

TARGET

Intelligence Report

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T U E S D A Y

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**CHUANG'S CHINA INVESTMENTS LTD:
THIS COMPANY HAS SUFFERED, VERY BADLY, OF LATE ...
BUT THE WORST COULD STILL BE JUST ROUND THE BEND ?**

Chuang's China Investments Ltd (莊士中國投資有限公司) (Code: 298, Main Board, The Stock Exchange of Hongkong Ltd) suffered its worst Financial Year, ended March 31, 2023, compared with the previous four Financial Years.

At Page Four of the 2023 Annual Report of the Company, under the heading, '**Results Review**,' Management made no bones about the situation that prevailed, during the 2023 Financial Year, stating, inter alia:

'During the year under review, the Group's revenues amounted to about HK\$63.0 million (2022: HK\$204.5 million), and comprised the following:

- Sales of development properties amounted to about HK\$1.4 million (2022: HK\$72.8 million), representing the completion of sold properties of The Esplanade, Tuen Mun in Hong Kong. The decrease in sales recognition in the year under review was because most of the sold properties had been completed in the last corresponding year;*
- Rental and management fee income decreased by 9.7% to about HK\$23.4 million (2022: HK\$25.9 million), mainly due to the decrease in rental income recorded for the property in Changan, Dongguan, the People's Republic of China (the "PRC") as the property was disposed of on 5 September 2022;*
- Revenues from securities investment and trading decreased by 76.9% to about HK\$15.0 million (2022: HK\$64.8 million) as a result of the decrease of interest income from bond investments held by the Group during the year under review as the level of investment holding decreased and most of the bonds were defaulted in payment; and*
- Sales of cemetery assets in the PRC decreased by 43.4% to about HK\$23.2 million (2022: HK\$41.0 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\$41.1 million (2022: gross profit of HK\$134.2 million) was recorded which was attributable to the decrease in revenues and 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\$65.8 million (2022: HK\$675.9 million) principally due to the net loss of bond investments. A breakdown of other income and net loss is shown in note 7A on page 149 hereof. Loss on disposal of subsidiaries of about HK\$45.7 million was recorded for the year under review upon the completion of the disposal of subsidiaries holding the property in Changan, Dongguan, the PRC as announced on 5 August 2022 (2022: gain of HK\$1.18 billion for the disposal of subsidiaries holding the property project in Panyu, Guangzhou, the PRC).

‘The Group recorded a loss on change in fair value of investment properties of HK\$78.9 million (2022: HK\$63.9 million) mainly arising from the investment properties in Anshan, Liaoning, the PRC (2022: arising from the investment properties in the PRC and Malaysia).’

Whilst the above was, mostly, the negative side of the financials of the Company, as far as Senior Management of Chuang’s China Investment Ltd was concerned, there was, also, some positive aspects of the Company, as shown under the heading, ‘**Financial Resources**,’ found at Page 19 of the 2023 Annual Report:

‘As at 31 March 2023, the Group had cash and bank balances of HK\$1,239.5 million (2022: HK\$1,524.9 million) and held bond investments amounted to HK\$98.0 million (2022: HK\$428.2 million), totaling HK\$1,337.5 million (2022: HK\$1,953.1 million). As at the same date, bank borrowings of the Group amounted to HK\$826.2 million (2022: HK\$1,255.0 million). On this basis, the Group had net cash of HK\$511.3 million (2022: HK\$698.1 million) and the calculation of net debt to equity ratio was therefore not applicable (2022: Same).

‘Approximately 77.0% of the Group’s cash, bank balances and bond investments were in Hong Kong dollar and United States dollar, 22.7% were in Renminbi and the balance of 0.3% were in other currencies. Approximately 84.6% of the Group’s bank borrowings were in Hong Kong dollar, and the remaining of 15.4% 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 48.7% of the Group’s bank borrowings were repayable within the first year, 38.1% were repayable within the second year, and the balance of 13.2% were repayable within the third to fifth years.’

THE FINANCIALS OF

CHUANG'S CHINA INVESTMENTS LTD

At Page 102 of the 2023 Annual Report of Chuang's China Investment Ltd, the '**Consolidated Income Statement**' was presented.

For the most part, the following table is a verbatim copy of the statistics, contained in the Consolidated Income Statement, to which this medium has taken the liberty of inserting its statistics for the benefit of interpolation with regard to **TARGET** (泰達財經) Subscribers:

	For The Financial Year, Ended March 31		Percentage Increase/(Decrease)*
	2023	2022	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	63,010	204,540	(69.19)
Gross Profit/(Loss)	(41,101)	134,225	(130.62)
Operating Profit/(Loss)	(327,117)	413,324	(179.14)
Profit/(Loss) Before Taxation	(350,488)	361,719	(196.90)
Profit/(Loss) For The Year	(332,666)	223,187	(249.05)
Net Profit/(Loss) Attributable To Shareholders Of The Company	(328,687)	227,757	(244.31)
Earnings/(Loss) Attributable To Shareholders Of The Company (basic and diluted)	(14.00) cents	9.70 cents	(244.33)

* These are **TARGET**'s calculations.

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