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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)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

The board of Directors (the “Board”) of Chuang’s China Investments Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30 September 2023 as follows:

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

- Loss attributable to equity holders of the Company amounted to HK\$209.0 million.
- The Group had net cash of HK\$359.8 million as at 30 September 2023. Total cash resources of the Group (including bond investments of HK\$32.6 million) amounted to HK\$1,090.7 million, and bank borrowings amounted to HK\$730.9 million.
- Net asset value per share amounted to HK\$1.47.
- Loss per share was 8.91 HK cents.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)*For the six months ended 30 September 2023*

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Revenues	5	70,601	38,808
Cost of sales		(117,855)	(11,018)
Gross (loss)/profit		(47,254)	27,790
Other income and net loss	7A	(55,249)	(91,121)
Loss on disposal of subsidiaries	7B	–	(45,739)
Selling and marketing expenses		(10,797)	(5,493)
Administrative and other operating expenses		(38,849)	(43,253)
Change in fair value of investment properties		(74,059)	385
Operating loss	8	(226,208)	(157,431)
Finance costs	9	(4,009)	(20,464)
Share of result of a joint venture	10	7,337	(6,588)
Loss before taxation		(222,880)	(184,483)
Taxation credit/(charge)	11	13,406	(4,636)
Loss for the period		(209,474)	(189,119)
Attributable to:			
Equity holders		(209,010)	(187,284)
Non-controlling interests		(464)	(1,835)
		(209,474)	(189,119)
		HK cents	HK cents
Loss per share (basic and diluted)	13	(8.91)	(7.98)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the six months ended 30 September 2023

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	<u>(209,474)</u>	<u>(189,119)</u>
Other comprehensive income:		
Items that had been/may be reclassified subsequently to profit and loss:		
Net exchange differences	(126,959)	(262,714)
Share of exchange reserve of a joint venture	(14,153)	(25,653)
Realization of exchange reserve upon disposal of subsidiaries	<u>–</u>	<u>6,002</u>
Total other comprehensive loss that had been/may be reclassified subsequently to profit and loss	<u>(141,112)</u>	<u>(282,365)</u>
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	<u>(26,035)</u>	<u>(4,002)</u>
Total other comprehensive loss for the period	<u>(167,147)</u>	<u>(286,367)</u>
Total comprehensive loss for the period	<u><u>(376,621)</u></u>	<u><u>(475,486)</u></u>
Total comprehensive loss attributable to:		
Equity holders	(367,131)	(452,153)
Non-controlling interests	<u>(9,490)</u>	<u>(23,333)</u>
	<u><u>(376,621)</u></u>	<u><u>(475,486)</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)*As at 30 September 2023*

		30 September 2023	31 March 2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		26,515	31,152
Investment properties		1,075,327	1,210,926
Right-of-use assets		1,375	3,243
Properties for/under development		135,186	143,442
Cemetery assets		272,106	291,099
Joint venture		314,564	321,678
Financial assets at fair value through other comprehensive income		116,922	143,017
Loans and receivables and other deposits		219,100	233,633
		2,161,095	2,378,190
Current assets			
Properties for sale		649,031	672,257
Cemetery assets		708,947	752,954
Inventories		49,795	49,795
Debtors and prepayments	<i>15</i>	48,787	52,299
Financial assets at fair value through profit or loss		162,501	234,418
Cash and bank balances		1,058,057	1,239,494
		2,677,118	3,001,217
Current liabilities			
Creditors and accruals	<i>16</i>	216,117	244,015
Current portion of long-term bank borrowings	<i>17</i>	612,787	482,941
Taxation payable		32,484	36,008
		861,388	762,964
Net current assets		1,815,730	2,238,253
Total assets less current liabilities		3,976,825	4,616,443

		30 September	31 March
		2023	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity			
Share capital	18	117,352	117,352
Reserves		3,325,060	3,692,191
		<hr/>	<hr/>
Shareholders' funds		3,442,412	3,809,543
Non-controlling interests		85,953	95,443
		<hr/>	<hr/>
Total equity		3,528,365	3,904,986
		<hr/>	<hr/>
Non-current liabilities			
Long-term bank borrowings	17	118,088	343,299
Deferred taxation liabilities		251,559	287,270
Loans and payables with non-controlling interests		45,020	44,912
Other non-current liabilities		33,793	35,976
		<hr/>	<hr/>
		448,460	711,457
		<hr/>	<hr/>
		3,976,825	4,616,443
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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 30 September 2023, the Company was a 61.15% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The board of Directors (the "Board") regard 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 condensed consolidated interim financial information has 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 Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by The Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31 March 2023 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs").

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated annual financial statements of the Group for the year ended 31 March 2023, except as stated below.

(i) Effect of adopting new standard, amendments to standards and practice statement

For the six months ended 30 September 2023, the Group adopted the following new standard, amendments to standards and practice statement that are effective for the accounting periods beginning on or after 1 April 2023 and relevant to the operations of the Group:

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendment)	Definition of Accounting Estimates
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
HKAS 12 (Amendment)	International Tax Reform – Pillar Two Model Rules
HKFRS 17 and HKFRS 17 (Amendment)	Insurance Contracts

The Group has assessed the impact of the adoption of these new standard, amendments to standards and practice statement 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 condensed consolidated interim financial information.

(ii) Amendments to standards and interpretation that are not yet effective

The following amendments to standards 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 2024, 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 2024)
HKAS 1 (Amendment)	Non-current Liabilities with Covenants (effective from 1 January 2024)
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements (effective from 1 January 2024)
HKAS 21 (Amendments)	Lack of Exchangeability (effective from 1 January 2025)
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)
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 2024)

The Group will adopt the above amendments to standards and interpretation as and when they become effective. The Group has commenced a preliminary assessment of the likely impact of adopting the above amendments to standards 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 condensed consolidated interim financial information. The Group will continue to assess in more detail.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The activities of the Group expose it to a variety of financial risks including credit risk, liquidity risk, cash flow and fair value interest rate risk, foreign exchange risk and price risk. The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the consolidated annual financial statements and it should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31 March 2023. There has been no material change in the Group's financial risk management policies since the year ended 31 March 2023.

(b) Liquidity risk

Compared to the year ended 31 March 2023, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

(c) Fair value estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date, whereas the fair values of other financial assets and financial liabilities are determined in accordance with the generally accepted pricing models based on discounted cash flow analysis.

The Directors considered that the carrying values of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated interim financial information approximate their fair values.

During the six months ended 30 September 2023, except for the performance of the listed corporate bond investments recorded in financial assets at fair value through profit or loss which was adversely affected by high volatility of the bond market, there was no significant change in the business or economic circumstances that affect the fair values of the Group's financial assets and financial liabilities, no transfers of financial assets or financial liabilities between the levels in the hierarchy, and no reclassifications of financial assets.

For the estimates of fair value of investment properties, the valuation processes and techniques of the Group are consistent with those used in the annual financial statements for the year ended 31 March 2023, which were based on the economic, market and other conditions as they exist on, and information available to management as of 30 September 2023.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the condensed consolidated interim financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions applied in the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated annual financial statements of the Group for the year ended 31 March 2023.

5. REVENUES

Revenues recognized during the period are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Sales of properties	49,763	1,350
Rental income and management fees	9,902	13,493
Sales of cemetery assets	9,060	9,280
Interest and other income from financial assets at fair value through profit or loss	1,876	14,685
	70,601	38,808

6. 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, securities investment and trading and others (including hotel operation and management and sales of goods and merchandises). 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	Securities investment and trading HK\$'000	Others and corporate HK\$'000	Total HK\$'000
2023					
Revenues from contracts with customers:					
– Recognized at a point in time	49,763	9,060	–	–	58,823
– Recognized over time	888	–	–	–	888
Revenues from other sources	9,014	–	1,876	–	10,890
Revenues	<u>59,665</u>	<u>9,060</u>	<u>1,876</u>	<u>–</u>	<u>70,601</u>
Other income and net gain/(loss)	<u>1,525</u>	<u>252</u>	<u>(66,427)</u>	<u>9,401</u>	<u>(55,249)</u>
Operating loss	(147,151)	(110)	(65,047)	(13,900)	(226,208)
Finance costs	(4,009)	–	–	–	(4,009)
Share of result of a joint venture	7,337	–	–	–	7,337
Loss before taxation	(143,823)	(110)	(65,047)	(13,900)	(222,880)
Taxation credit/(charge)	13,867	(218)	(243)	–	13,406
Loss for the period	<u>(129,956)</u>	<u>(328)</u>	<u>(65,290)</u>	<u>(13,900)</u>	<u>(209,474)</u>
As at 30 September 2023					
Segment assets	2,191,577	1,030,010	162,504	1,139,558	4,523,649
Joint venture	314,564	–	–	–	314,564
Total assets	<u>2,506,141</u>	<u>1,030,010</u>	<u>162,504</u>	<u>1,139,558</u>	<u>4,838,213</u>
Total liabilities	<u>1,023,472</u>	<u>253,373</u>	<u>262</u>	<u>32,741</u>	<u>1,309,848</u>
2023					
Other segment items are as follows:					
Capital expenditure	88,747	3,932	–	–	92,679
Depreciation of property, plant and equipment	276	230	–	2,861	3,367
Depreciation of right-of-use assets	1,709	48	–	–	1,757
Provision for impairment of properties for sale	74,731	–	–	–	74,731
Provision for impairment of trade debtors	143	–	–	–	143
Fair value loss of investment properties	74,059	–	–	–	74,059

	Property development, investment and trading <i>HK\$'000</i>	Cemetery <i>HK\$'000</i>	Securities investment and trading <i>HK\$'000</i>	Others and corporate <i>HK\$'000</i>	Total <i>HK\$'000</i>
2022					
Revenues from contracts with customers:					
– Recognized at a point in time	1,350	9,280	–	–	10,630
– Recognized over time	548	–	–	–	548
Revenues from other sources	12,945	–	14,685	–	27,630
Revenues	<u>14,843</u>	<u>9,280</u>	<u>14,685</u>	<u>–</u>	<u>38,808</u>
Other income and net gain/(loss)	<u>690</u>	<u>336</u>	<u>(87,643)</u>	<u>(4,504)</u>	<u>(91,121)</u>
Loss on disposal of subsidiaries	<u>(45,739)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(45,739)</u>
Operating (loss)/profit	(49,048)	47	(73,469)	(34,961)	(157,431)
Finance costs	(20,439)	–	(25)	–	(20,464)
Share of result of a joint venture	<u>(6,588)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(6,588)</u>
(Loss)/profit before taxation	(76,075)	47	(73,494)	(34,961)	(184,483)
Taxation	<u>(4,398)</u>	<u>(238)</u>	<u>–</u>	<u>–</u>	<u>(4,636)</u>
Loss for the period	<u>(80,473)</u>	<u>(191)</u>	<u>(73,494)</u>	<u>(34,961)</u>	<u>(189,119)</u>
As at 31 March 2023					
Segment assets	2,374,186	1,099,858	235,069	1,348,616	5,057,729
Joint venture	<u>321,678</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>321,678</u>
Total assets	<u>2,695,864</u>	<u>1,099,858</u>	<u>235,069</u>	<u>1,348,616</u>	<u>5,379,407</u>
Total liabilities	<u>1,153,932</u>	<u>271,511</u>	<u>24</u>	<u>48,954</u>	<u>1,474,421</u>
2022					
Other segment items are as follows:					
Capital expenditure	18,492	9,357	–	1,720	29,569
Depreciation of property, plant and equipment	247	235	–	2,947	3,429
Depreciation of right-of-use assets	1,709	46	–	–	1,755
Provision for impairment of trade debtors	304	–	–	–	304
Fair value loss of investment properties	<u>385</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>385</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	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong	5,979	18,144	88,731	19,765
The People's Republic of China (the "PRC")	9,995	13,516	3,943	9,357
Malaysia	6,164	7,148	5	447
France	48,463	–	–	–
	<u>70,601</u>	<u>38,808</u>	<u>92,679</u>	<u>29,569</u>

	Non-current assets (Note)		Total assets	
	30 September 2023 HK\$'000	31 March 2023 HK\$'000	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Hong Kong	193,711	198,858	2,085,519	2,343,034
The PRC	1,364,227	1,511,684	2,475,438	2,707,823
Malaysia	267,135	290,998	277,256	296,216
Other countries	–	–	–	32,334
	<u>1,825,073</u>	<u>2,001,540</u>	<u>4,838,213</u>	<u>5,379,407</u>

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.

7A. OTHER INCOME AND NET LOSS

	2023 HK\$'000	2022 HK\$'000
Interest income from bank deposits	19,970	7,713
Dividend income from financial assets at fair value through other comprehensive income	7,366	7,366
Net loss of financial assets at fair value through profit or loss (<i>note</i>)	(66,425)	(87,672)
Net gain on disposal of property, plant and equipment	95	187
Net exchange loss	(16,598)	(19,146)
Others	343	431
	<u>(55,249)</u>	<u>(91,121)</u>

Note: The amount comprises of net gain on disposal of HK\$0.4 million (2022: HK\$22.7 million) and net fair value loss of HK\$66.8 million (2022: HK\$110.4 million) for financial assets at fair value through profit or loss.

7B. LOSS ON DISPOSAL OF SUBSIDIARIES

On 5 August 2022, a direct wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to dispose of the property holding companies 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 the Company on 5 August 2022. The transaction was completed on 5 September 2022, and a loss on disposal of subsidiaries of approximately HK\$45.7 million was recorded in the period ended 30 September 2022, taking into account the net assets disposed of approximately HK\$189.1 million, the realization of a negative exchange reserve upon disposal of approximately HK\$6.0 million and the related transaction costs.

8. OPERATING LOSS

	2023 HK\$'000	2022 HK\$'000
Operating loss is stated after charging:		
Cost of properties sold	32,136	678
Cost of cemetery assets sold	3,688	3,763
Depreciation of property, plant and equipment	3,367	3,429
Depreciation of right-of-use assets	1,757	1,755
Provision for impairment of properties for sale (<i>note a</i>)	74,731	–
Provision of impairment of trade debtors	143	304
Staff costs, including Directors' emoluments		
Wages and salaries (<i>note b</i>)	15,514	16,459
Retirement benefit costs	1,056	1,162
	<u>15,514</u>	<u>16,459</u>
	<u>1,056</u>	<u>1,162</u>

Notes:

(a) *The amount has been included in cost of sales for the six months ended 30 September 2023.*

(b) *Government grants amounting to HK\$382,000 had been recognized and deducted in wages and salaries expenses for the six months ended 30 September 2022.*

9. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest expenses of		
Bank borrowings	22,273	22,547
Lease liabilities	6	31
	<u>22,279</u>	<u>22,578</u>
Amounts capitalized into properties under development	<u>(18,270)</u>	<u>(2,114)</u>
	<u>4,009</u>	<u>20,464</u>

The capitalization rate applied to funds borrowed for the development of properties ranged from 7.13% to 7.23% (2022: 3.44% to 3.54%) per annum.

10. SHARE OF RESULT OF A JOINT VENTURE

Share of profit of a joint venture of HK\$7,337,000 (2022: loss of HK\$6,588,000) in the condensed consolidated income statement included the share of result of a joint venture (2022: included the share of fair value loss of the investment properties (net of the related deferred taxation) of HK\$13,936,000), and the rental income recorded by the joint venture from the wholly-owned subsidiary of the joint venture partner for the period ended 30 September 2023 amounted to approximately HK\$8,954,000 (2022: HK\$9,433,000).

11. TAXATION (CREDIT)/CHARGE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current taxation		
PRC corporate income tax	806	1,720
PRC withholding corporate income tax (<i>note 7B</i>)	–	3,441
Overseas profits tax	3,784	95
Deferred taxation	<u>(17,996)</u>	<u>(620)</u>
	<u>(13,406)</u>	<u>4,636</u>

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the period (2022: Nil). PRC corporate income tax and overseas profits tax have been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the PRC and the countries in which the Group operates respectively. PRC withholding corporate income tax represents the relevant tax on disposal of subsidiaries arising from the Changan Disposal as mentioned in note 7B.

Share of current taxation charge of the joint venture for the six months ended 30 September 2023 of HK\$462,000 (2022: nil, as it had sufficient tax losses brought forward to set off against the estimated assessable profit for that period, whereas there was share of deferred taxation credit arising from the fair value loss of the investment properties of HK\$4,645,000) is included in the condensed consolidated income statement as “Share of result of a joint venture”.

12. INTERIM DIVIDEND

On 28 November 2023, the Board has resolved not to declare an interim dividend for the six months ended 30 September 2023 (2022: Nil).

13. LOSS PER SHARE

The calculation of the loss per share is based on the loss attributable to equity holders of HK\$209,010,000 (2022: HK\$187,284,000) and the weighted average number of 2,347,035,316 (2022: 2,347,035,316) shares in issue during the period.

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

14. CAPITAL EXPENDITURE

For the six months ended 30 September 2023, the Group incurred acquisition and development costs on property, plant and equipment of HK\$5,000 (2022: HK\$2,403,000), and property projects and cemetery assets of HK\$92,674,000 (2022: HK\$27,055,000); and right-of-use assets of HK\$111,000 for 2022 respectively.

15. 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 the trade debtors of the Group is as follows:

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Below 30 days	336	541
31 to 60 days	207	358
61 to 90 days	388	119
Over 90 days	<u>3,891</u>	<u>4,062</u>
	<u><u>4,822</u></u>	<u><u>5,080</u></u>

16. CREDITORS AND ACCRUALS

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

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Below 30 days	1,944	1,514
31 to 60 days	–	2
Over 60 days	52	9
	<u>1,996</u>	<u>1,525</u>

Creditors and accruals include the construction cost payables and accruals of HK\$133,513,000 (31 March 2023: HK\$139,830,000) for the property and cemetery projects of the Group.

17. BORROWINGS

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Unsecured long-term bank borrowings	369,461	474,052
Secured long-term bank borrowings	361,414	352,188
	<u>730,875</u>	<u>826,240</u>

The total bank borrowings are analyzed as follows:

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Long-term bank borrowings	<u>730,875</u>	<u>826,240</u>

The long-term bank borrowings are analyzed as follows:

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Long-term bank borrowings	<u>730,875</u>	<u>826,240</u>
Current portion included in current liabilities		
Portion due within one year	(612,787)	(402,230)
Portion due after one year which contains a repayment on demand clause	<u>–</u>	<u>(80,711)</u>
	<u>(612,787)</u>	<u>(482,941)</u>
	<u>118,088</u>	<u>343,299</u>

The bank borrowings are repayable in the following periods based on the agreed scheduled repayment dates set out in the loan agreements:

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Within the first year	612,787	402,230
Within the second year	8,334	314,592
Within the third to fifth years	109,754	109,418
	<u>730,875</u>	<u>826,240</u>

As at 30 September 2023, the Group had pledged certain assets, including investment properties and properties for sale with an aggregate carrying value of HK\$821,855,000 (31 March 2023: HK\$831,426,000), to secure banking facilities granted to the subsidiaries. As at 30 September 2023, bank borrowings of HK\$361,414,000 (31 March 2023: HK\$352,188,000) are guaranteed by the Company, HK\$80,711,000 (31 March 2023: HK\$115,302,000) are guaranteed by CCIL, and HK\$288,750,000 (31 March 2023: HK\$358,750,000) are guaranteed by both the Company and CCIL.

18. SHARE CAPITAL

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Authorized:		
18,000,000,000 shares of HK\$0.05 each	<u>900,000</u>	<u>900,000</u>
	Number of Shares	Amount HK\$'000
Issued and fully paid at HK\$0.05 each:		
At 31 March 2023 and 30 September 2023	<u>2,347,035,316</u>	<u>117,352</u>

19. FINANCIAL GUARANTEES

As at 30 September 2023, certain subsidiaries had provided guarantees of HK\$5,386,000 (31 March 2023: HK\$6,116,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

20. COMMITMENTS

As at 30 September 2023, the Group had commitments contracted but not provided for in respect of property projects of HK\$121,064,000 (31 March 2023: HK\$196,783,000) and financial assets at fair value through profit or loss of HK\$38,806,000 (31 March 2023: HK\$43,938,000) respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS REVIEW

During the period under review, the Group's revenues amounted to about HK\$70.6 million (2022: HK\$38.8 million), and comprised the following:

- sales of properties amounted to about HK\$49.8 million (2022: HK\$1.4 million) completed during the period under review;
- rental and management fee income amounted to about HK\$9.9 million (2022: HK\$13.5 million) with the absence of rental income for the property in Changan, Dongguan, the People's Republic of China (the "PRC") during the period under review after its disposal on 5 September 2022;
- revenues from securities investment and trading amounted to about HK\$1.9 million (2022: HK\$14.6 million) which represented interest income from bond investments; and
- sales of cemetery assets was about HK\$9.0 million (2022: HK\$9.3 million).

During the period under review, gross loss of HK\$47.3 million (2022: gross profit of HK\$27.8 million) was recorded which was mainly attributable to the impairment provision for properties for sale at Ap Lei Chau, Hong Kong under the current property market conditions.

Other income and net loss amounted to about HK\$55.2 million (2022: HK\$91.1 million) principally due to the net loss of bond investments. A breakdown of other income and net loss is shown in note 7A on page 12 hereof. Loss on disposal of subsidiaries of about HK\$45.7 million was recorded for the last corresponding period upon the completion of the disposal of subsidiaries holding the property in Changan, Dongguan, the PRC on 5 September 2022.

The Group recorded a loss on change in fair value of investment properties of HK\$74.1 million (2022: gain of HK\$0.4 million) mainly arising from the investment properties in Anshan, Liaoning, the PRC and Malaysia (2022: mainly arising from the investment properties in Hong Kong).

On the costs side, selling and marketing expenses increased by about 96.4% to about HK\$10.8 million (2022: HK\$5.5 million) mainly due to the increase in selling and marketing expenses for the property development project, ARUNA, at Ap Lei Chau during the period under review. Administrative and other operating expenses decreased by 10.4% to about HK\$38.8 million (2022: HK\$43.3 million) due to the decrease in business activities and cost saving on general overheads during the period under review. Finance costs decreased by 80.5% to about HK\$4.0 million (2022: HK\$20.5 million) as a result of increased capitalization of interest expenses on properties under development during the period under review. Share of profit of a joint venture was about HK\$7.3 million (2022: loss of HK\$6.6 million) after accounting for the share of revaluation loss arising on investment properties owned by the joint venture in the last corresponding period. Taxation credit amounted to about HK\$13.4 million (2022: taxation charge of HK\$4.6 million) mainly due to the reversal of deferred taxation arising from the fair value loss of investment properties during the period under review (2022: mainly due to the taxation charge relating to the disposal of subsidiaries with property project in Changan).

Taking into account the above, loss attributable to equity holders of the Company for the period ended 30 September 2023 amounted to HK\$209.0 million (2022: HK\$187.3 million). Loss per share was 8.91 HK cents (2022: 7.98 HK cents).

INTERIM DIVIDEND

In order to maintain a stronger cash position under the current uncertain business environment, the Board has resolved not to declare an interim dividend for the six months ended 30 September 2023 (2022: nil).

BUSINESS REVIEW

During the period under review, the Group's property investment and development businesses were affected by the fall in property market and the rise in interest rate, which led to a decrease in property values. Besides, the performance of the Group's investment in listed corporate bonds was continuously adversely affected by the unfavorable market condition of the PRC property sector.

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 has gross floor area ("GFA") of about 117,089 *sq. ft.* comprising 371 residential flats and 30 residential carparking spaces, of which all the residential flats were sold in prior years. During the period under review, one carparking space with sales value of about HK\$1.3 million had also been completed. The Group will continue to market the remaining 21 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\$3.9 million. The Group will continue to market the remaining units and carparking spaces in order to generate rental income. As at 30 September 2023, the property was recorded at valuation of about HK\$177.0 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.*.

The weak economy in Anshan is adversely affected by Covid-19, thus business activities and leasing are progressing slowly. During the period under review, the Group had 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 has dropped to approximately RMB541.7 million (equivalent to approximately HK\$581.4 million) as at 30 September 2023, comprising RMB216.3 million for the commercial podium and RMB325.4 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 8,838 sq. m.) and 30 villas (aggregate GFA of about 9,376 sq. m.) in Siming District, Xiamen. As at 30 September 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 Group was about RMB228.0 million (equivalent to approximately HK\$244.7 million), whereas the total investment costs of the Group were about RMB155.2 million (equivalent to approximately HK\$166.6 million).

During the period under review, the hotel building together with 23 villas were leased to 廈門侂家鷺江酒店 (Xiamen Mega Lujiang Hotel) and is operated as “鷺江 • 侂家酒店” (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 RMB19.4 million (equivalent to approximately HK\$20.8 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 Group has provided certain concession to tenants of the hotel complex for a reasonable period of time until the road access is expected to be resumed. As announced on 26 June 2023, the 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)*

The 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 RMB7.9 million (equivalent to approximately HK\$8.5 million) as at 30 September 2023. The Group will hold this villa for future appreciation.

5. *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 30 September 2023, valuation of the property was RMB36.3 million (equivalent to approximately HK\$39.0 million). During the period 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 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)*

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 30 September 2023, the valuation of this property has dropped to MYR159.5 million (equivalent to approximately HK\$265.9 million), which represents an average value of approximately MYR818 (equivalent to approximately HK\$1,363) per *sq. ft.* of net lettable retail and office area.

Wisma Chuang is leased to multi tenants with an occupancy rate of approximately 54%, and annual rental income was approximately MYR5.2 million (equivalent to approximately HK\$8.7 million). The Group will seek appropriate opportunities 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 its investment properties portfolio to enhance the Group's recurring and steady income.

B. Property Development

1. *ARUNA, No. 8 Ping Lan 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.*. 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 has been completed. Internal and external finishing works are in progress. It is expected that the project will obtain the occupation permit in the first half of the year 2024. As affected by the fall in property market and high interest rate, a further provision of impairment of about HK\$74.7 million (2022: nil) was recorded for this project during the period under review. The Group will closely monitor the property market in Hong Kong for the launch of pre-sales.

2. *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.

3. *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\$23.1 million. The voluntary liquidation of the PRC project company 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.

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

The Group holds a 51% development interest in a project in Wuhou District, Chengdu. The Group's book cost in this project was about RMB132.9 million (equivalent to approximately HK\$142.6 million) after taking into account a portion of judgement payments amounting to about RMB12.9 million (equivalent to approximately HK\$13.8 million) received by the Group in August 2021 through court enforcement. The Group will continue to explore ways in order to recover its investment.

5. *Others*

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 was completed during the year ended 31 March 2022, whereas procedure for the transfer of another courtyard house is in progress.

C. 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 revised master layout plan of Phase II to Phase V, about 36,726 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 22,212 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 14,514 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 30 September 2023, the cemetery assets (including non-controlling interests) were recorded based on the book cost of about RMB914.1 million (equivalent to approximately HK\$981.1 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 30 September 2023, about 2,716 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.

D. Securities Investments

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

As at 30 September 2023, 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 30 September 2023 of HK\$0.31 (31 March 2023: HK\$0.38) and HK\$0.285 (31 March 2023: HK\$0.325), the aggregate book value of the Group’s investments in CNT and CPM is about HK\$116.0 million (31 March 2023: HK\$142.0 million). The change in book value is accounted for as “Reserve” in the financial statements.

2. *Investments in listed corporate bonds and other investments*

As at 30 September 2023, investments of the Group amounted to HK\$162.5 million, comprised as to HK\$32.6 million for investments in listed corporate bonds and the balance of HK\$129.9 million for other investments.

During the period under review, the performance of listed corporate bond investments of the Group was continuously adversely affected by unfavourable market condition of the PRC property bond sector, and thus certain listed corporate bonds held by the Group were in default. As a result, the Group recorded net loss before tax of HK\$64.5 million for investments, comprising interest and other income from bond investments of HK\$1.9 million, net gain on redemption of investments of HK\$0.4 million, and unrealized fair value loss on investments of HK\$66.8 million mainly as a result of mark to market valuation of 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. Most of the listed corporate bond investments of the Group are contemplating debt restructuring exercises. The Group had considered restructuring exchange of certain listed corporate bond investments during the period. As announced on 21 November 2023, the restructuring exercise of Sunac China Holdings Limited had been successfully completed and its old bonds held by the Group that were in default are exchanged into various new bonds.

The other investments of the Group (of which about HK\$39.4 million are denominated in Renminbi, and about HK\$90.5 million are denominated in United States dollar), comprised of FinTech companies, venture capital investment platforms, high technology companies and investment funds which are not listed or just listed in the markets. During the period under review, the Group exercised its rights to redeem one of the investments with principal amount of RMB30 million, and an aggregate amount of RMB6 million had been received up to 30 September 2023. It is expected to receive the remaining portion by the end of this financial year. The Group will continue to monitor the performance of its respective investment portfolios from time to time.

FINANCIAL REVIEW

Net asset value

As at 30 September 2023, the net asset value attributable to equity holders of the Company amounted to HK\$3,442.4 million. Net asset value per share amounted to HK\$1.47.

Financial Resources

As at 30 September 2023, the Group had cash and bank balances of HK\$1,058.1 million (31 March 2023: HK\$1,239.5 million) and held bond investments amounting to HK\$32.6 million (31 March 2023: HK\$98.0 million), totaling HK\$1,090.7 million (31 March 2023: HK\$1,337.5 million). As at the same date, bank borrowings of the Group amounted to HK\$730.9 million (31 March 2023: HK\$826.2 million). On this basis, the Group had net cash of HK\$359.8 million (31 March 2023: HK\$511.3 million) and the calculation of net debt to equity ratio was therefore not applicable (31 March 2023: Same).

Approximately 69.3% of the Group's cash, bank balances and bond investments were in Hong Kong dollar and United States dollar, 26.2% were in Renminbi and the balance of 4.5% were in other currencies. Approximately 82.7% of the Group's bank borrowings were in Hong Kong dollar, and the remaining of 17.3% 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 83.8% of the Group's bank borrowings were repayable within the first year, 1.2% were repayable within the second year, and the balance of 15.0% 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, 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

Going forward, the Group holds a cautious view about the global economic outlook. In the PRC, the Group considers that the economic growth will be slowed down and that the liquidity crisis of property development sector has yet to be resolved. In Hong Kong, we are facing a downturn in the property sector, in the midst of the rising interest rates. Against such backdrop, the Group will continue to optimize its operations and will also continue to identify opportunities to enhance its revenue and maximize return for its shareholders.

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 30 September 2023, the Group employed 105 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 period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the period.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30 September 2023 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. The Group’s condensed consolidated interim financial information for the period ended 30 September 2023 have been reviewed by the audit committee of the Company and by the Company’s independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. 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.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE’S WEBSITE

The interim report of the Company for the six months ended 30 September 2023 containing all applicable information required by Paragraph 46 of Appendix 16 of the Listing Rules will be published on the Stock Exchange’s website in due course.

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

Hong Kong, 28 November 2023

As at the date of this announcement, Mr. Albert Chuang Ka Pun, Miss Ann Li Mee Sum, Mr. Edwin Chuang Ka Fung and Mr. Geoffrey Chuang Ka Kam 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.