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**Chuang's China Investments Limited**

**(莊士中國投資有限公司)**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 298)**

## **ANNOUNCEMENT OF**

### **(1) FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022; (2) PAYMENT OF THE SECOND SPECIAL DIVIDEND; (3) PROPOSED ADOPTION OF A NEW SHARE OPTION SCHEME; AND (4) PROPOSED AMENDMENTS TO EXISTING BYE-LAWS AND ADOPTION OF NEW BYE-LAWS**

The board of Directors (the “Board”) of Chuang’s China Investments Limited (the “Company”) announces the consolidated final results of the Company and its subsidiaries (collectively as the “Group”) for the year ended 31 March 2022 as follows:

#### **HIGHLIGHTS FOR THE YEAR ENDED 31 MARCH 2022**

- On 14 May 2021, the Group completed the disposal of the property project in Panyu, Guangzhou, the People’s Republic of China (the “PRC”). The Group’s net cash position has increased by about HK\$1.4 billion, after payment of tax relating to the disposal. The disposal has greatly strengthened the Group’s financial position.
- Profit attributable to equity holders of the Company amounted to HK\$227.8 million.
- The Group had net cash of HK\$698.1 million as at 31 March 2022. Total cash resources of the Group (including bond investments of HK\$428.2 million) amounted to HK\$1,953.1 million, and bank borrowings amounted to HK\$1,255.0 million.
- Net asset value per share amounted to HK\$1.94.
- Earnings per share was 9.70 HK cents.
- On top of an interim dividend of 2.0 HK cents per share and a special dividend of 4.0 HK cents per share paid during the year, a final dividend of 2.0 HK cents per share was recommended and the second special dividend of 8.0 HK cents per share was also declared by the Board, totalling 10.0 HK cents per share. Thus total dividends for the year amounted to 16.0 HK cents (2021: 3.0 HK cents) per share, increased by about 4.3 times over that of the last year.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenues	3	204,540	1,779,654
Cost of sales		<u>(70,315)</u>	<u>(1,060,895)</u>
Gross profit		134,225	718,759
Other income and net (loss)/gain	5A	(675,901)	120,948
Gain/(loss) on disposal of subsidiaries	5B	1,181,548	(9,280)
Selling and marketing expenses		(21,534)	(109,047)
Administrative and other operating expenses		(141,099)	(138,383)
Change in fair value of investment properties		<u>(63,915)</u>	<u>(135,955)</u>
Operating profit	6	413,324	447,042
Finance costs	7	(32,211)	(48,209)
Share of result of an associated company		(3,795)	(113)
Share of result of a joint venture	8	<u>(15,599)</u>	<u>2,281</u>
Profit before taxation		361,719	401,001
Taxation (charge)/credit	9	<u>(138,532)</u>	<u>14,398</u>
Profit for the year		<u>223,187</u>	<u>415,399</u>
Attributable to:			
Equity holders		227,757	419,039
Non-controlling interests		<u>(4,570)</u>	<u>(3,640)</u>
		<u>223,187</u>	<u>415,399</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share (basic and diluted)	11	<u>9.70</u>	<u>17.84</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>223,187</b>	415,399
Other comprehensive income:		
Items that had been/may be reclassified subsequently to profit and loss:		
Net exchange differences	<b>102,583</b>	264,734
Share of exchange reserve of a joint venture	<b>10,101</b>	19,596
Realization of exchange reserve upon disposal of subsidiaries	<b>(27,353)</b>	(22,712)
Total other comprehensive income that had been/ may be reclassified subsequently to profit and loss	<b>85,331</b>	261,618
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	<b>1,414</b>	24,567
Total other comprehensive income for the year	<b>86,745</b>	286,185
<b>Total comprehensive income for the year</b>	<b>309,932</b>	701,584
Total comprehensive income attributable to:		
Equity holders	<b>317,567</b>	685,332
Non-controlling interests	<b>(7,635)</b>	16,252
	<b>309,932</b>	701,584

## CONSOLIDATED BALANCE SHEET

As at 31 March 2022

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>35,660</b>	45,560
Investment properties		<b>1,601,355</b>	1,635,636
Right-of-use assets		<b>6,773</b>	1,674
Properties for/under development		<b>154,113</b>	148,393
Cemetery assets		<b>315,649</b>	302,489
Associated company		–	3,795
Joint venture		<b>340,314</b>	362,498
Financial assets at fair value through other comprehensive income		<b>155,258</b>	154,190
Loans and receivables and other deposits		<b>251,336</b>	217,108
		<b>2,860,458</b>	2,871,343
<b>Current assets</b>			
Properties for sale		<b>680,273</b>	677,837
Cemetery assets		<b>798,604</b>	778,286
Inventories		<b>49,795</b>	49,795
Debtors and prepayments	<i>12</i>	<b>173,339</b>	156,754
Financial assets at fair value through profit or loss		<b>588,732</b>	1,321,870
Cash and bank balances		<b>1,524,929</b>	679,001
		<b>3,815,672</b>	3,663,543
Assets of disposal group classified as held for sale	<i>5B</i>	–	770,429
		<b>3,815,672</b>	4,433,972
<b>Current liabilities</b>			
Creditors and accruals	<i>13</i>	<b>255,722</b>	346,509
Sales deposits received		<b>381</b>	10,984
Short-term bank borrowings		<b>22,152</b>	411,052
Current portion of long-term bank borrowings		<b>512,905</b>	700,557
Taxation payable		<b>39,867</b>	66,620
		<b>831,027</b>	1,535,722
Liabilities of disposal group classified as held of sale	<i>5B</i>	–	69,437
		<b>831,027</b>	1,605,159
<b>Net current assets</b>		<b>2,984,645</b>	2,828,813
<b>Total assets less current liabilities</b>		<b>5,845,103</b>	5,700,156

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Equity</b>		
Share capital	117,352	117,442
Reserves	<u>4,443,182</u>	<u>4,302,311</u>
Shareholders' funds	<u>4,560,534</u>	4,419,753
Non-controlling interests	<u>115,936</u>	<u>123,571</u>
<b>Total equity</b>	<u>4,676,470</u>	<u>4,543,324</u>
<b>Non-current liabilities</b>		
Long-term bank borrowings	719,918	704,733
Deferred taxation liabilities	363,573	367,188
Loans and payables with non-controlling interests	44,626	47,688
Other non-current liabilities	<u>40,516</u>	<u>37,223</u>
	<u>1,168,633</u>	<u>1,156,832</u>
	<u><u>5,845,103</u></u>	<u><u>5,700,156</u></u>

## NOTES:

### 1. GENERAL INFORMATION

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

As at 31 March 2022, the Company was a 61.15% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The board of Directors (the "Board") regards CCIL as the ultimate holding company.

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

### 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value, and in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

The 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. The significant accounting policies adopted for the preparation of the consolidated financial statements have been consistently applied to all the years presented, except as stated below.

#### (i) Effect of adopting amendments to standards

For the year ended 31 March 2022, the Group adopted the following amendments to standards that are effective for the accounting periods beginning on or after 1 April 2021 and relevant to the operations of the Group:

HKFRS 16 (Amendment)	Covid-19-Related Rent Concessions
HKFRS 16 (Amendment)	Covid-19-Related Rent Concessions beyond 30 June 2021
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2

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

**(ii) New standard, amendments to standards, practice statement, revised accounting guideline and interpretation that are not yet effective**

The following new standard, amendments to standards, practice statement, revised accounting guideline and interpretation have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1 April 2022, but have not yet been early adopted by the Group:

HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current (effective from 1 January 2023)
HKAS 1 (Amendment) and HKFRS Practice Statement 2	Disclosure of Accounting Policies (effective from 1 January 2023)
HKAS 8 (Amendment)	Definition of Accounting Estimates (effective from 1 January 2023)
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction (effective from 1 January 2023)
HKAS 16 (Amendment)	Property, Plant and Equipment: Proceeds before Intended Use (effective from 1 January 2022)
HKAS 37 (Amendment)	Onerous Contracts – Cost of Fulfilling a Contract (effective from 1 January 2022)
HKFRS 3 (Amendment)	Reference to the Conceptual Framework (effective from 1 January 2022)
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 17 and HKFRS 17 (Amendment)	Insurance Contracts (effective from 1 January 2023)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018–2020 Cycle (effective from 1 January 2022)
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations (effective from 1 January 2022)
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (effective from 1 January 2023)

The Group will adopt the above new standard, amendments to standards, practice statement, revised accounting guideline and interpretation as and when they become effective. The Group has commenced a preliminary assessment of the likely impact of adopting the above new standard, amendments to standards, practice statement, revised accounting guideline and interpretation, 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.

### 3. REVENUES

Revenues recognized during the year are as follows:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Sales of properties	<b>72,848</b>	1,651,615
Rental income and management fees	<b>25,914</b>	39,864
Sales of cemetery assets	<b>40,998</b>	25,733
Interest income from financial assets at fair value through profit or loss	<b>64,780</b>	62,442
	<b><u>204,540</u></b>	<u>1,779,654</u>

### 4. SEGMENT INFORMATION

#### (a) Segment information by business lines

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

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



The segment information by business lines is as follows:

	Property development, investment and trading HK\$'000	Cemetery HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Others and corporate HK\$'000	2022 Total HK\$'000
Revenues from contracts with customers:						
– Recognized at a point in time	72,848	40,998	–	–	–	113,846
– Recognized over time	852	–	–	–	–	852
Revenues from other sources	25,062	–	–	64,780	–	89,842
Revenues	<u>98,762</u>	<u>40,998</u>	<u>–</u>	<u>64,780</u>	<u>–</u>	<u>204,540</u>
Other income and net gain/(loss)	<u>569</u>	<u>168</u>	<u>–</u>	<u>(685,740)</u>	<u>9,102</u>	<u>(675,901)</u>
Gain on disposal of subsidiaries	<u>1,181,548</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,181,548</u>
Operating profit/(loss)	1,119,774	8,184	(80)	(621,768)	(92,786)	413,324
Finance costs	(29,608)	–	–	(2,603)	–	(32,211)
Share of result of an associated company	–	–	–	–	(3,795)	(3,795)
Share of result of a joint venture	(15,599)	–	–	–	–	(15,599)
Profit/(loss) before taxation	1,074,567	8,184	(80)	(624,371)	(96,581)	361,719
Taxation (charge)/credit	(136,226)	(2,858)	–	552	–	(138,532)
Profit/(loss) for the year	<u>938,341</u>	<u>5,326</u>	<u>(80)</u>	<u>(623,819)</u>	<u>(96,581)</u>	<u>223,187</u>
Segment assets	2,883,254	1,190,603	49,979	615,019	1,596,961	6,335,816
Joint venture	340,314	–	–	–	–	340,314
Total assets	<u>3,223,568</u>	<u>1,190,603</u>	<u>49,979</u>	<u>615,019</u>	<u>1,596,961</u>	<u>6,676,130</u>
Total liabilities	<u>1,628,117</u>	<u>295,758</u>	<u>10</u>	<u>26,758</u>	<u>49,017</u>	<u>1,999,660</u>
Other segment items are as follows:						
Capital expenditure	48,377	467	–	–	–	48,844
Depreciation of property, plant and equipment	519	506	52	–	9,331	10,408
Depreciation of right-of-use assets	1,709	107	–	–	–	1,816
Provision for impairment of properties for sale	1,355	–	–	–	–	1,355
Reversal of provision for impairment of trade debtors	475	–	–	–	–	475
Reversal of provision for impairment of other deposits	710	–	–	–	–	710
Fair value loss of investment properties	<u>63,915</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>63,915</u>

	Property development, investment and trading <i>HK\$'000</i>	Cemetery <i>HK\$'000</i>	Sales of goods and merchandises <i>HK\$'000</i>	Securities investment and trading <i>HK\$'000</i>	Others and corporate <i>HK\$'000</i>	2021 Total <i>HK\$'000</i>
Revenues from contracts with customers:						
– Recognized at a point in time	1,651,615	25,733	–	–	–	1,677,348
– Recognized over time	65	–	–	–	–	65
Revenues from other sources	39,799	–	–	62,442	–	102,241
Revenues	<u>1,691,479</u>	<u>25,733</u>	<u>–</u>	<u>62,442</u>	<u>–</u>	<u>1,779,654</u>
Other income and net gain/(loss)	<u>17,013</u>	<u>87</u>	<u>–</u>	<u>93,846</u>	<u>10,002</u>	<u>120,948</u>
Loss on disposal of a subsidiary	<u>(9,280)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(9,280)</u>
Operating profit/(loss)	376,229	2,412	(82)	155,520	(87,037)	447,042
Finance costs	(46,101)	–	–	(2,108)	–	(48,209)
Share of result of an associated company	–	–	–	–	(113)	(113)
Share of result of a joint venture	2,281	–	–	–	–	2,281
Profit/(loss) before taxation	332,409	2,412	(82)	153,412	(87,150)	401,001
Taxation credit/(charge)	20,897	(2,305)	–	(4,194)	–	14,398
Profit/(loss) for the year	<u>353,306</u>	<u>107</u>	<u>(82)</u>	<u>149,218</u>	<u>(87,150)</u>	<u>415,399</u>
Segment assets	2,837,204	1,116,947	50,023	1,325,125	839,294	6,168,593
Associated company	–	–	–	–	3,795	3,795
Joint venture	362,498	–	–	–	–	362,498
Assets of disposal group classified as held for sale	<u>770,429</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>770,429</u>
Total assets	<u>3,970,131</u>	<u>1,116,947</u>	<u>50,023</u>	<u>1,325,125</u>	<u>843,089</u>	<u>7,305,315</u>
Segment liabilities	2,036,745	281,161	10	353,858	20,780	2,692,554
Liabilities of disposal group classified as held for sale	<u>69,437</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>69,437</u>
Total liabilities	<u>2,106,182</u>	<u>281,161</u>	<u>10</u>	<u>353,858</u>	<u>20,780</u>	<u>2,761,991</u>
Other segment items are as follows:						
Capital expenditure	143,044	969	–	–	288	144,301
Depreciation of property, plant and equipment	944	602	105	–	13,944	15,595
Depreciation of right-of-use assets	293	126	–	–	–	419
Provision for impairment of trade debtors	744	–	–	–	–	744
Fair value gain on transfer of properties from properties for sale to investment properties	8,190	–	–	–	–	8,190
Fair value loss of investment properties	<u>135,955</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>135,955</u>

**(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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong	137,458	1,710,361	46,407	110,792
The People's Republic of China (the "PRC")	52,812	38,209	2,357	32,158
United Kingdom	–	14,694	–	–
Malaysia	14,270	16,390	80	1,351
	<u>204,540</u>	<u>1,779,654</u>	<u>48,844</u>	<u>144,301</u>
	Non-current assets (Note)		Total assets	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong	204,729	212,782	3,093,293	2,981,489
The PRC	1,935,539	1,948,096	3,225,449	3,941,989
Malaysia	313,596	339,167	324,376	346,061
Other countries	–	–	33,012	35,776
	<u>2,453,864</u>	<u>2,500,045</u>	<u>6,676,130</u>	<u>7,305,315</u>

*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.*

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

	2022 HK\$'000	2021 HK\$'000
Interest income from bank deposits	3,402	4,089
Dividend income from financial assets at fair value through other comprehensive income	7,469	7,469
Net realized (loss)/gain of financial assets at fair value through profit or loss	(14,807)	3,892
Net fair value (loss)/gain of financial assets at fair value through profit or loss	(670,515)	89,350
Fair value gain on transfer of properties from properties for sale to investment properties (note)	–	8,190
Forfeited deposits from sales of properties	–	333
Loss on disposal of investment properties	(313)	(1,315)
Net loss on disposal of property, plant and equipment	(18)	(302)
Net exchange loss	(2,841)	(1,360)
Others	1,722	10,602
	<u>(675,901)</u>	<u>120,948</u>

*Note: During the year ended 31 March 2021, upon the change of intended use, the Group had transferred certain commercial properties in Hong Kong from properties for sale to investment properties at fair value of HK\$175,920,000. Fair value gain on transfer of these properties of approximately HK\$8.2 million and the related taxation of approximately HK\$37,000 were recorded respectively.*

## **5B. GAIN/(LOSS) ON DISPOSAL OF SUBSIDIARIES**

- (a) On 9 February 2021, the Group entered into the conditional sale and purchase agreements with independent third parties for the disposal of the properties holding subsidiaries that held the property project in Panyu, Guangzhou, the PRC, for an aggregate consideration of about RMB1,574.9 million (equivalent to approximately HK\$1,896.7 million) (the “Panyu Disposal”). The Panyu Disposal had been approved by the shareholders of the Company on 13 April 2021. Details of the Panyu Disposal were announced by the Company on 11 February 2021 and 14 May 2021, and published in the circular of the Company on 19 March 2021. The transaction was completed on 14 May 2021, and a gain on disposal of subsidiaries was recorded in the year ended 31 March 2022, taking into account the net assets disposed of approximately HK\$707.2 million, the realization of exchange reserve upon disposal of approximately HK\$27.4 million and related transaction costs.

Furthermore, all related assets and liabilities of the Panyu Disposal were reclassified as “Assets of disposal group classified as held for sale” and “Liabilities of disposal group classified as held for sale” respectively on 31 March 2021 with details as shown below:

	2021 HK\$'000
<b>Assets</b>	
Investment properties	188,945
Properties for sale	443,995
Debtors and prepayments	2,839
Cash and bank balances	134,650
	<u>770,429</u>
<b>Liabilities</b>	
Creditors and accruals	224
Deferred taxation liabilities	69,213
	<u>69,437</u>

- (b) On 30 April 2020, an indirect wholly-owned subsidiary of the Group entered into a sale and purchase agreement with an independent third party to dispose of a property holding company which held an investment property in the United Kingdom at a consideration of about GBP93.8 million (equivalent to approximately HK\$971.5 million). The transaction was approved by the shareholders of the Company at its special general meeting held on 23 June 2020. Details of the transaction were announced by the Company on 3 May 2020, and published in the circular of the Company on 3 June 2020. The transaction was completed on 1 September 2020, and a loss on disposal of a subsidiary was recorded in 2021, taking into account the net assets disposed of approximately HK\$995.2 million, the realization of exchange reserve upon disposal of approximately HK\$22.7 million and related transaction costs.

## 6. OPERATING PROFIT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Operating profit is stated after crediting:		
Reversal of provision for impairment of trade debtors	475	–
Reversal of provision for impairment of other deposits	710	–
	<u>          </u>	<u>          </u>
and after charging:		
Cost of properties sold	39,788	1,039,852
Cost of cemetery assets sold	15,179	9,905
Depreciation of property, plant and equipment	10,408	15,595
Depreciation of right-of-use assets	1,816	419
Provision for impairment of properties for sale	1,355	–
Provision for impairment of trade debtors	–	744
Staff costs, including Directors' emoluments		
Wages and salaries ( <i>note</i> )	42,888	44,825
Retirement benefit costs	2,518	1,876
	<u>          </u>	<u>          </u>

*Note: Government grants amounting to HK\$1,729,000 had been recognized and deducted in wages and salaries expenses for the year ended 31 March 2021.*

## 7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expenses of		
Bank borrowings	38,637	48,206
Lease liabilities	35	3
	<u>          </u>	<u>          </u>
	38,672	48,209
Amounts capitalized into properties under development	<u>(6,461)</u>	<u>          </u>
	<u>32,211</u>	<u>48,209</u>

The capitalization rates applied to funds borrowed for the development of properties ranged from 1.36% to 2.56% (2021: N/A) per annum.

## 8. SHARE OF RESULT OF A JOINT VENTURE

Share of loss of a joint venture of HK\$15,599,000 (2021: profit of HK\$2,281,000) in the consolidated income statement included the share of fair value loss of the investment properties (net of the related deferred taxation) of joint venture of HK\$27,939,000 (2021: Nil), and the rental income received by the joint venture from the wholly-owned subsidiary of the joint venture partner for the year ended 31 March 2022 amounting to approximately HK\$15,162,000 (2021: HK\$12,683,000).

## 9. TAXATION CHARGE/(CREDIT)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	1,498	32,887
PRC corporate income tax	5,827	12,152
PRC withholding corporate income tax ( <i>note 5B(a)</i> )	142,071	–
PRC land appreciation tax	6,426	12,942
Overseas profit tax	497	1,453
Over-provision in prior years	–	(41,149)
Deferred taxation	(17,787)	(32,683)
	<u>138,532</u>	<u>(14,398)</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the year. PRC corporate income tax and overseas profits tax have been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC and the countries in which the Group operates respectively. PRC withholding corporate income tax in 2022 represents the relevant tax on disposal of subsidiaries arising from the Panyu Disposal as mentioned in note 5B(a). 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. The over-provision in 2021 was mainly related to taxation charges, including PRC land appreciation tax, in respect of the sale of properties in the PRC in prior years upon final clearance with the local tax authorities.

There was no taxation charge/credit of the associated company for the year ended 31 March 2022 (2021: Nil). Share of deferred taxation credit arising from the fair value loss of the investment properties of the joint venture for the year ended 31 March 2022 of HK\$9,313,000 (2021: Nil, as it had sufficient tax losses brought forward to set off against the estimated assessable profits for that year) is included in the consolidated income statement as “Share of result of a joint venture”.

## 10. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend of 2.0 HK cents (2021: 1.5 HK cents) per share	46,977	35,233
Special dividend of 4.0 HK cents (2021: Nil) per share	93,881	–
Final dividend of 2.0 HK cents (2021: 1.5 HK cents) per share	46,941	35,233
Second special dividend of 8.0 HK cents (2021: Nil) per share	187,763	–
	<u>375,562</u>	<u>70,466</u>

On 27 June 2022, the Board proposed a final dividend of 2.0 HK cents (2021: 1.5 HK cents) per share amounting to HK\$46,941,000 (2021: HK\$35,233,000). The amount is calculated based on 2,347,035,316 issued shares as at 27 June 2022. The proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but will be reflected and accounted for as an appropriation of reserves in the year ending 31 March 2023 upon the approval by the shareholders.

Furthermore, on 27 June 2022, the Board also declared the second special dividend of 8.0 HK cents (2021: Nil) per share amounting to HK\$187,763,000 (2021: Nil). The amount is calculated based on 2,347,035,316 issued shares as at 27 June 2022. This second special dividend is not reflected as a dividend payable in the consolidated financial statements, but will be reflected and accounted for as an appropriation of reserves in the year ending 31 March 2023.

## 11. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$227,757,000 (2021: HK\$419,039,000) and the weighted average number of 2,348,388,467 (2021: 2,348,835,316) shares in issue during the year.

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

## 12. 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.

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Below 30 days	<b>632</b>	353
31 to 60 days	<b>141</b>	267
61 to 90 days	<b>216</b>	273
Over 90 days	<b>7,452</b>	6,926
	<b>8,441</b>	7,819

Debtors and prepayments include net deposits of HK\$3,000,000 (2021: HK\$19,587,000) for acquisition of property projects, properties and right-of-use assets after the accumulated provision for impairment as at 31 March 2022. In 2022, the balances also include the deferred consideration of about HK\$122.9 million (2021: Nil) for the Panyu Disposal as mentioned in note 5B(a), which was received in May 2022 after the expiry of 12 months from the date of completion. In 2021, they also included (i) prepayments of sales commissions of HK\$2,541,000 which represented costs incurred to obtain property sale contracts, and were amortized to profit or loss during the year ended 31 March 2022 when the related revenue was recognized; and (ii) stamp duty receivables of HK\$88,777,000 which represented the refundable stamp duty paid by the Group upon acquisition of certain development properties in Hong Kong in prior years, and were fully refunded during the year ended 31 March 2022.

### 13. CREDITORS AND ACCRUALS

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Below 30 days	1,632	1,128
31 to 60 days	2	–
Over 60 days	11	13
	<u>1,645</u>	<u>1,141</u>

Creditors and accruals include the construction cost payables and accruals of HK\$144,138,000 (2021: HK\$154,268,000) for the property and cemetery projects of the Group. In 2021, they also included the deposit received of approximately HK\$118.3 million for the Panyu Disposal as mentioned in note 5B(a).

### 14. FINANCIAL GUARANTEES

As at 31 March 2022, certain subsidiaries had provided guarantees of HK\$9,409,000 (2021: HK\$15,159,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the Group in the PRC.

### 15. COMMITMENTS

As at 31 March 2022, the Group had commitments contracted but not provided for in respect of property projects and properties of HK\$26,724,000 (2021: HK\$46,356,000) and financial assets at fair value through profit or loss of HK\$47,569,000 (2021: Nil) respectively.

### 16. PLEDGE OF ASSETS

As at 31 March 2022, the Group had pledged certain assets, including investment properties, properties for sale and financial assets at fair value through profit or loss, with an aggregate carrying value of HK\$878,967,000 (2021: HK\$1,191,355,000), to secure banking facilities granted to the subsidiaries.

### 17. CAPITAL EXPENDITURE

For the year ended 31 March 2022, the Group incurred acquisition and development costs on property, plant and equipment of HK\$79,000 (2021: HK\$1,011,000), right-of-use assets of HK\$6,834,000 (2021: Nil) and property projects, properties, investment properties and cemetery assets of HK\$41,931,000 (2021: HK\$143,290,000) respectively.

### 18. RELATED PARTY TRANSACTION

On 7 May 2018, a wholly-owned subsidiary of the Company entered into a tenancy agreement with a wholly-owned subsidiary of CCIL for the lease of one basement floor at its investment property in Hong Kong for a term of two years from 7 May 2018 to 6 May 2020. Upon expiry, a short-term tenancy agreement for a period of 3 months from 7 May 2020 to 6 August 2020 had been entered into at the same terms. The premises were used as a sales office and show flat of the property project of the Group. Details of the transaction were announced by the Company on 7 May 2018. Total rental, management fee and license fee for the year ended 31 March 2021 amounted to approximately HK\$1,714,000.



## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS REVIEW

Profit attributable to equity holders of the Company for the year ended 31 March 2022 amounted to HK\$227.8 million (2021: HK\$419.0 million). Earnings per share was 9.70 HK cents (2021: 17.84 HK cents).

During the year under review, the Group's revenues amounted to about HK\$204.5 million (2021: HK\$1,779.7 million), and comprised the following:

- sales of development properties decreased by about HK\$1,578.8 million to about HK\$72.8 million (2021: HK\$1,651.6 million), mainly due to the decrease in recognition of completed sales of The Esplanade, Tuen Mun in Hong Kong as the majority of the completed properties had been handed-over to the end-buyers in the last corresponding year;
- rental and management fee income decreased by 35.1% to about HK\$25.9 million (2021: HK\$39.9 million), mainly because rental income was recorded for the investment property in the United Kingdom (the "UK") in the last corresponding year and this property had been disposed of on 1 September 2020;
- revenues from securities investment and trading increased slightly by 3.7% to about HK\$64.8 million (2021: HK\$62.5 million); and
- sales of cemetery assets in the PRC increased by 59.5% to about HK\$41.0 million (2021: HK\$25.7 million) mainly due to the increase in number of grave plots sold during the year under review.

During the year under review, gross profit decreased by about 81.3% to about HK\$134.2 million (2021: HK\$718.8 million) mainly as a result of the decrease in revenues. Overall gross profit margin increased from 40% to 66% and was mainly due to the decrease in proportion of sales of development properties which has a relatively lower profit margin than the other revenue segments of the Group. The gross profit margin for each revenue segment is as follows:

	<u>3/2022</u>	<u>3/2021</u>
Sales of development properties	<b>45%</b>	37%
Rental and management fee income	<b>41%</b>	72%
Revenues from securities investment and trading	<b>100%</b>	100%
Sales of cemetery assets	<b>63%</b>	62%

Other income and net loss amounted to about HK\$675.9 million (2021: net gain of HK\$120.9 million). It mainly comprised interest income, dividend income and the fair value loss of bond investments. The net loss during the year under review was principally due to the unrealized fair value loss of bond investments. A breakdown of other income and net loss is shown in note 5A on page 11 hereof. Gain on disposal of subsidiaries of about HK\$1.18 billion was recorded for the year under review upon the completion of the disposal of subsidiaries holding the property project in Panyu, Guangzhou, the PRC as announced in May 2021 (2021: loss of HK\$9.3 million for the disposal of subsidiary holding the UK property).

The Group recorded a loss on change in fair value of investment properties of HK\$63.9 million arising from the investment properties in the PRC and Malaysia (2021: HK\$136.0 million).

On the costs side, selling and marketing expenses decreased by about 80.3% to about HK\$21.5 million (2021: HK\$109.0 million) due to the decrease in sales commission of The Esplanade in Tuen Mun recorded as comparing to that for the last corresponding year. Administrative and other operating expenses increased slightly by 2.0% to about HK\$141.1 million (2021: HK\$138.4 million). Finance costs decreased by 33.2% to HK\$32.2 million (2021: HK\$48.2 million) mainly due to the decrease in bank borrowings as well as the lower interest rates prevailing during the year. Share of loss of an associated company amounted to about HK\$3.8 million (2021: HK\$0.1 million) solely due to the share of result of an associated company. Share of loss of a joint venture was HK\$15.6 million (2021: profit of HK\$2.3 million) mainly due to the share of revaluation loss arising on investment properties owned by the joint venture. Taxation charge amounted to about HK\$138.5 million (2021: taxation credit of HK\$14.4 million) mainly due to the taxation charge of HK\$142.1 million relating to the disposal of subsidiaries with project in Panyu, Guangzhou, the PRC as mentioned above during the year under review.

## **DIVIDENDS**

The board of Directors (the “Board”) has resolved to recommend for the shareholders’ approval at the forthcoming annual general meeting of the Company (the “AGM”) the payment of a final dividend of 2.0 HK cents (2021: 1.5 HK cents) per share for the year ended 31 March 2022. The final dividend, if approved, will be paid on or before Tuesday, 27 September 2022 to the shareholders whose names appear on the Company’s register of members on Wednesday, 14 September 2022.

Furthermore, after taking into account the financial performance and the working capital requirements of the Group, the Board has today also resolved to pay the second special dividend of 8.0 HK cents (2021: Nil) per share on or before Tuesday, 27 September 2022 to the shareholders whose names appear on the Company’s register of members on Wednesday, 14 September 2022.

An interim dividend of 2.0 HK cents (2021: 1.5 HK cents) per share and a special dividend of 4.0 HK cents (2021: Nil) have been paid in respect of the current financial year. The total dividends for the year, therefore, will amount to 16.0 HK cents (2021: 3.0 HK cents) per share, representing an increase of about 4.3 times. Total dividend amount in respect of the current financial year will be about HK\$375.6 million (2021: HK\$70.5 million).

## BUSINESS REVIEW

During the year under review, the Group has successfully completed the disposal of the property project in Panyu, Guangzhou, the PRC and this disposal has strengthened the financial position of the Group. However, the performance of the Group's investment in high yield bonds was adversely affected by the unfavorable and high volatility of the high yield bond market during the year under review.

### A. Investment Properties

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

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

The Esplanade Place is developed by the Group in Tuen Mun which comprises a two-storey commercial podium having a total gross floor area ("GFA") of about 25,813 *sq. ft.*. There are about 16 commercial units and 12 commercial carparking spaces, of which 10 commercial units are leased to independent third parties with an aggregate annual rental income of about HK\$2.6 million. The Group will continue to market the remaining units and carparking spaces in order to generate rental income. As at 31 March 2022, the property was recorded at valuation of about HK\$175.9 million.

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

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.*. Occupation permit has been obtained.

The weak economy in Anshan is adversely affected by Covid-19, thus business activities and leasing are progressing slowly. During the year under review, the Group has leased certain residential units to multi tenants with aggregate rental income of about RMB0.4 million (equivalent to approximately HK\$0.5 million). The Group will explore more marketing ideas on promotion and leasing of the commercial podium as well as the units of the twin tower. The valuation of the property was approximately RMB666.6 million (equivalent to approximately HK\$820.5 million) as at 31 March 2022, comprising RMB261.3 million for the commercial podium and RMB405.3 million for the twin tower.

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

This hotel complex is developed by the Group, comprising a 6-storey hotel building with 100 guest-rooms (GFA of 9,780 *sq. m.*) and 30 villas (aggregate GFA of about 9,376 *sq. m.*) in Siming District, Xiamen. As at 31 March 2022, the properties were recorded at valuation of RMB404.0 million (comprising RMB190.0 million for the hotel and RMB214.0 million for the 30 villas). The valuation attributable to the Group was about RMB240.4 million (equivalent to approximately HK\$295.9 million), whereas the total investment costs of the Group were about RMB155.2 million (equivalent to approximately HK\$191.0 million).

During the year under review, the hotel building together with 3 villas are leased to 廈門佻家鷺江酒店 (Xiamen Mega Lujiang Hotel) and is operated as “鷺江•佻家酒店” (Mega Lujiang Hotel). As announced on 15 October 2021, the Group entered into an amendment agreement for the reduction of rent for the hotel building and 3 villas for the period up to January 2024 in view of the operational difficulty of Xiamen Mega Lujiang Hotel under the poor business environment in Xiamen. Besides, as announced on 15 October 2021 and 26 January 2022, the Group entered into two additional tenancy agreements to lease further 16 villas and 4 villas respectively to Xiamen Mega Lujiang Hotel with a term of about 10 years in order to increase the recurrent income. The remaining 7 villas are leased to independent third parties. The aggregate annual rental income of this hotel complex amounted to about RMB18.8 million (equivalent to approximately HK\$23.1 million).

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

The Group holds a 4-storey commercial building in Shatian, Dongguan, providing a total GFA of about 4,167 *sq. m.* for commercial, retail and office usage. As at 31 March 2022, valuation of the property was RMB36.4 million (equivalent to approximately HK\$44.8 million). One storey was leased to 中國人壽東莞分公司 (China Life Dongguan branch) for office use since years ago, and subsequent to this year end, the ground floor was leased to an independent party in June 2022 for retail use. The aggregate annual rental income is about RMB0.8 million (equivalent to approximately HK\$1.0 million). Marketing is in progress for leasing of the remaining units of the property.

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

Wisma Chuang is located within the prime city centre, situated right next to the landmark shopping complex, Pavilion KL, the heart of central business district and prestigious shopping area of Kuala Lumpur. It is built on a freehold land and is a 29-storey high rise office building having retail and office spaces of approximately 254,000 *sq. ft.* (on total net lettable area basis is approximately 195,000 *sq. ft.*) and 298 carparking spaces. As at 31 March 2022, the valuation of this property was MYR167.7 million (equivalent to approximately HK\$312.3 million), which represents an average value of approximately MYR860 (equivalent to approximately HK\$1,602) per *sq. ft.* of net lettable retail and office area.

During the year under review, the occupancy rate was seriously affected by the lockdown imposed due to Covid-19 and fell to approximately 54% whereas rental rates was also decreased. Rental income was approximately MYR5.5 million (equivalent to approximately HK\$10.2 million). The Group will seek appropriate opportunity to dispose of the property to accelerate return from this investment.

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

## B. Property Development

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

The project was completed with GFA of about 117,089 *sq. ft.* for residential purpose, named as The Esplanade, and GFA of about 25,813 *sq. ft.* for commercial purpose, named as The Esplanade Place, respectively. The Esplanade comprises 371 residential flats and 30 residential carparking spaces. The Esplanade Place comprises a two-storey commercial podium and 12 commercial carparking spaces for leasing.

Up-to-date, all 371 residential units and 8 carparking spaces have been sold at aggregate amount of about HK\$1,718.5 million. Among these sales, 365 residential units and 3 carparking spaces with sales value of about HK\$1,647.5 million had been handed-over to end-buyers in the last financial year. During the year under review, the remaining 6 residential units and 4 carparking spaces with sales value of about HK\$69.7 million had also been completed. The remaining 1 sold carparking space with sale value of about HK\$1.3 million was completed subsequent to the year end date. The Group will continue to market the remaining unsold carparking spaces.

2. *Nos. 6–8 Ping Lan Street and Nos. 26–32 Main Street, Ap Lei Chau, Hong Kong (100% owned)*

The property has a site area of about 4,320 *sq. ft.* and has a developable GFA of about 40,000 *sq. ft.*. General building plans of the project have been approved to develop a 27-storey residential/commercial building with clubhouse facilities and retail units at the podium levels.

Foundation works have been completed. Superstructure work is currently in progress. Preparation works for pre-sale have also been commenced, which is expected to be launched in the third quarter of 2022.

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

Chuang's Le Papillon is an integrated residential and commercial community and its development is implemented by phases. The Group has completed the development of Phase I and II, having a total GFA of approximately 260,800 *sq. m.*. It comprises 34 high-rise residential towers with a total of 2,077 flats and 22 villas, commercial properties, club houses and 1,497 carparking spaces. All residential units and 6 villas had been sold in previous years, furthermore, 1 villa was disposed of during the year under review. For the remaining development (Phase III), it comprises a land of over 92,000 *sq. m.* and its total plot ratio GFA is about 175,011 *sq. m.* and saleable GFA is about 162,958.64 *sq. m.*.

On 9 February 2021, the Group entered into the conditional sale and purchase agreements with independent third parties for the disposal of the properties holding subsidiaries that hold this Phase III land site, together with 15 villas, 2 clubhouses and 369 carparks, for an aggregate consideration of about RMB1,574.9 million (equivalent to approximately HK\$1,896.7 million). Completion of the disposal took place on 14 May 2021, and a net gain of about HK\$1.04 billion (after net of the related taxation charge of HK\$142.1 million) was recognized for the year under review. Consideration of about RMB1,350.1 million (equivalent to approximately HK\$1,628.0 million) was received at completion. Pursuant to the sale and purchase agreement, a deferred consideration of the remaining proceed is to be received after the expiry of 12 months from the date of completion, and such amount of RMB99.9 million (equivalent to approximately HK\$122.9 million) had been received in May 2022. In addition, a deferred tax amount capped at RMB25 million (equivalent to approximately HK\$30.1 million) shall be settled by the purchaser when the underlying tax losses are utilized, and any unpaid portion of the deferred tax amount shall be settled within four years from the date of completion. Details of the disposal were announced by the Company on 11 February 2021 and 14 May 2021 respectively, and published in the circular of the Company on 19 March 2021.

One villa and 14 carparks were retained by the Group from the abovementioned disposal, in which 10 carparks were disposed of during the year. The villa was recorded at valuation of RMB8.2 million (equivalent to approximately HK\$10.1 million) as at 31 March 2022. The Group will adopt a flexible approach to lease/sell this villa.

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

The Group owns a site area of about 20,000 *sq. m.* in the 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 RMB7.2 million (equivalent to approximately HK\$8.9 million) per annum. As at 31 March 2022, the property was recorded at valuation of RMB189.8 million (equivalent to approximately HK\$233.6 million). On the basis of the annual rental income, the rental yield is approximately 3.8% based on valuation.

This site has been rezoned to “residential usage”. Under existing requirements in the region, the site of 20,000 *sq. m.* is not sizable and has not reached the requisite size for applying for land usage conversion on its own. It will therefore be required to combine various adjacent sites for combined redevelopment. In view of the uncertainty and lengthy time for land usage conversion, the Group will seek for appropriate opportunity to dispose of the property.



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

Adjacent to Chuang's Mid-town, the Group acquired through government tender the second site located in the prime city centre of Tie Dong Qu (鐵東區) with a site area of about 39,449 *sq. m.*. As about 1,300 *sq. m.* of the land title has not yet been rectified by the government authorities with the local railway corporation, the Group suffered a reduction in land area that was occupied by the local railway corporation. The Group is holding discussions with the local authorities and will identify opportunities to dispose of this project.

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

The Group owns an effective 69% interests in a property development project in Changsha, and the total historical investment cost incurred by the Group in the PRC project company was about HK\$26.6 million. The Group has obtained conclusive court ruling for winding up of the PRC project company. The voluntary liquidation is currently in progress. Based on the preliminary assessment by the liquidation team regarding the assets and liabilities of the PRC project company and as adversely affected by the weak market condition in Changsha, there may not be much distribution available to shareholders of the PRC project company, however, the actual outcome will still be subject to finalization of the liquidation process. Taking into account the estimated net liabilities of the PRC project company, its consolidated net value is nil in the consolidated financial statements of the Group.

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

The Group holds a 51% development interest in a project in Wuhou District, Chengdu. The Group's total historical investment costs in this project was about RMB146.8 million (equivalent to approximately HK\$180.7 million). As announced on 10 February 2021, the Group had received the final judgment from the court which had made a revision of the judgement payments in favour of the Group. The Group has made application to the court to enforce the final judgement. In August 2021, the Group had received a portion of judgement payments amounting to about RMB12.9 million (equivalent to approximately HK\$15.5 million). The Group will continue to explore ways in order to recover its investment.

8. As previously reported, the Group obtained a judgement from court in Beijing for the registered owners of the courtyard house to transfer the title to the designated nominee of the Group. The transfer of one courtyard house with original investment cost of about HK\$0.7 million was completed during the year under review, whereas procedure for the transfer of another courtyard house with original investment cost of about HK\$7.8 million implemented by court is in progress.

Besides, a handling agent had previously instituted a legal proceeding against the designated nominee of the Group regarding the appointment of the handling agent for the aforesaid courtyard house. Based on the legal advice obtained by the Group, this claim is not supported by sufficient facts and/or legal basis, and the Group has sufficient grounds to contest this claim.

9. *Fortune Wealth, Sihui, Guangdong (86% owned)*

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

Development of the remaining 418 mu will be divided into Phase II to Phase V. Based on the existing master layout plan of Phase II to Phase V, about 41,815 grave plots will be constructed covering land area of 268 mu and 150 mu of road access and greenbelts. For Phase II to Phase III, land use rights of approximately 143 mu had been obtained, which will accommodate a total of about 22,569 grave plots. For Phase IV to 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 about 19,246 grave plots. As for the 150 mu of road access and greenbelts, Fortune Wealth will ascertain the arrangement required by the local authorities.

Upon obtaining of the aforesaid land use rights, site formation works have commenced on parts of the land but residents on parts of the site refused to vacate and demanded for compensation to be paid by the local government. In July 2021, Fortune Wealth had entered into a supplemental agreement with 四會市自然資源局 and obtained approval from the local government for the extension for commencement of works by January 2022, and Fortune Wealth has commenced the works accordingly.

As at 31 March 2022, the cemetery assets (including non-controlling interests) were recorded based on the book cost of about RMB905.3 million (equivalent to approximately HK\$1,114.3 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 2022, about 2,972 grave plots and 531 niches were available for sale. Fortune Wealth will review its sales and marketing strategy and will take more proactive steps in its brand building and customer services.

## **C. Securities Investments**

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

As at 31 March 2022, the Group owned about 19.35% 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 2022 of HK\$0.39 (31 March 2021: HK\$0.38) and HK\$0.40 (31 March 2021: HK\$0.48), the aggregate book value of the Group’s investments in CNT and CPM is about HK\$146.2 million (31 March 2021: HK\$143.8 million). The change in book value is accounted for as “Reserve” in the financial statements.



2. *Investments in high yield bonds and other securities*

As at 31 March 2022, investments of the Group at market value amounted to HK\$588.7 million, and comprised as to HK\$428.2 million for investments in high yield bonds, and the balance of HK\$160.5 million for other investments in some FinTech companies, venture capital and funds which are not listed and/or just listed in the markets.

The Group holds the following portfolio of high yield bonds as at 31 March 2022:

(a) Bond investments

Stock code	Bond issuer	Face value of bonds held as at 31 March 2022 <i>US\$'000</i>	Market value as at 31 March 2022 <i>HK\$'000</i>	Percentage of market value to the Group's total assets as at 31 March 2022
754	Hopson Development Holdings Limited (7.0%, due 2024)	3,000	17,275	0.3%
1030	Seazen Group Limited (a) 6.15%, due 2023 (b) 6.45%, due 2022	2,500 2,300 <hr/> 4,800	31,892	0.5%
1233	Times China Holdings Limited (a) 5.55%, due 2024 (b) 5.75%, due 2022 (c) 6.6%, due 2023	5,000 3,000 4,000 <hr/> 12,000	57,581	0.9%
1638	Kaisa Group Holdings Ltd. (a) 8.5%, due 2022# (b) 11.25%, due 2022	8,400 3,000 <hr/> 11,400	18,659	0.3%
1668	China South City Holdings Limited (a) 10.875%, due 2022 (b) 11.5%, due 2022	2,500 11,000 <hr/> 13,500	90,190	1.3%

Stock code	Bond issuer	Face value	Market	Percentage
		of bonds held as at 31 March 2022 <i>US\$'000</i>	value as at 31 March 2022 <i>HK\$'000</i>	of market value to the Group's total assets as at 31 March 2022
1777	Fantasia Holdings Group Co., Limited			
	(a) 11.75%, due 2022 <sup>#</sup>	10,000		
	(b) 12.25%, due 2022 <sup>#</sup>	2,000		
		<u>12,000</u>	13,536	0.2%
1813	KWG Group Holdings Limited (7.4%, due 2024)	5,000	17,031	0.2%
1918	Sunac China Holdings Limited (8.35%, due 2023)	5,000	13,007	0.2%
1966	China SCE Group Holdings Limited (7.25%, due 2023)	4,150	26,878	0.4%
2007	Country Garden Holdings Company Limited (5.625%, due 2026)	3,500	16,819	0.3%
2768	Jiayuan International Group Limited			
	(a) 12%, due 2022	1,000		
	(b) 12.5%, due 2023	2,000		
		<u>3,000</u>	9,663	0.1%
2777	Easy Tactic Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (5.75%, due 2022)	965	2,112	0.1%
3301	Ronshine China Holdings Limited			
	(a) 7.35%, due 2023	5,000		
	(b) 8.1%, due 2023	5,000		
		<u>10,000</u>	16,167	0.2%

Stock code	Bond issuer	Face value	Market	Percentage
		of bonds held as at 31 March 2022 US\$'000	value as at 31 March 2022 HK\$'000	of market value to the Group's total assets as at 31 March 2022
3333	China Evergrande Group			
	(a) 7.5%, due 2023 <sup>#</sup>	10,743		
	(b) 8.25%, due 2022 <sup>#^</sup>	11,600		
	(c) 8.75%, due 2025 <sup>#</sup>	4,714		
		<u>27,057</u>	27,792	0.4%
3383	Agile Group Holdings Limited (5.125%, due 2022)	10,000	43,172	0.6%
3883	China Aoyuan Group Limited			
	(a) 5.375%, due 2022 <sup>#</sup>	3,000		
	(b) 6.35%, due 2024 <sup>#</sup>	8,000		
		<u>11,000</u>	14,929	0.2%
6158	Zhenro Properties Group Limited			
	(a) 8.0%, due 2022	2,000		
	(b) 9.15%, due 2023	3,000		
		<u>5,000</u>	6,134	0.1%
600606	Greenland Global Investment Limited, a wholly-owned subsidiary of Greenland Holdings Corporation Limited (6.125%, due 2023)	1,000	5,335	0.1%
		<u>142,372</u>	<u>428,172</u>	<u>6.4%</u>

<sup>#</sup> Bond interest with aggregate amount of about HK\$19.5 million were in default during the year ended 31 March 2022.

<sup>^</sup> Principal of bonds due at maturity with aggregate face value of about HK\$90.8 million (recorded with aggregate market value of about HK\$12.3 million as at 31 March 2022) were in default during the year ended 31 March 2022.

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

<b>Name of company</b>	<b>Principal business</b>
Hopson Development Holdings Limited	Property development, commercial properties investment, property management, infrastructure and investments businesses
Seazen Group Limited	Property development, property investment and commercial property management
Times China Holdings Limited	Property development, urban redevelopment business and property leasing
Kaisa Group Holdings Ltd.	Property development, property investment, property management, hotel and catering operations and other businesses
China South City Holdings Limited	Property development, property investment and management and other businesses
Fantasia Holdings Group Co., Limited	Property development, property investment, property agency services, property operation services, hotel operation and others
KWG Group Holdings Limited	Property development, property investment and hotel operation
Sunac China Holdings Limited	Property development and investment, cultural and tourism city construction and operation, property management services and other services
China SCE Group Holdings Limited	Property development, property investment, property management and project management
Country Garden Holdings Company Limited	Property development, construction and other businesses

<b>Name of company</b>	<b>Principal business</b>
Jiayuan International Group Limited	Property development, property investment and provision of property management services
Guangzhou R&F Properties Co., Ltd.	Development and sale of properties, property investment, hotel operations and other property development related services
Ronshine China Holdings Limited	Property development
China Evergrande Group	Property development, property investment, property management and other businesses
Agile Group Holdings Limited	Property development, property management and others
China Aoyuan Group Limited	Property development, property investment and others
Zhenro Properties Group Limited	Property development, property leasing and commercial property management
Greenland Holdings Corporation Limited	Property development, property investment, construction and hotel operation

During the year under review, the performance of the bond investments of the Group was continuously adversely affected by unfavourable and high volatility of the high yield bond market. As a result, the Group recorded net loss before tax of HK\$620.5 million for investments, comprising interest income from bond investments of HK\$64.8 million, net realized loss on disposals and redemption of bonds of HK\$14.8 million, and unrealized fair value loss on investments of HK\$670.5 million mainly as a result of mark to market valuation of bond investments as at the balance sheet date. For reference and information only, subsequent to the year end date and up to the date of this report, face value of approximately HK\$301.0 million of bond investments of the Group have been redeemed at par value upon maturity or disposed of in the open market with an aggregate consideration of approximately HK\$253.1 million, which represents a net realized gain of approximately HK\$26.6 million when comparing with the aggregate market value of these bonds of approximately HK\$226.5 million as at 31 March 2022.

During the year and subsequent to the year end date, the Group has continuously slimmed down the portfolio size in high yield bond investments and the Group will continue to monitor the performance of its respective investment portfolios and make adjustments to them (with regard to the types and/or amounts of investments held) from time to time.

## **FINANCIAL REVIEW**

### **Net asset value**

As at 31 March 2022, the net asset value attributable to equity holders of the Company amounted to HK\$4,560.5 million. Net asset value per share amounted to HK\$1.94, which is calculated based on the historical cost of the Group's land bank.

### **Financial resources**

As at 31 March 2022, the Group had cash and bank balances of HK\$1,524.9 million (2021: HK\$679.0 million) and held bond investments amounted to HK\$428.2 million (2021: HK\$1,220.0 million), totaling HK\$1,953.1 million (2021: HK\$1,899.0 million). As at the same date, bank borrowings of the Group amounted to HK\$1,255.0 million (2021: HK\$1,816.3 million). On this basis, the Group had net cash of HK\$698.1 million (2021: HK\$82.7 million) and the calculation of net debt to equity ratio was therefore not applicable (2021: Same).

Approximately 95.1% of the Group's cash, bank balances and bond investments were in Hong Kong dollar and United States dollar, 4.4% were in Renminbi and the balance of 0.5% were in other currencies. Approximately 88.9% of the Group's bank borrowings were in Hong Kong dollar and United States dollar, and the remaining of 11.1% were in Malaysian Ringgit.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 33.5% of the Group's bank borrowings were repayable within the first year, 14.5% were repayable within the second year, and the balance of 52.0% were repayable within the third to fifth years.

### **Foreign exchange risk**

As disclosed in the "Business Review" section of this announcement, besides Hong Kong, the Group also conducts its businesses in the PRC and Malaysia, 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**

Going forward, the Group will focus on property projects in Hong Kong and the PRC and apart from seeking new opportunities to replenish land bank for property development, the Group will also continue to identify suitable investments to expand our investment property portfolio in order to enhance steady and recurring rental income. The Group will identify opportunities not only in Hong Kong but also with focus on cities along the Guangdong-Hong Kong-Macao Greater Bay Area and Belt and Road Initiative. The Group will continue to take actions to expand its sources of revenue, enhance its profitability, and maximize return for its shareholders.

## CLOSING OF REGISTER

The AGM is scheduled on Friday, 2 September 2022. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 30 August 2022 to Friday, 2 September 2022, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (to be changed to 17/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong with effect from 15 August 2022), for registration not later than 4:30 p.m. on Monday, 29 August 2022.

The record date for entitlements to the proposed final dividend (which is subject to the approval of the shareholders of the Company (the "Shareholders") at the AGM) and the second special dividend is Wednesday, 14 September 2022. For determining the entitlements to the proposed final dividend and the second special dividend, the register of members of the Company will be closed from Thursday, 8 September 2022 to Wednesday, 14 September 2022, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and the second special dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (to be changed to 17/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong with effect from 15 August 2022), for registration not later than 4:30 p.m. on Wednesday, 7 September 2022.

## 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 2022, the Group employed 112 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

During the year ended 31 March 2022 and up to the date of this report, the Company repurchased a total of 1,800,000 shares on the Stock Exchange at an aggregate cash consideration of approximately HK\$692,850 (excluding expenses). All the repurchased shares were then cancelled and the number of issued shares of the Company was reduced accordingly. Particulars of the repurchases are as follows:

Period of repurchase	Total number of shares repurchased	Price per share paid		Aggregate consideration HK\$
		Highest HK\$	Lowest HK\$	
December 2021	800,000	0.385	0.380	307,850
January 2022	1,000,000	0.385	0.385	385,000
Total	1,800,000			692,850

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 March 2022 and up to the date of this report.

## **CORPORATE GOVERNANCE**

The Company has complied throughout the year ended 31 March 2022 with the code provisions set out in the Appendix 14 – Corporate Governance Code of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

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 2022. The current members of the audit committee are Mr. Abraham Shek Lai Him, Mr. Andrew Fan Chun Wah and Dr. Eddy Li Sau Hung, the Independent Non-Executive Directors of the Company.

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

## **PROPOSED ADOPTION OF A NEW SHARE OPTION SCHEME**

The share option scheme adopted by the Company on 31 August 2012 is for a period of 10 years expiring on 30 August 2022 (the “2012 Scheme”). As at the date of this report, the Company did not have any share option scheme other than the 2012 Scheme and there were no options granted under the 2012 Scheme which remained valid or exercisable. As the 2012 Scheme is due to expire in August 2022, the Board proposes to adopt a new share option scheme of the Company (the “New Share Option Scheme”). Relevant resolution(s) will be proposed at the AGM to seek the approval of the Shareholders for adoption of a new share option scheme of the Company. A circular containing, among others, details of the proposed New Share Option Scheme will be despatched to the Shareholders as soon as practicable.



## **PROPOSED AMENDMENTS TO EXISTING BYE-LAWS AND ADOPTION OF NEW BYE-LAWS**

On 1 January 2022, the Listing Rules were amended by, among others, adopting a uniform set of 14 core standards for shareholder protections for issuers set out in Appendix 3 to the Listing Rules. The Board proposes to make certain amendments to the existing bye-laws of the Company (the “Existing Bye-Laws”) to conform to the said core standards for shareholder protection and to allow general meetings of the Company to be held as a hybrid meeting or electronic meeting where Shareholders may attend by electronic means in addition to as a physical meeting where Shareholders attend in person. The amendments also explicitly set out other related powers of the Board and the chairman of the general meetings, including making arrangements for attendance as well as ensuring the security and orderly conduct of such general meetings. Other amendments to the Existing Bye-laws are also made for corresponding as well as housekeeping changes. Further, there are also amendments to the Existing Bye-laws to reflect certain updates in relation to the applicable laws of Bermuda and the Listing Rules. The Board also proposes to adopt the new bye-laws of the Company incorporating the amendments to the Existing Bye-Laws (the “New Bye-Laws”) in substitution for, and to the exclusion of, the Existing Bye-Laws.

The proposed amendments to the Existing Bye-Laws and the proposed adoption of the New Bye-Laws shall be subject to the passing of a special resolution by the Shareholders at the AGM. A circular containing, among others, details of the proposed amendments to the Existing Bye-Laws brought about by the adoption of the New Bye-Laws and a notice convening the AGM will be despatched to the Shareholders as soon as practicable.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in this preliminary announcement of the Group’s results for the year ended 31 March 2022 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 2022 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 China Investments Limited**  
**Albert Chuang Ka Pun**  
*Chairman*

Hong Kong, 27 June 2022

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