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 2020

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 2020 as follows:

BUSINESS HIGHLIGHTS FOR THE YEAR ENDED 31 MARCH 2020

1. For the redevelopment project at Gage Street, the Group has successfully acquired one more unit at No. 16 Gage Street subsequent to the year ended 31 March 2020. Currently the Group has already acquired full ownership of No. 20 Gage Street, and about 94.4% and 87.5% ownership of No. 16 and No. 18 Gage Street respectively, and with remaining 3 units to be acquired. The application for the compulsory acquisition of Nos. 16-18 Gage Street had been made in March 2019 and was approved in May 2020, and auction will be carried out in mid-July 2020. It is expected that the whole process of the compulsory acquisition will be completed within the financial year ending 31 March 2021. The Group will actively monitor the progress in order to consolidate the whole site in the coming year for redevelopment.

2. For Po Shan Road joint venture project, site formation and foundation works are at the final stage and will be completed by the end of this year. Two sets of building plans to develop the property into (1) two semi-detached residences (left/right) and (2) a single residence have been approved by the Buildings Department respectively, and at the same time, the Group is also studying the possibility of a third set of building plans to develop the property into two semi-detached residences (top/bottom). In the meantime, both joint venture partners are also exploring other options (including disposal) to accelerate return on this investment. Marketing to promote this project has been commenced.

3. For Mongkok joint venture project, the development is proceeding as scheduled. General building plans had been submitted to the relevant authorities for approval. Site formation and foundation works are in progress and are expected to be completed before the end of 2020, and superstructure works will be followed promptly. Pre-sale of this project is expected to be commenced in the last quarter of this year upon the grant of the pre-sale consent by the relevant authorities.

4. For sáv Plaza in Mongolia, 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 been submitted to the relevant authorities for approval. In view of the lockdown of Mongolia recently due to Covid-19 which has delayed the approval process, the Group will closely monitor the progress in order to obtain the occupation permit promptly. Marketing works for leasing are in satisfactory progress with potential tenants showing genuine interests.

5. 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).

6. 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.

7. 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	**598,987**	619,238
Cost of sales		**(174,679)**	(176,294)
Gross profit		**424,308**	442,944
Other income and net (loss)/gain	5A	**(151,687)**	44,374
Fair value gain on transfer of properties from properties for sale to investment properties	5B	**217,976**	6,349
Gain on disposal of subsidiaries	6	**–**	461,208
Selling and marketing expenses		**(37,420)**	(56,840)
Administrative and other operating expenses		**(445,851)**	(476,077)
Change in fair value of investment properties		**(458,133)**	1,108,170
Operating (loss)/profit	7	**(450,807)**	1,530,128
Finance costs	8	**(263,841)**	(184,765)
Share of results of associated companies		**2,020**	2,573
Share of results of joint ventures	9	**10,962**	23,944
(Loss)/profit before taxation		**(701,666)**	1,371,880
Taxation	10	**(77,041)**	(79,212)
(Loss)/profit for the year		**(778,707)**	1,292,668
Attributable to:			
Equity holders		**(705,084)**	1,226,643
Non-controlling interests		**(73,623)**	66,025
		(778,707)	1,292,668
		HK cents	*HK cents*
(Loss)/earnings per share (basic and diluted)	12	**(42.16)**	73.34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(778,707)**	1,292,668
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	**(227,098)**	(177,198)
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	**(242,636)**	(187,241)
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	**(246,814)**	(227,485)
Total comprehensive (loss)/income for the year	**(1,025,521)**	1,065,183
Total comprehensive (loss)/income attributable to:		
Equity holders	**(860,991)**	1,092,391
Non-controlling interests	**(164,530)**	(27,208)
	(1,025,521)	1,065,183

CONSOLIDATED BALANCE SHEET
As at 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**469,226**	488,223
Investment properties		**10,308,325**	10,281,404
Right-of-use assets		**701,054**	–
Leasehold lands and land use rights		**–**	709,627
Properties for/under development		**1,054,166**	979,295
Cemetery assets		**260,624**	282,534
Associated companies		**60,518**	69,274
Joint ventures		**739,005**	739,328
Financial assets at fair value through other comprehensive income		**128,730**	131,570
Loans and receivables and other deposits		**396,135**	386,735
Deferred taxation assets		**31,254**	29,700
		14,149,037	14,097,690
Current assets			
Properties for sale		**2,631,037**	2,082,749
Cemetery assets		**419,112**	451,943
Inventories		**103,104**	139,294
Debtors and prepayments	*13*	**242,608**	179,340
Financial assets at fair value through profit or loss		**2,437,230**	2,146,099
Cash and bank balances		**2,520,301**	3,492,271
		8,353,392	8,491,696
Current liabilities			
Creditors and accruals	*14*	**407,575**	372,714
Sales deposits received		**1,552,356**	343,153
Short-term bank borrowings		**646,777**	607,555
Current portion of long-term bank borrowings		**1,481,741**	1,350,290
Taxation payable		**224,315**	219,728
		4,312,764	2,893,440
Net current assets		**4,040,628**	5,598,256
Total assets less current liabilities		**18,189,665**	19,695,946

	2020	2019
	HK$'000	*HK$'000*
Equity		
Share capital	**418,138**	418,138
Reserves	**10,689,219**	11,684,014
Shareholders' funds	**11,107,357**	12,102,152
Non-controlling interests	**1,498,430**	1,687,625
Total equity	**12,605,787**	13,789,777
Non-current liabilities		
Long-term bank borrowings	**4,957,204**	5,349,668
Deferred taxation liabilities	**519,168**	494,896
Loans and payables with non-controlling interests	**47,472**	24,879
Other non-current liabilities	**60,034**	36,726
	5,583,878	5,906,169
	18,189,665	19,695,946

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 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	–	762,359	762,359
Leasehold lands and land use rights	709,627	(709,627)	–
Other non-current liabilities	36,726	30,558	67,284
Creditors and accruals	372,714	22,174	394,888

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$27,312,000 disclosed at 31 March 2019, adjusted by the effect of discounting, other commitments reassessed as leases and exclusion of short-term leases and low-value asset leases, amounted to lease liabilities of HK$52,732,000, recognized on 1 April 2019. The amount was split into current and non-current portions of HK$22,174,000 and HK$30,558,000 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, leasehold lands and land use rights were reclassified to right-to-use assets. Together with this reclassification, right-of-use assets of HK$762,359,000 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	**235,288**	230,143
Income from hotel operation and management	**41,015**	99,244
Sales of cemetery assets	**21,252**	14,383
Sales of goods and merchandises	**83,003**	59,802
Interest income from money lending business	**6,476**	7,774
Interest income from bonds investments of financial assets at fair value through profit or loss	**169,946**	133,227
Dividend income from securities investments for trading of financial assets at fair value through profit or loss	**45**	1,108
Net realized gain of securities investments for trading of financial assets at fair value through profit or loss	**–**	2,423
Net fair value loss of securities investments for trading of financial assets at fair value through profit or loss	**(467)**	(335)
	598,987	619,238

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	Securities investment and trading HK$'000	Money lending business HK$'000	Corporate HK$'000	2020 Total HK$'000
Revenues from contracts with customers:								
– Recognized at a point in time	42,429	–	21,252	83,003	–	–	–	146,684
– Recognized over time	10,418	41,015	–	–	–	–	–	51,433
Revenues from other sources	224,870	–	–	–	169,524	6,476	–	400,870
Revenues	277,717	41,015	21,252	83,003	169,524	6,476	–	598,987
Other income and net gain/(loss)	3,018	(1)	65	2,720	(222,319)	(2)	64,832	(151,687)
(LBITDA)/EBITDA	(108,921)	5,153	8,077	12,286	(53,613)	6,003	(193,795)	(324,810)
Operating (loss)/profit	(132,100)	(63,270)	7,334	5,730	(53,613)	6,003	(220,891)	(450,807)
Finance costs	(217,976)	(23,283)	–	(1,908)	(20,355)	–	(319)	(263,841)
Share of results of associated companies	81	3,078	–	–	–	–	(1,139)	2,020
Share of results of joint ventures	10,962	–	–	–	–	–	–	10,962
(Loss)/profit before taxation	(339,033)	(83,475)	7,334	3,822	(73,968)	6,003	(222,349)	(701,666)
Taxation (charge)/credit	(77,803)	(7)	451	739	(421)	–	–	(77,041)
(Loss)/profit for the year	(416,836)	(83,482)	7,785	4,561	(74,389)	6,003	(222,349)	(778,707)
Segment assets	14,725,348	1,056,952	722,456	158,071	2,437,787	179,389	2,422,903	21,702,906
Associated companies	133	56,477	–	–	–	–	3,908	60,518
Joint ventures	739,005	–	–	–	–	–	–	739,005
Total assets	15,464,486	1,113,429	722,456	158,071	2,437,787	179,389	2,426,811	22,502,429
Total liabilities	8,516,710	624,772	174,853	34,383	499,697	468	45,759	9,896,642
Other segment items are as follows:								
Capital expenditure	1,165,736	445	1,666	461	–	–	38,210	1,206,518
Depreciation of property, plant and equipment	12,089	26,422	656	1,523	–	–	12,306	52,996
Depreciation of right-of-use assets	47	38,923	87	5,033	–	–	15,929	60,019
Provision for impairment of trade debtors	2,263	–	–	–	–	–	–	2,263
Reversal of provision for impairment of other deposits	2,813	–	–	–	–	–	–	2,813
Reversal of provision for impairment of inventories	–	–	–	6,500	–	–	–	6,500
Fair value gain on transfer of properties from properties for sale to investment properties	217,976	–	–	–	–	–	–	217,976
Fair value loss of investment properties	458,133	–	–	–	–	–	–	458,133

	Property development, investment and trading *HK$'000*	Hotel operation and management *HK$'000*	Cemetery *HK$'000*	Sales of goods and merchandises *HK$'000*	Securities investment and trading *HK$'000*	Money lending business *HK$'000*	Corporate *HK$'000*	2019 Total *HK$'000*
Revenues from contracts with customers:								
– Recognized at a point in time	71,469	–	14,383	59,802	–	–	–	145,654
– Recognized over time	10,887	99,244	–	–	–	–	–	110,131
Revenues from other sources	219,256	–	–	–	136,423	7,774	–	363,453
Revenues	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 of property, plant and equipment	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
Provision for impairment of trade debtors	473	–	–	–	–	–	–	473
Reversal of provision for impairment of trade debtors	–	–	1,885	–	–	–	–	1,885
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
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
Fair value gain of investment properties	1,108,170	–	–	–	–	–	–	1,108,170

(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	**417,847**	393,417	**996,013**	417,281
The People's Republic of China (the "PRC")	**91,924**	102,950	**144,588**	485,356
United Kingdom	**38,135**	42,710	**–**	–
Other countries	**51,081**	80,161	**65,917**	68,662
	598,987	619,238	**1,206,518**	971,299

	Non-current assets *(Note)*		**Total assets**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**9,015,088**	9,386,579	**16,356,769**	16,473,816
The PRC	**2,486,413**	2,558,678	**3,843,801**	3,958,204
United Kingdom	**926,400**	1,063,920	**935,983**	1,075,077
Other countries	**1,165,017**	540,508	**1,365,876**	1,082,289
	13,592,918	13,549,685	**22,502,429**	22,589,386

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.*

5A. OTHER INCOME AND NET (LOSS)/GAIN

	2020	2019
	HK$'000	*HK$'000*
Interest income from bank deposits	**59,970**	33,192
Dividend income from financial assets at fair value through other comprehensive income	**3,647**	4,924
Net realized loss of bonds and other investments of financial assets at fair value through profit or loss	**(4,012)**	(7,617)
Net fair value loss of bonds and other investments of financial assets at fair value through profit or loss	**(219,111)**	(3,440)
Forfeited deposits from sales of properties	**1,751**	–
Reversal of provision for impairment of properties for/under development	**–**	759
Reversal of provision for impairment of properties for sale	**–**	8,877
Net loss on disposal of investment properties	**(2,127)**	–
Net (loss)/gain on disposal of property, plant and equipment	**(2,546)**	39
Net exchange loss	**(989)**	(820)
Others	**11,730**	8,460
	(151,687)	44,374

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

During the year ended 31 March 2020, upon the change of intended use, the Group had transferred certain properties in Mongolia (2019: the PRC) from properties for sale to investment properties at aggregate fair value of HK$584,155,000 (2019: HK$26,461,000). Fair value gain on transfer of these properties of approximately HK$218.0 million (2019: HK$6.3 million) and the related deferred taxation of HK$49.2 million (2019: HK$1.6 million) (note 10) were recorded respectively.

6. GAIN ON DISPOSAL OF SUBSIDIARIES

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 were announced by the Company on 28 February 2019, and a gain on disposal of subsidiaries of the HK Disposal was recorded in this note for the year ended 31 March 2019.

7. OPERATING (LOSS)/PROFIT

	2020	2019
	HK$'000	*HK$'000*
Operating (loss)/profit is stated after crediting:		
Reversal of provision for impairment of inventories	**6,500**	–
Reversal of provision for impairment of other deposits	**2,813**	–
Reversal of provision for impairment of trade debtors	**–**	1,885
and after charging:		
Cost of properties sold	**22,717**	43,686
Cost of cemetery assets sold	**4,645**	3,192
Cost of inventories sold	**66,315**	41,523
Depreciation of property, plant and equipment	**52,996**	48,630
Depreciation of right-of-use assets	**60,019**	–
Amortization of leasehold lands and land use rights	**–**	39,311
Provision for impairment of trade debtors	**2,263**	473
Staff costs, including Directors' emoluments		
Wages and salaries	**165,408**	158,063
Retirement benefit costs	**5,786**	7,860

8. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest expenses of		
Bank borrowings	**272,478**	198,354
Bank overdraft	**209**	562
Lease liabilities	**2,020**	–
	274,707	198,916
Amounts capitalized into		
Investment properties	**–**	(2,604)
Properties under development	**(10,866)**	(11,547)
	(10,866)	(14,151)
	263,841	184,765

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.

9. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures of HK$10,962,000 (2019: HK$23,944,000) in the consolidated income statement included the share of results of the joint ventures 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 a 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 results of joint ventures" in the consolidated income statement.

10. TAXATION

	2020	2019
	HK$'000	*HK$'000*
Current taxation		
Overseas profits tax	**864**	670
PRC corporate income tax	**7,108**	5,546
PRC land appreciation tax	**19,396**	19,974
Deferred taxation	**49,673**	53,022
	77,041	79,212

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 (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.

Share of taxation charge of associated companies for the year ended 31 March 2020 of HK$14,000 (2019: HK$12,000) is included in the consolidated income statement as "Share of results of associated companies". In 2019, share of deferred taxation charge of joint ventures for the year ended 31 March 2019 of HK$2,651,000 was included in the consolidated income statement as "Share of results of joint ventures".

11. DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Interim dividend of 1.5 HK cents (2019: 3.5 HK cents) per share	**25,088**	58,539
Final dividend of 6.5 HK cents per share for 2019	**–**	108,716
	25,088	167,255

On 29 June 2020, the board of Directors had resolved not to recommend the payment of a final dividend for the year ended 31 March 2020 (2019: 6.5 HK cents per share amounting to HK$108,716,000).

12. (LOSS)/EARNINGS PER SHARE

The calculation of the (loss)/earnings per share is based on the loss attributable to equity holders of HK$705,084,000 (2019: profit attributable to equity holders of HK$1,226,643,000) and the weighted average number of 1,672,553,104 (2019: 1,672,553,104) 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.

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:

	2020	2019
	HK$'000	*HK$'000*
Below 30 days	**7,341**	12,480
31 to 60 days	**3,522**	611
61 to 90 days	**730**	476
Over 90 days	**10,197**	9,854
	21,790	23,421

Debtors and prepayments include net deposits of HK$8,869,000 (2019: HK$15,173,000) for acquisition of property projects, properties and right-of-use assets (2019: also including leasehold lands and land use rights) after the accumulated provision for impairment of HK$125,666,000 (2019: HK$128,479,000) as at 31 March 2020. It also includes sales commissions 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.

14. 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	**2,014**	3,473
31 to 60 days	**433**	425
Over 60 days	**3,094**	6,469
	5,541	10,367

Creditors and accruals include the construction cost payables and accruals of HK$196,964,000 (2019: HK$144,830,000) for the property and cemetery projects of the Group.

15. FINANCIAL GUARANTEES

As at 31 March 2020, the Company had provided guarantees of HK$399,557,000 (2019: HK$391,443,000) for the banking facilities granted to the joint ventures, and 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.

16. COMMITMENTS

As at 31 March 2020, the Group had commitments contracted but not provided for in respect of properties, property projects and property, plant and equipment of HK$299,322,000 (2019: HK$984,587,000).

17. PLEDGE OF ASSETS

As at 31 March 2020, the Group had pledged certain assets including property, plant and equipment, investment properties, right-of-use assets, properties for/under development, properties for sale and financial assets at fair value through profit or loss, with an aggregate carrying value of HK$10,987,959,000 (2019: HK$11,548,540,000, including leasehold lands and land use rights), to secure banking facilities granted to the subsidiaries.

18. CAPITAL EXPENDITURE

For the year ended 31 March 2020, the Group incurred acquisition and development costs on property, plant and equipment of HK$38,930,000 (2019: HK$18,518,000), right-of-use assets of HK$2,043,000 (2019: Nil) and property projects, properties, investment properties and cemetery assets of HK$1,165,545,000 (2019: HK$952,781,000) respectively.

19. EVENT AFTER THE REPORTING PERIOD

On 30 April 2020, an indirect wholly-owned subsidiary of Chuang's China Investments Limited ("Chuang's China") (a listed subsidiary of the Group) entered into a sale and purchase agreement with an independent third party to 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 Chuang's China's solicitors as stakeholder. The transaction was approved by the shareholders of Chuang's China 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 and Chuang's China on 3 May 2020, and published in the circulars of the Company and Chuang's China on 3 June 2020 respectively.

FINANCIAL REVIEW

Impacted by the ongoing Sino-US trade war and the social unrest in Hong Kong since 2019, together with the pandemic of Covid-19 and the accelerating confirmed cases across the world, the macro-economic outlook has become gloomy and uncertain with increasing concerns over investment activities. These have a negative effect on Hong Kong, in particular in the local consumption sector and the tourism industry, which had in turn affected the property market, retail businesses and the hospitality industry. Decrease in the volume of property transactions, declines in property prices and rental rates, and a significant drop in the occupancy and room rates of hotels have inevitably resulted.

The financial performance of the Group for the underlying year had been adversely affected by these factors and accordingly the Group recorded an unsatisfactory result. Loss attributable to equity holders of the Company for the year ended 31 March 2020 amounted to HK$705.1 million (2019: profit of HK$1,226.6 million). Loss per share was 42.16 HK cents (2019: earnings of 73.34 HK cents).

Up to the date hereof, the Group achieved contracted sales of property development in Tuen Mun, Hong Kong amounted to about HK$1,641.5 million. They will be recognized as revenues in the Group's financial statements when the properties are handed-over to end-buyers in the coming financial year. For the year ended 31 March 2020, revenues of the Group amounted to HK$599.0 million (2019: HK$619.2 million), which comprised revenues from sales of properties of HK$42.4 million (2019: HK$71.5 million), revenues from rental and other income of investment properties of HK$235.3 million (2019: HK$230.1 million), revenues from hotel operation of HK$41.0 million (2019: HK$99.2 million), revenues from cemetery business of HK$21.2 million (2019: HK$14.4 million), revenues from sales of goods and merchandises of HK$83.0 million (2019: HK$59.8 million), revenues from money lending business of HK$6.5 million (2019: HK$7.8 million), and revenues from securities investment and trading business of HK$169.6 million (2019: HK$136.4 million).

Although there was a slight decrease in revenues, gross profit margin for the year maintained at 70.8% (2019: 71.5%) with gross profit amounted to HK$424.3 million (2019: HK$442.9 million). Other income and net loss recorded a net loss of HK$151.7 million (2019: net gain of HK$44.4 million) mainly due to the unrealized fair value loss of bond investments recognized during the year under review. A breakdown of other income and net loss is shown in note 5A on page 14 of this report.

There was a fair value gain on transfer of properties in Mongolia from properties for sale to investment properties for the current year amounting to HK$218.0 million (2019: HK$6.3 million for properties in the People's Republic of China). Loss from change in fair value of investment properties of the Group amounted to HK$458.1 million (2019: gain of HK$1,108.2 million) mainly due to the decrease in fair value of the investment properties of the Group under the current market environment.

On the costs side, selling and marketing expenses decreased by 34.2% to HK$37.4 million (2019: HK$56.8 million) principally due to the decrease in marketing of the pre-sale of The Esplanade in Hong Kong as compared to the last corresponding year. Administrative and other operating expenses decreased to HK$445.9 million (2019: HK$476.1 million) mainly due to the general decrease in overheads of the Group. Finance costs increased to HK$263.8 million (2019: HK$184.8 million) due to the increase in interest rates and the increased level of bank borrowings of the Group during the year under review. Share of results of associated companies and joint ventures amounted to HK$13.0 million (2019: HK$26.5 million). Taxation amounted to HK$77.0 million (2019: HK$79.2 million) which was mainly related to the sales of properties recognized by the Group during the year and the deferred taxation liabilities arising from the fair value gain on transfer of properties from properties for sale to investment properties during the year.

DIVIDENDS

As regards payment of dividend, it is the policy of the Group to pay a recurrent and steady 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, in particular under the current uncertain business environment, the Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2020 (2019: 6.5 HK cents per share).

An interim dividend of 1.5 HK cents (2019: 3.5 HK cents) per share has been paid in respect of the current financial year. Total dividends for the year amount to 1.5 HK cents (2019: 10.0 HK cents) per share. Total dividends paid in respect of the current financial year amount to HK$25.1 million (2019: HK$167.3 million).

BUSINESS REVIEW

During the year under review, the operating environment in Hong Kong has been clouded by the social unrest as well as the on-going Sino-US trade war, and the outbreak of the Covid-19 has further dampened the business sentiment. Many countries have implemented travel bans and restrictions including community lockdowns, and thus tourism, hospitality and retail industries have inevitably been affected.

As the macro-economic outlook has turned gloomy and the investment activities are put to a halt, the property investment business of the Group is adversely affected by the drop in rental return and market value. Notwithstanding such challenging environment, the Group provided short-term rental allowances to some tenants, in particular those in the food and beverage sector, as support to them to pass through this difficult period. Meanwhile, the hotels of the Group are operating under significant pressure and have even temporarily closed down for a short period of time. In order to preserve the hotels' competitiveness, the Group is exploring new revenue sources and implementing significant cost reduction so as to mitigate the negative impact.

Amid the global uncertainties, the Group has achieved satisfactory performance for the Hong Kong development project, The Esplanade. The residential units have largely been pre-sold and the average price is close to HK$17,000 per *sq. ft.*. The construction works have been completed with occupation permit obtained in January 2020, and it is now close to the final stage to obtain the certificate of compliance in order to handover the units to end-buyers for completion. Furthermore, the Group has successfully entered into a disposal agreement to realize the investment property in the United Kingdom (the "UK") which can further strengthen the cash position of the Group under such tense market and better position the Group under the possible prolonged difficult environment.

Below is the summary of the Group's major business updates in this year.

(A) Investment Properties

1. *Chuang's Tower, Nos. 30–32 Connaught Road Central, Hong Kong (100% owned)*

   The property is a commercial/office building and is strategically located at the heart of Central District and close to the exits of both the Central Station of the Mass Transit Railway and the Hong Kong Station of the Airport Express Line. The property has a site area of about 3,692 *sq. ft.* and a total gross floor area ("GFA") of about 55,367 *sq. ft.*. During the year, rental and other income from this property amounted to about HK$51.8 million. Rental allowances have been offered to some tenants in view of the current market situation. Following the installation of new lifts to upgrade the entire lift system of the property last year, further renovation works at the main lobby had been completed in the first half of this financial year. All these have improved the esthetics of the property.

2. *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$49.7 million. In view of the current market condition, the Group has offered rental allowances to some tenants who have been affected by the social unrest and the outbreak of Covid-19. The Group will continue to review and reshuffle the tenant mix of the property with a view to improve its rental yield.

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

   The property is a commercial/industrial building located in between Cheung Sha Wan (approximately 0.4 kilometre) and 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$8.2 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, and the Group will evaluate the best time to carry out such redevelopment (if any). Meanwhile, the Group is exploring plans and alternatives to upgrade the entrance and main lobby of the property in order to improve its esthetics for higher rental yield.

4. *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. After the completion of the internal decoration works in the first half of the financial year, the property is currently leased out for rental income.

5. *1st to 3rd Floors of Peng Building, Luohu District, Shenzhen, the People's Republic of China (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.*. The property is subject to a rental guarantee of HK$1.8 million per month from the vendor of the property for 36 months starting from November 2018, and the total amount for the year ended 31 March 2020 is HK$21.6 million.

6. *International Finance Centre, Sukhbaatar District, Ulaanbaatar, Mongolia (100% owned)*

   The project has a site area of about 3,269 *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, but internal structural works and external cladding works have been halted because of the lockdown in Mongolia recently due to Covid-19. The Group will monitor the status of such internal and external finishing works during the current market situation and will adopt flexible approach in coordinating with contractors. Marketing works for leasing have been commenced during the year.

(B) Hotels and Serviced Apartments

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

   Hotel sáv is located at the heart of Hunghom with close proximity to three Mass Transit Railway Stations including Whampoa Station (approximately 0.3 kilometre), Ho Man Tin Station (approximately 0.4 kilometre) and Hunghom Station (approximately 0.6 kilometre). It comprises 388 rooms together with shopping units and restaurants on the ground and first floors.

   In addition to the continuous Sino-US trade war and months of social unrest in the city, the Covid-19 pandemic has posed unprecedented challenges to Hong Kong's tourism and put global travel to a halt by travel bans and quarantines. Not only that there was a sharp decrease in demand for leisure travelers, business travels were almost completely cut off by the serious economic downturn. These have led to the significant drop in both occupancy and average room rates of the hotel. Meanwhile, dwindling tourism, and tightening of social distancing measures have generated severe business impacts to some of our shop and restaurant tenants. Thus, rental allowances have been offered to them to ease their pressures.

   The adverse situation has hit the hotel's performance badly throughout the whole year. Total revenues from the hotel during the year under review amounted to about HK$50.7 million (2019: HK$109.2 million), which comprised room revenues of HK$41.0 million (2019: HK$98.9 million) and rental income from the shopping units and restaurants of HK$9.7 million (2019: HK$10.3 million). The average room rate of the hotel during the year dropped to about HK$600 (2019: HK$800), and the average occupancy rate decreased to about 43% (2019: 86%). The hotel operation (excluding the rental income) recorded an earnings before interest, tax, depreciation and amortization amounting to about HK$2.1 million (2019: HK$39.9 million) during the year under review.

   Under the pandemic circumstances, the hotel has established series of preventive measures and appropriate strategies at different stages to strengthen health and hygiene of all its major stakeholders in order to maintain the operation and business. While there was a huge decline in overseas guests, the hotel turned to put more focus on local market staycation, long staying/monthly room rental segment and student accommodation requirements. Through its effective marketing efforts to promote the newly created co-living concept with additional communal facilities and services, the hotel aims to expand its customer base during such critical time attempting to stabilize its revenue stream. At the same time, the Group has deployed various cost reduction measures with a significant level of cost saving while maintaining efficiency and service standard so as to mitigate the negative impact. Furthermore, the Group is also exploring with experts the possibility to convert part of the hotel into office usage in order to enhance the flexibility and revenue source. The Group would continue to closely monitor the market situation and take necessary measures to preserve its competitiveness.

2. *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, the resort had slightly changed its operation strategy to put more effort in marketing to higher margin customers in order to raise the average room rate of the resort. As such, the average room rate of the resort improved by about 8.5% to about PHP3,560, whereas the average occupancy rate decreased by 8% to about 72% in the current year. Total revenues from the resort during the year amounted to about HK$34.9 million (2019: HK$35.3 million), which comprised room revenues of HK$22.9 million (2019: HK$23.2 million), and food and beverage income of HK$12.0 million (2019: HK$12.1 million). Profit of the resort for the year dropped to about HK$7.8 million (2019: HK$11.2 million) due to the slight drop of revenues as impacted by the Covid-19 outbreak since the beginning of 2020, and an increase in operating cost and labour cost after the change of the labour charge policy in the Philippines since the second half of 2019. The Group's share of 40% profit was about HK$3.1 million (2019: HK$4.5 million).

The resort has been temporarily closed since 17 March 2020 due to the pandemic and will be reopened again once the situation improves. Nevertheless, since the new airport has been opened in 2018 with more international flights to Cebu, and the third bridge from Mandaue City to Mactan Island will be completed in 2021, the Group remains positive about this investment and is planning to further increase the number of room to 200 units.

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

The property is close to 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$3.3 million. In view of the slight recovery of the recent property market, the Group will closely monitor the market opportunity and may adopt a flexible approach to sell these 18 units in order to cash out on this investment.

4. *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.*. The serviced apartments have 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$2.0 million.

5. *sáv Plaza, 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 3,431 *sq. m.*. It is planned that a 19-storey serviced apartment/office complex comprising 142 units with clubhouse facilities, a ground floor shop with a total GFA of about 19,000 *sq. m.* and 48 carparking spaces will be developed. 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 been submitted to the relevant authorities for approval. In view of the lockdown of Mongolia recently due to Covid-19 which has delayed the approval process, the Group will closely monitor the progress in order to obtain the occupation permit promptly. Marketing works for leasing are in satisfactory progress with potential tenants showing genuine interests.

(C) Development Properties

1. *Nos. 16–20 Gage Street, Central, Hong Kong (87.5% to 100% owned)*

Together with an additional unit acquired by the Group through private treaty subsequent to the year ended 31 March 2020, currently the Group has already acquired full ownership of No. 20 Gage Street, and about 94.4% and 87.5% ownership of No. 16 and No. 18 Gage Street respectively, and with remaining 3 units to be acquired. The application for the compulsory acquisition of Nos. 16–18 Gage Street had been made in March 2019 and was approved in May 2020, and auction will be carried out in mid-July 2020. It is expected that the whole process of the compulsory acquisition will be completed within the financial year ending 31 March 2021. The Group will actively monitor the progress in order to consolidate the whole site in the coming year for redevelopment.

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. Detailed studies on the redevelopment scheme and building plans for this project are at the final stage. Meanwhile, the Group is also evaluating the benefits and the possibility of developing the property into an office building as there is strong demand for such kind of usage nearby. With the prime location at Central, the Group is optimistic about the prospect of this project.

2. *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 45,379 *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 possibility of a third set of building plans to develop the property into two semi-detached residences (top/bottom). Nevertheless, site formation and foundation works are at the final stage and will be completed by the end of this year. In the meantime, both joint venture partners are also exploring other options (including disposal) to accelerate return on this investment. Marketing to promote this project has been commenced.

3. *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 had been submitted to the relevant authorities for approval. Site formation and foundation works are in progress and are expected to be completed before the end of this year, and superstructure works will be followed promptly. Pre-sale of this project is expected to be commenced in the last quarter of this year upon the grant of the pre-sale consent by the relevant authorities. According to the current market, the estimated total sales proceeds of the residential portion of this project will amount to about HK$2.2 billion, and the Group's share of the 40% portion will be about HK$0.9 billion.

4. *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 construction permit has been obtained. During the year, the Group has completed 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.*. To capitalize on the opportunities on the rising property market in Vietnam, the Group is also exploring other options (including disposal) to accelerate return on investment in this project.

(D) Chuang's China Investments Limited ("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 2020, the Chuang's China Group recorded loss attributable to equity holders of HK$192.4 million (2019: profit of HK$167.8 million) and revenues of HK$177.5 million (2019: HK$199.8 million) (which comprised revenues from sales of properties in the PRC of HK$42.4 million (2019: HK$71.4 million), revenues from rental and management fee of HK$66.2 million (2019: HK$71.1 million), revenues from cemetery assets of HK$21.2 million (2019: HK$14.4 million), revenues from sales and trading business of HK$2.2 million (2019: Nil) and revenues from securities investment and trading of HK$45.5 million (2019: HK$42.9 million)).

(i) Investment Properties

The Chuang's China 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 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.*. Construction works have been completed and occupation will commence.

   The Chuang's China 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 Chuang's China 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 Chuang's China 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 Chuang's China Group is currently awaiting this appeal to be heard. Recently, the tenant commenced another legal proceedings against the wholly-owned subsidiary of the Chuang's China Group to unwind the tenancy agreement. The Chuang's China Group will take appropriate steps to protect its legal rights. Moreover, the Chuang's China 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 by Chuang's China)

   This hotel complex is developed by the Chuang's China 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 Chuang's China Group was about RMB266.4 million (equivalent to approximately HK$290.5 million), whereas the total investment costs of the Chuang's China 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 Chuang's China Group has received rent concession requests by tenants including Mega Lujiang Hotel and Atour S Hotel. The Chuang's China 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 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.*). During the year, the Chuang's China 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 Chuang's China 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 Chuang's China Group's strategy is to cash out on this investment. As such, the Chuang's China Group will adopt a flexible approach to sell/or lease the remaining villas.

   In addition, the Chuang's China 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 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 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 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 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 Chuang's China 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 Chuang's China 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 Chuang's China Group.

6. Wisma Chuang, 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 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 Chuang's China 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 Chuang's China 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 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. 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 Chuang's China Group is currently working in full speed to obtain the certificate of compliance. Upon obtaining the certificate of compliance, the Chuang's China 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 Chuang's China 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 by Chuang's China)

   During the year under review, the Chuang's China 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 Chuang's China 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 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.

   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 Chuang's China 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 Chuang's China 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 Chuang's China 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 Chuang's China 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 Chuang's China Group's Phase III development. The Chuang's China 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 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 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 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 Midtown, the Chuang's China 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 Chuang's China 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 Chuang's China Group will assess the possibilities to sell-back this site to the local authorities, or other remedies acceptable to the Chuang's China Group.

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$23.5 million (including shareholder's loan of about HK$3.4 million) as at 31 March 2020. The Chuang's China 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 by Chuang's China on 30 December 2019, the civil complaint by the minority shareholder of the PRC project company against Chuang's China and an executive director of Chuang's China 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 Chuang's China has sufficient grounds to vigorously contest the complaint. Further announcement(s) about the legal proceedings will be made by Chuang's China as and when appropriate.

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 2020, the Chuang's China Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK$160.1 million). The Chuang's China 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 Chuang's China Group obtained the judgement in favour that various agreements relating to this joint venture project in Chengdu entered into between the Chuang's China Group and the PRC parties shall be rescinded. Also as announced on 31 December 2019, the Chuang's China 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 Chuang's China Group acquired courtyard house in Beijing but the handling agent has failed to properly register title of the properties to the Chuang's China Group. Through legal proceedings, the Chuang's China Group had obtained court judgements in December 2019 for the registered owners to transfer the title to the designated nominee of the Chuang's China 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 Chuang's China 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 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. 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 RMB623.3 million (equivalent to approximately HK$679.7 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.

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

As at the date hereof, the Chuang's China Group owns about 19.45% 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 Chuang's China 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.

(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$30.8 million (2019: HK$59.8 million), and incurred a loss of about HK$7.6 million (2019: HK$4.9 million). It is expected that the recent outbreak of Covid-19 would have a material impact on Sintex's business in the coming year. As such, Sintex is taking steps to adjust for a business model that has less reliance on in-store shopping and concentrate more resources for developing online business. Moreover, Sintex will take action to reduce significant amount of overhead, solidify its internal operation and further evaluate the effectiveness of its retail stores by reorganizing the retail store portfolio in order to enhance the revenues and restore the business to profitability.

(ii) Securities Investment and Trading

During the year, securities investment and trading business of the Group recorded net realized loss on disposal of investments of HK$4.0 million, dividend and interest income from investments of HK$170.0 million, and unrealized fair value loss on investments of HK$219.6 million as a result of mark to market valuations as at the balance sheet date. Nearly the whole amount of the unrealized fair value loss was related to bond investments principally as a result of the drop in bond prices as at 31 March 2020 when compared to that of 31 March 2019 as 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.

As at 31 March 2020, investments of the Group amounted to HK$2,437.2 million (HK$1,679.5 million were held by the wholly-owned subsidiaries of the Group and HK$757.7 million were held by the Chuang's China Group), and comprised as to HK$2,360.3 million for investments in high yield bonds, HK$1.7 million for investments in securities listed on the Stock Exchange and the balance of HK$75.2 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 as well as the pandemic of Covid-19 had asserted downward pressure on the prices of the bonds held by the Group, which have 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 2020:

(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)	8,000	58,580	0.3%	1,469	667
813	Shimao Group Holdings Limited (6.375%, due 2021)	4,000	32,185	0.1%	–	1,250

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*
846	Mingfa Group (International) Company Limited			1.9%		
	(a) 15%, due 2021	60,000	425,009		–	(41,201)
	(b) 15%, due 2020	–	–		37,000	–
884	CIFI Holdings (Group) Co. Ltd.			0.2%		
	(a) 6%, due 2025	1,500	10,513		–	(1,170)
	(b) 6.875%, due 2021	2,000	15,745		–	706
	(c) 7.625%, due 2021	1,000	7,795		–	411
1233	Times China Holdings Limited			0.2%		
	(a) 5.75%, due 2022	3,000	22,086		676	(1,065)
	(b) 6.25%, due 2021	1,000	7,707		489	(354)
	(c) 6.75%, due 2023	3,000	21,483		791	(1,995)
1238	Powerlong Real Estate Holdings Limited			0.3%		
	(a) 4.875%, due 2021	2,000	14,068		–	(285)
	(b) 5.95%, due 2020	2,000	15,460		–	249
	(c) 6.95%, due 2021	4,000	30,135		–	60
	(d) 7.125%, due 2022	200	1,450		–	(110)
1638	Kaisa Group Holdings Ltd.			0.9%		
	(a) 7.25%, due 2020	10,000	77,609		5,682	(2,705)
	(b) 7.875%, due 2021	2,000	14,282		1,234	(1,237)
	(c) 8.5%, due 2022	6,400	42,222		4,262	(5,934)
	(d) 11.25%, due 2022	6,000	44,017		2,648	(4,880)
	(e) 11.75%, due 2021	4,000	30,198		3,670	(2,216)
1813	KWG Group Holdings Limited			0.7%		
	(a) 6%, due 2022	10,000	74,315		4,692	(4,842)
	(b) 7.4%, due 2024	7,000	49,698		2,427	(4,842)
	(c) 7.875%, due 2023	5,000	36,570		3,081	(3,730)
2007	Country Garden Holdings Company Limited			1.5%		
	(a) 4.75%, due 2023	10,000	74,425		3,714	(646)
	(b) 5.625%, due 2026	34,000	266,979		14,989	(2,826)

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*
2777	Easy Tactic Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd.			1.7%		
	(a) 5.75%, due 2022	51,000	358,253		22,932	(37,945)
	(b) 8.875%, due 2021	2,000	14,823		1,388	(1,707)
3333	China Evergrande Group			1.5%		
	(a) 7.5%, due 2023	10,743	61,541		6,312	(19,762)
	(b) 8.25%, due 2022	39,200	247,573		25,292	(55,385)
	(c) 8.75%, due 2025	4,714	26,748		3,231	(9,097)
	(d) 7%, due 2020	–	–		6,423	–
3380	Logan Group Company Limited			0.5%		
	(a) 5.75%, due 2022	5,000	37,739		2,251	(1,993)
	(b) 6.875%, due 2021	4,000	31,494		2,157	(1,277)
	(c) 7.5%, due 2022	5,000	38,242		2,928	(2,584)
	(d) 8.75%, due 2020	2,000	15,781		1,372	(1,046)
3383	Agile Group Holdings Limited			0.4%		
	(a) 5.125%, due 2022	10,000	71,410		4,003	(5,984)
	(b) 6.7%, due 2022	1,800	13,604		943	(860)
600606	Greenland Global Investment Limited, a wholly-owned subsidiary of Greenland Holdings Corporation Limited			0.2%		
	(a) 5.25%, due 2021	4,300	31,835		1,763	(1,800)
	(b) 6.75%, due 2022	2,600	19,452		688	(832)
	(c) 6.75%, due 2023	200	1,375		53	(188)
Z25	Yanlord Land Group Limited (6.8%, due 2024)	2,500	17,855	0.1%	661	(1,747)
	Bond disposed of during the year	–	–	–	725	–
		331,157	2,360,256	10.5%	169,946	(218,902)

(b) Securities investments

Stock code	Investee company	Number of shares 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	Dividend income for the year ended 31 March 2020	Fair value loss for the year ended 31 March 2020
			HK$'000		*HK$'000*	*HK$'000*
276	Mongolia Energy Corporation Limited	434,950	191	0.00%	–	(431)
8439	Somerley Capital Holdings Limited	912,000	1,487	0.01%	45	(36)
			1,678	0.01%	45	(467)

(c) Brief description of principal business of the respective bond issuers and investee companies held as at 31 March 2020 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
Mingfa Group (International) Company 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

Name of company	Principal business
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
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
Yanlord Land Group Limited	Property development, property investment and hotel operations
Mongolia Energy Corporation Limited	Energy and related resources business
Somerley Capital Holdings Limited	Provision of corporate finance advisory service and asset management service

(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$6.5 million (2019: HK$7.8 million). As at 31 March 2020, outstanding amount of loans due from customers amounted to about HK$178.9 million (2019: HK$174.5 million), which were mainly relating to mortgage loans. Among these mortgage loans, one borrower with outstanding loan amount of approximately HK$117.5 million has financial difficulty under the current poor environment and has failed to pay its monthly instalment since December 2019. The Group is taking legal action to recover the overdue amount in order to protect the Group's interest.

FINANCIAL POSITION

Net asset value

As at 31 March 2020, net assets attributable to equity holders of the Company was HK$11,107.4 million (2019: HK$12,102.2 million). Net asset value per share was HK$6.64 (2019: HK$7.24), 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 2020, the Group's cash, bank balances and investments held for trading amounted to HK$4,957.5 million (2019: HK$5,638.4 million). Bank borrowings as at the same date amounted to HK$7,085.7 million (2019: HK$7,307.5 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 19.2% (2019: 13.8%). This net debt to equity ratio will be improved upon the completion of the UK property disposal and the handover of the residential units of The Esplanade to end-buyers, as well as the commencement of the pre-sale of the Mongkok joint venture project with satisfactory result.

Approximately 94.5% of the Group's cash, bank balances and investments held for trading were denominated in Hong Kong dollar and United States dollar, 4.3% were in Renminbi and the balance of 1.2% were in other currencies. Approximately 91.7% of the Group's bank borrowings were denominated in Hong Kong dollar and United States dollar, 6.5% were in British Pound Sterling and the balance of 1.8% 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 21.0% of the Group's bank borrowings were repayable within the first year, 61.4% were repayable within the second year, 14.8% were repayable within the third to fifth years and the balance of 2.8% 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

The ongoing Sino-US trade war, the social unrest in Hong Kong and the pandemic of Covid-19 have created uncertainties and caused a downturn of the Hong Kong economy. It is expected that these uncertainties will remain in the near future and the negative impact will spill over to various business sectors. We will monitor the situation closely and will take appropriate steps to mitigate such effect to our Group. Despite these short-term uncertainties, the Group remains confident in Hong Kong in the long term and, given our sound and healthy financial position, Hong Kong will still be our focus of business expansion in the future when opportunities arise.

In the coming financial year, the Group will closely monitor the progress for the completion of the disposal of the UK investment property and collect the remaining sale proceeds. Meanwhile, we will actively follow up with the relevant authorities for the issuance of the certificate of compliance of The Esplanade in order to handover the units to end-buyers for completion. We will continue to monitor the progress of the compulsory acquisition and the auction of the remaining 3 units of Nos. 16–18 Gage Street in order to consolidate the whole site in the coming year for redevelopment. We will also continue to monitor the progress of the construction works of various projects, constantly review and monitor the tenant status and tenant mix of our investment properties, pursue the commencement of the pre-sale of the Mongkok joint venture project, in particular under the current market environment, so as to preserve the Group's competitiveness. Moreover, we will further review our group structure so that resources can be deployed in a more effective and efficient manner. We are confident that, with the implementation of the above strategies, the Group's financial position as well as the net debt to equity ratio will be improved, and further value can be created for our shareholders.

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 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, 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 (excluding the Chuang's China Group) employed 249 staff and the Chuang's China 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 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"). Since 15 October 2019, Mr. Albert Chuang Ka Pun has been appointed as the Chairman and the Managing Director of the Company and taken up both roles as the Chairman and the Chief Executive Officer. The roles of the chairman and the chief executive officer are not separated pursuant to Code A.2.1 of the code provisions set out in the CG Code. However, the Board considers that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions efficiently and consistently. 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. 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 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 website of the Stock Exchange in due course.

By order of the Board of
Chuang's Consortium International Limited
Albert Chuang Ka Pun
Chairman and Managing Director

Hong Kong, 29 June 2020

As at the date of this announcement, Mr. Albert Chuang Ka Pun, Mr. Richard Hung Ting Ho, Mr. Chong Ka Fung, Miss Ann Li Mee Sum, 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.