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Chuang's Consortium International Limited

(莊士機構國際有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 367)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The board of Directors (the “Board”) of Chuang's Consortium International 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 2024 as follows:

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Business

1. As announced on 9 May 2024, the Group entered into an agreement with an independent third party to dispose of International Financial Centre, an office building in Mongolia for a consideration of approximately US\$33 million (equivalent to approximately HK\$256.7 million). The disposal was completed on 19 June 2024. Net cash proceed of approximately HK\$254 million was received and has strengthened the Group's financial position. A net gain on the disposal of approximately HK\$25.8 million was recorded during the period under review.
2. For ARUNA, the Ap Lei Chau project, 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 had been completed and occupation permit had been obtained on 13 June 2024. Pre-sale had commenced in April 2024 and a total of 33 residential units have been launched to the market for sale. Up to the date of this report, 10 units have been sold with an aggregate sale amount of about HK\$43.7 million, in which 4 units have been handed-over to the end buyers after the period ended 30 September 2024. The Group will closely monitor the property market in Hong Kong for marketing and selling the remaining residential units. In parallel, the Group is in preparation to lease certain residential units in near future in order to generate rental income and enhance footprint in ARUNA.

3. For ONE SOHO, the joint venture project at Mongkok, occupation permit and certificate of compliance had been obtained in March 2023 and July 2023 respectively. Up to the date of this report, all 322 residential units have been sold with an aggregate consideration of about HK\$2.2 billion, in which 213 units with an aggregate consideration of about HK\$1.5 billion have been handed-over to the end buyers in the last financial year. A further 101 units with an aggregate consideration of about HK\$0.6 billion had been handed-over during the period under review. Besides, 9 carparking spaces with aggregate consideration of about HK\$13.8 million had been sold and handed-over in this period. The joint venture company will continue to sell the remaining 3 carparking spaces of this project.
4. For Po Shan Road joint venture project, the Group is developing the property into one vertical house with 8 storeys over the podium. The 8-storey house will include a luxury living and dining area with 6m floor-to-floor height, an entertainment floor and 6 residential suite floors with at least 3.5m floor-to-floor height. The proposed GFA for the house is about 44,431 *sq. ft.*, with an additional area of about 5,400 *sq. ft.* for garden and about 3,477 *sq. ft.* for roof. The superstructure works had been completed in July 2024, and the occupation permit was just obtained on 30 September 2024. External finishing of the property, balconies stone paving works and garden hard landscaping works are in progress and will be completed in the first quarter of 2025. Marketing work for the house is in progress.
5. For the redevelopment project at Gage Street, the Group has successfully consolidated this project with a total site area of about 3,600 *sq. ft.*. General building plans of the project to develop a 26-storey residential/commercial building comprising clubhouse facilities and retail units with GFA of about 34,675 *sq. ft.* have been approved. Foundation works are currently at the final stage and will be completed in the first quarter of 2025.

Financial

- Total cash resources of the Group (including bond and securities investments) amounted to HK\$2.0 billion, in which cash and bank balances aggregated to approximately HK\$1.9 billion.
- Net assets attributable to equity holders of the Company amounted to HK\$8,000.1 million.
- Net debt to equity ratio of the Group is 15.1%.
- Loss attributable to equity holders of the Company amounted to HK\$292.8 million, representing a reduction of loss of about 39.6%.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)*For the six months ended 30 September 2024*

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Revenues	5	92,462	215,706
Cost of sales		(73,451)	(236,032)
Gross profit/(loss)		19,011	(20,326)
Other income and net loss	7A	44,154	(176,163)
Gain on disposal of a subsidiary	7B	25,842	–
Selling and marketing expenses		(14,076)	(12,714)
Administrative and other operating expenses		(145,053)	(117,300)
Change in fair value of investment properties		(244,455)	(206,256)
Operating loss	8	(314,577)	(532,759)
Finance costs	9	(73,838)	(78,809)
Share of results of associated companies		(1,074)	(1,067)
Share of results of joint ventures	10	3,783	30,559
Loss before taxation		(385,706)	(582,076)
Taxation credit	11	23,733	15,508
Loss for the period		(361,973)	(566,568)
Attributable to:			
Equity holders		(292,782)	(484,845)
Non-controlling interest		(69,191)	(81,723)
		(361,973)	(566,568)
		<i>HK cents</i>	<i>HK cents</i>
Loss per share (basic and diluted)	13	(17.51)	(28.99)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

For the six months ended 30 September 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the period	<u>(361,973)</u>	<u>(566,568)</u>
Other comprehensive income:		
Items that had been/may be reclassified subsequently to profit and loss:		
Net exchange differences	79,285	(137,545)
Share of exchange reserve of a joint venture	8,941	(14,153)
Realization of exchange reserve upon disposal of a subsidiary	<u>6,193</u>	<u>–</u>
Total other comprehensive income/(loss) that had been/may be reclassified subsequently to profit and loss	<u>94,419</u>	<u>(151,698)</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>(12,986)</u>	<u>(26,035)</u>
Total other comprehensive income/(loss) for the period	<u>81,433</u>	<u>(177,733)</u>
Total comprehensive loss for the period	<u><u>(280,540)</u></u>	<u><u>(744,301)</u></u>
Total comprehensive loss attributable to:		
Equity holders	(239,110)	(598,891)
Non-controlling interest	<u>(41,430)</u>	<u>(145,410)</u>
	<u><u>(280,540)</u></u>	<u><u>(744,301)</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 September 2024

	30 September 2024	31 March 2024
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	137,457	147,734
Investment properties	7,095,660	7,522,302
Right-of-use assets	50,913	56,531
Properties for/under development	393,503	400,842
Cemetery assets	266,835	257,441
Associated companies	43,458	44,533
Joint ventures	683,058	834,290
Financial assets at fair value through other comprehensive income	110,241	123,226
Loans and receivables and other deposits	165,899	227,725
	<u>8,947,024</u>	<u>9,614,624</u>
Current assets		
Properties for sale	1,509,939	1,465,767
Cemetery assets	449,232	432,847
Inventories	99,976	101,009
Debtors and prepayments	15 100,855	88,057
Financial assets at fair value through profit or loss	203,492	200,106
Cash and bank balances	1,969,829	2,243,568
	<u>4,333,323</u>	<u>4,531,354</u>
Investment property held for sale	16 –	10,780
	<u>4,333,323</u>	<u>4,542,134</u>
Current liabilities		
Creditors and accruals	17 415,853	419,899
Sales deposits received	12,477	–
Short-term bank borrowings	18 84,340	84,146
Current portion of long-term bank borrowings	18 1,698,727	2,581,652
Taxation payable	35,702	33,466
	<u>2,247,099</u>	<u>3,119,163</u>
Liability held for sale	16 –	1,860
	<u>2,247,099</u>	<u>3,121,023</u>
Net current assets	<u>2,086,224</u>	<u>1,421,111</u>
Total assets less current liabilities	<u>11,033,248</u>	<u>11,035,735</u>

		30 September	31 March
		2024	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity			
Share capital	<i>19</i>	418,138	418,138
Reserves		7,582,011	7,821,121
		<hr/>	<hr/>
Shareholders' funds		8,000,149	8,239,259
Non-controlling interests		1,250,518	1,291,948
		<hr/>	<hr/>
Total equity		9,250,667	9,531,207
		<hr/>	<hr/>
Non-current liabilities			
Long-term bank borrowings	<i>18</i>	1,456,796	1,148,343
Deferred taxation liabilities		216,211	237,798
Loans and payables with non-controlling interests		40,756	45,141
Other non-current liabilities		68,818	73,246
		<hr/>	<hr/>
		1,782,581	1,504,528
		<hr/>	<hr/>
		11,033,248	11,035,735
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

The 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 2024 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 2024, except as stated below.

(i) Effect of adopting amendments to standards and interpretation

For the six months ended 30 September 2024, the Group adopted the following amendments to standards and interpretation that are effective for the accounting periods beginning on or after 1 April 2024 and relevant to the operations of the Group:

HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendment)	Non-current Liabilities with Covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Group has assessed the impact of the adoption of these amendments to standards and interpretation 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) New standards, amendments to standards and interpretation that are not yet effective

The following new standards, 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 2025, but have not been early adopted by the Group:

HKAS 21 and HKFRS 1 (Amendments)	Lack of Exchangeability (effective from 1 January 2025)
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments (effective from 1 January 2026)
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 18	Presentation and Disclosure in Financial Statements (effective from 1 January 2027)
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (effective from 1 January 2027)
Hong Kong Interpretation 5 (Amendment)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (effective from 1 January 2027)

The Group will adopt the above new standards, 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 new standards, 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 details.

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 2024. There has been no material change in the Group's financial risk management policies since the year ended 31 March 2024.

(b) Liquidity risk

Compared to the year ended 31 March 2024, 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. The fair values of investments in unlisted investment funds that are not traded in an active market are valued based on information derived from individual fund reports, or audited reports received from respective fund managers and adjusted by other relevant factors if deemed necessary; whereas the fair values of other investments in unlisted investments are determined by using valuation techniques including the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis, making maximum use of market inputs and as little as possible on entity-specific inputs.

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 2024, 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 2024, which were based on the economic, market and other conditions as they exist on, and information available to management as of 30 September 2024.

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 2024.

5. REVENUES

Revenues recognized during the period are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of properties	–	121,924
Rental income and management fees	74,096	64,534
Sales of cemetery assets	10,255	9,060
Sales of goods and merchandises	5,157	5,373
Interest income from money lending business	594	574
Interest and other income from bond investments of financial assets at fair value through profit or loss	2,360	14,241
	<u>92,462</u>	<u>215,706</u>

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, sales of goods and merchandises, securities investment and trading and money lending business. The CODM assesses the performance of the operating segments based on the measure of segment result.

The segment information by business lines is as follows:

	Property development, investment and trading HK\$'000	Cemetery HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Money lending business HK\$'000	Others and corporate HK\$'000	Total HK\$'000
2024							
Revenue from contracts with customers:							
– Recognized at a point in time	-	10,255	5,157	-	-	-	15,412
– Recognized over time	7,658	-	-	-	-	-	7,658
Revenues from other sources	66,438	-	-	2,360	594	-	69,392
Revenues	<u>74,096</u>	<u>10,255</u>	<u>5,157</u>	<u>2,360</u>	<u>594</u>	<u>-</u>	<u>92,462</u>
Other income and net gain/(loss)	<u>12,040</u>	<u>215</u>	<u>3,763</u>	<u>(3,456)</u>	<u>-</u>	<u>31,592</u>	<u>44,154</u>
Operating (loss)/profit	(262,261)	2,890	(1,072)	(1,012)	455	(53,577)	(314,577)
Finance costs	(73,068)	-	(770)	-	-	-	(73,838)
Share of results of associated companies	30	-	-	-	-	(1,104)	(1,074)
Share of results of joint ventures	3,783	-	-	-	-	-	3,783
(Loss)/profit before taxation	<u>(331,516)</u>	<u>2,890</u>	<u>(1,842)</u>	<u>(1,012)</u>	<u>455</u>	<u>(54,681)</u>	<u>(385,706)</u>
Taxation credit/(charge)	24,513	(1,097)	-	317	-	-	23,733
(Loss)/profit for the period	<u>(307,003)</u>	<u>1,793</u>	<u>(1,842)</u>	<u>(695)</u>	<u>455</u>	<u>(54,681)</u>	<u>(361,973)</u>
As at 30 September 2024							
Segment assets	9,760,165	758,792	146,148	235,035	22,913	1,630,778	12,553,831
Associated companies	150	-	-	-	-	43,308	43,458
Joint ventures	683,058	-	-	-	-	-	683,058
Total assets	<u>10,443,373</u>	<u>758,792</u>	<u>146,148</u>	<u>235,035</u>	<u>22,913</u>	<u>1,674,086</u>	<u>13,280,347</u>
Total liabilities	<u>3,687,128</u>	<u>185,229</u>	<u>35,811</u>	<u>35,811</u>	<u>101</u>	<u>85,600</u>	<u>4,029,680</u>
2024							
Other segment items are as follows:							
Capital expenditure	81,555	3,041	-	-	-	-	84,596
Depreciation of property, plant and equipment	1,476	228	535	-	-	9,237	11,476
Depreciation of right-of-use assets	-	48	662	-	-	6,301	7,011
Provision for impairment of properties for/under development	9,502	-	-	-	-	-	9,502
Provision for impairment of properties for sale	32,201	-	-	-	-	-	32,201
Provision for impairment of trade debtors	3,163	-	-	-	-	-	3,163
Provision for impairment of other deposits	35,721	-	-	-	-	-	35,721
Fair value loss of investment properties	244,455	-	-	-	-	-	244,455

	Property development, investment and trading HK\$'000	Cemetery HK\$'000	Sales of goods and merchandises HK\$'000	Securities investment and trading HK\$'000	Money lending business HK\$'000	Others and corporate HK\$'000	Total HK\$'000
2023							
Revenue from contracts with customers:							
- Recognized at a point in time	121,924	9,060	5,373	-	-	-	136,357
- Recognized over time	7,628	-	-	-	-	-	7,628
Revenues from other sources	56,906	-	-	14,241	574	-	71,721
Revenues	<u>186,458</u>	<u>9,060</u>	<u>5,373</u>	<u>14,241</u>	<u>574</u>	<u>-</u>	<u>215,706</u>
Other income and net gain/(loss)	<u>22,484</u>	<u>252</u>	<u>935</u>	<u>(238,427)</u>	<u>-</u>	<u>38,593</u>	<u>(176,163)</u>
Operating (loss)/profit	(252,868)	1,480	(4,658)	(224,686)	423	(52,450)	(532,759)
Finance costs	(77,737)	-	(666)	(406)	-	-	(78,809)
Share of results of associated companies	31	-	-	-	-	(1,098)	(1,067)
Share of results of joint ventures	30,559	-	-	-	-	-	30,559
(Loss)/profit before taxation	(300,015)	1,480	(5,324)	(225,092)	423	(53,548)	(582,076)
Taxation credit/(charge)	16,366	(615)	-	(243)	-	-	15,508
(Loss)/profit for the period	<u>(283,649)</u>	<u>865</u>	<u>(5,324)</u>	<u>(225,335)</u>	<u>423</u>	<u>(53,548)</u>	<u>(566,568)</u>
As at 31 March 2024							
Segment assets	10,294,132	730,845	146,586	233,990	27,834	1,833,768	13,267,155
Associated companies	121	-	-	-	-	44,412	44,533
Joint ventures	834,290	-	-	-	-	-	834,290
Investment property held for sale	10,780	-	-	-	-	-	10,780
Total assets	<u>11,139,323</u>	<u>730,845</u>	<u>146,586</u>	<u>233,990</u>	<u>27,834</u>	<u>1,878,180</u>	<u>14,156,758</u>
Segment liabilities	4,281,911	178,527	34,977	35,200	101	92,975	4,623,691
Liability held for sale	1,860	-	-	-	-	-	1,860
Total liabilities	<u>4,283,771</u>	<u>178,527</u>	<u>34,977</u>	<u>35,200</u>	<u>101</u>	<u>92,975</u>	<u>4,625,551</u>
2023							
Other segment items are as follows:							
Capital expenditure	111,080	3,932	-	-	-	37,815	152,827
Depreciation of property, plant and equipment	1,473	230	460	-	-	9,478	11,641
Depreciation of right-of-use assets	1,709	48	1,638	-	-	6,379	9,774
Provision for impairment of properties for sale	115,169	-	-	-	-	-	115,169
Provision for impairment of trade debtors	143	-	-	-	-	-	143
Fair value loss of investment properties	206,256	-	-	-	-	-	206,256

(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	59,985	141,208	73,759	148,606
The People's Republic of China (the "PRC")	15,822	13,096	3,041	3,943
France	–	48,463	–	–
Other countries	16,655	12,939	7,796	278
	<u>92,462</u>	<u>215,706</u>	<u>84,596</u>	<u>152,827</u>

	Non-current assets (Note)		Total assets	
	30 September 2024 HK\$'000	31 March 2024 HK\$'000	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Hong Kong	6,481,893	6,720,799	10,086,795	10,670,989
The PRC	1,510,212	1,664,546	2,468,502	2,563,249
Other countries	678,779	878,328	725,050	922,520
	<u>8,670,884</u>	<u>9,263,673</u>	<u>13,280,347</u>	<u>14,156,758</u>

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

7A. OTHER INCOME AND NET LOSS

	2024 HK\$'000	2023 HK\$'000
Interest income from bank deposits	41,380	50,269
Dividend income from financial assets at fair value through other comprehensive income	–	7,366
Net loss of bonds and other investments of financial assets at fair value through profit or loss (<i>note</i>)	(2,531)	(238,424)
Net loss on disposal of investment properties (<i>note 16</i>)	(447)	(676)
Net gain on disposal of property, plant and equipment	3	95
Net exchange gain/(loss)	849	(16,701)
Reversal of over-provision for construction costs payable	–	20,908
Others	4,900	1,000
	<u>44,154</u>	<u>(176,163)</u>

Note: The amount comprises of net gain on disposal of HK\$0.2 million (2023: HK\$0.8 million) and net fair value loss of HK\$2.7 million (2023: HK\$239.3 million) for financial assets at fair value through profit or loss.

7B. GAIN ON DISPOSAL OF A SUBSIDIARY

On 9 May 2024, an indirect wholly-owned subsidiary of the Company entered into an agreement with an independent third party to dispose of a wholly-owned subsidiary that held an investment property under development in Mongolia for a consideration of approximately US\$33 million (equivalent to approximately HK\$256.7 million) (the “Mongolia Disposal”). Details of the Mongolia Disposal were announced by the Company on 9 May 2024, and published in the circular of the Company on 17 June 2024. The Mongolia Disposal was completed on 19 June 2024, and a gain on disposal of a subsidiary before taxation of approximately HK\$25.8 million was recorded in the period ended 30 September 2024, taking into account the net assets disposed of approximately HK\$222.6 million, the realization of a negative exchange reserve upon disposal of approximately HK\$6.2 million and the related transaction costs.

8. OPERATING LOSS

	2024 HK\$'000	2023 HK\$'000
Operating loss is stated after charging:		
Cost of properties sold	–	89,963
Cost of cemetery assets sold	2,145	2,098
Cost of inventories sold	4,063	4,080
Depreciation of property, plant and equipment	11,476	11,641
Depreciation of right-of-use assets	7,011	9,774
Provision for impairment of properties for/under development (<i>note</i>)	9,502	–
Provision for impairment of properties for sale (<i>note</i>)	32,201	115,169
Provision for impairment of trade debtors	3,163	143
Provision for impairment of other deposits	35,721	–
Staff costs, including Directors' emoluments		
Wages and salaries	52,287	54,121
Retirement benefit costs	1,924	2,171
	<u>1,924</u>	<u>2,171</u>

Note: The amounts have been included in cost of sales for the six months ended 30 September 2024 and 2023.

9. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expenses of		
Bank borrowings	97,952	112,021
Bank overdraft	68	64
Lease liabilities	1,230	1,269
	<u>99,250</u>	<u>113,354</u>
Amounts capitalized into properties under development	<u>(25,412)</u>	<u>(34,545)</u>
	<u><u>73,838</u></u>	<u><u>78,809</u></u>

The capitalization rate applied to funds borrowed for the development of properties ranged from 5.17% to 6.65% (2023: 7.13% to 7.23%) per annum.

10. SHARE OF RESULTS OF JOINT VENTURES

Share of profit of joint ventures of HK\$3,783,000 (2023: HK\$30,559,000) in the condensed consolidated income statement included the rental income from the wholly-owned subsidiary of the joint venture partner for the period ended 30 September 2024 amounting to approximately HK\$7,766,000 (2023: HK\$8,954,000).

11. TAXATION CREDIT

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	13	3,132
PRC corporate income tax	1,482	730
PRC land appreciation tax	888	–
Overseas profits tax	67	3,784
Overseas withholding tax (<i>note 7B</i>)	2,967	–
Deferred taxation	<u>(29,150)</u>	<u>(23,154)</u>
	<u><u>(23,733)</u></u>	<u><u>(15,508)</u></u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the period (2023: same). 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 land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures. Overseas withholding tax includes the relevant tax on disposal of a subsidiary arising from the Mongolia Disposal as mentioned in note 7B.

Share of taxation charge of associated companies for the six months ended 30 September 2024 of HK\$11,000 (2023: HK\$12,000) is included in the condensed consolidated income statement as “Share of results of associated companies”. Share of current taxation charge of the joint ventures for the six months ended 30 September 2024 of HK\$734,000 (2023: HK\$462,000) is included in the condensed consolidated income statement as “Share of results of joint ventures”.

12. INTERIM DIVIDEND

On 28 November 2024, the board of Directors has resolved not to declare an interim dividend for the six months ended 30 September 2024 (2023: nil).

13. LOSS PER SHARE

The calculation of the loss per share is based on the loss attributable to equity holders of HK\$292,782,000 (2023: HK\$484,845,000) and the weighted average number of 1,672,553,104 (2023: 1,672,553,104) 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 period.

14. CAPITAL EXPENDITURE

For the six months ended 30 September 2024, the Group incurred acquisition and development costs on property, plant and equipment of HK\$78,000 (2023: HK\$91,000), and property projects, investment properties and cemetery assets of HK\$84,518,000 (2023: HK\$114,921,000), and right-of-use assets of HK\$37,815,000 for 2023 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. The aging analysis of the trade debtors of the Group is as follows:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Below 30 days	3,916	3,529
31 to 60 days	1,441	1,285
61 to 90 days	1,244	885
Over 90 days	2,664	1,465
	9,265	7,164

Debtors and prepayments include net deposits of HK\$3,154,000 (31 March 2024: HK\$7,983,000) for acquisition of property projects and right-of-use assets after the accumulated provision for impairment as at 30 September 2024.

Pursuant to the sale and purchase agreement of the disposal of the property projects in Panyu, the PRC as announced by Chuang's China Investments Limited ("Chuang's China") (a listed subsidiary of the Group) and the Company on 11 February 2021 and 14 May 2021, there is a deferred consideration which represented a deferred tax receivable capped at RMB25 million (equivalent to approximately HK\$27.8 million) which shall be settled by the purchaser to the Group on or before 14 May 2025. As such, the receivable is reclassified from loans and receivables under non-current assets to debtors and prepayments under current assets during the period ended 30 September 2024.

16. INVESTMENT PROPERTY AND LIABILITY HELD FOR SALE

On 30 March 2024, an indirect wholly-owned subsidiary of Chuang's China 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. 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. The transaction was completed in May 2024, and a net loss of disposal of HK\$0.4 million was recorded in the current period.

17. CREDITORS AND ACCRUALS

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

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Below 30 days	4,134	2,870
31 to 60 days	1,208	1,993
Over 60 days	5,937	5,046
	<u>11,279</u>	<u>9,909</u>

Creditors and accruals include the construction cost payables and accruals of HK\$159,796,000 (31 March 2024: HK\$162,186,000) for the property and cemetery projects of the Group.

18. BORROWINGS

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Unsecured bank borrowings		
Long-term bank borrowings	–	230,711
Secured bank borrowings		
Short-term bank borrowings	84,340	84,146
Long-term bank borrowings	3,155,523	3,499,284
	<u>3,239,863</u>	<u>3,583,430</u>
Total bank borrowings	<u>3,239,863</u>	<u>3,814,141</u>

The total bank borrowings are analyzed as follows:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Short-term bank borrowings	84,340	84,146
Long-term bank borrowings	3,155,523	3,729,995
Total bank borrowings	<u>3,239,863</u>	<u>3,814,141</u>

The long-term bank borrowings are analyzed as follows:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Long-term bank borrowings	<u>3,155,523</u>	<u>3,729,995</u>
Current portion included in current liabilities		
Portion due within one year	(1,551,650)	(2,430,459)
Portion due after one year which contains a repayment on demand clause	<u>(147,077)</u>	<u>(151,193)</u>
	<u>(1,698,727)</u>	<u>(2,581,652)</u>
	<u><u>1,456,796</u></u>	<u><u>1,148,343</u></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 2024 HK\$'000	31 March 2024 HK\$'000
Within the first year	1,635,990	2,514,605
Within the second year	854,641	871,525
Within the third to fifth years	638,646	311,090
After the fifth year	<u>110,586</u>	<u>116,921</u>
	<u><u>3,239,863</u></u>	<u><u>3,814,141</u></u>

19. SHARE CAPITAL

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Authorized:		
2,500,000,000 shares of HK\$0.25 each	<u>625,000</u>	<u>625,000</u>
	Number of shares	Amount HK\$'000
Issued and fully paid at HK\$0.25 each:		
At 31 March 2024 and 30 September 2024	<u><u>1,672,553,104</u></u>	<u><u>418,138</u></u>

20. FINANCIAL GUARANTEES

As at 30 September 2024, the Company had provided a guarantee of HK\$262,922,000 (31 March 2024: HK\$237,013,000) for the banking facility granted to a joint venture, and certain subsidiaries had provided guarantees of HK\$4,366,000 (31 March 2024: HK\$4,396,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

21. COMMITMENTS

As at 30 September 2024, the Group had commitments contracted but not provided for in respect of property projects, properties and property, plant and equipment of HK\$40,947,000 (31 March 2024: HK\$161,936,000) and financial assets at fair value through profit or loss of HK\$32,735,000 (31 March 2024: HK\$37,091,000) respectively.

22. PLEDGE OF ASSETS

As at 30 September 2024, the Group had pledged certain assets including property, plant and equipment, investment properties, rights-of-use assets, properties for/under development and properties for sale, with an aggregate carrying value of HK\$6,996,704,000 (31 March 2024: HK\$7,923,608,000), to secure banking facilities granted to the subsidiaries.

FINANCIAL REVIEW

For the six months ended 30 September 2024, revenues of the Group decreased to HK\$92.5 million (2023: HK\$215.7 million) mainly due to the absence of sales of properties of HK\$121.9 million recorded for the last corresponding period. Revenues of the Group comprised of revenues from rental and other income of investment properties of HK\$74.1 million (2023: HK\$64.5 million), revenues from cemetery business of HK\$10.3 million (2023: HK\$9.1 million), revenues from sales of goods and merchandises of HK\$5.2 million (2023: HK\$5.4 million), revenues from money lending business of HK\$0.5 million (2023: HK\$0.6 million), and revenues from securities investment and trading business of HK\$2.4 million (2023: HK\$14.2 million).

During the period under review, gross profit of HK\$19.0 million was recorded (2023: gross loss of HK\$20.3 million was recorded which was attributable to the impairment provision for properties for sale of the Group). Gross profit margin was 20.6% (2023: not applicable).

Other income and net loss amounted to a net income of HK\$44.2 million (2023: net loss of HK\$176.2 million) which was mainly due to the decrease in net loss of bond and securities investments recorded during the period under review. A breakdown of other income and net loss is shown in note 7A on page 13 of this report. Gain from disposal of a subsidiary of HK\$25.8 million (2023: nil) during the period represented the gain on disposal of a subsidiary that held the investment property in Mongolia as announced by the Company on 9 May 2024. Loss from change in fair value of investment properties of the Group amounted to HK\$244.5 million (2023: HK\$206.3 million) mainly due to the decrease in fair value of the investment properties of the Group under the current property market.

On the costs side, selling and marketing expenses increased to HK\$14.1 million (2023: HK\$12.7 million) principally due to the increase in sales activities during the period. Administrative and other operating expenses amounted to HK\$145.1 million (2023: HK\$117.3 million) which included a provision for impairment of about HK\$35.7 million (2023: nil) for a development site in the People's Republic of China (the "PRC"). Excluding this provision, the administrative and other operating expenses would amount to about HK\$109.4 million (2023: HK\$117.3 million), which represented a decrease of about 6.7% comparing to that of the last corresponding period. Finance costs decreased to HK\$73.8 million (2023: HK\$78.8 million) mainly due to the decrease in level of bank borrowings during the period. Share of loss of associated companies amounted to HK\$1.1 million (2023: HK\$1.1 million). Share of profit of joint ventures decreased to HK\$3.8 million (2023: HK\$30.6 million) mainly due to the decrease in recognition of completed sales of properties of a joint venture during the period. Taxation credit amounted to HK\$23.7 million (2023: HK\$15.5 million) mainly due to the reversal of deferred taxation arising from the fair value loss of investment properties recorded during the period.

Taking into account the above, loss attributable to equity holders of the Company for the six months ended 30 September 2024 amounted to HK\$292.8 million (2023: HK\$484.8 million), representing a reduction of loss of about 39.6%. Loss per share was 17.51 HK cents (2023: 28.99 HK cents).

INTERIM DIVIDEND

After taking into account the need to maintain sufficient financial resources for the working capital of the Group's projects and businesses, in particular under the current uncertain business environment, the Board has resolved not to declare an interim dividend for the six months ended 30 September 2024 (2023: nil).

BUSINESS REVIEW

(A) Investment Properties

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

The property is a commercial/office building and is strategically located at the heart of Central District and close to the exits of both the Central Station of the Mass Transit Railway and the Hong Kong Station of the Airport Express Line. The property has a site area of about 3,692 *sq. ft.* and a total gross floor area ("GFA") of about 55,367 *sq. ft.*. During the period, rental and other income from this property amounted to about HK\$18.0 million. With the increase in leasing supply from the newly completed properties in the district, the competition of leasing activities is more keen. The Group would be more flexible on tenant selection as well as tenancy period in order to maintain its competitiveness.

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

Strategically located at the heart of shopping centres in Tsim Sha Tsui, Kowloon, and near the exits of the Mass Transit Railway and the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section, the property is a shopping and entertainment complex. The property has a site area of about 9,145 *sq. ft.* and a total GFA of about 103,070 *sq. ft.*. During the period, the Group has improved the trade mix of tenants which resulted in an increase in the popularity and footprint of the plaza. As such, rental and other income from this property increased to about HK\$27.2 million. The Group will continue to explore more marketing ideas on leasing so as to further enhance the yield of the property.

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

The property is a commercial/industrial building located in between the Cheung Sha Wan (approximately 0.4 kilometre) and the Sham Shui Po (approximately 0.5 kilometre) Mass Transit Railway Stations, enjoying the convenience of good transportation network. The property has a site area of about 3,920 *sq. ft.* and a total GFA of about 47,258 *sq. ft.*. During the period, rental and other income from this property amounted to about HK\$5.1 million. Currently, the property is for commercial (G/F to 3/F and 12/F) and industrial (4/F to 11/F) use. Building plans to redevelop the property into a commercial/residential property with a total GFA of about 35,280 *sq. ft.* had been approved by the Buildings Department. Considering the current downward trend of mass residential property market, the Group will evaluate the best timing to carry out such redevelopment (if any).

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

Located at Deep Water Bay, a prestigious residential area, the property enjoys a glamorous sea-view. Marketing work for the house with the new decoration is in progress. The Group will adopt a flexible strategy in considering various options such as disposal in order to maximize return from this investment.

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

This property is located next to an exit of Honghu Station of Line 7, Shenzhen Metro, and it is for commercial use with a total gross area of about 5,318 *sq. m.*. The Group leased out the property in March 2022 to an independent third party for 10 years to operate it as a medical centre at current monthly rental of RMB714,000, with a step up by 5% for every 2 years.

(vi) International Finance Centre, Sukhbaatar District, Ulaanbaatar, Mongolia (100% owned before disposal)

The project has a site area of about 3,269 *sq. m.* and is located within the central business district. It is planned that a 26-storey retail/office building with GFA of about 40,000 *sq. m.*, comprising office units and carparking spaces with shopping units at the podium levels will be developed. Superstructure works have been topped off. Internal structural works and external cladding works were halted because of Covid-19.

On 9 May 2024, the Group entered into an agreement with an independent third party for the disposal of the subsidiary that held this property for a consideration of approximately US\$33 million (equivalent to approximately HK\$256.7 million). The disposal was completed on 19 June 2024. Net cash proceed of approximately HK\$254 million was received and has strengthened the Group's financial position. A net gain on the disposal of approximately HK\$25.8 million was recorded during the period. Details of the disposal were announced by the Company on 9 May 2024 and published in the circular of the Company on 17 June 2024.

(B) Hotels and Serviced Apartments

(i) sáv Residence, Xinyi District, Taipei City, Taiwan (100% owned)

In Taiwan, the Group owns sáv Residence which is located nearby the city centre of Taipei City. The property is a residential complex developed by the Group and comprises of a fully furnished villa and 6 serviced apartments (of which 2 are duplex) with a total GFA of about 20,600 *sq. ft.*. The serviced apartments have been leased out with rental income amounting to approximately HK\$1.2 million for the period under review. Marketing work for leasing the villa is in progress.

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

The project is located in the city centre within the embassy district and is a 19-storey building comprising 142 units and ground floor shops with a total GFA of about 19,000 *sq. m.* and 48 carparking spaces. Occupation permit and the immovable property certificate of the project had been obtained in October 2022 and January 2023 respectively. Decoration works with furniture and fixtures for some floors have been carried out. During the period, rental and other income from this property amounted to about HK\$3.8 million. In recent years, the economy and market of Mongolia has gently improved which has attracted visitors and led to good performance in tourism. As at the date of this report, 103 units and 32 carparking spaces have been occupied and leased out, and the Group has also leased out a shop at ground floor for dining. The aggregate monthly rental income has reached to about HK\$0.9 million. The Group will continue to explore more marketing ideas on promotion and leasing of the project. The Group will also seek appropriate opportunities to dispose of the property to accelerate return from this investment.

(C) Development Properties

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

The Group has successfully consolidated this project with a total site area of about 3,600 *sq. ft.*. General building plans of the project to develop a 26-storey residential/commercial building comprising clubhouse facilities and retail units with total GFA of about 34,675 *sq. ft.* had been approved. Foundation works are currently at the final stage and will be completed in the first quarter of 2025. The Group targets to achieve BEAM Plus Silver Rating for the property development from the green building perspective. As affected by the fall in property market, a provision for impairment of about HK\$32.2 million (2023: HK\$40.4 million) was recorded for this project during the period under review. The Group will closely monitor the development progress of this project.

(ii) *28 Po Shan Road, Hong Kong (50% owned)*

This project is owned as to 50% by the Group and 50% by a wholly-owned subsidiary of K. Wah International Holdings Limited (stock code: 173), and the Group is the project manager of the development. The property, with a site area of about 10,000 *sq. ft.*, is located in a prestigious mid-level area that enjoys a glamorous sea-view. The Group is developing the property into one vertical house with 8 storeys over the podium, and targets to achieve LEED Silver Rating for the property development from the green building perspective. The 8-storey house will include a luxury living and dining area with 6m floor-to-floor height, an entertainment floor and 6 residential suite floors with at least 3.5m floor-to-floor height. The proposed GFA for the house is about 44,431 *sq. ft.*, with an additional area of about 5,400 *sq. ft.* for garden and about 3,477 *sq. ft.* for roof.

The superstructure works had been completed in July 2024, and the occupation permit was just obtained on 30 September 2024. External finishing of the property, balconies stone paving works and garden hard landscaping works are in progress and will be completed in the first quarter of 2025. In the meantime, both joint venture partners are exploring various options (including disposal) to accelerate return on this investment. Marketing work for the house is in progress.

(iii) *ONE SOHO, Kowloon Inland Lot No. 11254, Reclamation Street/Shantung Street, Mongkok, Kowloon, Hong Kong (40% owned)*

Through the joint venture with a wholly-owned subsidiary of Sino Land Company Limited (stock code: 83), the Group participated in this project tendered by the Urban Renewal Authority in December 2017. It is a residential/commercial building comprising 322 residential units, clubhouse facilities, commercial podium and 12 carparking spaces, in which the commercial portion is retained by the Urban Renewal Authority.

Occupation permit and certificate of compliance had been obtained in March 2023 and July 2023 respectively. Up to the date of this report, all 322 residential units have been sold with an aggregate consideration of about HK\$2.2 billion, in which 213 units with an aggregate consideration of about HK\$1.5 billion have been handed-over to the end buyers in the last financial year. A further 101 units with an aggregate consideration of about HK\$0.6 billion had been handed-over during the period under review. Besides, 9 carparking spaces with aggregate consideration of about HK\$13.8 million had been sold and handed-over in this period. The joint venture company will continue to sell the remaining 3 carparking spaces of this project.

(D) Chuang’s China Investments Limited (“Chuang’s China”, stock code: 298) (61.15% owned)

Chuang’s China and its subsidiaries (the “Chuang’s China Group”) are principally engaged in, inter alia, property development, investment and trading. For the six months ended 30 September 2024, the Chuang’s China Group recorded loss attributable to equity holders of HK\$176.2 million (2023: HK\$209.0 million) and revenues of HK\$20.9 million (2023: HK\$70.6 million) (which comprised revenues from rental and management fee of HK\$10.3 million (2023: HK\$9.9 million), revenues from cemetery assets of HK\$10.3 million (2023: HK\$9.1 million), revenues from securities investment and trading of HK\$0.3 million (2023: HK\$1.9 million) and revenues from sales of properties of HK\$49.7 million for 2023).

(i) *Investment Properties*

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

1. The Esplanade Place, Yip Wong Road, Tuen Mun, New Territories, Hong Kong (100% owned by Chuang's China)

The Esplanade Place has GFA of about 24,375 *sq. ft.* comprising a two-storey commercial podium with 16 commercial units and 12 commercial carparking spaces, of which 12 commercial units and certain carparking spaces are leased to independent third parties with an aggregate annual rental income of about HK\$3.0 million. The Chuang's China Group will continue to market the remaining units and carparking spaces in order to generate rental income. As at 30 September 2024, the property was recorded at valuation of about HK\$170.5 million.

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

Chuang's Mid-town consists of a 6-level commercial podium providing an aggregate GFA of about 29,600 *sq. m.*. Above the podium stands a twin tower (Block AB and C) with 27 and 33-storey respectively, offering a total GFA of about 62,700 *sq. m.*.

The economy in Anshan remained weak, in which the business and leasing activities are progressing slowly. During the period under review, the Chuang's China Group had leased certain residential units to multi tenants with aggregate rental income of about RMB0.5 million (equivalent to approximately HK\$0.6 million). The Chuang's China Group will explore more marketing ideas on promotion and leasing of the commercial podium as well as the residential units of the twin tower. In view of the continued weak economy and property market in Anshan, the valuation of the property had further dropped to RMB380.0 million (equivalent to approximately HK\$423.3 million) as at 30 September 2024, comprising RMB129.0 million for the commercial podium and RMB251.0 million for the twin tower. In light of the weak economy and property market of Anshan, the Chuang's China Group will identify opportunities to dispose of this project.

3. Hotel and resort villas in Xiamen, Fujian (59.5% owned by Chuang's China)

This hotel complex is developed by the Chuang's China Group, comprising a 6-storey hotel building with 100 guest-rooms (GFA of 8,838 *sq. m.*) and 30 villas (aggregate GFA of about 9,376 *sq. m.*) in Siming District, Xiamen. As at 30 September 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 Chuang's China Group was about RMB228.0 million (equivalent to approximately HK\$254.0 million), whereas the total investment costs of the Chuang's China Group were about RMB132.6 million (equivalent to approximately HK\$147.7 million).

During the period under review, the hotel building together with 23 villas were leased to 廈門佻家鷺江酒店 (Xiamen Mega Lujiang Hotel) and is operated as “鷺江 • 佻家酒店” (Mega Lujiang Hotel). As at the date of this report, another 5 villas are leased to independent third parties and the Chuang’s China Group is actively marketing the remaining 2 villas which are currently vacant for further rental income. The aggregate annual rental income of this hotel complex amounted to about RMB18.5 million (equivalent to approximately HK\$20.6 million).

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

On 30 March 2024, the Chuang’s China 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 Chuang’s China Group.

5. Commercial property in Shatian, Dongguan, Guangdong (100% owned by Chuang’s China)

The Chuang’s China Group holds a 4-storey commercial building in Shatian, Dongguan, providing a total GFA of about 4,167 *sq. m.* for commercial, retail and office usage. As at 30 September 2024, valuation of the property was RMB34.2 million (equivalent to approximately HK\$38.1 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 up to the expiration of its tenancy on 30 June 2024. Another storey and the ground floor were leased to independent third parties for gymnasium and retail use respectively. The aggregate annual rental income was about RMB0.7 million (equivalent to approximately HK\$0.8 million). The Chuang’s China 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 by Chuang’s China)

Wisma Chuang is located within the prime city centre, situated right next to the landmark shopping complex, Pavilion KL, the heart of central business district and prestigious shopping area of Kuala Lumpur. It is built on a freehold land and is a 29-storey high rise office building having retail and office spaces of approximately 254,000 *sq. ft.* (on total net lettable area basis is approximately 195,000 *sq. ft.*) and 298 carparking spaces. As at 30 September 2024, the valuation of this property was MYR158.8 million (equivalent to approximately HK\$300.0 million), which represents an average value of approximately MYR814 (equivalent to approximately HK\$1,538) per *sq. ft.* of net lettable retail and office area.

Wisma Chuang is leased to multi tenants with an occupancy rate of approximately 57%, and annual rental income is approximately MYR5.4 million (equivalent to approximately HK\$10.2 million). The Chuang's China Group will seek appropriate strategies to accelerate return from this investment.

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

(ii) Property Development

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

The property has a site area of about 4,320 *sq. ft.* and has a developable GFA of about 40,000 *sq. ft.*. It 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 had been completed and occupation permit had been obtained on 13 June 2024. Pre-sale had commenced in April 2024 and a total of 33 residential units have been launched to the market for sale. Up to the date of this report, 10 units have been sold with an aggregate sale amount of about HK\$43.7 million, in which 4 units have been handed-over to the end buyers after the period ended 30 September 2024. The Chuang's China Group will closely monitor the property market in Hong Kong for marketing and selling the remaining residential units. In parallel, the Chuang's China Group is in preparation to lease certain residential units in the near future in order to generate rental income and enhance footprint in ARUNA.

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

Adjacent to Chuang's Mid-town, the Chuang's China Group acquired through government tender the second site located in the prime city centre of Tie Dong Qu (鐵東區) with a site area of about 39,449 *sq. m.*. As about 1,300 *sq. m.* of the land title has not yet been rectified by the government authorities with the local railway corporation, the Chuang's China Group is holding discussions with the local authorities regarding such reduction in land area. The Chuang's China Group also continues to identify opportunities to dispose of this project. In view of the weak economy of Anshan and the uncertainties in policies and execution by the local government authorities, an impairment provision of about HK\$35.7 million (2023: nil) was made for this development site during the period under review.

3. Changsha, Hunan (69% owned by Chuang's China)

The Chuang's China Group owns an effective 69% interests in a property development project in Changsha, and the total historical investment cost incurred by the Chuang's China Group in the PRC project company was about HK\$24.0 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 Chuang's China Group.

4. Chengdu, Sichuan (51% owned by Chuang's China)

The Chuang's China Group holds a 51% development interest in a project in Wuhou District, Chengdu. The Chuang's China Group's book cost in this project was about RMB123.8 million (equivalent to approximately HK\$137.9 million) after taking into account a portion of judgement payments amounting to about RMB12.9 million (equivalent to approximately HK\$14.4 million) received by the Chuang's China Group in August 2021 through court enforcement. The Chuang's China Group will continue to explore ways in order to recover its investment.

5. Others

As previously reported, the Chuang's China Group obtained a judgement from court in Beijing for the registered owners of the courtyard house to transfer the title to the designated nominee of the Chuang's China Group. The transfer of one courtyard house was completed in prior years, whereas procedure for the transfer of another courtyard house is in progress.

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

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

Development of the remaining 418 mu will be divided into Phase II to Phase V. Based on the 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 period under review, the construction works of roads for Phase II and Phase III are being carried out. Site formation and construction works on other parts of the land are in progress.

As at 30 September 2024, the cemetery assets (including non-controlling interests) were recorded based on the book cost of about RMB642.9 million (equivalent to approximately HK\$716.1 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 2024, about 2,582 grave plots and 524 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.

(iv) Investments in CNT Group Limited (“CNT”) and CPM Group Limited (“CPM”)

As at 30 September 2024, the Chuang’s China Group owned about 19.35% interests in CNT and about 0.6% interests in CPM, both of them are listed on the Main Board of The Stock Exchange 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 2024 of HK\$0.295 (31 March 2024: HK\$0.33) and HK\$0.245 (31 March 2024: HK\$0.26), the aggregate book value of the Chuang’s China Group’s investments in CNT and CPM is about HK\$110.2 million (31 March 2024: HK\$123.2 million). The change in book value is accounted for as “Reserve” in the financial statements.

(E) Other Businesses

(i) Sintex Nylon and Cotton Products (Pte.) Limited (“Sintex”)

Sintex is engaged in the sales of home finishing products under its own brand names in Singapore and is 88.2% owned by the Group. During the period, Sintex recorded revenues of HK\$5.2 million (2023: HK\$5.4 million), and incurred a loss of HK\$1.6 million (2023: HK\$4.7 million). After taking into account the current business and operating performance of Sintex, which has been loss-making since 2015, the Group is taking steps to scale down the business of Sintex with a view to minimizing the operating costs and losses. In parallel, the Group is also evaluating various options in dealing with the land and factory building, such as disposal, to realize investment in this non-core assets.

(ii) Securities Investment and Trading

The Group had redeemed/disposed and accepted restructuring exchange of certain listed corporate bond investments since the last financial year. During the period, securities investment and trading business of the Group recorded a net loss before tax and before deducting non-controlling interests of HK\$0.1 million, comprising interest and other income from investments of HK\$2.4 million, net gain on disposals of investments of HK\$0.2 million, and unrealized fair value loss on investments of HK\$2.7 million mainly as a result of mark to market valuations of the investments held as at the balance sheet date. The unrealized fair value loss is accounting loss with no immediate cash flow impact to the Group.

As at 30 September 2024, investments of the Group amounted to HK\$203.5 million (HK\$39.3 million were held by the wholly-owned subsidiaries of the Group and HK\$164.2 million were held by the Chuang’s China Group), and comprised as to HK\$59.0 million for investments in listed corporate bonds, HK\$2.1 million for investments in securities listed on the Stock Exchange and the balance of HK\$142.4 million for other investments (of which about HK\$57.9 million are denominated in Renminbi, and about HK\$84.5 million are denominated in United States dollar) comprising FinTech companies, venture capital investment platforms, high technology companies and investment funds which are not listed or just listed in the markets. During the period under review, the Group continued to redeem an investment with original principal amount of RMB30 million, and on top of the amount of RMB6 million received in prior year, a further amount of RMB2 million had been received in the current period. The Group will continue to monitor the performance of its respective investment portfolios from time to time.

FINANCIAL POSITION

Net asset value

As at 30 September 2024, net assets attributable to equity holders of the Company was HK\$8,000.1 million (31 March 2024: HK\$8,239.3 million). Net asset value per share was HK\$4.78 (31 March 2024: HK\$4.93).

Financial resources

As at 30 September 2024, the Group's cash, bank balances and bond and securities investments amounted to HK\$2,031.0 million (31 March 2024: HK\$2,302.4 million). Bank borrowings as at the same date amounted to HK\$3,239.9 million (31 March 2024: HK\$3,814.1 million). The Group's net debt to equity ratio, expressed as a percentage of bank borrowings net of cash, bank balances and bond and securities investments over net assets attributable to equity holders of the Company, was 15.1% (31 March 2024: 18.3%).

Approximately 87.2% of the Group's cash, bank balances and bond and securities investments were denominated in Hong Kong dollar and United States dollar, 11.2% were in Renminbi and the balance of 1.6% were in other currencies. Approximately 96.2% of the Group's bank borrowings were denominated in Hong Kong dollar, and the balance of 3.8% were in Malaysian Ringgit and other currencies.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 50.5% of the Group's bank borrowings were repayable within the first year, 26.4% were repayable within the second year, 19.7% were repayable within the third to fifth years and the balance of 3.4% were repayable after the fifth year. 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 report, the Group also conducts its businesses in other places outside Hong Kong, with the income and the major cost items in those places being denominated in their local foreign currencies. Therefore, it is expected that any fluctuation of these foreign currencies' exchange rates would not have material effect on the operations of the Group. However, as the Group's consolidated financial statements are presented in Hong Kong dollar, and the Group has some monetary assets and liabilities denominated in foreign currencies, the Group's financial position is subject to exchange exposure to these foreign currencies. The Group would closely monitor this risk exposure from time to time.

PROSPECTS

In Hong Kong, with certain measures for residential properties such as relaxation of stamp duty implemented earlier this year, as well as the reduction of interest rates during the period, there was a gradual recovery in buyer confidence and the residential property market. Furthermore, the Admission Scheme for Mainland Talents and Professionals as well as the Quality Migrant Admission Scheme implemented by the Hong Kong government had boosted the demands of residential properties and commercial properties respectively which help to stabilize the property prices. The Group remains positive and has confidence in the property market and the overall economy in Hong Kong. We will monitor the situation closely and will take appropriate steps to preserve the Group's competitiveness and grasp opportunities ahead.

In the coming years, the Group will continue to monitor the progress of the construction works of the project at Gage Street in Hong Kong. It will take appropriate strategies to monitor the sale progress of ARUNA at Ap Lei Chau. Moreover, the Group will continue to look for opportunities to realize investments in various investment properties and off-load investments in non-core assets in order to further enhance the financial resources and capability of the Group to replenish its land bank in Hong Kong, especially for the luxury and mass residential market, for future property development and trading. We are confident that, with the implementation of the above strategies, the Group's cash resources and financial position will be improved, and further value can be created for our 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 2024, the Group (excluding the Chuang's China Group) employed 131 staff and the Chuang's China Group employed 79 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

Mr. Albert Chuang Ka Pun took up the role as the Chairman and the Chief Executive Officer, being the Chairman and the Managing Director of the Company. The roles of the chairman and the chief executive officer are not separated pursuant to Code C.2.1 of the code provisions set out in the Corporate Governance Code (the "CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). However, the Board considers that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions efficiently and consistently. Except as mentioned hereof, the Company has complied throughout the six months ended 30 September 2024 with the code provisions set out in the CG Code.

An audit committee has been established by the Company to review and supervise the Company's financial reporting process, risks 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 2024 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. Fong Shing Kwong and Mr. Yau Chi Ming, the Independent Non-Executive Directors of the Company.

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 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.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The interim report of the Company for the six months ended 30 September 2024 containing all applicable information required by Paragraph 46 of Appendix D2 of the Listing Rules will be published on the Stock Exchange's website in due course.

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

Hong Kong, 28 November 2024

As at the date of this announcement, Mr. Albert Chuang Ka Pun, Mr. Richard Hung Ting Ho, Mr. Edwin Chuang Ka Fung, Miss Ann Li Mee Sum, Mrs. Candy Kotewall Chuang Ka Wai, Mr. Geoffrey Chuang Ka Kam and Mr. Chan Chun Man are the Executive Directors of the Company, and Mr. Abraham Shek Lai Him, Mr. Fong Shing Kwong, Mr. Yau Chi Ming, Mr. David Chu Yu Lin and Mr. Tony Tse Wai Chuen are the Independent Non-Executive Directors of the Company.