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Chuang's China Investments Limited

(莊士中國投資有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 298)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2024**

The board of Directors (the “Board”) of Chuang’s China Investments Limited (the “Company”) announces the consolidated final results of the Company and its subsidiaries (collectively as the “Group”) for the year ended 31 March 2024 as follows:

HIGHLIGHTS FOR THE YEAR ENDED 31 MARCH 2024

- Loss attributable to equity holders of the Company amounted to HK\$320.7 million.
- The Group had net cash of HK\$286.5 million as at 31 March 2024. Total cash resources of the Group (including bond and securities investments of HK\$18.7 million) amounted to HK\$938.8 million, and bank borrowings amounted to HK\$652.3 million.
- Net asset value per share amounted to HK\$1.42.
- Loss per share was 13.67 HK cents.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Revenues	3	110,499	63,010
Cost of sales		(207,558)	(104,111)
Gross loss		(97,059)	(41,101)
Other income and net loss	5A	(57,329)	(65,822)
Loss on disposal of subsidiaries	5B	–	(45,739)
Selling and marketing expenses		(25,344)	(12,782)
Administrative and other operating expenses		(82,677)	(82,798)
Change in fair value of investment properties		(76,084)	(78,875)
Operating loss	6	(338,493)	(327,117)
Finance costs	7	(6,170)	(23,414)
Share of result of a joint venture	8	11,609	43
Loss before taxation		(333,054)	(350,488)
Taxation credit	9	10,011	17,822
Loss for the year		(323,043)	(332,666)
Attributable to:			
Equity holders		(320,738)	(328,687)
Non-controlling interests		(2,305)	(3,979)
		(323,043)	(332,666)
		HK cents	HK cents
Loss per share (basic and diluted)	11	(13.67)	(14.00)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year	<u>(323,043)</u>	<u>(332,666)</u>
Other comprehensive income:		
Items that had been/may be reclassified subsequently to profit and loss:		
Net exchange differences	(120,065)	(180,471)
Share of exchange reserve of a joint venture	(13,178)	(18,123)
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>(133,243)</u>	<u>(192,592)</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>(19,744)</u>	<u>(11,522)</u>
Total other comprehensive loss for the year	<u>(152,987)</u>	<u>(204,114)</u>
Total comprehensive loss for the year	<u>(476,030)</u>	<u>(536,780)</u>
Total comprehensive loss attributable to:		
Equity holders	(465,323)	(516,287)
Non-controlling interests	<u>(10,707)</u>	<u>(20,493)</u>
	<u>(476,030)</u>	<u>(536,780)</u>

CONSOLIDATED BALANCE SHEET

As at 31 March 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		23,337	31,152
Investment properties		1,062,744	1,210,926
Right-of-use assets		1,335	3,243
Properties for/under development		135,750	143,442
Cemetery assets		273,033	291,099
Joint venture		319,645	321,678
Financial assets at fair value through other comprehensive income		123,226	143,017
Loans and receivables and other deposits		219,910	233,633
		<u>2,158,980</u>	<u>2,378,190</u>
Current assets			
Properties for sale		652,354	672,257
Cemetery assets		716,846	752,954
Inventories		49,795	49,795
Debtors and prepayments	12	26,830	52,299
Financial assets at fair value through profit or loss		159,261	234,418
Cash and bank balances		920,141	1,239,494
		<u>2,525,227</u>	<u>3,001,217</u>
Investment property held for sale	13	<u>10,780</u>	–
		<u>2,536,007</u>	<u>3,001,217</u>
Current liabilities			
Creditors and accruals	14	246,642	244,015
Current portion of long-term bank borrowings		494,473	482,941
Taxation payable		33,294	36,008
		<u>774,409</u>	<u>762,964</u>
Liability held for sale	13	<u>1,860</u>	–
		<u>776,269</u>	<u>762,964</u>
Net current assets		<u>1,759,738</u>	<u>2,238,253</u>
Total assets less current liabilities		<u><u>3,918,718</u></u>	<u><u>4,616,443</u></u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Equity		
Share capital	117,352	117,352
Reserves	3,226,868	3,692,191
	<hr/>	<hr/>
Shareholders' funds	3,344,220	3,809,543
Non-controlling interests	84,736	95,443
	<hr/>	<hr/>
Total equity	3,428,956	3,904,986
	<hr/>	<hr/>
Non-current liabilities		
Long-term bank borrowings	157,788	343,299
Deferred taxation liabilities	252,911	287,270
Loans and payables with non-controlling interests	45,141	44,912
Other non-current liabilities	33,922	35,976
	<hr/>	<hr/>
	489,762	711,457
	<hr/>	<hr/>
	3,918,718	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 31 March 2024, 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") regards CCIL as the ultimate holding company.

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

2. BASIS OF PREPARATION

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

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group. The significant accounting policies adopted for the preparation of the consolidated financial statements have been consistently applied to all the years presented, except as stated below.

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

For the year ended 31 March 2024, 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 consolidated financial statements.

(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 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 (Amendment)	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 consolidated financial statements. The Group will continue to assess in more details.

3. REVENUES

Revenues recognized during the year are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of properties	49,723	1,350
Rental income and management fees	19,579	23,435
Sales of cemetery assets	18,307	23,180
Interest and other income from financial assets at fair value through profit or loss	22,890	15,045
	<u>110,499</u>	<u>63,010</u>

4. SEGMENT INFORMATION

(a) Segment information by business lines

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

The CODM considers the business from a business perspective, including property development, investment and trading, development and operation of cemetery, 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 <i>HK\$'000</i>	Cemetery <i>HK\$'000</i>	Securities investment and trading <i>HK\$'000</i>	Others and corporate <i>HK\$'000</i>	2024 Total <i>HK\$'000</i>
Revenues from contracts with customers:					
– Recognized at a point in time	49,723	18,307	–	–	68,030
– Recognized over time	1,763	–	–	–	1,763
Revenues from other sources	17,816	–	22,890	–	40,706
Revenues	<u>69,302</u>	<u>18,307</u>	<u>22,890</u>	<u>–</u>	<u>110,499</u>
Other income and net gain/(loss)	<u>3,856</u>	<u>423</u>	<u>(90,034)</u>	<u>28,426</u>	<u>(57,329)</u>
Operating loss	(252,848)	(3,568)	(68,104)	(13,973)	(338,493)
Finance costs	(6,170)	–	–	–	(6,170)
Share of result of a joint venture	11,609	–	–	–	11,609
Loss before taxation	(247,409)	(3,568)	(68,104)	(13,973)	(333,054)
Taxation credit/(charge)	13,413	(828)	(2,574)	–	10,011
Loss for the year	<u>(233,996)</u>	<u>(4,396)</u>	<u>(70,678)</u>	<u>(13,973)</u>	<u>(323,043)</u>
Segment assets	2,283,415	1,030,435	193,118	857,594	4,364,562
Joint venture	319,645	–	–	–	319,645
Investment property held for sale	10,780	–	–	–	10,780
Total assets	<u>2,613,840</u>	<u>1,030,435</u>	<u>193,118</u>	<u>857,594</u>	<u>4,694,987</u>
Segment liabilities	941,109	253,504	35,109	34,449	1,264,171
Liability held for sale	1,860	–	–	–	1,860
Total liabilities	<u>942,969</u>	<u>253,504</u>	<u>35,109</u>	<u>34,449</u>	<u>1,266,031</u>
Other segment items are as follows:					
Capital expenditure	171,825	11,000	–	–	182,825
Depreciation of property, plant and equipment	540	458	–	5,702	6,700
Depreciation of right-of-use assets	1,709	95	–	–	1,804
Provision for impairment of properties for sale	154,756	–	–	–	154,756
Provision for impairment of trade debtors	365	3,940	–	–	4,305
Provision for impairment of other receivables	7,898	–	–	–	7,898
Fair value loss of investment properties	76,084	–	–	–	76,084

	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>	2023 Total <i>HK\$'000</i>
Revenues from contracts with customers:					
– Recognized at a point in time	1,350	23,180	–	–	24,530
– Recognized over time	1,292	–	–	–	1,292
Revenues from other sources	22,143	–	15,045	–	37,188
Revenues	<u>24,785</u>	<u>23,180</u>	<u>15,045</u>	<u>–</u>	<u>63,010</u>
Other income and net gain/(loss)	<u>2,016</u>	<u>594</u>	<u>(94,492)</u>	<u>26,060</u>	<u>(65,822)</u>
Loss on disposal of subsidiaries	<u>(45,739)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(45,739)</u>
Operating loss	(220,690)	(1,278)	(80,327)	(24,822)	(327,117)
Finance costs	(23,390)	–	(24)	–	(23,414)
Share of result of a joint venture	43	–	–	–	43
Loss before taxation	(244,037)	(1,278)	(80,351)	(24,822)	(350,488)
Taxation credit/(charge)	14,302	(718)	4,238	–	17,822
Loss for the year	<u>(229,735)</u>	<u>(1,996)</u>	<u>(76,113)</u>	<u>(24,822)</u>	<u>(332,666)</u>
Segment assets	2,374,186	1,099,858	235,069	1,348,616	5,057,729
Joint venture	321,678	–	–	–	321,678
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>
Other segment items are as follows:					
Capital expenditure	80,906	19,138	–	2,317	102,361
Depreciation of property, plant and equipment	530	471	–	5,880	6,881
Depreciation of right-of-use assets	3,417	96	–	–	3,513
Provision for impairment of properties for sale	80,688	–	–	–	80,688
Provision for impairment of trade debtors	351	3,916	–	–	4,267
Fair value loss of investment properties	78,875	–	–	–	78,875

(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	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	30,150	20,779	171,756	80,489
The People's Republic of China (the "PRC")	19,836	27,949	11,000	21,119
Malaysia	12,090	14,282	69	753
France	48,423	–	–	–
	<u>110,499</u>	<u>63,010</u>	<u>182,825</u>	<u>102,361</u>
	Non-current assets (Note)		Total assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	187,370	198,858	1,935,273	2,343,034
The PRC	1,364,866	1,511,684	2,491,514	2,707,823
Malaysia	263,608	290,998	268,200	296,216
Other countries	–	–	–	32,334
	<u>1,815,844</u>	<u>2,001,540</u>	<u>4,694,987</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.

5A. OTHER INCOME AND NET LOSS

	2024 HK\$'000	2023 HK\$'000
Interest income from bank deposits	38,539	31,128
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 (note)	(91,159)	(94,716)
Net gain on disposal of property, plant and equipment	89	199
Net exchange loss	(13,446)	(10,556)
Others	1,282	757
	<u>(57,329)</u>	<u>(65,822)</u>

Note: The amount comprises of net gain on disposal of HK\$76.0 million (2023: HK\$22.7 million) and net fair value loss of HK\$167.2 million (2023: HK\$117.4 million) for financial assets at fair value through profit or loss.

5B. 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 year ended 31 March 2023, 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.

6. OPERATING LOSS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Operating loss is stated after charging:		
Cost of properties sold	32,110	678
Cost of cemetery assets sold	7,369	9,334
Depreciation of property, plant and equipment	6,700	6,881
Depreciation of right-of-use assets	1,804	3,513
Provision for impairment of properties for sale (<i>note a</i>)	154,756	80,688
Provision for impairment of trade debtors	4,305	4,267
Provision for impairment of other receivables	7,898	–
Staff costs, including Directors' emoluments		
Wages and salaries (<i>note b</i>)	32,092	35,462
Retirement benefit costs	2,182	2,341

Notes:

- (a) *The amount has been included in cost of sales for the years ended 31 March 2024 and 2023.*
- (b) *Government grants amounting to HK\$607,000 had been recognized and deducted in wages and salaries expenses for the year ended 31 March 2023.*

7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expenses of		
Bank borrowings	41,937	49,406
Lease liabilities	7	49
	<u>41,944</u>	<u>49,455</u>
Amounts capitalized into properties under development	<u>(35,774)</u>	<u>(26,041)</u>
	<u><u>6,170</u></u>	<u><u>23,414</u></u>

The capitalization rates applied to funds borrowed for the development of properties ranged from 5.89% to 6.31% (2023: 3.78% to 5.53%) per annum.

8. SHARE OF RESULT OF A JOINT VENTURE

Share of profit of a joint venture of HK\$11,609,000 (2023: HK\$43,000) in the consolidated income statement included the share of result of a joint venture (2023: included the share of fair value loss of the investment properties (net of the related deferred taxation) of HK\$13,711,000), and the rental income recorded by the joint venture from the wholly-owned subsidiary of the joint venture partner for the year ended 31 March 2024 amounted to approximately HK\$17,317,000 (2023: HK\$18,596,000).

9. TAXATION CREDIT

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	–	(31)
PRC corporate income tax	1,986	3,139
PRC withholding corporate income tax (<i>note 5B</i>)	–	3,441
Overseas profits tax	3,782	95
Deferred taxation	<u>(15,779)</u>	<u>(24,466)</u>
	<u><u>(10,011)</u></u>	<u><u>(17,822)</u></u>

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 (2023: Nil). PRC corporate income tax and overseas profits tax have been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC and the countries in which the Group operates respectively. PRC withholding corporate income tax represents the relevant tax on disposal of subsidiaries arising from the Changan Disposal as mentioned in note 5B.

Share of current taxation charge of the joint venture for the year ended 31 March 2024 of HK\$731,000 (2023: HK\$336,000, and share of deferred taxation credit arising from the fair value loss of the investment properties of HK\$4,570,000) is included in the consolidated income statement as “Share of result of a joint venture”.

10. DIVIDENDS

On 26 June 2024, the Board had resolved not to recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil). No interim dividend had been paid for the year ended 31 March 2024 (2023: Nil).

11. LOSS PER SHARE

The calculation of the loss per share is based on the loss attributable to equity holders of HK\$320,738,000 (2023: HK\$328,687,000) and the weighted average number of 2,347,035,316 (2023: 2,347,035,316) shares in issue during the year.

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

12. DEBTORS AND PREPAYMENTS

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Below 30 days	50	541
31 to 60 days	54	358
61 to 90 days	–	119
Over 90 days	4	4,062
	<hr/> 108 <hr/>	<hr/> 5,080 <hr/>

13. INVESTMENT PROPERTY AND LIABILITY HELD FOR SALE

On 30 March 2024, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to dispose of a residential investment property in Panyu, the PRC, at a consideration of RMB10.0 million (equivalent to approximately HK\$10.8 million). Deposit of RMB500,000 (equivalent to approximately HK\$539,000) had been received before 31 March 2024. The transaction was completed in May 2024. As such, the investment property and its related deferred taxation liability were reclassified as “Investment property held for sale” and “Liability held for sale” respectively as at 31 March 2024.

14. CREDITORS AND ACCRUALS

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Below 30 days	1,254	1,514
31 to 60 days	38	2
Over 90 days	–	9
	<u>1,292</u>	<u>1,525</u>

Creditors and accruals include the construction cost payables and accruals of HK\$131,152,000 (2023: HK\$139,830,000) for the property and cemetery projects of the Group.

15. FINANCIAL GUARANTEES

As at 31 March 2024, certain subsidiaries had provided guarantees of HK\$4,396,000 (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.

16. COMMITMENTS

As at 31 March 2024, the Group had commitments contracted but not provided for in respect of property projects and properties of HK\$49,122,000 (2023: HK\$196,783,000) and financial assets at fair value through profit or loss of HK\$37,091,000 (2023: HK\$43,938,000) respectively.

17. PLEDGE OF ASSETS

As at 31 March 2024, the Group had pledged certain assets, including investment properties and properties for sale with an aggregate carrying value of HK\$994,995,000 (2023: HK\$831,426,000), to secure banking facilities granted to the subsidiaries.

18. CAPITAL EXPENDITURE

For the year ended 31 March 2024, the Group incurred acquisition and development costs on property, plant and equipment of HK\$137,000 (2023: HK\$3,274,000), and property projects and cemetery assets of HK\$182,688,000 (2023: HK\$98,961,000); and right-of-use assets of HK\$126,000 for 2023 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS REVIEW

During the year under review, the Group's revenues amounted to about HK\$110.5 million (2023: HK\$63.0 million), and comprised the following:

- sales of properties amounted to about HK\$49.7 million (2023: HK\$1.4 million) completed during the year under review;
- rental and management fee income amounted to about HK\$19.6 million (2023: HK\$23.4 million) with the absence of rental income for the property in Changan, Dongguan, the People's Republic of China (the "PRC") during the year under review after its disposal on 5 September 2022;
- revenues from securities investment and trading amounted to about HK\$22.9 million (2023: HK\$15.0 million) which represented interest and other income from bond investments; and
- sales of cemetery assets in the PRC decreased by 21.1% to about HK\$18.3 million (2023: HK\$23.2 million) mainly due to the decrease in number of grave plots sold during the year under review.

During the year under review, gross loss of HK\$97.1 million (2023: HK\$41.1 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\$57.3 million (2023: HK\$65.8 million) principally due to the net loss of bond investments. A breakdown of other income and net loss is shown in note 5A on page 10 hereof. Loss on disposal of subsidiaries of about HK\$45.7 million was recorded for the last corresponding year 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\$76.1 million (2023: HK\$78.9 million) mainly arising from the investment properties in Anshan, Liaoning, the PRC and Malaysia (2023: Same).

On the costs side, selling and marketing expenses increased by about 97.7% to about HK\$25.3 million (2023: HK\$12.8 million) mainly due to the increase in selling and marketing expenses for the property development project, ARUNA, at Ap Lei Chau during the year under review. Administrative and other operating expenses amounted to about HK\$82.7 million (2023: HK\$82.8 million), which included provisions for impairment of debtors and other receivables amounting to about HK\$12.2 million (2023: HK\$4.3 million). Excluding these provisions, the administrative and other operating expenses would amount to about HK\$70.5 million (2023: HK\$78.5 million), which represented a decrease of about 10.2% comparing to that of the last corresponding year. Finance costs decreased by 73.5% to about HK\$6.2 million (2023: HK\$23.4 million) mainly due to decrease in level of bank borrowings and increased capitalization of interest expenses on properties under development during the year under review. Share of profit of a joint venture increased to about HK\$11.6 million (2023: HK\$43,000) with the absence of share of revaluation loss arising on investment properties owned by the joint venture in the last corresponding year. Taxation credit amounted to about HK\$10.0 million (2023: HK\$17.8 million) mainly due to the reversal of deferred taxation arising from the fair value loss of investment properties during the year under review (2023: Same).

Taking into account the above, loss attributable to equity holders of the Company for the year ended 31 March 2024 amounted to HK\$320.7 million (2023: HK\$328.7 million). Loss per share was 13.67 HK cents (2023: 14.00 HK cents).

DIVIDENDS

In order to maintain a stronger cash position under the current uncertain business environment, the board of Directors (the “Board”) has resolved not to recommend the payment of a final dividend (2023: Nil) for the year ended 31 March 2024. No interim dividend had been paid during the year (2023: Nil).

BUSINESS REVIEW

During the year under review, the Group’s property investment and development businesses were continuously 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 still 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 year under review, the sale of one carparking space with sales value of about HK\$1.3 million had been completed. The Group will continue to market the remaining 21 unsold carparking spaces.

The Esplanade Place has GFA of about 24,375 *sq. ft.* comprising a two-storey commercial podium with about 16 commercial units and 12 commercial carparking spaces, of which 10 commercial units are leased to independent third parties with an aggregate annual rental income of about HK\$3.6 million. The Group will continue to market the remaining units and carparking spaces in order to generate rental income. As at 31 March 2024, the property was recorded at valuation of about HK\$173.5 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 economy in Anshan is weak, in which the business and leasing activities are progressing slowly. During the year under review, the Group had leased certain residential units to multi tenants with aggregate rental income of about RMB0.6 million (equivalent to approximately HK\$0.7 million). The Group will explore more marketing ideas on promotion and leasing of the commercial podium as well as the residential units of the twin tower. The valuation of the property has dropped to approximately RMB541.7 million (equivalent to approximately HK\$584.0 million) as at 31 March 2024, 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 31 March 2024, 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\$245.8 million), whereas the total investment costs of the Group were about RMB155.2 million (equivalent to approximately HK\$167.3 million).

During the year 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). 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. As at the date of this report, another 3 villas are leased to independent third

parties and 4 villas are currently vacant. The aggregate annual rental income of this hotel complex amounted to about RMB18.7 million (equivalent to approximately HK\$20.2 million).

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

The Group holds one villa and 4 car parks in Guangzhou with a GFA of about 318 *sq. m.*. The villa was recorded at valuation of RMB10.0 million (equivalent to approximately HK\$10.8 million) as at 31 March 2024.

On 30 March 2024, the Group entered into a sale and purchase agreement with an independent third party for the disposal of this villa for a consideration of RMB10.0 million (equivalent to approximately HK\$10.8 million). The disposal was completed in May 2024. Net cash proceed of approximately RMB8.8 million (equivalent to approximately HK\$9.5 million) was received by the Group.

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 31 March 2024, valuation of the property was RMB36.3 million (equivalent to approximately HK\$39.1 million). During the year under review, one storey was leased to 中國人壽東莞分公司 (China Life Dongguan branch) ("China Life") for office use, and the ground floor was leased to an independent third party for retail use, and rental income of about RMB0.7 million (equivalent to approximately HK\$0.8 million) was recorded by the Group. Recently, China Life has notified the Group that it will not renew its tenancy upon its expiry on 30 June 2024. The Group will continue to carry out marketing to lease out the vacant 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 31 March 2024, the valuation of this property has dropped to MYR158.8 million (equivalent to approximately HK\$262.5 million), which represents an average value of approximately MYR814 (equivalent to approximately HK\$1,345) per *sq. ft.* of net lettable retail and office area.

Wisma Chuang is leased to multi tenants with an occupancy rate of approximately 53%, and annual rental income was approximately MYR5.2 million (equivalent to approximately HK\$8.6 million). The Group will seek appropriate strategies to accelerate return from this investment.

The Group will identify suitable opportunities to dispose of its investment properties in order to strengthen the Group's financial position.

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 is developed into a 27-storey residential/commercial building comprising 105 residential units with clubhouse facilities and retail units at the podium levels. Construction works have been completed. Occupation permit had been obtained on 13 June 2024. Pre-sale had commenced in April 2024 and a total of 28 residential units have been launched to the market for sale. Currently, 4 units have been presold at aggregate sale value of about HK\$15.4 million.

As affected by the fall in property market and high interest rate, a further provision for impairment of about HK\$154.8 million (2023: HK\$80.7 million) was recorded for this project during the year under review. The Group will closely monitor the property market in Hong Kong for marketing the residential units.

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\$23.3 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 position of the PRC project company, its consolidated net value is not material 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 RMB126.0 million (equivalent to approximately HK\$135.8 million) after taking into account a portion of judgement payments amounting to about RMB12.9 million (equivalent to approximately HK\$13.9 million) received by the Group in August 2021 through court enforcement. A provision of about HK\$7.9 million (2023: Nil) was recorded during the year in view of the slow progress of judgement payments. 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. During the year under review, the construction of roads for Phase II and Phase III has commenced. Site formation and construction works are in progress on parts of the land.

As at 31 March 2024, the cemetery assets (including non-controlling interests) were recorded based on the book cost of about RMB918.3 million (equivalent to approximately HK\$989.9 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 2024, about 2,643 grave plots and 525 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 31 March 2024, the Group owned about 19.35% interests in CNT and about 0.6% interests in CPM, both of them are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). CNT and its subsidiaries are principally engaged in the property business, and through its 75% owned subsidiary, CPM, is principally engaged in the manufacture and sale of paint products under its own brand names with focus on the PRC market.

With reference to the respective closing share prices of CNT and CPM as at 31 March 2024 of HK\$0.33 (2023: HK\$0.38) and HK\$0.26 (2023: HK\$0.325), the aggregate book value of the Group's investments in CNT and CPM is about HK\$123.2 million (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 31 March 2024, investments of the Group amounted to HK\$159.3 million, comprised as to HK\$18.3 million for investments in listed corporate bonds, HK\$0.4 million for investments in securities listed on the Stock Exchange and the balance of HK\$140.6 million for other investments.

During the year 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. Most of the listed corporate bond investments of the Group are contemplating debt restructuring exercises. The Group has redeemed/disposed and accepted restructuring exchange of certain listed corporate bond investments during the year. As a result, the Group recorded net loss before tax of HK\$68.3 million for investments, comprising interest and other income from bond investments of HK\$22.9 million, net gain on disposals and redemption (including the redemption of existing bonds through the exchange of the new bonds and securities of the same issuers) of investments of HK\$76.0 million, and unrealized fair value loss on investments of HK\$167.2 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.

The other investments of the Group (of which about HK\$57.3 million are denominated in Renminbi, and about HK\$83.3 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 year 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 from such investment up to 31 March 2024. The Group will continue to monitor the performance of its respective investment portfolios from time to time.

FINANCIAL REVIEW

Net asset value

As at 31 March 2024, the net asset value attributable to equity holders of the Company amounted to HK\$3,344.2 million. Net asset value per share amounted to HK\$1.42.

Financial Resources

As at 31 March 2024, the Group had cash and bank balances of HK\$920.1 million (2023: HK\$1,239.5 million) and held bond investments and securities amounting to HK\$18.7 million (2023: HK\$98.0 million), totaling HK\$938.8 million (2023: HK\$1,337.5 million). As at the same date, bank borrowings of the Group amounted to HK\$652.3 million (2023: HK\$826.2 million). On this basis, the Group had net cash of HK\$286.5 million (2023: HK\$511.3 million) and the calculation of net debt to equity ratio was therefore not applicable (2023: Same).

Approximately 69.4% of the Group's cash, bank balances, bond investments and securities were in Hong Kong dollar and United States dollar, 30.1% were in Renminbi and the balance of 0.5% were in other currencies. Approximately 81.4% of the Group's bank borrowings were in Hong Kong dollar, and the remaining of 18.6% 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 75.8% of the Group's bank borrowings were repayable within the first year, 15.4% were repayable within the second year, and the balance of 8.8% were repayable within the third to fifth years. As for those bank borrowings with maturity dates fall due within one year, up to the date of this report, the Group either has arranging with banks to refinance these borrowings via long-term borrowings or has made/will make repayments to banks as appropriate.

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 liquidity crisis of property development sector has yet to be resolved. In Hong Kong, with the new measures including the relaxation of stamp duty implemented by the Hong Kong government, as well as the anticipated interest rate reductions, it is expected that the property market will gradually recover. 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.

CLOSING OF REGISTER

The annual general meeting of the Company (“AGM”) is scheduled on Monday, 9 September 2024. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 4 September 2024 to Monday, 9 September 2024, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company’s share registrar in Hong Kong, Tricor Progressive Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 3 September 2024.

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 2024, the Group employed 89 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

The Company has complied throughout the year ended 31 March 2024 with the code provisions set out in the Appendix C1 – Corporate Governance Code of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

An audit committee has been established by the Company to review and supervise the Company’s financial reporting process, risk management and internal controls and review the relationship with the auditor. The audit committee has held meetings in accordance with the relevant requirements and reviewed the consolidated results of the Group for the year ended 31 March 2024. The current members of the audit committee are Mr. Abraham Shek Lai Him, Mr. Andrew Fan Chun Wah and Dr. Ng Kit Chong, 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 C3 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 2024 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 2024 containing all applicable information required by paragraph 45 of Appendix D2 of the Listing Rules will be published on the website of the Stock Exchange in due course.

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

Hong Kong, 26 June 2024

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 and Dr. Ng Kit Chong are the Independent Non-Executive Directors of the Company.