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

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2020

The board of Directors (the "Board") of Chuang's China Investments Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively as the "Group") for the year ended 31 March 2020 as follows:

BUSINESS HIGHLIGHTS FOR THE YEAR ENDED 31 MARCH 2020

- The Group has successfully entered into an agreement with an independent third party to dispose of the property holding company that holds the investment property in the United Kingdom for approximately GBP94.2 million (equivalent to approximately HK$909.2 million). The transaction is expected to be completed around the end of August 2020 and the net cash proceeds to be received is approximately GBP45.6 million (equivalent to approximately HK$440.0 million).

- Pre-sale of The Esplanade in Tuen Mun, Hong Kong has commenced with satisfactory results, and the residential units have largely been pre-sold. Up to the date of this report, out of the total 371 residential units, 364 units have been pre-sold with only 7 units left. The aggregate sales value of those pre-sold residential units and 3 carparking spaces is about HK$1,641.5 million. Approximately HK$1,552.5 million sales deposits have been received up to the date hereof, and the remaining balance is expected to be received on or before completion of sales.

  The construction works of The Esplanade have been completed. Occupation permit has been obtained in January 2020, and the Group is in the course of fulfilling the procedures to obtain the certificate of compliance. Handover of the units to end-buyers is targeted to be in the third quarter of 2020, and the Group can then recognize the sales as revenues in the financial statements accordingly.

- The Group has replenished its land bank in Hong Kong with the completion of the acquisition of a property site at a consideration of about HK$455.0 million in July 2019. The property has a site area of about 4,320 *sq. ft.* and has a developable GFA of about 39,767 *sq. ft.*. Negotiation is on-going with a few tenants for the delivery of vacant possession of the property. Hoarding and demolition plans have been submitted to the relevant authorities for approval.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Revenues	3	**177,523**	199,816
Cost of sales		**(44,384)**	(60,481)
Gross profit		**133,139**	139,335
Other income and net (loss)/gain	5	**(51,058)**	4,743
Selling and marketing expenses		**(27,212)**	(37,520)
Administrative and other operating expenses		**(125,084)**	(163,574)
Change in fair value of investment properties		**(25,793)**	363,780
Operating (loss)/profit	6	**(96,008)**	306,764
Finance costs	7	**(73,957)**	(54,279)
Share of results of associated companies		**(1,139)**	(1,999)
Share of result of a joint venture	8	**11,049**	24,019
(Loss)/profit before taxation		**(160,055)**	274,505
Taxation	9	**(29,840)**	(106,993)
(Loss)/profit for the year		**(189,895)**	167,512
Attributable to:			
Equity holders		**(192,355)**	167,842
Non-controlling interests		**2,460**	(330)
		(189,895)	167,512
		HK cents	*HK cents*
(Loss)/earnings per share (basic and diluted)	11	**(8.19)**	7.15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(189,895)**	167,512
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	**(227,194)**	(191,474)
Share of exchange reserve of a joint venture	**(15,538)**	(10,043)
Total other comprehensive loss that may be reclassified subsequently to profit and loss	**(242,732)**	(201,517)
Item that may not be reclassified subsequently to profit and loss:		
Change in fair value of financial assets at fair value through other comprehensive income	**(4,178)**	(40,244)
Total other comprehensive loss for the year	**(246,910)**	(241,761)
Total comprehensive loss for the year	**(436,805)**	(74,249)
Total comprehensive loss attributable to:		
Equity holders	**(436,242)**	(66,901)
Non-controlling interests	**(563)**	(7,348)
	(436,805)	(74,249)

CONSOLIDATED BALANCE SHEET
As at 31 March 2020

	Note	**2020** **HK$'000**	2019 HK$'000
Non-current assets			
Property, plant and equipment		**59,430**	44,681
Investment properties		**2,608,396**	2,733,601
Right-of-use assets		**1,865**	–
Land use rights		**–**	1,721
Properties for/under development		**137,253**	146,494
Cemetery assets		**276,396**	299,418
Associated companies		**3,908**	15,723
Joint venture		**340,911**	366,587
Financial assets at fair value through other comprehensive income		**128,730**	131,570
Loans and receivables and other deposits		**207,895**	207,690
Deferred taxation assets		**1,554**	–
		3,766,338	3,947,485
Current assets			
Properties for sale		**2,162,230**	1,287,349
Cemetery assets		**723,987**	782,306
Inventories		**49,795**	51,865
Debtors and prepayments	*12*	**147,120**	83,318
Financial assets at fair value through profit or loss		**757,675**	679,694
Cash and bank balances		**703,794**	919,502
		4,544,601	3,804,034
Current liabilities			
Creditors and accruals	*13*	**229,448**	210,625
Sales deposits received		**1,552,356**	343,153
Short-term bank borrowings		**80,351**	216,955
Current portion of long-term bank borrowings		**514,352**	878,203
Taxation payable		**223,657**	219,656
		2,600,164	1,868,592
Net current assets		**1,944,437**	1,935,442
Total assets less current liabilities		**5,710,775**	5,882,927

	2020	2019
	HK$'000	*HK$'000*
Equity		
Share capital	**117,442**	117,442
Reserves	**3,652,212**	4,135,431
Shareholders' funds	**3,769,654**	4,252,873
Non-controlling interests	**107,319**	114,090
Total equity	**3,876,973**	4,366,963
Non-current liabilities		
Long-term bank borrowings	**1,306,272**	986,178
Deferred taxation liabilities	**445,746**	468,181
Loans and payables with non-controlling interests	**47,472**	24,879
Other non-current liabilities	**34,312**	36,726
	1,833,802	1,515,964
	5,710,775	5,882,927

NOTES:

1. GENERAL INFORMATION

Chuang's China Investments Limited (the "Company") is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is 25th Floor, Alexandra House, 18 Chater Road, Central.

As at 31 March 2020, the Company was a 60.7% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The board of Directors (the "Board") regards CCIL as the ultimate holding company.

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property development, investment and trading, hotel operation and management, development and operation of cemetery, sales of goods and merchandises (including art pieces), and securities investment and trading.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, 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 standard, amendments to standards and new interpretation

For the financial year ended 31 March 2020, the Group adopted the following new standard, amendments to standards and new interpretation that are effective for the accounting periods beginning on or after 1 April 2019 and relevant to the operations of the Group:

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

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

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

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

HKAS 1 and HKAS 8 (Amendments)	Definition of Material (effective from 1 January 2020)
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Hedge Accounting (effective from 1 January 2020)
HKFRS 3 (Amendment)	Definition of a Business (effective from 1 January 2020)
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (no mandatory effective date)
HKFRS 16 (Amendment)	Covid-19 – Related Rent Concessions (effective from 1 June 2020)
HKFRS 17	Insurance Contracts (effective from 1 January 2021)
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting (effective from 1 January 2020)

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

(iii) Changes in accounting policies

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

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

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

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

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

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

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

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

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

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

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

3. REVENUES

Revenues recognized during the year are as follows:

	2020	2019
	HK$'000	*HK$'000*
Sales of properties	**42,429**	71,469
Rental income and management fees	**66,187**	71,087
Sales of cemetery assets	**21,252**	14,383
Sales of goods and merchandises	**2,170**	–
Interest income from financial assets at fair value through profit or loss	**45,485**	42,877
	177,523	199,816

4. **SEGMENT INFORMATION**

(a) Segment information by business lines

The chief operating decision maker (the "CODM") has been identified as the Executive Directors and senior management. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business from a business perspective, including property development, investment and trading, development and operation of cemetery, sales of goods and merchandises, securities investment and trading and others (including hotel operation and management). The CODM assesses the performance of the operating segments based on the measure of segment result.

The segment information by business lines is as follows:

	Property development, investment and trading *HK$'000*	Cemetery *HK$'000*	Sales of goods and merchandises *HK$'000*	Securities investment and trading *HK$'000*	Others and corporate *HK$'000*	2020 Total *HK$'000*
Revenues from contracts with customers:						
– Recognized at a point in time	42,429	21,252	2,170	–	–	65,851
Revenues from other sources	66,187	–	–	45,485	–	111,672
Revenues	108,616	21,252	2,170	45,485	–	177,523
Other income and net gain/(loss)	1,729	65	–	(68,165)	15,313	(51,058)
Operating (loss)/profit	(5,650)	3,513	21	(23,216)	(70,676)	(96,008)
Finance costs	(72,068)	–	–	(1,889)	–	(73,957)
Share of results of associated companies	–	–	–	–	(1,139)	(1,139)
Share of result of a joint venture	11,049	–	–	–	–	11,049
(Loss)/profit before taxation	(66,669)	3,513	21	(25,105)	(71,815)	(160,055)
Taxation (charge)/credit	(30,825)	1,406	–	(421)	–	(29,840)
(Loss)/profit for the year	(97,494)	4,919	21	(25,526)	(71,815)	(189,895)
Segment assets	5,533,103	1,043,104	50,252	758,206	581,455	7,966,120
Associated company	–	–	–	–	3,908	3,908
Joint venture	340,911	–	–	–	–	340,911
Total assets	5,874,014	1,043,104	50,252	758,206	585,363	8,310,939
Total liabilities	4,074,058	255,096	10	81,020	23,782	4,433,966
Other segment items are as follows:						
Capital expenditure	1,022,404	1,666	–	–	35,965	1,060,035
Depreciation of property, plant and equipment	9,895	656	105	–	11,118	21,774
Depreciation of right-of-use assets	3,465	87	–	–	–	3,552
Provision for impairment of trade debtors	462	–	–	–	–	462
Fair value loss of investment properties	25,793	–	–	–	–	25,793
Reversal of provision for impairment of other deposits	2,813	–	–	–	–	2,813

	Property development, investment and trading HK$'000	Cemetery HK$'000	Sales of goods and merchandises HK$'000	Securities investment and trading HK$'000	Others and corporate HK$'000	2019 Total HK$'000
Revenues from contracts with customers:						
– Recognized at a point in time	71,469	14,383	–	–	–	85,852
Revenues from other sources	71,087	–	–	42,877	–	113,964
Revenues	142,556	14,383	–	42,877	–	199,816
Other income and net gain/(loss)	6,944	155	120	(12,904)	10,428	4,743
Operating profit/(loss)	397,548	(3,275)	(246)	29,099	(116,362)	306,764
Finance costs	(54,274)	–	–	(5)	–	(54,279)
Share of results of associated companies	–	–	–	–	(1,999)	(1,999)
Share of result of a joint venture	24,019	–	–	–	–	24,019
Profit/(loss) before taxation	367,293	(3,275)	(246)	29,094	(118,361)	274,505
Taxation (charge)/credit	(107,986)	1,102	–	(109)	–	(106,993)
Profit/(loss) for the year	259,307	(2,173)	(246)	28,985	(118,361)	167,512
Segment assets	4,823,700	1,117,226	52,476	679,987	695,820	7,369,209
Associated companies	–	–	–	–	15,723	15,723
Joint venture	366,587	–	–	–	–	366,587
Total assets	5,190,287	1,117,226	52,476	679,987	711,543	7,751,519
Total liabilities	3,072,899	276,235	50	17,134	18,238	3,384,556
Other segment items are as follows:						
Capital expenditure	273,911	16,689	–	–	–	290,600
Depreciation of property, plant and equipment	4,450	801	105	–	10,153	15,509
Amortization of land use rights	–	59	–	–	–	59
Reversal of provision for impairment of properties for sale	997	–	–	–	–	997
Reversal of provision for impairment of trade debtors	–	1,885	–	–	–	1,885
Fair value gain on transfer of properties from properties for sale to investment properties	6,349	–	–	–	–	6,349
Fair value gain of investment properties	363,780	–	–	–	–	363,780

(b) Geographical segment information

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

	Revenues		**Capital expenditure**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**48,951**	42,877	**916,971**	223,926
The People's Republic of China (the "PRC")	**72,201**	95,767	**142,343**	65,346
United Kingdom	**38,135**	42,710	**–**	–
Malaysia	**18,236**	18,462	**721**	1,328
	177,523	199,816	**1,060,035**	290,600

	Non-current assets *(Note)*		**Total assets**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**51,446**	46,820	**3,253,552**	2,428,642
The PRC	**2,116,939**	2,155,425	**3,748,515**	3,868,095
United Kingdom	**926,400**	1,063,920	**935,983**	1,075,077
Malaysia	**333,374**	342,060	**339,151**	345,173
Other countries	**–**	–	**33,738**	34,532
	3,428,159	3,608,225	**8,310,939**	7,751,519

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

5. OTHER INCOME AND NET (LOSS)/GAIN

	2020	2019
	HK$'000	*HK$'000*
Interest income from bank deposits	**10,984**	6,449
Dividend income from financial assets at fair value through other comprehensive income	**3,647**	4,924
Net realized loss of financial assets at fair value through profit or loss	**(487)**	(2,980)
Net fair value loss of financial assets at fair value through profit or loss	**(68,576)**	(10,488)
Fair value gain on transfer of properties from properties for sale to investment properties *(note)*	**–**	6,349
Forfeited deposits from sales of properties	**1,751**	–
Net loss on disposal of investment properties	**(2,127)**	–
Net gain on disposal of property, plant and equipment	**78**	3
Net exchange gain/(loss)	**139**	(477)
Others	**3,533**	963
	(51,058)	4,743

Note: During the year ended 31 March 2019, upon the change of intended use, the Group had transferred certain properties in the PRC from properties for sale to investment properties at aggregate fair value of RMB22.7 million (equivalent to approximately HK$26.5 million). Fair value gain on transfer of these properties of HK$6.3 million and the related deferred taxation of HK$1.6 million (note 9) were recorded respectively.

6. OPERATING (LOSS)/PROFIT

	2020	2019
	HK$'000	*HK$'000*
Operating (loss)/profit is stated after crediting:		
Reversal of provision for impairment of other deposits	**2,813**	–
Reversal of provision for impairment of properties for sale	**–**	997
Reversal of provision for impairment of trade debtors	**–**	1,885
and after charging:		
Amortization of land use rights	**–**	59
Cost of properties sold	**22,717**	43,686
Cost of cemetery assets sold	**8,466**	6,169
Cost of inventories sold	**2,070**	–
Depreciation of property, plant and equipment	**21,774**	15,509
Depreciation of right-of-use assets	**3,552**	–
Provision for impairment of trade debtors	**462**	–
Staff costs, including Directors' emoluments		
Wages and salaries	**50,342**	51,669
Retirement benefit costs	**2,497**	3,154

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest expenses of		
Bank borrowings	**84,752**	68,430
Lease liabilities	**71**	–
	84,823	68,430
Amounts capitalized into		
Investment properties	**–**	(2,604)
Properties under development	**(10,866)**	(11,547)
	(10,866)	(14,151)
	73,957	54,279

The capitalization rate applied to funds borrowed for the development of properties is 3.30% (2019: ranged from 3.63% to 8.08%) per annum.

8. SHARE OF RESULT OF A JOINT VENTURE

Share of result of a joint venture of HK$11,049,000 (2019: HK$24,019,000) in the consolidated income statement included the share of result of the joint venture for the year ended 31 March 2020 (2019: same, and also included the share of fair value gain of the investment properties (net of the related deferred taxation) of joint venture of HK$7,953,000). Rental income received by the joint venture from the non-wholly-owned subsidiary of the joint venture partner for the year ended 31 March 2020 amounted to approximately HK$12,463,000 (2019: HK$12,213,000) and was included in the "Share of result of a joint venture" in the consolidated income statement.

9. TAXATION

	2020	2019
	HK$'000	*HK$'000*
Current taxation		
PRC corporate income tax	**4,475**	5,546
PRC land appreciation tax	**19,396**	19,974
Overseas profit tax	**856**	503
Deferred taxation	**5,113**	80,970
	29,840	106,993

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the year (2019: Nil). PRC corporate income tax and overseas profits tax have been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC and the countries in which the Group operates respectively. PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures.

There was no taxation charge/credit of associated companies for the year ended 31 March 2020 (2019: Nil). In 2019, share of deferred taxation charge of the joint venture for the year ended 31 March 2019 of HK$2,651,000 was included in the consolidated income statement as "Share of result of a joint venture".

10. DIVIDEND

On 24 June 2020, the Board had resolved not to recommend the payment of a final dividend for the year ended 31 March 2020 (2019: 2.0 HK cents per share amounting to HK$46,977,000). No interim dividend (2019: 1.5 HK cents per share amounting to HK$35,233,000) was declared for the year ended 31 March 2020.

11. (LOSS)/EARNINGS PER SHARE

The calculation of the (loss)/earnings per share is based on the loss attributable to equity holders of HK$192,355,000 (2019: profit attributable to equity holders of HK$167,842,000) and the weighted average number of 2,348,835,316 (2019: 2,348,835,316) shares in issue during the year.

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

12. DEBTORS AND PREPAYMENTS

Receivables from sales of properties, cemetery assets as well as goods and merchandises are settled in accordance with the terms of respective contracts. Rental income and management fees are received in advance.

Trade debtors of the Group mainly represent the receivables from sales of properties and cemetery assets as well as rental income and management fees from investment properties. The aging analysis of trade debtors of the Group is as follows:

	2020	2019
	HK$'000	*HK$'000*
Below 30 days	**2,826**	2,863
31 to 60 days	**–**	121
61 to 90 days	**298**	143
Over 90 days	**8,410**	9,014
	11,534	12,141

Debtors and prepayments include net deposits of HK$5,158,000 (2019: HK$10,181,000) for acquisition of property projects, properties and right-of-use assets (2019: also including land use rights) after the accumulated provision for impairment of HK$8,459,000 (2019: HK$11,272,000) as at 31 March 2020. It also includes sales commission of HK$85,756,000 (2019: HK$15,697,000) which represent costs incurred to obtain property sale contracts. The Group has capitalized the amounts which will be amortized when the related revenue is recognized.

13. CREDITORS AND ACCRUALS

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

	2020	2019
	HK$'000	*HK$'000*
Below 30 days	**343**	854
31 to 60 days	**–**	48
Over 60 days	**275**	52
	618	954

Creditors and accruals include the construction cost payables and accruals of HK$138,264,000 (2019: HK$110,455,000) for the property and cemetery projects of the Group.

14. FINANCIAL GUARANTEES

As at 31 March 2020, the subsidiaries had provided guarantees of HK$32,428,000 (2019: HK$71,626,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

15. COMMITMENTS

As at 31 March 2020, the Group had commitments contracted but not provided for in respect of property projects and properties of HK$101,790,000 (2019: HK$480,019,000).

16. PLEDGE OF ASSETS

As at 31 March 2020, the Group had pledged certain assets, including investment properties, properties for sale and financial assets at fair value through profit or loss, with an aggregate carrying value of HK$1,927,224,000 (2019: HK$2,239,845,000), to secure banking facilities granted to the subsidiaries.

17. CAPITAL EXPENDITURE

For the year ended 31 March 2020, the Group incurred acquisition and development costs on property, plant and equipment of HK$37,511,000 (2019: HK$13,542,000), and property projects, properties, investment properties and cemetery assets of HK$1,022,524,000 (2019: HK$277,058,000).

18. RELATED PARTY TRANSACTION

On 7 May 2018, a wholly-owned subsidiary of the Company entered into a tenancy agreement with a wholly-owned subsidiary of CCIL for the lease of one basement floor at its investment property in Hong Kong for a term of two years from 7 May 2018 to 6 May 2020. Upon expiry, a short-term tenancy agreement for a period of 3 months from 7 May 2020 to 6 August 2020 has been entered into on the same terms. The premises are used as a sales office and show flat of the property project of the Group. Details of the transaction were announced by the Company on 7 May 2018. Total rental, management fee and license fee for the year ended 31 March 2020 amounted to approximately HK$4,804,000 (2019: HK$4,065,000).

19. EVENT AFTER THE REPORTING PERIOD

On 30 April 2020, an indirect wholly-owned subsidiary of the Group entered into a sale and purchase agreement with an independent third party to dispose of a property holding company which holds an investment property in the United Kingdom at a consideration of about GBP94.2 million (equivalent to approximately HK$909.2 million) (subject to adjustment). Deposit of about GBP9.4 million (equivalent to approximately HK$90.9 million) has been received in cash from the purchaser and is held by the Group's solicitors as stakeholder. The transaction was approved by the shareholders of the Company at its special general meeting held on 23 June 2020, and the transaction is expected to be completed around the end of August 2020. Details of the transaction were announced by the Company on 3 May 2020, and published in the circular of the Company on 3 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS REVIEW

Up to the date hereof, the Group achieved contracted sales of property development in Hong Kong which have not yet recognized as revenues amounted to about HK$1,641.5 million. For the year ended 31 March 2020, the Group's revenues decreased by 11.2% to HK$177.5 million (2019: HK$199.8 million) as affected by the downturn in macro-economy, and comprised the following:

- rental and management fee income decreased by 6.9% to about HK$66.2 million (2019: HK$71.1 million), mainly due to the decrease in rental income recorded for the investment property in the United Kingdom (the "UK") when compared to the last corresponding year;

- sales of development properties decreased by 40.6% to about HK$42.4 million (2019: HK$71.4 million) mainly due to the decrease in sales in Guangzhou, the People's Republic of China (the "PRC");

- revenues from securities investment and trading increased by 6.1% to about HK$45.5 million (2019: HK$42.9 million), as a result of increase in the portfolio of bonds investment held by the Group comparing to the last corresponding year;

- sales of cemetery assets in the PRC increased by 47.2% to about HK$21.2 million (2019: HK$14.4 million) mainly due to the increase in number of grave plots sold during the year; and

- income from sales and trading business increased to about HK$2.2 million (2019: Nil).

During the year under review, gross profit decreased slightly by 4.5% to HK$133.1 million (2019: HK$139.3 million) mainly as a result of the decrease in revenues. The overall gross profit margin increased from 70% to 75% which was mainly due to the higher profit margin generated from both sales of development properties and cemetery assets businesses. The gross profit margin for each revenue segment is as follows:

	3/2020	3/2019
Rental and management fee income	**83%**	84%
Sales of development properties in the PRC	**46%**	40%
Revenues from securities investment and trading	**100%**	100%
Sales of cemetery assets	**60%**	57%

Other income and net loss recorded a loss of about HK$51.1 million for the current year (2019: net gain of HK$4.7 million), which mainly comprised interest income, dividend income and the fair value loss of bonds investments. The decrease during the year was principally due to the significant increase in unrealized fair value loss of bonds investment as compared to that of the last corresponding year. A breakdown of other income and net loss is shown in note 5 on page 11 of this announcement.

The Group recorded a loss on change in fair value of investment properties of HK$25.8 million (2019: a gain of HK$363.8 million), mainly due to the fair value loss recorded for the investment properties in the UK and in Guangzhou as a result of the decrease in property prices for these investment properties during the year. Share of result of a joint venture was HK$11.0 million (2019: HK$24.0 million), and the reduction was mainly due to absence of fair value gain as recorded in the last corresponding year.

On the costs side, selling and marketing expenses decreased by 27.5% to about HK$27.2 million (2019: HK$37.5 million) principally due to the decrease in marketing of The Esplanade in Tuen Mun, Hong Kong as compared to the last corresponding year. Administrative and other operating expenses decreased by 23.5% to about HK$125.1 million (2019: HK$163.6 million) as a result of general decrease in overhead and activities of the Group during the year under review.

Finance costs increased to HK$74.0 million (2019: HK$54.3 million) as a result of the increase in bank borrowings as well as the higher interest rates prevailing during the year. Share of loss of associated companies amounted to about HK$1.1 million (2019: HK$2.0 million). Taxation decreased to about HK$29.8 million (2019: HK$107.0 million) mainly due to the decrease in deferred taxation arising from the change in fair value of investment properties.

On the basis of the above, loss attributable to equity holders of the Company for the year ended 31 March 2020 amounted to HK$192.4 million (2019: profit of HK$167.8 million). Loss per share was 8.19 HK cents (2019: earnings per share was 7.15 HK cents).

DIVIDEND

In order to maintain a stronger cash position under the current uncertain business environment, the board of Directors (the "Board") has resolved not to recommend the payment of a final dividend for the year ended 31 March 2020 (2019: 2.0 HK cents per share). No interim dividend (2019: 1.5 HK cents per share) was declared in respect of the current year.

BUSINESS REVIEW

During the year under review, the property investment business of the Group is adversely affected by a drop in market value, as the macro-economic outlook and investment activities are put to a halt since the outbreak of Covid-19. Against this macro backdrop, the Group captured the disposal of the investment property in the UK which will enhance the cash position of the Group upon completion around the end of August 2020.

The Group also achieved satisfactory result for pre-sales of the property development in Hong Kong. Despite much volatility in the securities and bond market, the Group's securities and bond investment shall continue to provide steady and recurring income. The following is the summary of the Group's major business updates.

A. Investment Properties

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

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

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

   The Group had previously entered into an agreement to pre-lease the entire commercial podium to a furniture and home finishing retailer as anchor tenant for a period of 15 years. However, the tenant has unilaterally terminated this tenancy agreement. The tenant and its contractor issued legal proceedings against the wholly-owned subsidiary of the Group for the refund of the prepaid rent of RMB1 million and compensation of the renovation costs of RMB1.14 million incurred by the contractor, together with interests. Based on the advices of the Group's PRC lawyers, the tenancy agreement is legally enforceable and that the unilateral termination by the tenant is a wrongful act. In December 2019, the legal proceedings had been dismissed by court. Yet the tenant had then appealed the court decision and the Group is currently awaiting this appeal to be heard. Recently, the tenant commenced another legal proceedings against the wholly-owned subsidiary of the Group to unwind the tenancy agreement. The Group will take appropriate steps to protect our legal rights. Moreover, the Group will explore more marketing ideas on promotion and leasing of the commercial podium as well as the units of the twin tower.

   On a completion basis, valuation of this project amounted to approximately RMB763.3 million (equivalent to approximately HK$832.4 million), comprising RMB294.8 million for the commercial podium and RMB468.5 million for the twin tower. If aggregate rental income reaches RMB25 million per annum, it will generate a rental yield of 3.3% based on valuation.

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

   This hotel complex is developed by the Group, comprising a 6-storey hotel building with 100 guest-rooms (gross area of 9,780 *sq. m.*) and 30 villas (aggregate GFA of about 9,376 *sq. m.*) in Siming District, Xiamen. As at 31 March 2020, the properties were recorded based on valuation of RMB447.8 million (comprising RMB185.7 million for the hotel and RMB262.1 million for the 30 villas). The valuation attributable to the Group was about RMB266.4 million (equivalent to approximately HK$290.5 million), whereas the total investment costs of the Group are about HK$164 million. On the basis of the aggregate rental income of about RMB25.9 million per annum, the rental yield is approximately 5.8% based on valuation.

   The hotel building and 30 villas are fully leased. The hotel building together with 3 villas are leased to 廈門佲家鷺江酒店 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). As affected by the significant decrease in tourists in Xiamen and coupled with the outbreak of Covid-19, the tenant of these 21 villas has met operational difficulty and failed to pay rents to the joint venture company since the last quarter of 2019. The Group has received rent concession requests by tenants including Mega Lujiang Hotel and Atour S Hotel. The Group is considering the rent concession requests by these tenants in light of the difficult operating environment of the tourism industry in Xiamen.

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

   Within the Group's property development in Guangzhou, the Group holds 22 villas (GFA of approximately 6,987 *sq. m.*). During the year, the Group has completed the disposal of two villas to the independent third parties. As at 31 March 2020, the remaining 20 villas were recorded at valuation of about RMB181.5 million (equivalent to approximately HK$197.9 million). Among these 20 villas, the Group has entered into the sale and purchase agreements to further dispose of 4 villas, which is expected to be completed in the financial year ended 31 March 2021. The Group's strategy is to cash out on this investment. As such, the Group will adopt a flexible approach to sell/or lease the remaining villas.

   In addition, the Group also holds two commercial properties with total GFA of approximately 1,630 *sq. m.* in Guangzhou, of which one (with GFA of approximately 809 *sq. m.*) is leased to an independent third party and generates a steady rental income at rental yield of about 4.3% based on the valuation of RMB7.7 million (equivalent to approximately HK$8.4 million). Another commercial property (with GFA of approximately 821 *sq. m.*) was recorded at valuation of RMB10.3 million (equivalent to approximately HK$11.2 million) as at 31 March 2020.

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

The Group holds a 4-storey commercial building in Shatian, Dongguan, providing a total GFA of about 4,167 *sq. m.* for commercial, retail and office usage. As at 31 March 2020, valuation of the property was RMB36.4 million (equivalent to approximately HK$39.7 million). Two storeys are leased to 中國人壽東莞分公司 (China Life Dongguan branch) for office use. Marketing is in progress for leasing of the remaining units of the property.

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

10 Fenchurch Street is a freehold property in the City of London, the UK. It is an 11-storey commercial building providing 77,652 *sq. ft.* of office and retail usage. As at 31 March 2020, the property was recorded at valuation of GBP96.5 million (equivalent to approximately HK$926.4 million).

As announced on 3 May 2020, the Group entered into a sale and purchase agreement to dispose of this investment property to an independent third party at a consideration of about GBP94.2 million (equivalent to approximately HK$909.2 million), subject to adjustment. The disposal has been approved by the shareholders of the Company on 23 June 2020. Completion of the disposal is expected to be around the end of August 2020. This disposal will improve and strengthen the net cash position of the Group.

6. *Wisma Chuang, Jalan Sultan Ismail, Kuala Lumpur, Malaysia (100% owned)*

Wisma Chuang is located within the prime city centre, situated right next to the landmark shopping complex, Pavilion KL, the heart of central business district and prestigious shopping area of Kuala Lumpur. It is built on a freehold land and is a 29-storey high rise office building having retail and office spaces of approximately 254,000 *sq. ft.* (on total net lettable area basis is approximately 195,000 *sq. ft.*) and 298 carparking spaces. As at 31 March 2020, the valuation of this property was MYR185.4 million (equivalent to approximately HK$332.2 million), which represents an average value of approximately MYR951 (equivalent to approximately HK$1,704) per *sq. ft.* of net lettable retail and office area.

Wisma Chuang is leased to multi tenants with an occupancy rate of approximately 70%, and annual rental income is approximately MYR7.1 million (equivalent to approximately HK$13.2 million), representing a rental yield of approximately 3.8% based on valuation. During the year under review, the Group had carried out a lobby renovation work and certain building maintenance work with a view to improving the facilities for the tenants. Furthermore, the Group will continue to review the tenant mix of this property, and to consider further internal building upgrading work in order to further enhance its rental yield and occupancy rate.

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

B. Property Development

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

   The Esplanade has a site area of about 26,135 *sq. ft.* and has a developable GFA of 117,089 *sq. ft.* for residential purpose and 25,813 *sq. ft.* for commercial purpose. 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. Construction works have been completed. Occupation permit has been obtained in January 2020. The Group is currently working in full speed to obtain the certificate of compliance. Upon obtaining the certificate of compliance, the Group will arrange handover of flats to end-buyers, which is expected to be in the third quarter of 2020.

   The Esplanade comprises a two-storey commercial podium, a clubhouse, 47 carparking spaces and a 20-storey residential building, totalling 371 residential flats, which provides 233 studio, 97 one-bedroom, 39 two-bedrooms and 2 three-bedrooms. The estimated total sales proceeds of the residential properties will amount to about HK$1,714.3 million.

   Pre-sales of the residential properties were progressing satisfactorily. Up-to-date, a total of 364 residential units and 3 carparking spaces have been presold at aggregate amount of about HK$1,641.5 million. These contracted sales will be recognized as revenues in the Group's financial statements when the properties are handed-over to end-buyers. Up to the date hereof, aggregate proceeds amounting to HK$1,552.5 million have been received, and balance of HK$89.0 million are expected to be received on or before completion of the sales. Marketing on the two-storey commercial properties with total GFA of 25,813 *sq. ft.* is in satisfactory progress.

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

   During the year under review, the Group had completed the acquisition of a property interests in Aberdeen at a consideration of about HK$455.0 million. The property has a site area of about 4,320 *sq. ft.* and has a developable GFA of about 39,767 *sq. ft.*. The Group is in the progress of negotiating with a few remaining tenants for the delivery of vacant possession of the property. Hoarding and demolition plans have been submitted to the relevant authorities for approval.

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

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

All residential flats of Phase I and II have been sold. During the year under review, 2 residential duplex and 156 carparks were sold. The Group will continue to market the remaining unsold 398 carparks of about RMB44.0 million (equivalent to approximately HK$48.0 million).

For the remaining development (Phase III), the Group owns a land of over 92,000 *sq. m.* and its total plot ratio GFA was about 175,011 *sq. m.*. Land quota for development of about 123,362 *sq. m.* has been obtained and it is expected that the land quota of the remaining 51,649 *sq. m.* will be obtained soon.

The Group has commenced on the development of Phase III by stage. Stage 1 has a total GFA of 50,190 *sq. m.* for development of 6 blocks of residential building together with 5,775 *sq. m.* for a kindergarten and public utilities. Foundation works for the 6 blocks of residential properties are completed whereas the foundation works for the kindergarten and public utilities are currently in progress. Stage 2 with a total GFA of 29,623 *sq. m.* comprises 3 blocks of residential building and 14 blocks for duplex style villa. Foundation works as well as the construction of basement of Stage 2 are completed. Stage 3 with a total GFA of 89,423 *sq. m.* will comprise various blocks of residential building and commercial properties.

The prospects of the Phase III site are promising. The local government will launch a massive commercial development right opposite to the Group's Phase III site across the riverbank. The total planned land area is massive which will be developed for tourism, entertainment, exhibition, cultural and restaurants. This will be a driving force favourable to the Group's Phase III development. The Group is reviewing the master floor plans in order to optimize the flats size in accordance with the latest market condition.

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

The Group owns a site area of about 20,000 *sq. m.* in city centre of Changan (長安), Dongguan, on which an industrial building with GFA of about 39,081 *sq. m.* was erected. The property is currently leased to an independent third party until 2023, at gross rental income of about RMB6.8 million per annum. As at 31 March 2020, the property was recorded at valuation of RMB223.4 million (equivalent to approximately HK$243.6 million). On the basis of the annual rental income, the rental yield is approximately 3.0% based on valuation.

This site has been rezoned to "residential usage", and the location of this property in Changan is strategical to benefit from the Guangdong-Hong Kong-Macao Greater Bay Area. The Group will monitor the requisite procedures and strategize on the optimal timing for usage conversion application of the site. On the basis of 3.5 times plot ratio, the project will have a developable GFA of about 70,000 *sq. m.* and will be a prime land bank for future development. The Group will also consider disposal of the property when suitable opportunities arise.

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

   Adjacent to Chuang's Midtown, the Group acquired through government tender the second site located in the prime city centre of Tie Dong Qu (鐵東區) with a site area of about 39,449 *sq. m.*. As about 1,300 *sq. m.* of the land title has not yet been rectified by the government authorities with the local railway corporation, the Group suffered a reduction in land area that was occupied by the local railway corporation. In view of the weak economic prospects of Anshan, the Group will assess the possibilities to sell-back this site to the local authorities, or other remedies acceptable to the Group.

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

   The Group owns an effective 69% interests in a property development project in Changsha and the total investment costs was about HK$23.5 million (including shareholder's loan of about HK$3.4 million) as at 31 March 2020. The Group has obtained a court ruling for winding up of the PRC project company. Process of the winding-up will be conducted in compliance with the PRC laws. As announced on 30 December 2019, the civil complaint by the minority shareholder of the PRC project company against the Company and an executive director of the Company shall be heard by the court in Hunan. Based on the legal advices, the complaint is not supported by sufficient facts and/or legal basis, and that the Company has sufficient grounds to vigorously contest the complaint. Further announcement(s) about the legal proceedings will be made by the Company as and when appropriate.

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

   The Group holds a 51% development interest in a project in Wuhou District, Chengdu. As at 31 March 2020, the Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK$160.1 million). The Group has launched legal proceedings since May 2016, seeking for court ruling to unwind contracts of this joint development. As announced on 12 December 2019, the Group obtained the judgement in favour that various agreements relating to this joint venture project in Chengdu entered into between the Group and the PRC parties shall be rescinded. Also as announced on 31 December 2019, the Group had filed an appeal for the judgement payments to be raised. It is expected that the court of appeal will fix a hearing date shortly. Further announcement(s) about the legal proceedings will be made by the Company as and when appropriate.

8. As stated in previous financial statements, the Group acquired courtyard house in Beijing but the handling agent has failed to properly register title of the properties to the Group. Through legal proceedings, the Group had obtained court judgements in December 2019 for the registered owners to transfer the title to the designated nominee of the Group. Appeal of the court judgements have been lodged by the registered owners of the properties and the hearings of the appeal are in progress. The Group's original cost of investment in the properties was about RMB9.7 million (equivalent to approximately HK$10.6 million).

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

The Fortune Wealth Memorial Park operates a cemetery in Sihui with a site area of approximately 518 mu agreed by the local government authorities. Development of the project is conducted by phases. Phase I of about 100 mu has been completed with 5,485 grave plots, one mausoleum providing 550 niches, as well as an administrative and customer service building. Development of the remaining 418 mu will be divided into Phase II to Phase V.

Based on the existing master layout plan of Phase II to Phase V, about 41,815 grave plots will be constructed covering land area of 268 mu whereas road access and greenbelts will cover 150 mu. For Phase II and Phase III, land use rights of approximately 143 mu had been obtained, which will accommodate a total of 22,569 grave plots. For Phase IV and Phase V, land use rights of approximately 5.2 mu had been obtained and additional land quota of about 119.8 mu shall be required, for the construction of a total of 19,246 grave plots.

Fortune Wealth will follow-up with the local authorities for the grant of the remaining 119.8 mu land use rights. As at 31 March 2020, the cemetery assets (including non-controlling interests) were recorded based on the book cost of about RMB917.3 million (equivalent to approximately HK$1,000.4 million).

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 2020, about 3,465 grave plots and 535 niches were available for sale. Fortune Wealth will review its sales and marketing strategy and will take more proactive steps in its brand building and customer services.

C. Securities Investments

1. *Investments in CNT Group Limited ("CNT") and CPM Group Limited ("CPM")*

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

With reference to the respective closing share prices of CNT and CPM as at 31 March 2020 of HK$0.31 (31 March 2019: HK$0.32) and HK$0.45 (31 March 2019: HK$0.50), the aggregate book value of the Group's investments in CNT and CPM is about HK$117.6 million (31 March 2019: HK$119.9 million). The change in book value is accounted for as "Reserve" in the financial statements.

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

2. *Investments in high yield bonds*

The Group holds the following portfolio of high yield bonds, as at 31 March 2020 with an annualized average yield of about 7%:

(a) Bonds investments

Stock code	**Bond issuer**	**Face value of bonds held as at 31 March 2020**	**Market value as at 31 March 2020**	**Percentage of market value to the Group's total assets as at 31 March 2020**	**Interest income for the year ended 31 March 2020**	**Fair value gain/(loss) for the year ended 31 March 2020**
		US$'000	*HK$'000*		*HK$'000*	*HK$'000*
754	Hopson Development Holdings Limited (7.5%, due 2022)	5,000	36,613	0.4%	881	625
813	Shimao Group Holdings Limited (6.375%, due 2021)	2,000	16,092	0.2%	–	1,021
884	CIFI Holdings (Group) Co. Ltd.			0.3%		
	(a) 6%, due 2025	1,500	10,513		–	(1,170)
	(b) 6.875%, due 2021	2,000	15,745		–	706
1233	Times China Holdings Limited (5.75%, due 2022)	2,000	14,724	0.2%	451	(720)
1238	Powerlong Real Estate Holdings Limited			0.2%		
	(a) 6.95%, due 2021	2,000	15,067		–	584
	(b) 7.125%, due 2022	200	1,450		–	(110)
1638	Kaisa Group Holdings Ltd.			1.2%		
	(a) 7.25%, due 2020	4,000	31,044		2,272	(808)
	(b) 7.875%, due 2021	2,000	14,282		1,234	(1,237)
	(c) 8.5%, due 2022	4,400	29,028		2,930	(3,747)
	(d) 11.25%, due 2022	3,000	22,008		1,324	(2,460)

Stock code	Bond issuer	Face value of bonds held as at 31 March 2020	Market value as at 31 March 2020	Percentage of market value to the Group's total assets as at 31 March 2020	Interest income for the year ended 31 March 2020	Fair value gain/(loss) for the year ended 31 March 2020
		US$'000	*HK$'000*		*HK$'000*	*HK$'000*
1813	KWG Group Holdings Limited			0.6%		
	(a) 6%, due 2022	5,000	37,157		2,346	(2,422)
	(b) 7.4%, due 2024	2,000	14,199		694	(1,271)
2007	Country Garden Holdings Company Limited (5.625%, due 2026)	14,000	109,932	1.3%	6,170	(1,164)
2777	Easy Tactic Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (5.75%, due 2022)	1,000	7,025	0.1%	450	(744)
3333	China Evergrande Group			1.9%		
	(a) 7.5%, due 2023	10,743	61,541		6,312	(19,762)
	(b) 8.25%, due 2022	11,600	73,261		7,484	(16,390)
	(c) 8.75%, due 2025	4,714	26,748		3,231	(9,097)
3380	Logan Group Company Limited			0.6%		
	(a) 6.875%, due 2021	4,000	31,494		2,157	(1,277)
	(b) 8.75%, due 2020	2,000	15,781		1,372	(1,046)
3383	Agile Group Holdings Limited (5.125%, due 2022)	10,000	71,410	0.9%	4,003	(5,984)
600606	Greenland Global Investment Limited, a wholly-owned subsidiary of Greenland Holdings Corporation Limited (5.25%, due 2021)	4,300	31,835	0.4%	1,763	(1,800)
	Bond disposed of during the year	–	–	–	411	–
		97,457	686,949	8.3%	45,485	(68,273)

(b) Brief description of principal business of the respective bond issuers is as follows:

Name of company	Principal business
Hopson Development Holdings Limited	Property development, commercial properties investment, property management and infrastructure business
Shimao Group Holdings Limited	Property development, property investment and hotel operation
CIFI Holdings (Group) Co. Ltd.	Property development, property investment and project management and other property related services
Times China Holdings Limited	Property development, urban redevelopment business, property leasing and property management
Powerlong Real Estate Holdings Limited	Property development, property investment and provision of commercial operational services and other businesses
Kaisa Group Holdings Ltd.	Property development, property investment, property management, hotel and catering operations and other businesses
KWG Group Holdings Limited	Property development, property investment, hotel operation and property management
Country Garden Holdings Company Limited	Property development and construction
Guangzhou R&F Properties Co., Ltd.	Development and sale of properties, property investment, hotel operations and other property development related services
China Evergrande Group	Property development, property investment, property management and other businesses

Name of company	Principal business
Logan Group Company Limited	Property development, property investment, construction and decoration, and primary land development
Agile Group Holdings Limited	Property development, property investment, hotel operation, property management and environmental protection
Greenland Holdings Corporation Limited	Property development, property investment, construction and hotel operation

The recent uncertain political and economic environment as well as the pandemic of Covid-19 had asserted downward pressure on the prices of the bonds held by the Group. These factors have offset the high interest income generated during the year. Unrealized fair value loss was recorded by the Group principally as a result of the significant drop in bond prices as at 31 March 2020 when compared to that of 31 March 2019, and nearly all the bonds held by the Group were traded below par as at 31 March 2020. In the event that the Group holds the bonds up to their respective maturity dates for redemption at par, the unrealized fair value loss would nearly be fully recovered. The Group will closely monitor the performance of the bonds portfolio in light of the monetary environment.

FINANCIAL REVIEW

Net asset value

As at 31 March 2020, the net asset value attributable to equity holders of the Company amounted to HK$3,769.7 million. Net asset value per share amounted to HK$1.60, which is calculated based on the historical cost of the Group's land bank. During the year under review, apart from the loss attributable to equity holders of the Company of HK$192.4 million, the net asset value was also adversely affected by the depreciation in Renminbi and GBP resulting in a reduction of about HK$239.7 million in the exchange reserve.

Financial resources

As at 31 March 2020, the Group's cash, bank balances and investments held for trading amounted to HK$1,461.5 million (31 March 2019: HK$1,599.2 million). As at the same date, bank borrowings of the Group amounted to HK$1,901.0 million (31 March 2019: HK$2,081.3 million). Accordingly, the Group's net debt has changed to about HK$439.5 million (31 March 2019: HK$482.1 million) and the net debt to equity ratio has slightly increased to 11.7% (31 March 2019: 11.3%), expressed as a percentage of bank borrowings net of cash, bank balances and investments held for trading over net assets attributable to equity holders of the Company.

Approximately 83.5% of the Group's cash, bank balances and investments held for trading were in Hong Kong dollar and United States dollar, 13.0% were in Renminbi and the balance of 3.5% were in other currencies. Approximately 68.9% of the Group's bank borrowings were in Hong Kong dollar and United States dollar, 24.3% were in British Pound Sterling, and the remaining of 6.8% were in Malaysian Ringgit.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 10.6% of the Group's bank borrowings were repayable within the first year, 52.6% were repayable within the second year and the balance of 36.8% were repayable within the third to fifth years.

Foreign exchange risk

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

PROSPECTS

The global political and economic uncertainty, coupled with the effect of the Covid-19 pandemic, continue to affect business prospects and confidence of investors. Despite many uncertain factors affecting the economy in the PRC, Hong Kong and globally, we believe the PRC will continue to promote structural economic transformation and maintain stable growth. Looking forward, with the PRC's huge market potential, the steady improvement of people's living standards as well as the continuous progress of urbanization, where core first and second tier cities continue to enjoy better economic fundamentals, local demands for properties are huge in view of net population inflow and improving purchase power of residents.

The Guangdong-Hong Kong-Macao Greater Bay Area and Belt and Road Initiative will be the growth drivers for the PRC and create business opportunities for Hong Kong. In addition, the financial position of the Group would be greatly enhanced following the completion of the disposal of the property in London in August 2020. Going forward, the Group will explore new development projects and investments properties to expand its scope of business and investment portfolio at an opportune time so as to enlarge its revenue base.

CLOSING OF REGISTER

The forthcoming annual general meeting of the Company (the "AGM") is scheduled on Friday, 18 September 2020. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 15 September 2020 to Friday, 18 September 2020, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 14 September 2020.

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 2020, the Group employed 151 staff. The Group provides its staff with other benefits including discretionary bonus, double pay, 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, two existing Independent Non-Executive Directors had not attended the 2019 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 2020 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 2020. The current members of the audit committee are Mr. Abraham Shek Lai Him, Mr. Andrew Fan Chun Wah and Dr. Eddy Li Sau Hung, the Independent Non-Executive Directors of the Company.

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors of the Company, the Company received confirmations from all Directors that they have complied with the required standard as set out in the Model Code.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in this preliminary announcement of the Group's results for the year ended 31 March 2020 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 2020 containing all applicable information required by Paragraph 45 of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

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

Hong Kong, 24 June 2020

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