, Taiwan (100% owned)

In Taiwan, the Group owns sáv Residence which is located nearby the city centre of Taipei City. The property is a residential complex developed by the Group and comprises a fully furnished villa and 6 serviced apartments (of which 2 are duplex) with a total GFA of about 20,600 *sq. ft.*. During the year, nearly all the serviced apartments had been leased out and the marketing work for leasing the villa is in progress. Rental income from the serviced apartments during the year amounted to approximately HK$1.8 million.

(v) sáv Residence, Sukhbaatar District, Ulaanbaatar, Mongolia (100% owned)

The project is located in the city centre within the embassy district and has a site area of about 3,600 *sq. m.*. It is planned that a serviced apartment of about 142 units with clubhouse facilities, a ground floor shop with a total GFA of about 19,000 *sq. m.* and 48 carparking spaces will be developed. During the year, the Group had completed the acquisition of 47% interest in this project from the joint venture partner for a consideration of US$3.8 million, and the project became wholly-owned by the Group. Superstructure works have been topped off and internal and external finishing works are in progress. The project is expected to be completed within the financial year 2019. Marketing works for this project will commence soon.

(C) Development Properties

(i) No. 15 Gough Hill Road, The Peak, Hong Kong (100% owned)

The redevelopment of No. 15 Gough Hill Road, The Peak, into a single house with unique architectural design is in progress. Superstructure works have been topped off and external stone cladding works have just been completed. Occupation permit is expected to be issued before the end of 2018 which will be followed by internal decoration works.

On 9 June 2016, the Group entered into a sale and purchase agreement with an independent third party (the "Buyer") for the disposal of the property holding subsidiary that holds this property for a consideration of HK$2.1 billion (subject to adjustment). The consideration will be satisfied as to approximately 80% by cash and as to approximately 20% by the transfer of a commercial property located in Luohu District, Shenzhen, the PRC to the Group. Details of the disposal were set out in the circular of the Company dated 20 July 2016.

A cash deposit and the first part payment of HK$315.0 million had been received by the Group upon signing of the sale and purchase agreement. Upon the completion of the external stone cladding works in June 2018, in accordance with the terms of the sale and purchase agreement, the Group had issued a letter to the Buyer requesting the second part payment of HK$315.0 million, which is due and to be received before mid-July 2018.

It is expected that the third part payment, comprising HK$420.0 million in cash and the transfer of the Shenzhen property to the Group at the value of HK$420.0 million, will take place upon the issuance of occupation permit, which is expected to be before the end of 2018.

According to the current progress, the disposal is expected to be completed in the financial year ending 2020 after the completion of internal decoration works, whereby the Group will receive a final cash payment of HK$630.0 million. The disposal, upon completion, is expected to generate a further net gain of about HK$600 million to the Group.

(ii) Nos. 16-20 Gage Street, Central, Hong Kong (81% to 100% owned)

The Group has successfully acquired full ownership of No. 20 Gage Street, and about 83% and 81% ownership of No. 16 and No. 18 Gage Street respectively. The Group is taking steps to acquire the remaining units of No. 16 and No. 18 Gage Street either by private treaty or by compulsory acquisition. This project has a total site area of about 3,600 *sq. ft.* and it is currently planned that a commercial/residential building with GFA of about 36,000 *sq. ft.* will be developed. Meanwhile, the Group is also evaluating the benefits and the possibility of developing the property to an office building as there is strong demand for such kind of usage nearby. With the prime location at Central together with the recent high transaction prices recorded in nearby area, the Group is optimistic about the prospect of this project.

(iii) Villa 28 and Villa 30, Po Shan Road, Hong Kong (50% owned)

This project is owned as to 50% by the Group and 50% by a wholly-owned subsidiary of K. Wah International Holdings Limited (stock code: 173), and the Group is the project manager of the development. The property, with a site area of about 10,000 *sq. ft.*, is located in a prestigious mid-level area that enjoys a glamorous sea-view. Building plans have been approved to develop the property into two semi-detached residences (left/right) with GFA of about 40,662 *sq. ft.*. In parallel, the building plans to develop the property into a single residence have been approved by the Buildings Department. The Group is now evaluating these two sets of building plans, and at the same time, studying the benefits and feasibility to develop the property into two semi-detached residences (top/bottom). Nevertheless, site formation and foundation works have been commenced in order to speed up the whole project development and are expected to be completed before the end of 2019.

(iv) Kowloon Inland Lot No. 11254, Reclamation Street/Shantung Street, Mongkok, Kowloon, Hong Kong (40% owned)

Through the joint venture with a wholly-owned subsidiary of Sino Land Company Limited (stock code: 83), the Group participated in this project tendered by the Urban Renewal Authority in December 2017. The site is well located in the heart of the Mongkok district, neighbouring Langham Place. It covers a site area of approximately 14,900 *sq. ft.*. The project will provide residential GFA of about 112,200 *sq. ft.* and commercial GFA of about 22,400 *sq. ft.* and, upon completion, the commercial portion will be retained by the Urban Renewal Authority. The site had been delivered to the joint venture company and site investigation work had been completed. Building plans and plans for the site formation and foundation works had been submitted to the relevant authorities for approval.

(v) International Finance Centre, Sukhbaatar District, Ulaanbaatar, Mongolia (100% owned)

The project has a site area of about 3,272 *sq. m.* and is located within the central business district. It is planned that a 26-storey retail/office building with GFA of about 40,000 *sq. m.* will be developed. Detailed building plans have been approved. Superstructure works have been completed up to the 10th level. It is expected that the superstructure works will be completed within the financial year ending 2019, which will be followed by internal and external finishing works.

(D) Chuang's China (stock code: 298) (60.7% owned)

Chuang's China and its subsidiaries (the "Chuang's China Group") are principally engaged in, inter alia, property development and investment. For the year ended 31 March 2018, the Chuang's China Group recorded profit attributable to equity holders of HK$279.9 million (2017: HK$1,452.0 million) and revenues and net gain of HK$168.8 million (2017: HK$491.3 million) (which comprised revenues from sales of properties in the PRC of HK$59.2 million (2017: HK$408.3 million), revenues from rental and other income of investment properties of HK$52.1 million (2017: HK$30.8 million), revenues from cemetery business of HK$16.0 million (2017: Nil), revenues from sales and trading business of HK$2.2 million (2017: HK$0.9 million), and revenues from securities investment and trading business of HK$39.3 million (2017: HK$51.3 million)).

(i) Investment Properties

The Chuang's China Group holds the following portfolio of investment properties in the PRC, the United Kingdom (the "UK") and Malaysia for steady recurring rental income.

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

   Chuang's Mid-town consists of a 6-level commercial podium providing an aggregate GFA of about 29,600 *sq. m.*. Above the podium stands a twin tower (Block AB and C) with 27 and 33-storey respectively, offering a total GFA of about 62,700 *sq. m.*. 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 Chuang's China 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 Chuang's China Group has appointed international real estate agencies as leasing agents to carry out marketing campaign as serviced apartments and office.

   The Chuang's China 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 by Chuang's China)

   The Chuang's China 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 Chuang's China Group was about RMB255.2 million (equivalent to HK$316.1 million), whereas the total investment costs of the Chuang's China 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 by Chuang's China 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 by Chuang's China)

   Within the Chuang's China Group's property development in Guangzhou, the Chuang's China 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 by Chuang's China)

   The Chuang's China 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 by Chuang's China)

   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 Chuang's China 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 Chuang's China 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 by Chuang's China)

   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 Chuang's China 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 Chuang's China Group will further identify investment opportunities on investment properties with steady income.

(ii) Development Properties

1. Chuang's Le Papillon, Guangzhou, Guangdong (100% owned by Chuang's China)

   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 Chuang's China 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 Chuang's China Group will closely follow-up with the relevant PRC authorities for the land quota of the remaining 51,700 *sq. m.*. The Chuang's China 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 by Chuang's China)

   The Chuang's China 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 Chuang's China 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 by Chuang's China)

   Adjacent to Chuang's Mid-town, the Chuang's China 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 Chuang's China 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 by Chuang's China)

   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 by Chuang's China on 7 May 2018, the Chuang's China 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 Chuang's China 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 Chuang's China Group had also fully settled the deferred consideration for the acquisition of the cemetery business as announced on 22 January 2017. Furthermore, the Chuang's China 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 Chuang's China 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 Chuang's China 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 Chuang's China Group's investment in this project.

The Chuang's China Group holds a 51% development interest in a project in Wuhou District, Chengdu. As at 31 March 2018, the Chuang's China Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK$181.8 million). The Chuang's China Group has launched legal proceedings in May 2016 in order to recoup the investment in this project. As announced on 1 June 2018, the Chuang's China 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 by Chuang's China)

   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 of the Group (including non-controlling interests) was about RMB616.8 million (equivalent to approximately HK$763.9 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 Chuang's China 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.

(iii) Investments

As at the date hereof, the Chuang's China Group owns (a) 364,689,655 shares in CNT Group Limited ("CNT"), representing about 19.2% interests in CNT; and (b) 6,392,203 shares in CPM Group Limited ("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 Chuang's China Group's investments in CNT and CPM decreased to HK$160.1 million. The Chuang's China 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 Chuang's China 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.

(E) Midas (stock code: 1172)

Midas and its subsidiaries are principally engaged in, inter alia, the printing business and property business. In order to simplify our group structure, on 19 December 2017, the Group completed the disposal of its entire 60.8% interest in Midas to an independent third party for a consideration of approximately HK$789 million. A net gain on disposal of approximately HK$363 million was recorded by the Group in the current financial year. Following the disposal, the Group ceased to hold any interest in Midas and the Midas group ceased to be subsidiaries of the Group. Details of the transaction were set out in the announcements of the Company dated 15 December 2017 and 19 December 2017, and the circular of the Company dated 5 January 2018, respectively.

(F) Other Businesses

(i) Sintex Nylon and Cotton Products (Pte) Limited ("Sintex")

Sintex is engaged in the sales of home finishing products under its own brand names in Singapore and is 88.2% owned by the Group. During the year, Sintex recorded revenues of HK$65.2 million (2017: HK$64.4 million), and incurred a loss of HK$3.2 million (2017: HK$2.4 million). In order to restore the business to profitability, Sintex has taken steps to broaden its customer bases through internet sale and implement effective cost control.

(ii) Securities Investment and Trading

During the year, securities investment and trading business of the Group recorded revenues and net gain of HK$112.9 million, comprising net realized gain on disposal of investments of HK$32.6 million, dividend and interest income from investments of HK$111.2 million, and net fair value loss on investments of HK$30.9 million as a result of mark to market valuations as at the balance sheet date. Fair value loss was recorded by the Group for bond investments 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 carry an inverse relationship.

As at 31 March 2018, investments of the Group amounted to HK$1,944.4 million (HK$1,257.5 million were held by the wholly-owned subsidiaries of the Group and HK$686.9 million were held by the Chuang's China Group), and comprised as to HK$1,929.5 million for investments in high yield bonds and as to HK$14.9 million for investments in securities listed on the Stock Exchange. The Group will closely monitor the performance of the investment portfolio in light of the monetary environment.

Set out below is further information of the investments of the Group as at 31 March 2018:

(a) Bonds investments

Stock code	**Bond issuer**	**Face value of bonds held as at 31 March 2018**	**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)	26,000	221,838	1.1%	(6,514)	17,006
846	Mingfa Group (International) Company Limited (11%, due 2019)	40,000	325,248	1.5%	12,173	–
1813	KWG Property Holding Limited (6%, due 2022)	10,000	78,031	0.4%	(3,112)	4,684
2007	Country Garden Holdings Company Limited			1.7%		
	(a) 4.75%, due 2023	10,000	76,619		171	3,718
	(b) 5.625%, due 2026	34,000	274,632		(3,796)	14,911
	(c) 7.5%, due 2023	–	disposed		–	6,660

Stock code	Bond issuer	Face value of bonds held as at 31 March 2018 *US$'000*	Market value as at 31 March 2018 *HK$'000*	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 *HK$'000*	Interest income for the year ended 31 March 2018 *HK$'000*
2777	Easy Tactic Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Limited (5.75%, due 2022)	50,000	382,780	1.8%	(20,020)	22,444
3333	China Evergrande Group			1.8%		
	(a) 7.5%, due 2023	10,743	84,420		579	3,148
	(b) 8.25%, due 2022	31,200	252,565		(7,343)	20,145
	(c) 8.75%, due 2025	4,714	37,919		1,130	1,612
	(d) 8.75%, due 2018	–	disposed		–	446
	(e) 12%, due 2020	–	disposed		–	5,368
3383	Agile Group Holdings Limited (5.125%, due 2022)	10,000	78,275	0.4%	(842)	1,970
N/A	Guangxi Financial Investment Group Co., Limited (5.75%, due 2021)	13,000	101,502	0.5%	(53)	–
N/A	Qinghai Provincial Investment Group Co., Limited (6.3%, due 2018)	2,000	15,705	0.1%	86	494
	Bonds disposed of through disposal of subsidiary during the year	–	–	–	(2,920)	5,848
		241,657	1,929,534	9.3%	(30,461)	108,454

(b) Securities investments

Stock code	Investee company	Number of shares held as at 31 March 2018	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	Dividend income for the year ended 31 March 2018
			HK$'000		*HK$'000*	*HK$'000*
16	Sun Hung Kai Properties Limited	100,000	12,400	0.06%	(114)	1
276	Mongolia Energy Corporation Limited	4,349,500	765	0.01%	(366)	–
8439	Somerley Capital Holdings Limited	912,000	1,715	0.01%	9	–
	Securities disposed of during the year	–	–	–	–	2,727
			14,880	0.08%	(471)	2,728

(c) Brief description of principal business of the respective bond issuers and investee companies held as at 31 March 2018:

Name of company	**Principal business**
Shimao Property Holdings Limited	Property development, property investment and hotel operation
Mingfa Group (International) Company 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
Guangzhou R&F Properties Co., Limited	Development and sale of properties, property investment, hotel operations and other property development related services

Name of company	Principal business
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)
Sun Hung Kai Properties Limited	Property development, property investment, hotel operation, telecommunications, transport infrastructure and logistics and others
Mongolia Energy Corporation Limited	Energy and related resources business
Somerley Capital Holdings Limited	Provision of corporate finance advisory services

(iii) Money Lending Business

During the year, Chuang's Credit Limited, a wholly-owned subsidiary of the Group holding a money lender's licence, had advanced loans to customers. Revenues generated from this business during the year amounted to HK$7.8 million (2017: HK$7.8 million). As at 31 March 2018, outstanding amount of loans due from customers amounted to HK$155.6 million, which were mainly relating to mortgage loans.

FINANCIAL POSITION

Net asset value

As at 31 March 2018, net assets attributable to equity holders of the Company was HK$11,152.1 million (2017: HK$9,788.4 million). Net asset value per share was HK$6.67 (2017: HK$5.84), which is calculated based on the book costs of the Group's properties for sale before taking into account their appreciated values.

Financial resources

As at 31 March 2018, the Group's cash, bank balances and investments held for trading amounted to HK$3,932.8 million (2017: HK$4,798.1 million). Bank borrowings as at the same date amounted to HK$6,421.2 million (2017: HK$6,184.6 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 22.3% (2017: 14.2%).

Approximately 95.9% of the Group's cash, bank balances and investments held for trading were denominated in Hong Kong dollar and United States dollar, 3.3% were in Renminbi and the balance of 0.8% were in other currencies. Approximately 87.9% of the Group's bank borrowings were denominated in Hong Kong dollar, 1.0% were in Renminbi, 8.7% were in British Pound Sterling and the balance of 2.4% were in Malaysian Ringgit and other currencies.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 14.5% of the Group's bank borrowings were repayable within the first year, 10.3% were repayable within the second year, 72.9% were repayable within the third to fifth years and the balance of 2.3% were repayable after the fifth year.

Foreign exchange risk

As disclosed in the "Business Review" section of this announcement, the Group also conducts its businesses in other places outside Hong Kong, 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

During the current financial year, the Group had disposed of its entire interest in Midas with a view to simplify the group structure, and had taken steps to replenish its land bank by acquiring Posco Building in Sham Shui Po and majority of the units at Nos. 16-20 Gage Street in Central for site amalgamation, and the site at Reclamation Street in Mongkok through a joint venture. The Group had also completed a group rationalization exercise to transfer the investment property at Malaysia to Chuang's China so that resources within the Group can be better deployed. Moving forward, the Group will actively speed up the completion of the disposal of No. 15 Gough Hill Road, The Peak and collect the remaining sale proceeds. Furthermore, the Group will continue our mission (i) to take steps to further enhance rental yield and return of our investment/hotel properties and thus their capital values by constantly reviewing the portfolio mix and yield with reference to their market prices; (ii) to unlock the store value of our development projects by speeding up their development and sales in accordance with local market conditions; (iii) to identify new business opportunities including land acquisitions (through land auction, site amalgamation or joint venture) and property investments; and (iv) to actively further review our group structure so that resources can be deployed in a more effective and efficient manner, all with a view to continue to create value for our 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 Standard 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 Standard 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 (excluding the Chuang's China Group) employed 309 staff and the Chuang's China 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 announcement, the Company repurchased a total of 4,640,000 shares on the Stock Exchange at an aggregate cash consideration of approximately HK$8,782,640 (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	Lowest	Aggregate consideration
		HK$	*HK$*	*HK$*
January 2018	4,640,000	1.97	1.81	8,782,640
Total	4,640,000			8,782,640

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 announcement.

CORPORATE GOVERNANCE

Due to other commitments, an Independent Non-Executive Director had not attended the 2017 annual 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. Fong Shing Kwong and Mr. Yau Chi Ming, 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 website of the Stock Exchange in due course.

By order of the Board of
Chuang's Consortium International Limited
Albert Chuang Ka Pun
Vice Chairman

Hong Kong, 28 June 2018

As at the date of this announcement, Mr. Alan Chuang Shaw Swee, Mr. Albert Chuang Ka Pun, Mr. Chong Ka Fung, Mr. Richard Hung Ting Ho, Mrs. Candy Kotewall Chuang Ka Wai, Mr. Geoffrey Chuang Ka Kam and Mr. Chan Chun Man are the Executive Directors of the Company, and Mr. Abraham Shek Lai Him, Mr. Fong Shing Kwong, Mr. Yau Chi Ming, Mr. David Chu Yu Lin and Mr. Tony Tse Wai Chuen are the Independent Non-Executive Directors of the Company.