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 FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board of Directors (the "Board") of Chuang's Consortium International Limited (the "Company") announces the consolidated final results of the Company and its subsidiaries (collectively as the "Group") for the year ended 31 March 2023 as follows:

HIGHLIGHTS FOR THE YEAR ENDED 31 MARCH 2023

Business

1. Since 1 April 2022, the Group has successfully disposed of the following properties which is in-line with the Group's strategy to off-load investments in non-core assets. Their sale proceeds have further strengthened the Group's financial position.

   (a) On 5 August 2022, the Group entered into a sale and purchase agreement with an independent third party for the disposal of the property in Changan, Dongguan, the People's Republic of China for a consideration of approximately RMB132.1 million (equivalent to approximately HK$149.7 million). The disposal was completed on 5 September 2022. Net cash proceed of approximately RMB127.6 million (equivalent to approximately HK$144.6 million) was received by the Group.

   (b) On 1 February 2023, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of the 18 residential units at Parkes Residence, Kowloon, Hong Kong for a cash consideration of HK$70.3 million. The disposal was completed on 3 May 2023 with the recognition of revenues by the Group in the next financial year.

   (c) On 18 February 2023, the Group entered into another provisional sale and purchase agreement with an independent third party to dispose of a shop at Wuhu Residence, Kowloon, Hong Kong for a cash consideration of HK$33.8 million. The disposal was completed on 8 June 2023 and will be recorded by the Group in the next financial year.

2. For ARUNA, the Ap Lei Chau project, it will be developed into a 27-storey residential/commercial building comprising 105 residential units with clubhouse facilities and retail units at the podium levels. Superstructure work is nearly completed. Internal and external finishing works are in progress.

3. For ONE SOHO, the joint venture project at Mongkok, occupation permit has been obtained in March 2023. Pre-sale consent of the 322 residential units was obtained in April 2021 and pre-sale has commenced accordingly. Up-to-date, a total of 191 units have been pre-sold at aggregate amount of about HK$1.36 billion. It is expected that the completed residential units will be handed-over to the end buyers in the second half of 2023.

4. For Po Shan Road joint venture project, the Group is developing the property into one vertical house with 8 storeys over the podium. The 8-storey house will include a luxury living and dining area with 6m floor-to-floor height, an entertainment floor and 6 residential suite floors with at least 3.5m floor-to-floor height. The proposed GFA for the house is about 44,537 *sq. ft.*, with an additional area of about 5,200 *sq. ft.* for garden and about 2,200 *sq. ft.* for roof. Concreting of the superstructure works are proceeding as scheduled with podium level completed and the works are up to the 7th floor of the tower portion. It is expected that the overall superstructure works will be completed by the end of 2023. Marketing work for the house is in progress.

5. For the redevelopment project at Gage Street, the Group has successfully consolidated this project with a total site area of about 3,600 *sq. ft.*. General building plans of the project to develop a 26-storey residential/commercial building comprising clubhouse facilities and retail units with GFA of about 34,741 *sq. ft.* have been approved. Foundation works are currently in progress and are expected to be completed by the second quarter of 2024.

Financial

- Total cash resources of the Group (including bond and securities investments) amounted to HK$3.3 billion, in which cash and bank balances aggregated to approximately HK$2.9 billion.

- Net assets attributable to equity holders of the Company amounted to HK$9,272.2 million.

- Net debt to equity ratio of the Group is 10.5%.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2023

	Note	**2023** **HK$'000**	2022 HK$'000
Continuing operations			
Revenues	3	**251,676**	666,397
Cost of sales		**(266,886)**	(224,499)
Gross (loss)/profit		**(15,210)**	441,898
Other income and net loss	5A	**(165,838)**	(1,747,875)
(Loss)/gain on disposal of subsidiaries	5B	**(13,166)**	1,178,948
Selling and marketing expenses		**(16,643)**	(32,159)
Administrative and other operating expenses		**(278,523)**	(356,971)
Change in fair value of investment properties		**(532,725)**	36,087
Operating loss	6	**(1,022,105)**	(480,072)
Finance costs	7	**(132,529)**	(104,478)
Share of results of associated companies		**(2,067)**	(9,123)
Share of results of joint ventures	8	**(79)**	(23,063)
Loss before taxation		**(1,156,780)**	(616,736)
Taxation credit/(charge)	9	**60,074**	(133,931)
Loss for the year from continuing operations		**(1,096,706)**	(750,667)
Discontinued operation			
Profit for the year from discontinued operation	10	**–**	316,159
Loss for the year		**(1,096,706)**	(434,508)
Loss for the year attributable to:			
Equity holders			
Continuing operations		**(966,292)**	(839,308)
Discontinued operation		**–**	316,159
		(966,292)	(523,149)
Non-controlling interests			
Continuing operations		**(130,414)**	88,641
		(1,096,706)	(434,508)
		HK cents	*HK cents*
(Loss)/earnings per share (basic and diluted)	12		
Continuing operations		**(57.77)**	(50.18)
Discontinued operation		**–**	18.90
		(57.77)	(31.28)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023	2022
	HK$'000	*HK$'000*
Loss for the year	**(1,096,706)**	(434,508)
Other comprehensive income:		
Items that had been/may be reclassified subsequently to profit and loss:		
Net exchange differences	**(201,114)**	110,130
Share of exchange reserve of a joint venture	**(18,123)**	10,101
Realization of exchange reserve upon disposal of subsidiaries	**6,002**	(27,353)
Total other comprehensive (loss)/income that had been/may be reclassified subsequently to profit and loss	**(213,235)**	92,878
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	**(11,522)**	1,414
Total other comprehensive (loss)/income for the year	**(224,757)**	94,292
Total comprehensive loss for the year	**(1,321,463)**	(340,216)
Total comprehensive (loss)/income for the year attributable to:		
Equity holders		
Continuing operations	**(1,110,794)**	(771,697)
Discontinued operation	**–**	316,159
	(1,110,794)	(455,538)
Non-controlling interests		
Continuing operations	**(210,669)**	115,322
	(1,321,463)	(340,216)

CONSOLIDATED BALANCE SHEET
As at 31 March 2023

	Note	**2023** **HK$'000**	2022 HK$'000
Non-current assets			
Property, plant and equipment		**172,556**	186,815
Investment properties		**7,934,939**	8,832,092
Right-of-use assets		**37,109**	56,067
Properties for/under development		**441,008**	504,500
Cemetery assets		**274,582**	297,847
Associated companies		**46,793**	48,960
Joint ventures		**839,708**	795,733
Financial assets at fair value through other comprehensive income		**143,017**	155,258
Loans and receivables and other deposits		**242,364**	284,855
		10,132,076	11,162,127
Current assets			
Properties for sale		**1,611,808**	1,635,214
Cemetery assets		**448,808**	466,302
Inventories		**102,119**	100,782
Debtors and prepayments	*13*	**114,541**	370,607
Financial assets at fair value through profit or loss		**466,279**	1,153,158
Cash and bank balances		**2,922,984**	4,180,020
		5,666,539	7,906,083
Investment property held for sale	*14*	**33,800**	–
		5,700,339	7,906,083
Current liabilities			
Creditors and accruals	*15*	**424,839**	582,141
Sales deposits received		**9,161**	381
Short-term bank borrowings		**147,669**	443,481
Current portion of long-term bank borrowings		**892,909**	1,429,747
Taxation payable		**36,374**	43,510
		1,510,952	2,499,260
Net current assets		**4,189,387**	5,406,823
Total assets less current liabilities		**14,321,463**	16,568,950

	2023	2022
	HK$'000	*HK$'000*
Equity		
Share capital	**418,138**	418,138
Reserves	**8,854,060**	10,299,365
Shareholders' funds	**9,272,198**	10,717,503
Non-controlling interests	**1,477,240**	1,783,342
Total equity	**10,749,438**	12,500,845
Non-current liabilities		
Long-term bank borrowings	**3,187,137**	3,531,277
Deferred taxation liabilities	**278,658**	423,748
Loans and payables with non-controlling interests	**44,912**	44,626
Other non-current liabilities	**61,318**	68,454
	3,572,025	4,068,105
	14,321,463	16,568,950

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. During the year ended 31 March 2022, the Group disposed of the hotel in Hong Kong and afterwards there is no more hotel operation of the Group at the moment. Accordingly the result of the hotel operation together with the related net gain on disposal had been presented as discontinued operation in the consolidated income statement for the year ended 31 March 2022 in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (note 10).

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 and improvements to standards

For the year ended 31 March 2023, the Group adopted the following amendments and improvements to standards that are effective for the accounting periods beginning on or after 1 April 2022 and relevant to the operations of the Group:

HKAS 16 (Amendment)	Property, Plant and Equipment: Proceeds before Intended Use
HKAS 37 (Amendment)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRS 3 (Amendment)	Reference to the Conceptual Framework
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018–2020 Cycle

The Group has assessed the impact of the adoption of these amendments and improvements 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 and interpretation that are not yet effective

The following new standard, amendments to standards, practice statement and interpretation have been published which are mandatory for the Group's accounting periods beginning on or after 1 April 2023, 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)
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)	Lease Liability in a Sale and Leaseback (effective from 1 January 2024)
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts (effective from 1 January 2023)
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 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 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 in more detail.

3. REVENUES

Revenues recognized during the year are as follows:

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Sales of properties	**1,350**	271,762
Rental income and management fees	**141,201**	159,233
Sales of cemetery assets	**23,180**	40,998
Sales of goods and merchandises	**13,628**	16,655
Interest income from money lending business	**8,417**	1,565
Interest and other income from bonds investments of financial assets at fair value through profit or loss	**64,112**	176,424
Dividend income from securities investments for trading of financial assets at fair value through profit or loss	**23**	34
Net loss of securities investments for trading of financial assets at fair value through profit or loss	**(235)**	(274)
	251,676	666,397

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 money lending business. The CODM assesses the performance of the operating segments based on the measure of segment result. The comparative figures have been presented with the discontinued operation after the hotel disposal as mentioned in note 1.

The segment information by business lines is as follows:

	Continuing operations						
	Property development, investment and trading *HK$'000*	Cemetery *HK$'000*	Sales of goods and merchandises *HK$'000*	Securities investment and trading *HK$'000*	Money lending business *HK$'000*	Others and corporate *HK$'000*	2023 Total *HK$'000*
Revenues from contracts with customers:							
– Recognized at a point in time	1,350	23,180	13,628	–	–	–	38,158
– Recognized over time	12,187	–	–	–	–	–	12,187
Revenues from other sources	129,014	–	–	63,900	8,417	–	201,331
Revenues	142,551	23,180	13,628	63,900	8,417	–	251,676
Other income and net gain/(loss)	1,429	594	5,793	(251,168)	–	77,514	(165,838)
Loss on disposal of subsidiaries	(13,166)	–	–	–	–	–	(13,166)
Operating (loss)/profit	(706,511)	2,886	(1,314)	(188,450)	7,184	(135,900)	(1,022,105)
Finance costs	(123,965)	–	(720)	(7,586)	–	(258)	(132,529)
Share of results of associated companies	109	–	–	–	–	(2,176)	(2,067)
Share of results of joint ventures	(79)	–	–	–	–	–	(79)
(Loss)/profit before taxation	(830,446)	2,886	(2,034)	(196,036)	7,184	(138,334)	(1,156,780)
Taxation credit/(charge)	57,595	(1,759)	–	4,238	–	–	60,074
(Loss)/profit for the year	(772,851)	1,127	(2,034)	(191,798)	7,184	(138,334)	(1,096,706)
Segment assets	10,539,966	779,195	153,489	466,962	30,544	2,941,959	14,912,115
Associated companies	148	–	–	–	–	46,644	46,792
Joint ventures	839,708	–	–	–	–	–	839,708
Investment property held for sale	33,800	–	–	–	–	–	33,800
Total assets	11,413,622	779,195	153,489	466,962	30,544	2,988,603	15,832,415
Total liabilities	4,693,115	191,261	34,626	86,604	274	77,097	5,082,977
Other segment items are as follows:							
Capital expenditure	138,065	19,138	–	–	–	3,661	160,864
Depreciation of property, plant and equipment	3,504	471	345	–	–	13,910	18,230
Depreciation of right-of-use assets	3,417	96	2,554	–	–	13,529	19,596
Provision for impairment of properties for/under development	52,820	–	–	–	–	–	52,820
Provision for impairment of properties for sale	136,844	–	–	–	–	–	136,844
Provision for impairment of trade debtors	4,870	3,916	–	–	–	–	8,786
Fair value loss of investment properties	532,725	–	–	–	–	–	532,725

	Continuing operations							Discontinued operation	
	Property development, investment and trading	Cemetery	Sales of goods and merchandises	Securities investment and trading	Money lending business	Others and corporate	Total	Hotel operation and management	2022 Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenues from contracts with customers:									
– Recognized at a point in time	271,762	40,998	16,655	–	–	–	329,415	–	329,415
– Recognized over time	9,979	–	–	–	–	–	9,979	31,380	41,359
Revenues from other sources	149,254	–	–	176,184	1,565	–	327,003	–	327,003
Revenues	430,995	40,998	16,655	176,184	1,565	–	666,397	31,380	697,777
Other income and net gain/(loss)	143	168	6,019	(1,762,155)	–	7,950	(1,747,875)	–	(1,747,875)
Gain on disposal of subsidiaries	1,178,948	–	–	–	–	–	1,178,948	–	1,178,948
Operating profit/(loss)	1,358,189	15,047	(1,136)	(1,587,157)	1,252	(266,267)	(480,072)	(53,318)	(533,390)
Finance costs	(90,848)	–	(1,766)	(10,847)	–	(1,017)	(104,478)	(10,780)	(115,258)
Share of results of associated companies	103	–	–	–	–	(9,226)	(9,123)	–	(9,123)
Share of results of joint ventures	(23,063)	–	–	–	–	–	(23,063)	–	(23,063)
Profit/(loss) before taxation	1,244,381	15,047	(2,902)	(1,598,004)	1,252	(276,510)	(616,736)	(64,098)	(680,834)
Taxation (charge)/credit	(129,909)	(4,574)	–	552	–	–	(133,931)	(24,700)	(158,631)
Profit/(loss) after taxation	1,114,472	10,473	(2,902)	(1,597,452)	1,252	(276,510)	(750,667)	(88,798)	(839,465)
Gain on disposal of subsidiaries of discontinued operation	–	–	–	–	–	–	–	404,957	404,957
Profit/(loss) for the year	1,114,472	10,473	(2,902)	(1,597,452)	1,252	(276,510)	(750,667)	316,159	(434,508)
Segment assets	11,692,024	840,501	155,871	1,248,999	158,051	4,128,071	18,223,517	–	18,223,517
Associated companies	138	–	–	–	–	48,822	48,960	–	48,960
Joint ventures	795,733	–	–	–	–	–	795,733	–	795,733
Total assets	12,487,895	840,501	155,871	1,248,999	158,051	4,176,893	19,068,210	–	19,068,210
Total liabilities	5,763,354	236,453	35,392	320,368	160	211,638	6,567,365	–	6,567,365
Other segment items are as follows:									
Capital expenditure	69,067	467	1,170	–	–	–	70,704	1,555	72,259
Depreciation of property, plant and equipment	4,970	506	1,343	–	–	10,411	17,230	21,419	38,649
Depreciation of right-of-use assets	1,709	107	4,129	–	–	13,712	19,657	36,412	56,069
Provision for impairment of properties under development	9,159	–	–	–	–	–	9,159	–	9,159
Provision for impairment of properties for sale	1,355	–	–	–	–	–	1,355	–	1,355
Provision for impairment of trade debtors	195	–	–	–	–	–	195	–	195
Reversal of provision for impairment of trade debtors	475	–	–	–	–	–	475	–	475
Reversal of provision for impairment of other deposits	710	–	–	–	–	–	710	–	710
Fair value gain of investment properties	36,087	–	–	–	–	–	36,087	–	36,087

(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**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
Hong Kong	**184,765**	368,063	**138,992**	66,873
The People's Republic of China (the "PRC")	**36,612**	66,361	**21,119**	2,357
Vietnam	**–**	198,914	**–**	–
Other countries	**30,299**	33,059	**753**	1,474
	251,676	666,397	**160,864**	70,704
Discontinued operation	**–**	31,380	**–**	1,555
	251,676	697,777	**160,864**	72,259

	Non-current assets *(Note)*		**Total assets**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
Hong Kong	**6,982,301**	7,283,398	**12,034,124**	14,506,105
The PRC	**1,835,532**	2,311,702	**2,780,370**	3,325,909
Other countries	**928,862**	1,126,914	**1,017,921**	1,236,196
	9,746,695	10,722,014	**15,832,415**	19,068,210

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

5A. OTHER INCOME AND NET LOSS

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Interest income from bank deposits	**74,884**	5,998
Dividend income from financial assets at fair value through other comprehensive income	**7,366**	7,469
Net loss of bonds and other investments of financial assets at fair value through profit or loss *(note)*	**(253,474)**	(1,764,301)
Net loss on disposal of investment properties	**–**	(75)
Net gain/(loss) on disposal of property, plant and equipment	**1,452**	(194)
Net exchange loss	**(11,297)**	(6,545)
Forfeited deposit for disposal of property, plant and equipment	**8,064**	–
Others	**7,167**	9,773
	(165,838)	(1,747,875)

Note: The amount comprises of net gain on disposal of HK$299.4 million (2022: net loss of HK$35.7 million) and net fair value loss of HK$552.9 million (2022: HK$1,728.6 million) for financial assets at fair value through profit or loss.

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

(a) On 5 August 2022, a direct 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 the property holding subsidiaries which held a property in Changan, Dongguan, the PRC, at a consideration of approximately RMB132.1 million (equivalent to approximately HK$149.7 million) (the "Changan Disposal"). Details of the Changan Disposal were announced by Chuang's China and the Company on 5 August 2022. The transaction was completed on 5 September 2022, and a loss on disposal of subsidiaries before non-controlling interests of approximately HK$13.2 million was recorded in the year ended 31 March 2023, taking into account the net assets disposed of approximately HK$156.5 million, the realization of a negative exchange reserve upon disposal of approximately HK$6.0 million and the related transaction costs.

(b) On 9 February 2021, the wholly-owned subsidiaries of Chuang's China entered into the conditional sale and purchase agreements with independent third parties for the disposal of the properties holding subsidiaries that hold 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 Chuang's China and the Company on 13 April 2021 respectively. Details of the Panyu Disposal were announced by Chuang's China and the Company on 11 February 2021 and 14 May 2021, and published in the circulars of Chuang's China and the Company on 19 March 2021. The transaction was completed on 14 May 2021, and a gain on disposal of subsidiaries of approximately HK$1,178.9 million 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.

6. OPERATING LOSS

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Operating loss is stated after crediting:		
Reversal of provision for impairment of trade debtors	**–**	475
Reversal of provision for impairment of other deposits	**–**	710
and after charging:		
Cost of properties sold	**678**	140,695
Cost of cemetery assets sold	**5,170**	8,316
Cost of inventories sold	**10,847**	11,233
Depreciation of property, plant and equipment	**18,230**	17,230
Depreciation of right-of-use assets	**19,596**	19,657
Provision for impairment of properties for/under development *(note a)*	**52,820**	9,159
Provision for impairment of properties for sale *(note a)*	**136,844**	1,355
Provision for impairment of trade debtors	**8,786**	195
Staff costs, including Directors' emoluments		
Wages and salaries *(note b)*	**108,080**	109,665
Retirement benefit costs	**4,655**	4,642

Notes:

(a) These amounts have been included in cost of sales for the year ended 31 March 2023.

(b) Government grants amounting to HK$3,543,000 (2022: HK$74,000) have been recognized and deducted in wages and salaries expenses for the year ended 31 March 2023.

7. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Interest expenses of		
Bank borrowings	**176,819**	110,175
Bank overdraft	**78**	75
Lease liabilities	**949**	2,449
	177,846	112,699
Amounts capitalized into properties under development	**(45,317)**	(8,221)
	132,529	104,478

The capitalization rates applied to funds borrowed for the development of properties were ranged from 3.78% to 5.53% (2022: 1.36% to 2.56%) per annum.

8. SHARE OF RESULTS OF JOINT VENTURES

Share of loss of joint ventures of HK$79,000 (2022: HK$23,063,000) in the consolidated income statement included the share of fair value loss of the investment properties (net of the related deferred taxation) of a joint venture of HK$13,711,000 (2022: HK$27,939,000), and the rental income recorded by a joint venture from the wholly-owned subsidiary of the joint venture partner (the "JVP Subsidiary") for the year ended 31 March 2023 amounting to approximately HK$18,596,000 (2022: HK$15,162,000). On 26 June 2023, the joint venture entered into an amendment agreement with the JVP Subsidiary for the reduction of rent for certain leased properties for about 15 months. Details of the agreement were announced by Chuang's China on 26 June 2023.

9. TAXATION (CREDIT)/CHARGE

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Current taxation		
Hong Kong profits tax	**(31)**	1,498
PRC corporate income tax	**2,462**	7,172
PRC land appreciation tax	**–**	6,426
PRC withholding corporate income tax *(notes 5B(a) and 5B(b))*	**3,441**	142,071
Overseas profit tax	**95**	8,493
Deferred taxation	**(66,041)**	(31,729)
	(60,074)	133,931

No provision for Hong Kong profits tax has been made as the Group has either sufficient tax losses brought forward to set off against the estimated assessable profits for the year or has no estimated assessable profits for the year (2022: Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits for that year). PRC corporate income tax and overseas profits tax have been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC and the countries in which the Group operates respectively. PRC 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. PRC withholding corporate income tax represents the relevant tax on disposal of subsidiaries arising from the Changan Disposal and the Panyu Disposal as mentioned in notes 5B(a) and 5B(b) respectively.

Share of taxation charge of associated companies for the year ended 31 March 2023 of HK$14,000 (2022: HK$9,000) is included in the consolidated income statement as "Share of results of associated companies". Share of current taxation charge of the joint ventures of HK$336,000 (2022: nil, as they either had sufficient tax losses brought forward to set off against the estimated assessable profits or had no estimated assessable profits for that year) and share of deferred taxation credit arising from the fair value loss of the investment properties of the joint ventures of HK$4,570,000 (2022: HK$9,313,000) for the year ended 31 March 2023 are included in the consolidated income statement as "Share of results of the joint ventures".

10. DISCONTINUED OPERATION

On 20 December 2021, the Group entered into a conditional sale and purchase agreement with an independent third party for the disposal of the subsidiaries that held a hotel in Hong Kong (the "Hotel Group") for an aggregate consideration of about HK$1,651.2 million (the "Hotel Disposal"). The Hotel Disposal had been approved by the shareholders of the Company on 4 March 2022. Details of the Hotel Disposal were announced by the Company on 20 December 2021, and published in the circular of the Company on 21 January 2022. The Hotel Disposal was completed on 8 March 2022, and a gain on disposal of subsidiaries of about HK$405.0 million was recorded in the year ended 31 March 2022, taking into account the net assets disposed of approximately HK$1,216.4 million and related transaction costs.

The Hotel Group was principally engaged in the operation of the hotel in Hong Kong. After the Hotel Disposal, there is no more hotel operation of the Group at the moment. In accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the consolidated results of the Hotel Group had been presented as discontinued operation in the consolidated financial statements for the year ended 31 March 2022.

(a) Results of discontinued operation

	2022 *HK$'000*
Revenues	31,380
Cost of sales	(17,553)
Gross profit	13,827
Selling and marketing expenses	(5,285)
Administrative and other operating expenses	(61,860)
Operating loss	(53,318)
Finance costs	(10,780)
Loss before taxation	(64,098)
Taxation	(24,700)
Loss after taxation	(88,798)
Gain on disposal of subsidiaries of discontinued operation	404,957
Profit for the year from discontinued operation	316,159

(b) Cash flows (used in)/from discontinued operation

	2022
	HK$'000
Net cash used in operating activities	(6,303)
Net cash used in investing activities	(1,476)
Net cash from financing activities	2,989
Net cash flows used in discontinued operation for the year	(4,790)

Note: The discontinued operation was partly financed by intercompany loan from the continuing operations, which had been eliminated in the consolidated financial statements of the Group.

(c) Gain on disposal of subsidiaries of discontinued operation

	2022
	HK$'000
Consideration	1,651,243
Carrying value of net assets disposed of *(note)*	(1,216,399)
	434,844
Transaction costs for disposal	(29,887)
Gain on disposal of subsidiaries of discontinued operation	404,957

Note: This included the assets and liabilities of the rental operation of the commercial portion of the hotel in Hong Kong owned by the Hotel Group, which were included in the "Property development, investment and trading" business segment in 2022 and were also included in the Hotel Disposal.

11. DIVIDENDS

	2023	2022
	HK$'000	*HK$'000*
Interim dividend of 2.0 HK cents per share for 2022	**–**	33,451
Special dividend of 6.0 HK cents per share for 2022	**–**	100,353
Final dividend of 2.0 HK cents per share for 2022	**–**	33,451
Second special dividend of 18.0 HK cents per share for 2022	**–**	301,060
	–	468,315

On 29 June 2023, the board of Directors had resolved not to recommend the payment of a final dividend for the year ended 31 March 2023 (2022: 2.0 HK cents per share amounting to HK$33,451,000).

12. (LOSS)/EARNINGS PER SHARE

The calculation of the (loss)/earnings per share is based on the following (loss)/profit attributable to equity holders and the weighted average number of 1,672,553,104 (2022: 1,672,553,104) shares in issue during the year:

	2023			2022		
	Continuing operations	**Discontinued operation**	**Total**	Continuing operations	Discontinued operation	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
(Loss)/profit attributable to equity holders	**(966,292)**	**–**	**(966,292)**	(839,308)	316,159	(523,149)

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 sales of goods and merchandises mainly range from 30 days to 90 days. The aging analysis of trade debtors of the Group is as follows:

	2023	2022
	HK$'000	*HK$'000*
Below 30 days	**3,581**	6,224
31 to 60 days	**1,051**	3,054
61 to 90 days	**418**	2,258
Over 90 days	**5,407**	11,499
	10,457	23,035

Debtors and prepayments include net deposits of HK$1,523,000 (2022: HK$5,973,000) for acquisition of property projects, properties and right-of-use assets after the accumulated provision for impairment as at 31 March 2023. As at 31 March 2022, the balances also include (i) the deferred consideration of HK$122.9 million for the Panyu Disposal as mentioned in note 5B(b), which was received in May 2022 after the expiry of 12 months from the date of completion of the Panyu Disposal; and (ii) a consideration receivable of about HK$5,119,000 for the Hotel Disposal as mentioned in note 10 which was received in July 2022 in accordance with the sale and purchase agreement.

14. INVESTMENT PROPERTY HELD FOR SALE

In February 2023, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of a commercial investment property in Hong Kong at a consideration of HK$33.8 million. Deposits of HK$3.38 million had been received as at 31 March 2023. The transaction was completed on 8 June 2023. As such, the investment property was reclassified as "Investment property held for sale" as at 31 March 2023.

15. CREDITORS AND ACCRUALS

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

	2023	2022
	HK$'000	*HK$'000*
Below 30 days	**2,720**	3,792
31 to 60 days	**553**	770
Over 90 days	**4,931**	4,853
	8,204	9,415

Creditors and accruals include the construction cost payables and accruals of HK$191,412,000 (2022: HK$209,853,000) for the property and cemetery projects of the Group. As at 31 March 2022, the balances also included the special dividend payable of the Company of HK$100,353,000 which was paid on 29 April 2022.

16. FINANCIAL GUARANTEES

As at 31 March 2023, the Company had provided guarantees of HK$409,223,000 (2022: HK$411,131,000) for the banking facilities granted to the joint ventures, and certain subsidiaries had provided guarantees of HK$6,116,000 (2022: HK$9,409,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the Group in the PRC.

17. COMMITMENTS

As at 31 March 2023, the Group had commitments contracted but not provided for in respect of property projects, properties, and property, plant and equipment of HK$414,991,000 (2022: HK$438,361,000) and financial assets at fair value through profit or loss of HK$43,938,000 (2022: HK$47,569,000) respectively.

18. PLEDGE OF ASSETS

As at 31 March 2023, the Group had pledged certain assets including property, plant and equipment, investment properties, right-of-use assets, properties for/under development and properties for sale with an aggregate carrying value of HK$8,068,769,000 (2022: HK$8,488,796,000, also included financial assets at fair value through profit or loss), to secure banking facilities granted to the subsidiaries.

19. CAPITAL EXPENDITURE

For the year ended 31 March 2023, the Group incurred acquisition and development costs on property, plant and equipment of HK$4,650,000 (2022: HK$2,377,000), right-of-use assets of HK$126,000 (2022: HK$7,736,000) and property projects, properties, investment properties and cemetery assets of HK$156,088,000 (2022: HK$62,146,000) respectively.

20. EVENT AFTER THE REPORTING PERIOD

On 15 June 2022, an indirect non-wholly-owned subsidiary of the Company entered into an agreement with an independent third party to dispose of the land and factory building in Singapore for a consideration of S$21 million (equivalent to approximately HK$118.4 million). Details of the disposal were announced by the Company on 15 June 2022. However, as announced by the Company on 19 June 2023, the Group is notified by the purchaser that it will not continue with the disposal. Accordingly, the agreement is terminated.

FINANCIAL REVIEW

For the year ended 31 March 2023, revenues of the Group decreased to HK$251.7 million (2022: HK$666.4 million) mainly due to the reduced recognition of sales from The Esplanade, Tuen Mun in Hong Kong as majority of the properties had been sold in the last corresponding year and the absence of the disposal of the property project at Vietnam, as well as the decrease in interest income from bond investments. Revenues of the Group comprised revenues from sales of properties of HK$1.4 million (2022: HK$271.8 million), revenues from rental and other income of investment properties of HK$141.2 million (2022: HK$159.2 million), revenues from cemetery business of HK$23.2 million (2022: HK$41.0 million), revenues from sales of goods and merchandises of HK$13.6 million (2022: HK$16.7 million), revenues from money lending business of HK$8.4 million (2022: HK$1.6 million), and revenues from securities investment and trading business of HK$63.9 million (2022: HK$176.1 million).

During the year under review, gross loss of HK$15.2 million (2022: gross profit of HK$441.9 million) was recorded which was attributable to the decrease in revenues and impairment provision for properties for/under development and properties for sale regarding the properties of the Group under the current property market conditions.

Other income and net loss amounted to HK$165.8 million (2022: HK$1,747.9 million) mainly due to the net loss of bond investments recorded during the year under review. A breakdown of other income and net loss is shown in note 5A on page 13 of this report. Loss from disposal of subsidiaries of HK$13.2 million (2022: gain of HK$1,178.9 million for disposal of property holding subsidiaries that held the property project in Panyu, the People's Republic of China (the "PRC")) during the year represented the loss on disposal of property holding subsidiaries that held the property in Changan, Dongguan, the PRC. Loss from change in fair value of investment properties of the Group amounted to HK$532.7 million (2022: gain of HK$36.1 million) mainly due to the decrease in fair value of the investment properties of the Group under the current property market.

On the costs side, selling and marketing expenses decreased to HK$16.6 million (2022: HK$32.2 million) principally due to the decrease in sales commission of The Esplanade in Tuen Mun during the year. Administrative and other operating expenses decreased to HK$278.5 million (2022: HK$357.0 million) mainly due to the decrease in business activities and cost saving on general overheads of the Group. Finance costs increased to HK$132.5 million (2022: HK$104.5 million) mainly due to the increase in interest rates during the year. Share of loss of associated companies amounted to HK$2.1 million (2022: HK$9.1 million). Share of loss of joint ventures amounted to HK$0.1 million (2022: HK$23.1 million) mainly due to the share of loss of the joint ventures caused by revaluation loss on investment properties. Taxation credit amounted to HK$60.1 million (2022: taxation charge of HK$133.9 million mainly for the disposal of the subsidiaries holding the Panyu project) mainly due to the reversal of deferred taxation arising from the fair value loss of investment properties during the year.

Taking into account the above, loss attributable to equity holders of the Company for the year ended 31 March 2023 amounted to HK$966.3 million (2022: HK$523.1 million). Loss per share was 57.77 HK cents (2022: 31.28 HK cents).

DIVIDENDS

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 of Directors (the "Board") does not recommend the payment of a final dividend (2022: 2.0 HK cents) per share for the year ended 31 March 2023. No interim dividend had been paid during the year (2022: 2.0 HK cents per share).

BUSINESS REVIEW

(A) Investment Properties

Apart from what has been disclosed in other parts of this report, during the year under review, the Group had entered into a provisional sale and purchase agreement with an independent third party to dispose of a shop at Wuhu Residence, Kowloon, Hong Kong (recorded as investment property) for a cash consideration of HK$33.8 million. The disposal was completed on 8 June 2023 and will be recorded by the Group in the next financial year. The disposal is in-line with the Group's strategy to off-load investment in non-core assets, and the sale proceed has further strengthened the Group's financial position.

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

The property is a commercial/office building and is strategically located at the heart of Central District and close to the exits of both the Central Station of the Mass Transit Railway and the Hong Kong Station of the Airport Express Line. The property has a site area of about 3,692 *sq. ft.* and a total gross floor area ("GFA") of about 55,367 *sq. ft.*. During the year, rental and other income from this property amounted to about HK$40.7 million. With the recovery of economic and business activities after pandemic, together with the prime and central location of the property linked with convenient public transportation nearby, the Group is optimistic about the market in this district.

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

Strategically located at the heart of shopping centres in Tsim Sha Tsui, Kowloon, and near the exits of the Mass Transit Railway and the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section, the property is a shopping and entertainment complex. The property has a site area of about 9,145 *sq. ft.* and a total GFA of about 103,070 *sq. ft.*. During the year, rental and other income from this property amounted to about HK$45.2 million. With the gradual recovery of the local consumption and tourism, the Group continues to carry out lease restructuring with tenants and reshuffle the tenant mix of the property to enhance the occupancy. The Group is flexible on tenant selection as well as tenancy period and would explore more marketing ideas on leasing.

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

The property is a commercial/industrial building located in between the Cheung Sha Wan (approximately 0.4 kilometre) and the Sham Shui Po (approximately 0.5 kilometre) Mass Transit Railway Stations, enjoying the convenience of good transportation network. The property has a site area of about 3,920 *sq. ft.* and a total GFA of about 47,258 *sq. ft.*. During the year, rental and other income from this property amounted to about HK$9.9 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. Considering the current mass residential property market, the Group will evaluate the best timing to carry out such redevelopment (if any).

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

Located at Deep Water Bay, a prestigious residential area, the property enjoys a glamourous sea-view. Interior renovation works for upgrading the house have been completed. Marketing work for the house is in progress. The Group will adopt a flexible strategy in considering various options such as disposal in order to maximize return from this investment.

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

This property is located next to an exit of Honghu Station of Line 7, Shenzhen Metro, and it is for commercial use with a total gross area of about 5,318 *sq. m.*. The Group has leased out the property in March 2022 to an independent third party for 10 years to operate it as a medical centre with tenancy at initial monthly rental of RMB680,000, with a step up by 5% for every 2 years thereafter.

(vi) 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. Upon completion, the property will become one of the highest office buildings in Mongolia. Superstructure works have been topped off. However, as Mongolia had imposed strict quarantine measures for inbound workers/travelers since the beginning of year 2020 due to Covid-19, internal structural works and external cladding works of the property have been halted. The Group is assessing the latest market condition in Mongolia, and is evaluating the best timing either to commence the finishing works with reference to the work schedule with contractors, or seek appropriate opportunity to dispose of the property to realize this investment. Marketing works for the property have commenced.

(B) Hotels and Serviced Apartments

(i) Parkes Residence, No. 101 Parkes Street, Kowloon, Hong Kong (100% owned before disposal)

The property is close to the Jordan Station of the Mass Transit Railway and had been developed by the Group into a 25-storey commercial/residential building comprising 114 fully furnished studio units with clubhouse facilities and shopping units at the podium levels (G/F to 2/F). The Group owns 18 residential units of this property (recorded as properties for sale) and they are operating as serviced apartments to generate income. Rental income from the serviced apartments during the year amounted to approximately HK$2.7 million.

On 1 February 2023, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of the 18 residential units for a cash consideration of HK$70.3 million. The disposal was completed on 3 May 2023 with the recognition of revenues by the Group in the next financial year. The disposal is in-line with the Group's strategy to off-load investment in non-core assets, and the sale proceed can further strengthen the Group's financial position.

(ii) 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 with rental income amounting to approximately HK$2.4 million for the year under review. Marketing work for leasing the villa is in progress.

(iii) sáv Plaza, Sukhbaatar District, Ulaanbaatar, Mongolia (100% owned)

The project is located in the city centre within the embassy district and is a 19-storey building comprising 142 units and ground floor shops with a total GFA of about 19,000 *sq. m.* and 48 carparking spaces. Internal and external finishing works have been completed. Occupation permit of the project has been obtained in October 2022, and the immovable property certificate has been obtained in January 2023. Decoration works with furniture and fixtures for some floors have been carried out. Marketing works for leasing on these floors have commenced.

(iv) 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.*.

Although the local government has relaxed the Covid-19 international traveling policy and the mandated regulation on hotel occupancy as well as social distancing policy for food and beverage outlets, the business of the resort is just slowly resuming. The resort is currently operating with minimal manpower to reduce cost.

(v) The Group entered into contract at the end of 2018 for a project commissioned by the Group for a make-to-order craft to facilitate liveaboard purpose in order to have further expansion of our hospitality business overseas. The project was completed in August 2022. Since the tourism industry has suffered severe blow as a result of the Covid-19 pandemic and global economic uncertainty, on 14 October 2022, the Group entered into a sale and purchase agreement with an independent third party to dispose of the asset for a consideration of not more than about EUR17 million (equivalent to approximately HK$131 million). Details of the disposal were announced by the Company on 14 October 2022. However, as announced by the Company on 8 March 2023, since the purchaser has defaulted on its obligations under the relevant sale and purchase agreements in relation to the disposal, the Group has cancelled the agreements and forfeited the deposit of about EUR1.0 million (equivalent to approximately HK$8.1 million) (after deducting broker's commission of the disposal) and recorded as other income. The Group is evaluating various options (including disposal) in dealing with this asset.

(C) Development Properties

Apart from what has been disclosed in other parts of this report, during the year under review, the Group has contracted property sales of about MYR12.0 million (equivalent to approximately HK$21.3 million), which are expected to be completed in the next financial year, when such sales will be recognized as revenues of the Group.

(i) Nos. 16–20 Gage Street, Central, Hong Kong (100% owned)

The Group has successfully consolidated this project with a total site area of about 3,600 *sq. ft.*. General building plans of the project to develop a 26-storey residential/commercial building comprising clubhouse facilities and retail units with total GFA of about 34,741 *sq. ft.* have been approved. Foundation works are currently in progress and are expected to be completed by the second quarter of 2024. The Group targets to achieve BEAM Plus Silver Rating for the property development from the green building perspective. As affected by the fall in property market and rise in interest rate, a provision of impairment of about HK$54.8 million (2022: nil) was recorded for this project during the year under review.

(ii) 28 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. The Group is developing the property into one vertical house with 8 storeys over the podium, and targets to achieve LEED Silver Rating for the property development from the green building perspective. The 8-storey house will include a luxury living and dining area with 6m floor-to-floor height, an entertainment floor and 6 residential suite floors with at least 3.5m floor-to-floor height. The proposed GFA for the house is about 44,537 *sq. ft.*, with an additional area of about 5,200 *sq. ft.* for garden and about 2,200 *sq. ft.* for roof.

Concreting of the superstructure works are proceeding as scheduled with podium level completed and the works are up to the 7th floor of the tower portion. It is expected that the overall superstructure works will be completed by the end of 2023. In the meantime, both joint venture partners are also exploring other options (including disposal) to accelerate return on this investment. Marketing work for the house is in progress.

(iii) ONE SOHO, 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. A residential/commercial building comprising 322 residential units, clubhouse facilities, commercial podium and carparking spaces will be developed.

The project has obtained "Provisional Gold" rating under BEAM Plus and "WELL Precertification" under the WELL Building Standard respectively for project development. Occupation permit has been obtained in March 2023. Pre-sale consent of the 322 residential units of ONE SOHO was obtained in April 2021 and pre-sale has commenced accordingly. Up-to-date, a total of 191 units have been pre-sold at aggregate amount of about HK$1.36 billion, and aggregate deposits amounted to about HK$694.6 million have been received. It is expected that the completed residential units will be handed-over to the end buyers in the second half of 2023.

(D) Chuang's China Investments Limited ("Chuang's China", stock code: 298) (61.15% owned)

Chuang's China and its subsidiaries (the "Chuang's China Group") are principally engaged in, inter alia, property development, investment and trading. For the year ended 31 March 2023, the Chuang's China Group recorded loss attributable to equity holders of HK$328.7 million (2022: profit of HK$227.8 million) and revenues of HK$63.0 million (2022: HK$204.5 million) (which comprised revenues from sales of properties of HK$1.4 million (2022: HK$72.8 million), revenues from rental and management fee of HK$23.4 million (2022: HK$25.9 million), revenues from cemetery assets of HK$23.2 million (2022: HK$41.0 million) and revenues from securities investment and trading of HK$15.0 million (2022: HK$64.8 million)). Nevertheless, during the year under review, the Chuang's China Group has contracted property sales of about EUR5.7 million (equivalent to approximately HK$48.8 million), which is expected to be completed in the third quarter of 2023, when such sales will be recognized as revenues of the Chuang's China Group.

(i) Investment Properties

The Chuang's China 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 by Chuang's China)

   The Esplanade has GFA of about 117,089 *sq. ft.* comprises 371 residential flats and 30 residential carparking spaces, of which all the residential flats were sold in prior years. During the year under review, one carparking space with sales value of about HK$1.4 million had also been completed. The Chuang's China Group will continue to market the remaining 22 unsold carparking spaces.

   The Esplanade Place comprises a two-storey commercial podium with about 16 commercial units and 12 commercial carparking spaces, of which 12 commercial units are leased to independent third parties with an aggregate annual rental income of about HK$3.8 million. The Chuang's China Group will continue to market the remaining units and carparking spaces in order to generate rental income. As at 31 March 2023, the property was recorded at valuation of about HK$177.0 million.

2. 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.*.

   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 Chuang's China Group has leased certain residential units to multi tenants with aggregate rental income of about RMB0.5 million (equivalent to approximately HK$0.6 million). 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. The valuation of the property has dropped to approximately RMB604.0 million (equivalent to approximately HK$689.8 million) as at 31 March 2023, comprising RMB230.8 million for the commercial podium and RMB373.2 million for the twin tower.

3. 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 (GFA of 8,838 *sq. m.*) and 30 villas (aggregate GFA of about 9,376 *sq. m.*) in Siming District, Xiamen. As at 31 March 2023, the properties were recorded at valuation of RMB383.2 million (comprising RMB171.2 million for the hotel and RMB212.0 million for the 30 villas). The valuation attributable to the Chuang's China Group was about RMB228.0 million (equivalent to approximately HK$260.4 million), whereas the total investment costs of the Chuang's China Group were about RMB155.2 million (equivalent to approximately HK$177.2 million).

   During the year under review, the hotel building together with 23 villas are leased to 厦門佲家鷺江酒店 (Xiamen Mega Lujiang Hotel) and is operated as "鷺江•佲家酒店" (Mega Lujiang Hotel). The remaining 7 villas are leased to independent third parties. The aggregate annual rental income of this hotel complex amounted to about RMB19.7 million (equivalent to approximately HK$22.5 million). From the last quarter of 2022, the main road (龍虎山路) where the hotel complex is located was closed to facilitate the construction of underground metro train of Siming District. This adversely affected not only accessibility to the hotel complex but also business demands of our tenants. In view of this, the Chuang's China Group has provided certain concession to tenants of the hotel complex for a reasonable period of time until road access is expected to be resumed. As announced on 26 June 2023 by Chuang's China, the Chuang's China Group entered into the second amendment agreement with Xiamen Mega Lujiang Hotel for the reduction of rent for the hotel building and 3 villas for the period from December 2023 to the month when the road access is resumed by the relevant authority, which is currently expected to be in February 2025.

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

   The Chuang's China Group holds one villa and 4 carparks in Guangzhou, with a GFA of about 318 *sq. m.* for investment purpose. The villa was recorded at valuation of RMB8.1 million (equivalent to approximately HK$9.3 million) as at 31 March 2023. The Chuang's China Group will hold this villa for future appreciation.

5. 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 2023, valuation of the property was RMB36.4 million (equivalent to approximately HK$41.6 million). During the year under review, one storey was leased to 中國人壽東莞分公司 (China Life Dongguan branch) for office use, and the ground floor was leased to an independent third party in June 2022 for retail use. The aggregate annual rental income is about RMB0.8 million (equivalent to approximately HK$0.9 million). Marketing is in progress for leasing of the remaining units of the property.

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 2023, the valuation of this property has dropped to MYR162.8 million (equivalent to approximately HK$289.4 million), which represents an average value of approximately MYR835 (equivalent to approximately HK$1,484) per *sq. ft.* of net lettable retail and office area.

   Wisma Chuang is leased to multi tenants with an occupancy rate of approximately 63%, and annual rental income was approximately MYR5.9 million (equivalent to approximately HK$10.5 million). The Chuang's China Group will seek appropriate opportunities to dispose of the property to accelerate return from this investment.

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

(ii) Property Development

1. ARUNA, No. 8 Ping Lan Street, Ap Lei Chau, Hong Kong (100% owned by Chuang's China)

   The property has a site area of about 4,320 *sq. ft.* and has a developable GFA of about 40,000 *sq. ft.*. It will be developed into a 27-storey residential/commercial building comprising 105 residential units with clubhouse facilities and retail units at the podium levels.

   Superstructure work is nearly completed. Internal and external finishing works is in progress. As affected by the fall in property market and rise in interest rate, a provision of impairment of about HK$80.7 million (2022: nil) was recorded for this project during the year under review.

2. Changan, Dongguan, Guangdong (100% owned by Chuang's China before disposal)

   The Chuang's China 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. During the year under review, the property was leased to an independent third party with aggregate rental income of about RMB3.0 million (equivalent to approximately HK$3.4 million).

   On 5 August 2022, the Chuang's China Group entered into a sale and purchase agreement with an independent third party for the disposal of subsidiaries that hold this property for a consideration of approximately RMB132.1 million (equivalent to approximately HK$149.7 million). The disposal was completed on 5 September 2022. Net cash proceed of approximately RMB127.6 million (equivalent to approximately HK$144.6 million) was received and has strengthened the Chuang's China Group's financial position.

3. Chuang's Plaza, Anshan, Liaoning (100% owned by Chuang's China)

   Adjacent to Chuang's Mid-town, 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. The Chuang's China Group is holding discussions with the local authorities and will identify opportunities to dispose of this project.

4. 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 historical investment cost incurred by the Chuang's China Group in the PRC project company was about HK$24.6 million. The Chuang's China 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 Chuang's China Group.

5. 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. The Chuang's China Group's book cost in this project was about RMB132.9 million (equivalent to approximately HK$151.8 million) after taking into account a portion of judgement payments amounting to about RMB12.9 million (equivalent to approximately HK$14.7 million) received by the Chuang's China Group in August 2021 through court enforcement. The Chuang's China Group will continue to explore ways in order to recover its investment.

6. Others

   As previously reported, the Chuang's China 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 Chuang's China Group. The transfer of one courtyard house was completed during the year ended 31 March 2022, whereas procedure for the transfer of another courtyard house is in progress.

   Besides, a handling agent had previously instituted a legal proceeding against the designated nominee of the Chuang's China Group regarding the appointment of the handling agent for the aforesaid courtyard house. In March 2023, a settlement agreement was entered into between the designated nominee and the handling agent. The legal proceedings had been withdrawn by the handling agent and approved by the local court.

7. Fortune Wealth, Sihui, Guangdong (86% owned by Chuang's China)

   The Fortune Wealth Memorial Park operates a cemetery in Sihui with a site area of approximately 518 mu agreed by the local government authorities. 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. Site formation and construction works are in progress on parts of the land.

   As at 31 March 2023, the cemetery assets (including non-controlling interests) were recorded based on the book cost of about RMB633.4 million (equivalent to approximately HK$723.4 million).

   Fortune Wealth has full license for sale not only in the PRC, but also includes overseas Chinese as well as residents of Hong Kong, Macau and Taiwan. As at 31 March 2023, about 2,791 grave plots and 526 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 31 March 2023, the Chuang's China 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. 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 2023 of HK$0.38 (2022: HK$0.39) and HK$0.325 (2022: HK$0.4), the aggregate book value of the Chuang's China Group's investments in CNT and CPM is about HK$142.0 million (2022: HK$146.2 million). The change in book value is accounted for as "Reserve" in the financial statements.

(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$13.6 million (2022: HK$16.7 million), and incurred a loss of HK$2.2 million (2022: HK$2.5 million). In June 2022, the Group entered into an agreement to dispose of the land and factory building of Sintex for a consideration of S$21 million (equivalent to approximately HK$118.4 million). Details of the disposal were announced by the Group on 15 June 2022. However, as announced by the Company on 19 June 2023, the Group is notified by the purchaser that it will not continue with the disposal. Accordingly, the agreement is terminated, and in accordance with the terms of the agreement, the deposit received will be refunded to the purchaser. The Group is strategically reviewing the development strategy and operation model of the business of Sintex, and is also evaluating various options (including disposal) in dealing with the land and factory building.

(ii) Securities Investment and Trading

During the year, the performance of the bond investments of the Group was continuously adversely affected by unfavorable market condition of the PRC property bond sector, and thus certain listed corporate bonds held by the Group were in default. The Group has redeemed/disposed and accepted restructuring exchange of certain listed corporate bond investments during the year. As a result, securities investment and trading business of the Group recorded a net loss before tax and before deducting non-controlling interests of HK$189.6 million, comprising dividend, interest and other income from investments of HK$64.1 million, net gain on disposals and redemptions (including the redemption of existing bonds through the exchange of the new bonds of the same issuers) of investments of HK$299.6 million, and unrealized fair value loss on investments of HK$553.3 million mainly as a result of mark to market valuations of the investments held as at the balance sheet date. The unrealized fair value loss is accounting loss with no immediate cash flow impact to the Group.

As at 31 March 2023, investments of the Group amounted to HK$466.3 million (HK$231.9 million were held by the wholly-owned subsidiaries of the Group and HK$234.4 million were held by the Chuang's China Group), and comprised as to HK$328.7 million for investments in listed corporate bonds, HK$0.8 million for investments in securities listed on the Stock Exchange and the balance of HK$136.8 million for other investments (of which about HK$56.9 million are denominated in Renminbi, and about HK$79.9 million are denominated in United States dollar), comprising FinTech companies, venture capital investment platforms, high technology companies and investment funds which are not listed or just listed in the markets. The Group will continue to monitor the performance of its respective investment portfolios from time to time.

(iii) Money Lending Business

The Group had advanced loans to customers. Revenues generated from this business during the year amounted to HK$8.4 million (2022: HK$1.6 million). As at 31 March 2023, outstanding amount of loans due from customers amounted to about HK$30.4 million (2022: HK$174.8 million), which were mainly relating to mortgage loans. Previously a borrower with outstanding mortgage loan amount of approximately HK$117.5 million (the loan is secured by a property in Hong Kong) failed to pay its monthly instalments since December 2019. The Group had taken legal action and had successfully obtained vacant possession of the secured property in the capacity of mortgagee at the end of February 2022. The Group had further entered into a provisional agreement with an independent third party in April 2022 to dispose of the secured property for a consideration of HK$128 million. The disposal was completed in July 2022. The whole proceeds had been retained by the Group for the repayment of the whole outstanding mortgage loan principal and payment of the relevant interest. As such, interest income amounted to about HK$7.2 million has been recognized in the current year.

FINANCIAL POSITION

Net asset value

As at 31 March 2023, net assets attributable to equity holders of the Company was HK$9,272.2 million (2022: HK$10,717.5 million). Net asset value per share was HK$5.54 (2022: HK$6.41).

Financial resources

As at 31 March 2023, the Group's cash, bank balances and bond and securities investments amounted to HK$3,252.5 million (2022: HK$5,170.8 million). Bank borrowings as at the same date amounted to HK$4,227.7 million (2022: HK$5,404.5 million). The Group's net debt to equity ratio, expressed as a percentage of bank borrowings net of cash, bank balances and bond and securities investments over net assets attributable to equity holders of the Company, was 10.5% (2022: 2.2%).

Approximately 88.7% of the Group's cash, bank balances and bond and securities investments were denominated in Hong Kong dollar and United States dollar, 10.7% were in Renminbi and the balance of 0.6% were in other currencies. Approximately 97.0% of the Group's bank borrowings were denominated in Hong Kong dollar and United States dollar, and the balance of 3.0% were in Malaysian Ringgit and other currencies.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 18.6% of the Group's bank borrowings were repayable within the first year, 51.8% were repayable within the second year, 26.7% were repayable within the third to fifth years and the balance of 2.9% 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, and the Group has some monetary assets and liabilities denominated in foreign currencies, 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 Covid-19 pandemic has lasted for nearly 3 years, and the performance of the Group has inevitably been affected under this backdrop. Following the removal of anti-pandemic measures and the reopening of borders to the world since late 2022, there is slight improvement in the local property market in the recent months. Although the increasing number of new residential units and high interest rate environment will add pressure to the property prices and the market atmosphere, we are confident that the property market and economy in Hong Kong will recover gradually. We will monitor the situation closely and will take appropriate steps to preserve the Group’s competitiveness and grasp opportunities ahead. The Group will continue to look for opportunities to realize investments in various investment properties and off-load investments in non-core assets in order to further enhance the financial resources and capability of the Group to replenish its land bank in Hong Kong, especially for the luxury and mass residential market, for future property development and trading. We are confident that, with the implementation of the above strategies, the Group’s profitability and financial position will be improved, and further value can be created for our shareholders.

CLOSING OF REGISTER

The annual general meeting of the Company (the “AGM”) is scheduled on Friday, 8 September 2023. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 5 September 2023 to Friday, 8 September 2023, 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 4 September 2023.

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 2023, the Group (excluding the Chuang's China Group) employed 147 staff and the Chuang's China Group employed 104 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

Mr. Albert Chuang Ka Pun took up the role as the Chairman and the Chief Executive Officer, being the Chairman and the Managing Director of the Company. The roles of the chairman and the chief executive officer are not separated pursuant to Code C.2.1 of the code provisions set out in the Corporate Governance Code (the "CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). 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 2023 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 2023. 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 2023 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 2023 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 2023

As at the date of this announcement, Mr. Albert Chuang Ka Pun, Mr. Richard Hung Ting Ho, Mr. Edwin Chuang 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.