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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 2019

The board of Directors (the "Board") of Chuang's Consortium International Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively as the "Group") for the year ended 31 March 2019 as follows:

HIGHLIGHTS OF THE YEAR

Business

- *Disposal of the investment property at No. 15 Gough Hill Road, The Peak and satisfactory pre-sale results of The Esplanade in Tuen Mun, Hong Kong*

  - The Group has successfully completed the disposal of No. 15 Gough Hill Road, The Peak, Hong Kong and received the remaining sale proceeds of about HK$980 million in cash before the financial year ended 31 March 2019, and a further net gain of about HK$461.2 million is recorded by the Group in the current financial year.

  - Pre-sale of The Esplanade in Tuen Mun, Hong Kong has commenced in October 2018 with satisfactory results. Up to the date of this report, out of the total 371 residential units, 352 residential units have been pre-sold with the aggregate sales value of about HK$1,571.1 million, and approximately HK$461.4 million sales deposits have been received. Further deposits of about HK$990.8 million are expected to be received before the end of September 2019, whereas the remaining balance of about HK$118.9 million will be received between October 2019 and completion of sales in July 2020. The construction of The Esplanade has been progressing satisfactorily. Exterior works and interior works are in progress, and is expected to handover to end-buyers in or before July 2020.

- *Acquisitions of properties and property development site to accelerate redevelopment and strengthen our land bank*

  - The Group has submitted the application for the compulsory acquisition of No. 16 and No. 18 Gage Street in March 2019. In parallel, the Group has successfully acquired some more units by private treaty after such application, making the current ownership to be 88.9% and 87.5% for No. 16 and No. 18 Gage Street respectively up to the date of this report. In order to speed up the whole site acquisition, the Group will continue to take steps to acquire the remaining units by private treaty while the compulsory acquisition is in progress. Together with No. 20 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.

  - Subsequent to the year-end date, the Group has replenished its land bank in Hong Kong by acquiring a property site at a consideration of about HK$455.0 million. The property has a site area of about 4,320 *sq. ft.* and has a developable GFA of about 39,767 *sq. ft.*. It is expected that completion of the acquisition will be in July 2019.

- *Oversea projects' update*

  The construction of the two projects in Ulaanbaatar, Mongolia is proceeding with satisfactory progress:

  - For sáv Plaza, superstructure works have been topped off and internal and external finishing works are nearly completed. Application for the issuance of the occupation permit of the project has recently been made to the relevant authorities. Marketing works for leasing have been commenced.

  - For International Finance Centre, superstructure works have been topped off and the Group will monitor the progress of the internal and external finishing works. The property will become the highest office building in Mongolia upon completion. Marketing works for leasing have been commenced.

  In view of the good performance of the Philippines resort, the Group is actively identifying opportunities to increase investments in these regions:

  - The Group has acquired a property interests at the southeast side of Ulugan Bay, Puerto Princesa City in Palawan, and it is close to the Puerto Princesa Subterranean River National Park. The freehold land has a site area of about 71,464 *sq. m.* and enjoys a sea frontage. The Group intends to develop a sustainable resort complex with hotels and villas, together with its own private beach, swimming pool and abundant diving facilities.

  - The Group entered into a memorandum of understanding with an independent third party for the formation of a joint venture of another Palawan project with an initial investment commitment of about US$7.7 million. The project is located along the shoreline of Maricaban within the Coron Province of Palawan. It is a freehold land with a site area of about 95,775 *sq. m.*, together with an adjacent site of about 42,900 *sq. m.* which has been reserved, making up a total of about 138,675 *sq. m.*. It is currently planned as a resort complex, comprising hotels, bungalows, water villas and a marina club. The resort complex will be developed in five phases.

Financial

- Profit attributable to equity holders of the Company amounted to HK$1,226.6 million (2018: HK$1,297.1 million)
- Earnings per share was 73.34 HK cents (2018: 77.39 HK cents)
- Total assets of the Group increased by 9% to HK$22.6 billion (2018: HK$20.7 billion)
- Net assets attributable to equity holders of the Company increased by 8% to HK$12.1 billion (2018: HK$11.2 billion)
- Net asset value per share increased by 8% to HK$7.24 (2018: HK$6.67)
- Total cash resources of the Group (including investments held for trading) increased by 44% to HK$5.6 billion (2018: HK$3.9 billion)
- Net debt to equity ratio of the Group improved from 22.3% to 13.8%
- Final dividend per share for the year will amount to 6.5 HK cents (2018: 5.0 HK cents) per share, making total dividend for the year to be 10.0 HK cents (2018: 8.0 HK cents) per share, representing an increase of 25% over that of the last year

Going Forward

Going forward, we will speed up to acquire the remaining units of Gage Street as well as the completion of the acquisitions of the property interests in Hong Kong and Philippines in order to kick off their redevelopment. Renovation and upgrading works are being carried out at Chuang's Tower, Posco Building and other investment properties in order to keep on improving rental yield and return and thus their capital values. We will accelerate the respective construction progress of The Esplanade in Hong Kong, Chuang's Mid-town in Anshan, the People's Republic of China and sáv Plaza in Mongolia so that we can obtain the occupation permits in coming months and handover the properties to end-buyers and tenants respectively to generate income.

In parallel, we will closely monitor the development of our projects located at Po Shan Road and Mongkok in Hong Kong, and International Finance Centre in Mongolia in order to unlock their stored value in coming years. Furthermore, we will continue to identify new business opportunities including land acquisitions and property investments in order to replenish our land bank. 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 2019

	Note	**2019** **HK$'000**	2018 HK$'000
Revenues and net gain	3	**619,238**	755,163
Revenues		**617,150**	729,145
Net gain of financial assets at fair value through profit or loss		**2,088**	26,018
Cost of sales		**(176,294)**	(299,938)
Gross profit		**442,944**	455,225
Other income and net gain	5A	**44,374**	41,422
Fair value gain on transfer of properties from properties for sale to investment properties	5B	**6,349**	481,779
Gain on disposal of subsidiaries	6	**461,208**	363,156
Selling and marketing expenses		**(56,840)**	(44,365)
Administrative and other operating expenses		**(476,077)**	(473,744)
Change in fair value of investment properties		**1,108,170**	822,925
Operating profit	7	**1,530,128**	1,646,398
Finance costs	8	**(184,765)**	(124,911)
Share of results of associated companies		**2,573**	1,319
Share of results of joint ventures	9	**23,944**	10,256
Profit before taxation		**1,371,880**	1,533,062
Taxation	10	**(79,212)**	(124,011)
Profit for the year		**1,292,668**	1,409,051
Attributable to:			
Equity holders		**1,226,643**	1,297,145
Non-controlling interests		**66,025**	111,906
		1,292,668	1,409,051
		HK cents	*HK cents*
Earnings per share (basic and diluted)	12	**73.34**	77.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019 *HK$'000*	2018 *HK$'000*
Profit for the year	**1,292,668**	1,409,051
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	**(177,198)**	270,793
Share of exchange reserve of a joint venture	**(10,043)**	10,556
Realization of exchange reserves upon disposal of subsidiaries	**–**	(4,794)
Change in fair value of available-for-sale financial assets	**–**	(63,606)
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	**–**	(615)
Total other comprehensive (loss)/income that may be reclassified subsequently to profit and loss	**(187,241)**	212,334
Items that may not be reclassified subsequently to profit and loss:		
Change in fair value of financial assets at fair value through other comprehensive income	**(40,244)**	–
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
Total other comprehensive (loss)/income that may not be reclassified subsequently to profit and loss	**(40,244)**	18,931
Total other comprehensive (loss)/income for the year	**(227,485)**	231,265
Total comprehensive income for the year	**1,065,183**	1,640,316
Total comprehensive income attributable to:		
Equity holders	**1,092,391**	1,443,528
Non-controlling interests	**(27,208)**	196,788
	1,065,183	1,640,316

CONSOLIDATED BALANCE SHEET
As at 31 March 2019

	Note	**2019** **HK$'000**	2018 HK$'000
Non-current assets			
Property, plant and equipment		**488,223**	520,124
Investment properties	*6(b)*	**10,281,404**	10,290,698
Leasehold lands and land use rights		**709,627**	749,279
Properties for/under development		**979,295**	1,061,141
Cemetery assets		**282,534**	544,625
Associated companies		**69,274**	66,673
Joint ventures		**739,328**	710,463
Financial assets at fair value through other comprehensive income		**131,570**	–
Available-for-sale financial assets		**–**	240,251
Loans and receivables and other deposits		**386,735**	148,129
Deferred taxation assets		**29,700**	–
		14,097,690	14,331,383
Current assets			
Properties for sale		**2,082,749**	1,649,057
Cemetery assets		**451,943**	219,256
Inventories		**139,294**	141,054
Debtors and prepayments	*13*	**179,340**	388,235
Financial assets at fair value through profit or loss		**2,146,099**	1,944,414
Cash and bank balances		**3,492,271**	1,988,353
		8,491,696	6,330,369
Current liabilities			
Creditors and accruals	*14*	**372,714**	631,869
Sales deposits received		**343,153**	4,490
Short-term bank borrowings		**607,555**	195,917
Current portion of long-term bank borrowings		**1,350,290**	1,037,882
Taxation payable		**219,728**	259,344
		2,893,440	2,129,502
Net current assets		**5,598,256**	4,200,867
Total assets less current liabilities		**19,695,946**	18,532,250

	2019	2018
	HK$'000	*HK$'000*
Equity		
Share capital	**418,138**	418,138
Reserves	**11,684,014**	10,733,979
Shareholders' funds	**12,102,152**	11,152,117
Non-controlling interests	**1,687,625**	1,746,944
Total equity	**13,789,777**	12,899,061
Non-current liabilities		
Long-term bank borrowings	**5,349,668**	5,187,380
Deferred taxation liabilities	**494,896**	351,627
Loans and payables with non-controlling interests	**24,879**	29,905
Other non-current liabilities	**36,726**	64,277
	5,906,169	5,633,189
	19,695,946	18,532,250

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, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value, and in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. The significant accounting policies adopted for the preparation of the consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

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.

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

For the financial year ended 31 March 2019, the Group adopted the following new standards, amendments to standards and new interpretation that are effective for the accounting periods beginning on or after 1 April 2018 and relevant to the operations of the Group:

HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendment)	Clarifications to HKFRS 15
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9 and HKFRS 15 are disclosed in Note 2(iii) below. The other amendments to standards and new interpretation did not have significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the consolidated financial statements.

(ii) New standards, amendments to standards and new interpretation that are not yet effective

The following new standards, amendments to standards and new interpretation 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 2019, but have not yet been early adopted by the Group:

HKAS 19 (Amendment)	Employee Benefits – Plan Amendment, Curtailment or Settlement (effective from 1 January 2019)
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures (effective from 1 January 2019)
HKFRS 3 (Amendment)	Definition of a Business (effective from 1 January 2020)
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation (effective from 1 January 2019)
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (no mandatory effective date)
HKFRS 16	Leases (effective from 1 January 2019)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015–2017 Cycle (effective from 1 January 2019)
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments (effective from 1 January 2019)
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting (effective from 1 January 2020)

The Group will adopt the above new standards, amendments to standards and new interpretation 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 interpretation, in which the preliminary assessment of HKFRS 16 is detailed below. The Group will continue to assess the impact in more detail.

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 2019, the Group had operating lease commitments of about HK$27.3 million. Upon the 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, and the impact to the Group's results and financial position is insignificant. 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. 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 Group's preliminary assessment, there was no significant impact from the other new standards, amendments to standards and new interpretation 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.

(iii) Changes in accounting policies

HKFRS 9 replaces the provisions of HKAS 39 "Financial Instruments" that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accountings. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 "Financial Instruments – Disclosures".

HKFRS 15 replaces both the provisions of HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations that related to the recognition, classification and measurement of revenue and costs.

The changes in accounting policies upon the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" are set out below:

HKFRS 9 "Financial Instruments"

Classification, measurement and derecognition of financial assets

Management has assessed the business models and the contractual terms of the cash flows apply to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 April 2018) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortized cost.

In accordance with the transitional provisions of HKFRS 9, comparative figures have not been restated.

The main effects resulting from this reclassification on the Group's consolidated balance sheet as at 1 April 2018 by the application of HKFRS 9 are as follows:

	Available-for-sale financial assets	**Financial assets at fair value through other comprehensive income**	**Financial assets at fair value through profit or loss**	**Investment revaluation reserve**	**Retained profits**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Opening balance – HKAS 39	240,251	–	1,944,414	32,947	9,404,032
Reclassifications	(240,251)	172,525	67,726	(2,743)	2,743
Opening balance – HKFRS 9	–	172,525	2,012,140	30,204	9,406,775

The main effects resulting from this reclassification on the Group's consolidated balance sheet as at 31 March 2019 are as follows:

	As at 31 March 2019		
	Without the adoption of HKFRS 9 *HK$'000*	**Effect of the adoption of HKFRS 9** *HK$'000*	**As reported** *HK$'000*
Available-for-sale financial assets	**196,046**	**(196,046)**	**–**
Financial assets at fair value through other comprehensive income	**–**	**131,570**	**131,570**
Financial assets at fair value through profit or loss	**2,081,623**	**64,476**	**2,146,099**
Investment revaluation reserve	**8,515**	**(2,743)**	**5,772**
Retained profits	**10,488,319**	**2,743**	**10,491,062**

The adoption of HKFRS 9 has no material impact to the consolidated income statement and consolidated statement of comprehensive income. It also has no impact on the consolidated cash flow statement.

Impairment of financial assets

The Group assessed on a forward looking basis for the expected credit losses associated with its financial assets carried at amortized cost. The results of the adopted new impairment model as at 1 April 2018 have not resulted in material impact on the carrying amount of the Group's financial assets.

HKFRS 15 "Revenue from Contracts with Customers"

In prior reporting periods, revenue from the sale of properties was recognized when significant risks and rewards of ownership of properties have been transferred to the customers.

Under HKFRS 15, 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 the laws that apply to the contracts, 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 previously based on whether significant risks and rewards of ownership of properties transfer, will be recognized at a later point in time when the underlying property is legally and/or physically transferred to the customer under the control transfer model. Revenue for certain pre-sale properties transactions may be recognized earlier over time during the construction.

The Group currently offers different payment schemes to customers, the transaction price and the amount of revenue for the sale of property will be adjusted when significant financial component exists in that contract.

Sales deposits received in relation to advanced proceeds received from customers represent contract liabilities under HKFRS 15.

The Group has elected to use a modified retrospective approach on all the uncompleted contracts as at 1 April 2018, which the cumulative impact of the adoption is recognized as an adjustment to the retained profits as at 1 April 2018 and that the comparatives are not restated. The adoption of HKFRS 15 has no material impact to the retained profits as at 1 April 2018 and therefore no adjustment was made.

3. REVENUES AND NET GAIN

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

	2019	2018
	HK$'000	*HK$'000*
Revenues		
Sales of properties	**71,469**	78,172
Rental income and management fees	**230,143**	211,465
Income from hotel operation and management	**99,244**	87,325
Sales of cemetery assets	**14,383**	16,038
Sales of goods and merchandises	**59,802**	217,128
Interest income from money lending business	**7,774**	7,835
Interest income from bonds investments of financial assets at fair value through profit or loss	**133,227**	108,454
Dividend income from securities investments for trading of financial assets at fair value through profit or loss	**1,108**	2,728
	617,150	729,145
Net gain		
Net realized gain of securities investments for trading of financial assets at fair value through profit or loss	**2,423**	26,489
Net fair value loss of securities investments for trading of financial assets at fair value through profit or loss	**(335)**	(471)
	2,088	26,018
Revenues and net gain	**619,238**	755,163

Comparative figures have been reclassified to conform with current year's presentation: a reclassification of net realized gain and net fair value loss of bonds investments of financial assets at fair value through profit or loss of HK$6,116,000 and HK$30,461,000 respectively from "Revenues and net gain" to "Other income and net gain" (note 5A) to reflect the current assessment on the performance of the respective investments from the management of the Group.

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, development and operation of 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 earning/(loss) before interest, tax, depreciation and amortization (the "EBITDA/(LBITDA)") and 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* *(Note)*	Securities investment and trading *HK$'000* *(Note 3)*	Money lending business *HK$'000*	Corporate *HK$'000*	2019 Total *HK$'000*
Revenues and net gain	301,612	99,244	14,383	59,802	136,423	7,774	–	619,238
Other income and net gain/(loss)	11,937	–	155	5,365	(9,985)	–	36,902	44,374
EBITDA/(LBITDA)	1,740,036	44,799	563	(2,591)	124,603	5,117	(267,941)	1,644,586
Operating profit/(loss)	1,709,286	(25,905)	(297)	(5,425)	124,603	5,117	(277,251)	1,530,128
Finance costs	(164,598)	(18,734)	–	(562)	(871)	–	–	(184,765)
Share of results of associated companies	79	4,493	–	–	–	–	(1,999)	2,573
Share of results of joint ventures	23,944	–	–	–	–	–	–	23,944
Profit/(loss) before taxation	1,568,711	(40,146)	(297)	(5,987)	123,732	5,117	(279,250)	1,371,880
Taxation (charge)/credit	(108,994)	29,534	357	–	(109)	–	–	(79,212)
Profit/(loss) for the year	1,459,717	(10,612)	60	(5,987)	123,623	5,117	(279,250)	1,292,668
Segment assets	14,205,673	1,161,493	769,980	175,192	2,146,420	173,772	3,148,254	21,780,784
Associated companies	152	53,399	–	–	–	–	15,723	69,274
Joint ventures	739,328	–	–	–	–	–	–	739,328
Total assets	14,945,153	1,214,892	769,980	175,192	2,146,420	173,772	3,163,977	22,589,386
Total liabilities	7,621,331	656,443	189,337	13,495	282,584	460	35,959	8,799,609
Other segment items are as follows:								
Capital expenditure	949,647	1,604	16,689	1,337	–	–	2,022	971,299
Depreciation	6,727	27,288	801	2,505	–	–	11,309	48,630
Amortization of leasehold lands and land use rights	–	38,923	59	329	–	–	–	39,311
Reversal of provision for impairment of properties for/under development	(759)	–	–	–	–	–	–	(759)
Reversal of provision for impairment of properties for sale	(8,877)	–	–	–	–	–	–	(8,877)
Reversal of provision for impairment of trade debtors	–	–	(1,885)	–	–	–	–	(1,885)
Provision for impairment of trade debtors	473	–	–	–	–	–	–	473
Fair value gain on transfer of properties from properties for sale to investment properties	(6,349)	–	–	–	–	–	–	(6,349)
Gain on disposal of subsidiaries	(461,208)	–	–	–	–	–	–	(461,208)
Change in fair value of investment properties	(1,108,170)	–	–	–	–	–	–	(1,108,170)

	Property development, investment and trading *HK$'000*	Hotel operation and management *HK$'000*	Cemetery *HK$'000*	Sales of goods and merchandises *HK$'000* *(Note)*	Securities investment and trading *HK$'000* *(Note 3)*	Money lending business *HK$'000*	Corporate *HK$'000*	2018 Total *HK$'000*
Revenues and net gain	289,637	87,325	16,038	217,128	137,200	7,835	–	755,163
Other income and net gain/(loss)	24,151	–	(1,819)	9,134	(24,648)	–	34,604	41,422
EBITDA/(LBITDA)	1,451,004	35,455	(628)	10,150	111,292	5,642	139,952	1,752,867
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)
Fair value gain on transfer of properties from properties for sale to investment properties	(481,779)	–	–	–	–	–	–	(481,779)
Gain on disposal of subsidiaries	–	–	–	–	–	–	(363,156)	(363,156)
Change in fair value of investment properties	(822,925)	–	–	–	–	–	–	(822,925)

Note: Revenues and net gain for the year ended 31 March 2018 included sales of goods and merchandises from Midas International Holdings Limited ("Midas") (a listed subsidiary of the Group before its disposal, subsequently changed its name to Magnus Concordia Group Limited) which was disposed of by the Group on 19 December 2017.

(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**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**393,417**	402,982	**417,281**	944,686
The People's Republic of China (the "PRC")	**102,950**	93,944	**485,356**	111,633
United Kingdom	**42,710**	53,785	**–**	–
Other countries	**80,161**	204,452	**68,662**	44,225
	619,238	755,163	**971,299**	1,100,544

	Non-current assets *(Note)*		**Total assets**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**9,386,579**	10,071,004	**16,473,816**	15,196,149
The PRC	**2,558,678**	2,094,461	**3,958,204**	3,345,618
United Kingdom	**1,063,920**	1,082,655	**1,075,077**	1,097,221
Other countries	**540,508**	694,883	**1,082,289**	1,022,764
	13,549,685	13,943,003	**22,589,386**	20,661,752

Note: Non-current assets in geographical segment represent non-current assets other than financial assets at fair value through other comprehensive income (2018: available-for-sale financial assets), loans and receivables and other deposits, and deferred taxation assets.

5A. OTHER INCOME AND NET GAIN

	2019 HK$'000	2018 HK$'000
Interest income from bank deposits	**33,192**	20,404
Dividend income from financial assets at fair value through other comprehensive income	**4,924**	–
Dividend income from available-for-sale financial assets	**–**	5,058
Gain on disposal of available-for-sale financial assets	**–**	2,612
Net realized (loss)/gain of bonds and other investments of financial assets at fair value through profit or loss *(Note 3)*	**(7,617)**	6,116
Net fair value loss of bonds and other investments of financial assets at fair value through profit or loss *(Note 3)*	**(3,440)**	(30,461)
Negative goodwill on acquisition of property businesses, net of transaction costs *(Note a)*	**–**	(3,413)
Gain on settlement of deferred consideration *(Note b)*	**–**	17,197
Reversal of provision for impairment of properties for/ under development	**759**	–
Reversal of provision for impairment of properties for sale	**8,877**	7,955
Net gain on disposal of property, plant and equipment	**39**	3,124
Sales of scraped materials	**–**	1,604
Net exchange (loss)/gain	**(820)**	4,225
Sundries	**8,460**	7,001
	44,374	41,422

Notes:

(a) (i) 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.

(ii) 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 Investments Limited ("Chuang's China") (a listed subsidiary of the Group) and Midas for the group restructuring whereby the cemetery business was transferred from Midas to Chuang's China (the "Restructuring", and was announced by the Company on 22 January 2017 and published in the circular of Chuang's China and Midas on 8 March 2017 respectively), on 8 March 2018 (after disposal of Midas as set out in note 6(a)), the Chuang's China group had 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$7.9 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 2019, upon the change of intended use and as a result of the early adoption of HKAS 40 (Amendment) in 2018, the Group has transferred certain properties in the PRC (2018: Hong Kong, the PRC and Taiwan) from properties for sale to investment properties at aggregate fair value of HK$26.5 million (2018: HK$901.1 million). Fair value gain on transfer of these properties of HK$6.3 million (2018: HK$481.8 million) and the related deferred taxation of HK$1.6 million (2018: HK$100.0 million) (note 10) were recorded respectively.

6. GAIN ON DISPOSAL OF SUBSIDIARIES

(a) 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.

(b) On 9 June 2016, a wholly-owned subsidiary of the Group entered into a conditional agreement with an independent third party (the "Buyer") for the disposal of its wholly-owned subsidiary which held an investment property under construction in Hong Kong at that time for a consideration of HK$2.1 billion (subject to adjustment) (the "HK Disposal"). The consideration would be satisfied as to approximately 80% by cash and as to approximately 20% by the transfer of a PRC property (the "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. The PRC property was transferred to the Group in November 2018 and details of the transfer were announced by the Company on 20 November 2018.

    On 26 November 2018, the Group entered into a supplemental agreement (the "Supplemental Agreement") with the Buyer to amend certain terms of the original agreement. According to the terms of the Supplemental Agreement, the Group is not required to carry out any internal decoration works after obtaining the occupation permit of the project and thus the consideration of the HK Disposal is reduced by HK$70 million accordingly. Details of the Supplemental Agreement were announced by the Company on 26 November 2018.

    On 28 February 2019, the Group received the balance of the consideration of about HK$980 million from the Buyer, and completed the HK Disposal on the same date. Details of the completion was announced by the Company on 28 February 2019, and a gain on disposal of subsidiaries of the HK Disposal was recorded in this note.

7. OPERATING PROFIT

	2019	2018
	HK$'000	*HK$'000*
Operating profit is stated after crediting:		
Reversal of provision for impairment of trade debtors	**1,885**	–
Reversal of provision for impairment of inventories	**–**	192
and after charging:		
Cost of properties sold	**43,686**	49,584
Cost of cemetery assets sold	**3,192**	4,108
Cost of inventories sold	**41,523**	127,335
Depreciation	**48,630**	54,806
Amortization of leasehold lands and land use rights	**39,311**	40,088
Provision for impairment of trade debtors	**473**	163
Staff costs, including Directors' emoluments		
Wages and salaries	**158,063**	189,084
Retirement benefit costs	**7,860**	8,082

8. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest expenses of		
Bank borrowings	**198,354**	138,025
Bank overdraft	**562**	651
Deferred consideration of the Restructuring	**–**	534
	198,916	139,210
Amounts capitalized into		
Investment properties	**(2,604)**	(2,773)
Properties under development	**(11,547)**	(11,526)
	(14,151)	(14,299)
	184,765	124,911

The capitalization rates applied to funds borrowed for the development of properties range from 3.63% to 8.08% (2018: 1.60% to 8.08%) per annum.

9. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures of HK$23,944,000 (2018: HK$10,256,000) in the consolidated income statement included the share of fair value gain of the investment properties (net of the related deferred taxation) of a joint venture of HK$7,953,000 (2018: HK$5,873,000). Rental income received by the joint venture from the non-wholly-owned subsidiary of the joint venture partner for the year ended 31 March 2019 amounted to approximately HK$12,213,000 (2018: HK$10,870,000) and was included in the "Share of results of joint ventures" in the consolidated income statement.

10. TAXATION

	2019	2018
	HK$'000	*HK$'000*
Current taxation		
Hong Kong profits tax	**–**	43
Overseas profits tax	**670**	820
PRC corporate income tax	**5,546**	3,480
PRC withholding corporate income tax *(Note 5A(b))*	**–**	1,883
PRC land appreciation tax	**19,974**	10,263
Others *(Note 5A(b))*	**–**	8,426
Over-provision in previous years	**–**	(2,898)
Deferred taxation	**53,022**	101,994
	79,212	124,011

No provision for Hong Kong profits tax has been made as the Group has sufficient tax losses brought forward to set off against the estimated assessable profits for the year (2018: Hong Kong profits tax had been provided at the rate of 16.5% on 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 disposal of subsidiaries from the Changsha Disposal as mentioned in note 5A(b). 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 2019 of HK$12,000 (2018: HK$22,000) 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 2019 of HK$2,651,000 (2018: HK$1,958,000) is included in the consolidated income statement as "Share of results of joint ventures".

11. DIVIDENDS

	2019 *HK$'000*	2018 *HK$'000*
Interim dividend of 3.5 HK cents (2018: 3.0 HK cents) per share	**58,539**	50,316
Proposed final dividend of 6.5 HK cents (2018: 5.0 HK cents) per share	**108,716**	83,628
	167,255	133,944

On 27 June 2019, the board of Directors proposed a final dividend of 6.5 HK cents (2018: 5.0 HK cents) per share amounting to HK$108,716,000 (2018: HK$83,628,000). The amount is calculated based on 1,672,553,104 issued shares as at 27 June 2019. 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 2020 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$1,226,643,000 (2018: HK$1,297,145,000) and the weighted average number of 1,672,553,104 (2018: 1,676,071,263) 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. 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:

	2019 *HK$'000*	2018 *HK$'000*
Below 30 days	**12,480**	12,746
31 to 60 days	**611**	1,164
61 to 90 days	**476**	215
Over 90 days	**9,854**	9,641
	23,421	23,766

Debtors and prepayments include net deposits of HK$15,173,000 (2018: HK$232,608,000) for acquisition of property projects, properties and leasehold lands and land use rights after the accumulated provision for impairment of HK$128,479,000 (2018: HK$128,479,000) as at 31 March 2019.

14. CREDITORS AND ACCRUALS

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

	2019	2018
	HK$'000	*HK$'000*
Below 30 days	**3,473**	7,799
31 to 60 days	**425**	3,167
Over 60 days	**6,469**	3,691
	10,367	14,657

Creditors and accruals include the construction cost payables and accruals of HK$144,830,000 (2018: HK$102,808,000) for the property and cemetery projects of the Group. As at 31 March 2018, the balance also included the deposits of HK$315 million received for the HK Disposal (note 6(b)).

15. FINANCIAL GUARANTEES

As at 31 March 2019, the Company had provided guarantees of HK$391,443,000 (2018: HK$382,563,000) for the banking facilities granted to the joint ventures, and subsidiaries had provided guarantees of HK$71,626,000 (2018: HK$315,827,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

16. COMMITMENTS

As at 31 March 2019, the Group had commitments contracted but not provided for in respect of properties, property projects and property, plant and equipment of HK$984,587,000 (2018: HK$914,475,000).

17. PLEDGE OF ASSETS

As at 31 March 2019, 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$11,548,540,000 (2018: HK$11,082,275,000), to secure banking facilities granted to the subsidiaries.

FINANCIAL REVIEW

Profit attributable to equity holders of the Company for the year ended 31 March 2019 amounted to HK$1,226.6 million (2018: HK$1,297.1 million). Earnings per share was 73.34 HK cents (2018: 77.39 HK cents).

Up to the date hereof, the Group achieved contracted sales of property development in Tuen Mun, Hong Kong not yet recognized as revenues amounted to about HK$1,571.1 million. Additionally, for the year ended 31 March 2019, revenues and net gain of the Group amounted to HK$619.2 million (2018: HK$755.2 million), representing a decrease of 18.0% compared to that of the last corresponding year. This was mainly due to the absence of the revenues consolidated from Midas International Holdings Limited (now changed its name to Magnus Concordia Group Limited)("Midas") after the completion of its disposal in December 2017. Revenues and net gain of the Group comprised revenues from sales of properties of HK$71.5 million (2018: HK$78.2 million), revenues from rental and other income of investment properties of HK$230.1 million (2018: HK$211.5 million), revenues from hotel operation of HK$99.2 million (2018: HK$87.3 million), revenues from cemetery business of HK$14.4 million (2018: HK$16.0 million), revenues from sales of goods and merchandises of HK$59.8 million (2018: HK$217.1 million), revenues from money lending business of HK$7.8 million (2018: HK$7.8 million), and revenues from securities investment and trading business of HK$136.4 million (2018: HK$137.3 million).

Although there was a decrease in revenues and net gain, gross profit during the year just slightly decreased by 2.7% to HK$442.9 million (2018: HK$455.2 million). Gross profit margin improved to 71.5% (2018: 60.3%), which was mainly due to the increase in proportion of revenues and net gain generated from securities investment and trading business which had a higher profit margin.

Other income and net gain slightly increased to HK$44.4 million (2018: HK$41.4 million) and a breakdown is shown in note 5A on page 16 of this report. Fair value gain on transfer of properties from properties for sale to investment properties for the current year amounted to HK$6.3 million (2018: HK$481.8 million) which represented the fair value gain on transfer of properties in the People's Republic of China (the "PRC") (2018: properties in Hong Kong, the PRC and Taiwan).

Gain on disposal of subsidiaries for the current financial year was HK$461.2 million which was related to the disposal of the subsidiaries that held a property located at No. 15 Gough Hill Road, The Peak, Hong Kong as announced by the Company on 28 February 2019, whereas the amount for the last financial year was HK$363.2 million which was related to the disposal of Midas.

Gain from change in fair value of investment properties of the Group amounted to HK$1,108.2 million (2018: HK$822.9 million), mainly reflecting the continued improvement in property prices of our investment properties during the year, of which HK$140.5 million was related to No. 15 Gough Hill Road, The Peak which was disposed of by the Group during the year.

On the costs side, selling and marketing expenses increased to HK$56.8 million (2018: HK$44.4 million) which was mainly due to the marketing of the pre-sale of The Esplanade in Tuen Mun, Hong Kong by Chuang's China Investments Limited ("Chuang's China"). Administrative and other operating expenses slightly increased to HK$476.1 million (2018: HK$473.7 million) mainly due to the general increase in overheads and business activities of the Group. Finance costs increased to HK$184.8 million (2018: HK$124.9 million) due to the increased level of bank borrowings of the Group and the increase in interest rates. Share of results of associated companies and joint ventures amounted to HK$26.5 million (2018: HK$11.6 million) mainly due to the increase of operating profit of a joint venture and revaluation gain arising on its investment properties. Taxation amounted to HK$79.2 million (2018: HK$124.0 million) and was mainly related to the sales of properties recognized by the Group during the year and the deferred taxation which mainly about the change in fair value of investment properties.

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 6.5 HK cents (2018: 5.0 HK cents) per share for the year ended 31 March 2019. The final dividend, if approved, will be paid on or before 31 October 2019 to the shareholders whose names appear on the Company's register of members on 11 October 2019.

An interim dividend of 3.5 HK cents (2018: 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 10.0 HK cents (2018: 8.0 HK cents) per share, representing an increase of 25% over that of the last year. Total dividends paid and to be paid in respect of the current financial year will amount to HK$167.3 million (2018: HK$133.9 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 the 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$49.6 million. After upgrading the entire lift system with the installation of new lifts during the year, further renovation works on the main lobby have been commenced in May 2019 which will be completed within a few months. In parallel, the Group is exploring plans to have further renovation works on other parts of the property in order to improve its esthetics.

(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$56.1 million. With the opening of the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section, the Group will continue to review and reshuffle the tenant mix of the property in order to capture this market opportunity. Further renovation and upgrading works would be carried out when necessary.

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

The property is a commercial/industrial building 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.*. During the year, rental and other income from this property amounted to about HK$7.5 million. Currently, the property is for commercial (G/F to 3/F and 12/F) and industrial (4/F to 11/F) use. Building plans to redevelop the property into a commercial/residential property with a total GFA of about 35,280 *sq. ft.* have been approved by the Buildings Department. After taking into account the existing tenancy status and the prevailing market conditions, the Group will evaluate the best timing to carry out such redevelopment (if any). Meanwhile, the Group is exploring plans to upgrade the entrance and main lobby of the property in order to improve its esthetics for higher rental yield.

(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. During the year, rental and other income from this property amounted to about HK$10 million. Currently, internal decoration works are in progress in order to further upgrade the property.

(v) 1st to 3rd Floors of Peng Building, Luohu District, Shenzhen, the PRC (100% owned)

This property is located next to an exit of Honghu Station of Line 7, Shenzhen Metro, and it is for commercial use with a total gross area of about 5,318 *sq. m.*. Currently, the property is subject to a rental guarantee from the vendor of the property for 36 months starting from November 2018 at HK$1.8 million per month, and the Group has already received from the vendor about HK$7.9 million up to the year end date. Meanwhile, the Group is also exploring other options (including disposal) in order to realize the potential value of this investment.

(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 and restaurants at the ground floor and the first floor. Total revenues from the hotel during the year amounted to about HK$109.2 million (2018: HK$90.5 million, excluding food and beverage income), which comprised room revenues of HK$98.9 million (2018: HK$83.7 million) and rental income from the shopping units and restaurants of HK$10.3 million (2018: HK$6.8 million).

During the year under review, the Group has continued with its operation strategy to 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 5% from that of the last corresponding year to about HK$800, while the average occupancy rate increased by 6% to about 86% in the current year. The hotel operation (excluding the rental income) achieved a better result with an earning before interest, tax, depreciation and amortization amounted to about HK$39.9 million for this year (2018: HK$31.6 million), representing an increase of about 26% comparing to that of the last corresponding year. In view of the emerging trade-war negative impacts and the uncertain economic environment, the Group would place more focus on deploying various cost reduction measures while maintaining efficiency and service standard so as to preserve its competitiveness.

(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 under review, with the completion of the renovation works to upgrade the hotel rooms, the villas and the facilities, together with the opening of a new restaurant and a new swimming pool, the average room rate of the hotel improved by about 4% to about PHP3,280, whereas the average occupancy rate increased by 6% to about 80% in the current year. Total revenues from the resort during the year amounted to about HK$35.3 million (2018: HK$30.9 million), which comprised room revenues of HK$23.2 million (2018: HK$21.3 million), and food and beverage income of HK$12.1 million (2018: HK$9.6 million). Profit of the resort for the year amounted to about HK$11.2 million (2018: HK$8.6 million), and the Group's share of 40% was about HK$4.5 million (2018: HK$3.4 million) which was improved by about 32% from that of the last corresponding year. Since the new airport has opened recently with more international flights to Cebu, and the third bridge from Mandaue City to Mactan Island will be completed in the coming years, the Group has intention to add more rooms in the resort to reach a total 200 rooms.

(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). The Group still owns 18 residential units of this property operating as serviced apartments. Rental income from the serviced apartments during the year amounted to approximately HK$3.8 million. The Group believes that the rental yield and capital value of these serviced apartments will be further enhanced with the opening of the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section.

(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, most of 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$1.6 million.

(v) sáv Plaza (previously known as 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 19-storey serviced apartment comprising 142 units with clubhouse facilities and retails at ground floor with a total GFA of about 19,000 *sq. m.*, and 47 carparking spaces will be developed. Superstructure works have been topped off and internal and external finishing works are nearly completed. Application for the issuance of occupation permit of the project has recently been made to the relevant authorities. Marketing works for leasing have been commenced.

(vi) Barangay Buenavista, Ulugan Bay, Puerto Princesa City, Palawan, Philippines

The Group has acquired a property interests at the southeast side of Ulugan Bay, Puerto Princesa City in Palawan during the year, and it is close to the Puerto Princesa Subterranean River National Park which is one of the "New 7 Wonders of Nature". The freehold land has a site area of about 71,464 *sq. m.* and enjoys a sea frontage. The Group intends to develop a sustainable resort complex with hotels and villas, together with its own private beach, swimming pool and abundant diving facilities. The Group is now undergoing detailed study on the development scheme for the site and preparing a master layout plan.

(vii) Island One, Busuanga, San Jose, Coron, Palawan, Philippines

During the year under review, the Group entered into a memorandum of understanding with an independent third party for the formation of a joint venture of another Palawan project with an initial investment commitment of about US$7.7 million. The project is located along the shoreline of Maricaban within the Coron Province of Palawan. It is a freehold land with a site area of about 95,775 *sq. m.*, together with an adjacent site of about 42,900 *sq. m.* which has been reserved, making up a total of about 138,675 *sq. m.*. It is currently planned as a resort complex, comprising hotels, bungalows, water villas and a marina club. The resort complex will be developed in five phases.

(C) Development Properties

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

On 9 June 2016, the Group entered into a sale and purchase agreement (the "SP Agreement") with an independent third party (the "Buyer") for the disposal of the property holding subsidiary that held this property for a consideration of HK$2.1 billion (subject to adjustment). The consideration would 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 ("Peng Building" as mentioned above) to the Group. Details of the disposal were set out in the circular of the Company dated 20 July 2016.

On 26 November 2018, the Group entered into a supplemental agreement (the "Supplemental Agreement") with the Buyer to amend certain terms of the SP Agreement. According to the terms of the Supplemental Agreement, the Group is not required to carry out any fittings and finishes works after obtaining the occupation permit of the project and thus the consideration is reduced by HK$70 million accordingly. Details of the Supplemental Agreement were set out in the announcement of the Company dated 26 November 2018.

The redevelopment of No. 15 Gough Hill Road, The Peak, into a single house with unique architectural design was completed during the year with the occupation permit of the project issued on 30 January 2019.

On 28 February 2019, the Group received the entire balance of consideration of about HK$980 million from the Buyer, and completed the disposal of the subsidiaries that held this property. A net gain on disposal of approximately HK$461.2 million was recorded by the Group in the current financial year.

(ii) Nos. 16-20 Gage Street, Central, Hong Kong (87.5% to 100% owned)

The Group has already acquired full ownership of No. 20 Gage Street, and about 83% and 81% ownership of No. 16 and No. 18 Gage Street respectively before the submission of the application for the compulsory acquisition in March 2019. In parallel, the Group has successfully acquired some more units by private treaty after such application, making the current ownership to be 88.9% and 87.5% for No. 16 and No. 18 Gage Street respectively up to the date of this report. In order to speed up the whole site acquisition, the Group will continue to take steps to acquire the remaining units by private treaty while the compulsory acquisition is in progress.

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. Currently, the Group is studying the master layout plan and architectural design of the project. Meanwhile, the Group is also evaluating the benefits and the possibility of developing the property to an office building as there is a strong demand for such kind of usage nearby. With the prime location at Central, 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. Two sets of building plans to develop the property into (1) two semi-detached residences (left/right) with GFA of about 40,662 *sq. ft.*, and (2) a single residence with GFA of about 47,871 *sq. ft.*, have been approved by the Buildings Department respectively. 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 are in progress and are expected to be completed by 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. General building plans have been approved by the relevant authorities. Site formation and foundation works have been commenced and are expected to be completed in the first half of 2020. It is expected that pre-sale of this project will be commenced in June 2020 upon the grant of the pre-sale consent by the relevant authorities.

(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.*, comprising office units and carparking spaces with shopping units at the podium levels will be developed, and upon completion, the property will become the highest office building in Mongolia. Superstructure works have been topped off and the Group will monitor the progress of the internal and external finishing works. Marketing works for leasing have been commenced.

(vi) *Greenview Garden, Thu Duc District, Ho Chi Minh City, Vietnam (100% owned)*

The project covers a site area of about 20,200 *sq. m.* and it is planned that a commercial/residential complex with GFA of about 91,000 *sq. m.* will be developed on the site. The Group has commenced the site leveling works for the development of Phase I of this project to a commercial/residential building with GFA of about 17,340 *sq. m.*. Meanwhile, the Group is also exploring other options (including disposal) to accelerate return on investment in this project.

(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 2019, the Chuang's China Group recorded profit attributable to equity holders of HK$167.8 million (2018: HK$279.9 million) and revenues of HK$199.8 million (2018: HK$174.3 million) (which comprised revenues from sales of properties in the PRC of HK$71.4 million (2018: HK$59.2 million), revenues from rental and management fee of HK$71.1 million (2018: HK$52.1 million), revenues from cemetery assets of HK$14.4 million (2018: HK$16.0 million) and revenues from securities investment and trading income of HK$42.9 million (2018: HK$44.8 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.*. Application for occupation permit has been submitted recently and is expected to be obtained in coming months.

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 years. The tenancy is expected to commence in the second half of 2019. 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.

As at 31 March 2019, this project was recorded in the Chuang's China Group's financial statements based on valuation of about HK$690.3 million. On a full completion basis, market value of this project amounted to approximately RMB722 million (equivalent to approximately HK$843 million), comprising RMB287 million for the commercial podium and RMB435 million for the twin tower. Based on an estimated rental income of about RMB25 million per annum, Chuang's Mid-town will generate a rental yield of 3.5% based on market value.

2. Hotel and resort villas in Xiamen, Fujian (59.5% owned by Chuang's China)

   The Chuang's China Group developed 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 2019, the properties were recorded based on valuation of RMB447.8 million (comprising RMB185.7 million for the hotel and RMB262.1 million for the 30 villas). The valuation attributable to the Chuang's China Group was about RMB266.4 million (equivalent to approximately HK$311.0 million), whereas the total investment costs of the Chuang's China Group are about HK$194 million.

   The hotel building and 30 villas are fully leased. The hotel building together with 3 villas are leased to 厦門佲家鷺江酒店 and is operated as "鷺江 • 佲家酒店" (Mega Lujiang Hotel). The remaining 27 villas are leased to independent third parties, of which 21 villas is operated as "亞朵S酒店" (Atour S Hotel). On the basis of the aggregate rental income of about RMB25.9 million per annum, the rental yield is approximately 5.8% based on valuation.

3. 22 villas and commercial property 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 holds 22 villas (GFA of approximately 6,987 *sq. m.*) for rental purpose. As at 31 March 2019, the 22 villas were recorded at valuation of RMB246.4 million (equivalent to approximately HK$287.6 million). Marketing is in progress for leasing of the 22 villas.

   In addition, the Chuang's China Group also holds a commercial property (with GFA of approximately 809 *sq. m.*) in Guangzhou. It was leased to an independent third party during the year, and generates steady rental income at rental yield of about 3.7% based on the valuation of RMB8.9 million (equivalent to approximately HK$10.4 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. As at 31 March 2019, valuation of the property was RMB36.4 million (equivalent to approximately HK$42.5 million). Marketing for leasing the property for recurring rental income is in progress.

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 2019, the property was recorded at valuation of GBP104.0 million (equivalent to approximately HK$1,063.9 million), representing an increase of about 31.6% 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$41.8 million), representing a rental yield of approximately 4% based on valuation. Although investors adopted the "wait-and-see" attitude under the overhang of the Brexit, the Chuang's China Group is confident that potential investors will be attracted by the prime location of 10 Fenchurch Street, and the Chuang's China Group will adopt appropriate strategy to dispose of this investment.

6. Wisma Chuang (previously known as Central Plaza), Jalan Sultan Ismail, Kuala Lumpur, Malaysia (100% owned by Chuang's China)

   Wisma Chuang is located within the prime city centre, situated right next to the landmark shopping complex, Pavilion KL, the heart of central business district and prestigious shopping area of Kuala Lumpur. It is built on a freehold land and is a 29-storey high rise office building having retail and office spaces of approximately 254,000 *sq. ft.* (on total net lettable area basis is approximately 195,000 *sq. ft.*) and 298 carparking spaces. As at 31 March 2019, the valuation of this property was MYR177.5 million (equivalent to approximately HK$341.3 million), which represents an average value of approximately MYR910 (equivalent to approximately HK$1,750) per *sq. ft.* of net lettable retail and office area.

   Wisma Chuang is leased to multi tenants with an occupancy rate of approximately 70%, and annual rental income is approximately MYR6.8 million (equivalent to approximately HK$13.0 million), representing a rental yield of approximately 3.8% 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 identify suitable opportunities to expand on investment properties portfolio to enhance the Chuang's China Group's recurring and steady income.

(ii) Property Development

1. The Esplanade, Yip Wong Road, Tuen Mun, New Territories, Hong Kong (100% owned by Chuang's China)

   The Esplanade has a site area of about 26,135 *sq. ft.* and has a developable GFA of 117,089 *sq. ft.* for residential purpose and 25,813 *sq. ft.* for commercial purpose with 47 carparking spaces. It is located along the riverside recreation park, overlooking Tuen Mun River. Along the promenade right in front of the site, it is within leisure walking distance to the nearby landmark commercial mall. Exterior works and interior works are in progress. It is expected that occupation permit will be obtained in the fourth quarter of 2019, and the handover to end-buyers in or before July 2020.

   The Esplanade comprises a two-storey commercial podium, a clubhouse and a 20-storey residential building, totalling 371 residential flats, which provides 233 studio, 97 one-bedroom, 39 two-bedrooms and 2 three-bedrooms. The estimated total sales proceeds of the residential properties will amount to about HK$1,714.6 million.

   Pre-sales of the residential properties were progressing satisfactorily. Up-to-date, a total of 352 units have been pre-sold at aggregate amount of about HK$1,571.1 million. These contracted sales will be recognized as revenues in the Chuang's China Group's financial statement when the properties are handed-over to end-buyers. Up to the date hereof, aggregate deposits amounted to HK$461.4 million have been received, and additional deposits of HK$990.8 million are expected to be received before the end of September 2019, whereas the remaining balance of HK$118.9 million will be received between October 2019 and completion of the sales. The Chuang's China Group intends to hold the commercial properties with total GFA of 25,813 *sq. ft.* for investment purpose.

2. A property development site, Hong Kong (100% owned by Chuang's China)

   Subsequent to the year-end date, the Chuang's China Group acquired a property site at a consideration of about HK$455.0 million. The property has a site area of about 4,320 *sq. ft.* and has a developable GFA of about 39,767 *sq. ft.*. It is expected that completion of the acquisition will be in July 2019.

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

   The residential flats of Phase I and II have largely been sold. During the year under review, four residential duplex and 269 carparks were sold. Currently, there remains 2 duplex of about RMB10 million (equivalent to approximately HK$11 million) and 572 carparks of about RMB72 million (equivalent to approximately HK$84 million) available for sale.

   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, while other options (including disposal) will be explored to accelerate capital return on investment in this project.

4. 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 RMB6.8 million per annum. As at 31 March 2019, the property was recorded at valuation of RMB223.4 million (equivalent to approximately HK$260.8 million). On the basis of the annual rental income, the rental yield is approximately 3.0% based on valuation.

   This site has been rezoned to "residential usage", and the location of this property in Changan is strategical to benefit from the Guangdong-Hong Kong-Macao Greater Bay Area. The 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. The Chuang's China Group will also consider disposal of the property when suitable opportunities arise.

5. 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.

6. Changsha, Hunan (69% owned by Chuang's China)

   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$25.2 million (including shareholder's loan of about HK$3.6 million) as at 31 March 2019. The business license of the PRC project subsidiary has expired since 2012, and thus normal operation has halted. The Chuang's China Group has made keen efforts to reactivate the business license but was opposed by the minority shareholders. During the year under review, the Chuang's China Group has obtained ruling by the court of first instance for the grant of the winding up of the PRC project company. However, an appeal for such ruling was made by the minority shareholder and is now awaiting for the hearing dates to be affixed by the appeal court. Further announcement(s) about the legal proceeding will be made by Chuang's China as and when appropriate.

   As announced on 9 November 2018 by Chuang's China, Chuang's China received an official civil complaint (the "Complaint") from the minority shareholder of the PRC project company against Chuang's China and an executive director of Chuang's China. As further announced on 26 June 2019 by Chuang's China, the Complaint was heard by 湖南省高級人民法院 (Hunan Province Higher People's Court#) and the Complaint has been dismissed.

7. Chengdu, Sichuan (51% owned by Chuang's China)

   The Chuang's China Group holds a 51% development interest in a project in Wuhou District, Chengdu. As at 31 March 2019, the Chuang's China Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK$171.4 million). The Chuang's China Group has launched legal proceedings since May 2016, seeking for court ruling to unwind this joint venture project. The court has conducted several hearings on the case, while judgement has yet to be handed down. As announced on 1 June 2018, the claims under the legal proceedings launched by the Chuang's China Group was increased to approximately RMB559 million (equivalent to approximately HK$653 million). Further announcement(s) about the legal proceeding will be made by the Company as and when appropriate.

English translation only

8. Fortune Wealth, Sihui, Guangdong (86% 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 2019, the book cost of this project (including non-controlling interests) was about RMB629.2 million (equivalent to approximately HK$734.5 million), whereas the market valuation was about RMB941.3 million (equivalent to approximately HK$1,098.9 million) as at 31 March 2019.

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

   On the sale aspects, Fortune Wealth has full license for sale not only in the PRC, but also includes overseas Chinese as well as residents of Hong Kong, Macau and Taiwan. As at 31 March 2019, about 3,643 grave plots and 537 niches were available for sale. Fortune Wealth will review its sales and marketing strategy and will take more proactive steps in its brand building and customer services.

(iii) Investments in CNT Group Limited ("CNT") and CPM Group Limited ("CPM")

As at the date hereof, the Chuang's China Group owns about 19.2% interests in CNT and about 0.6% interests in CPM, both of them are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). CNT and its subsidiaries are principally engaged in the property business, and through its 75% owned subsidiary, CPM, is principally engaged in the manufacture and sale of paint products under its own brand names with focus on the PRC market.

With reference to the respective closing share prices of CNT and CPM as at 31 March 2019 of HK$0.32 (31 March 2018: HK$0.43) and HK$0.5 (31 March 2018: HK$0.52), the aggregate book value of the Chuang's China Group's investments in CNT and CPM decreased to about HK$119.9 million (31 March 2018: HK$160.1 million). The loss in book value is accounted for as "Reserve" in the financial statements.

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

(E) 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$59.8 million (2018: HK$65.2 million), and incurred a loss of HK$4.9 million (2018: HK$3.2 million). In order to enhance the revenues and restore the business to profitability, Sintex has taken steps to broaden its customer bases through e-commerce sale, revamp its brand and image, and further evaluate the effectiveness of its retail stores by reorganizing the retail store portfolio.

(ii) Securities Investment and Trading

During the year, securities investment and trading business of the Group recorded dividend and interest income from investments of HK$134.3 million, net realized loss on disposal of investments of HK$5.2 million, and unrealized fair value loss on investments of HK$3.8 million as a result of mark to market valuations as at the balance sheet date.

As at 31 March 2019, investments of the Group amounted to HK$2,146.1 million (HK$1,466.4 million were held by the wholly-owned subsidiaries of the Group and HK$679.7 million were held by the Chuang's China Group), and comprised as to HK$2,079.5 million for investments in high yield bonds, HK$2.1 million for investments in securities listed on the Stock Exchange and the balance of HK$64.5 million for other investments in some FinTech companies, venture capital and funds which are not listed in the markets. The recent uncertain political and economic environment had asserted downward pressure on the prices of the bonds held by the Group, which may offset the high interest income generated. The Group will closely monitor the performance of the investment portfolio in light of the monetary environment and with reference to the Group's financial position.

Set out below is further information of the investments of the Group as at 31 March 2019:

(a) Bonds investments

Stock code	Bond issuer	Face value of bonds held as at 31 March 2019	Market value as at 31 March 2019	Percentage of market value to the Group's total assets as at 31 March 2019	Interest income for the year ended 31 March 2019	Fair value gain/(loss) for the year ended 31 March 2019
		US$'000	*HK$'000*		*HK$'000*	*HK$'000*
846	Mingfa Group (International) Company Limited (15%, due 2020)	40,000	323,812	1.4%	–	10,053
1638	Kaisa Group Holdings Limited			0.2%		
	(a) 8.5%, due 2022	4,400	32,775		2,932	(583)
	(b) 11.75%, due 2021	2,000	16,173		–	466
1813	KWG Group Holdings Limited			0.5%		
	(a) 6%, due 2022	10,000	79,157		4,706	1,127
	(b) 7.875%, due 2023	5,000	40,300		–	15
2007	Country Garden Holdings Company Limited			1.5%		
	(a) 4.75%, due 2023	10,000	75,071		3,724	(1,548)
	(b) 5.625%, due 2026	34,000	269,805		14,985	(4,826)
2777	Easy Tactic Limited, a wholly- owned subsidiary of Guangzhou R&F Properties Co., Ltd			1.8%		
	(a) 5.75%, due 2022	51,000	396,198		22,773	6,246
	(b) 8.875%, due 2021	2,000	16,530		697	927
3333	China Evergrande Group			2.3%		
	(a) 7%, due 2020	12,000	93,832		3,296	(1,309)
	(b) 7.5%, due 2023	10,743	81,303		6,316	(3,117)
	(c) 8.25%, due 2022	39,200	302,958		22,744	(10,437)
	(d) 8.75%, due 2025	4,714	35,845		3,233	(2,074)
3380	Logan Property Holdings Company Limited			0.4%		
	(a) 6.875%, due 2021	4,000	32,771		1,077	1,503
	(b) 7.5%, due 2022	5,000	40,826		–	1,468
	(c) 8.75%, due 2020	2,000	16,827		–	(127)

Stock code	Bond issuer	Face value of bonds held as at 31 March 2019	Market value as at 31 March 2019	Percentage of market value to the Group's total assets as at 31 March 2019	Interest income for the year ended 31 March 2019	Fair value gain/(loss) for the year ended 31 March 2019
		US$'000	*HK$'000*		*HK$'000*	*HK$'000*
3383	Agile Group Holdings Limited			0.4%		
	(a) 5.125%, due 2022	10,000	77,394		4,021	(881)
	(b) 6.7%, due 2022	1,800	14,464		–	327
600606	Greenland Global Investment Limited, a wholly-owned subsidiary of Greenland Holdings Corporation Limited (5.25%, due 2021)	4,300	33,635	0.2%	1,771	22
N/A	Guangxi Financial Investment Group Co., Limited (5.75%, due 2021)	13,000	99,802	0.5%	5,832	(1,670)
	Bonds redeemed/disposed of during the year	–	–	–	35,120	–
		265,157	2,079,478	9.2%	133,227	(4,418)

(b) Securities investments

Stock code	Investee company	Number of shares held as at 31 March 2019	Market value as at 31 March 2019	Percentage of market value to the Group's total assets as at 31 March 2019	Dividend income for the year ended 31 March 2019	Fair value loss for the year ended 31 March 2019
			HK$'000		*HK$'000*	*HK$'000*
276	Mongolia Energy Corporation Limited	4,349,500	622	0.01%	–	(144)
8439	Somerley Capital Holdings Limited	912,000	1,523	0.01%	31	(191)
	Securities disposed of during the year		–	–	1,077	–
			2,145	0.02%	1,108	(335)

(c) Brief description of principal business of the respective bond issuers and investee companies held as at 31 March 2019:

Name of company	Principal business
Mingfa Group (International) Company Limited	Property development, property investment, property construction and hotel operation
Kaisa Group Holdings Limited	Property development, property investment, property management, hotel and catering operations
KWG Group Holdings 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., Ltd	Development and sale of properties, property investment, hotel operations and other property development related services
China Evergrande Group	Property development, property investment, property management, hotel operations, finance business, internet business and health industry business
Logan Property Holdings Company Limited	Property development, property investment, construction and decoration and primary land development
Agile Group Holdings Limited	Property development, property investment, hotel operations, property management and environmental protection
Greenland Holdings Corporation Limited	Property development, property investment, construction and hotel operation
Guangxi Financial Investment Group Co., Limited	Provision of micro and small loans, credit guarantees, property insurance, financing leasing 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

The Group had advanced loans to customers during the year. Revenues generated from this business during the year amounted to HK$7.8 million (2018: HK$7.8 million). As at 31 March 2019, outstanding amount of loans due from customers amounted to HK$174.5 million, which were mainly related to mortgage loans.

FINANCIAL POSITION

Net asset value

As at 31 March 2019, net assets attributable to equity holders of the Company was HK$12,102.2 million (2018: HK$11,152.1 million). Net asset value per share was HK$7.24 (2018: HK$6.67), 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 2019, the Group's cash, bank balances and investments held for trading amounted to HK$5,638.4 million (2018: HK$3,932.8 million). Bank borrowings as at the same date amounted to HK$7,307.5 million (2018: HK$6,421.2 million). The Group's net debt to equity ratio, expressed as a percentage of bank borrowings net of cash, bank balances and investments held for trading over net assets attributable to equity holders of the Company, was 13.8% (2018: 22.3%).

Approximately 95.7% of the Group's cash, bank balances and investments held for trading were denominated in Hong Kong dollar and United States dollar, 3.5% were in Renminbi and the balance of 0.8% were in other currencies. Approximately 91.1% of the Group's bank borrowings were denominated in Hong Kong dollar, 6.9% were in British Pound Sterling and the balance of 2.0% 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 19.8% of the Group's bank borrowings were repayable within the first year, 11.6% were repayable within the second year, 66.1% were repayable within the third to fifth years and the balance of 2.5% were repayable after the fifth year.

Foreign exchange risk

As disclosed in the "Business Review" section of this report, 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 year, the Group had successfully completed the disposal of No. 15 Gough Hill Road, The Peak, Hong Kong and received the remaining sale proceeds of about HK$980 million in cash before the financial year ended 31 March 2019. Such cash proceeds would enable the Group to increase its working capital, improve its liquidity and strengthen the overall financial position, as well as to enhance its future development and investment capability. With the uncertainty in the current economic environment, although the Group may need more time to execute its strategy to realize investments in properties, it has provided a good opportunity to facilitate the Group in replenishing its land bank through acquisitions or site amalgamation. At the same time, the Group will keep focusing on and improving its performance on its principal business and operation in order to maintain its competitiveness and strengthen its base of profitability.

Moving forward, 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 stored 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 Friday, 27 September 2019. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 24 September 2019 to Friday, 27 September 2019, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 23 September 2019.

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 Friday, 11 October 2019. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 8 October 2019 to Friday, 11 October 2019, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 4 October 2019.

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 2019, the Group (excluding the Chuang's China Group) employed 307 staff and the Chuang's China Group employed 170 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

DEALING IN THE COMPANY'S SECURITIES

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

CORPORATE GOVERNANCE

Due to other commitments, three Independent Non-Executive Directors had not attended the 2018 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 2019 with the code provisions set out in the CG Code.

An audit committee has been established by the Company to review and supervise the Company's financial reporting process, risk management and internal controls and review the relationship with the auditor. The audit committee has held meetings in accordance with the relevant requirements and reviewed the consolidated results of the Group for the year ended 31 March 2019. 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 2019 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 2019 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, 27 June 2019

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.