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Crown International Corporation Limited
皇冠環球集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 727)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

Reference is made to (i) the announcement of Crown International Corporation Limited (the “**Company**”) dated 27 June 2022 in relation to the delay in publication of the audited annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2022; (ii) the announcement of the Company dated 30 June 2022, in relation to the unaudited annual results of the Group for the year ended 31 March 2022; and (iii) the announcements of the Company dated 28 July 2022 in relation to further delay in publication of the 2022 Annual Results and delay in despatch of 2022 annual report.

The board of directors (the “**Board**”) of the Company hereby announces that the auditing process of the audited annual results of the Group for the Reporting Period has been completed. The Board wishes to announce that on 15 August 2022, the Company has obtained the agreement from the Group’s auditor on the figures in respect of the Group’s consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto as set out in this announcement. As certain adjustments have been made to the unaudited financial information of the Group as contained in the 2022 Unaudited Annual Results Announcement, the differences between the unaudited financial information and the audited financial information contained in this announcement are set out in the section headed “**MATERIAL DIFFERENCES BETWEEN 2022 AUDITED ANNUAL RESULTS AND 2022 UNAUDITED ANNUAL RESULTS ANNOUNCEMENT**” in this announcement in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

The Board hereby presents the 2022 Annual Results together with the comparative figures for the year ended 31 March 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	Year ended 31 March	
		2022 HK\$'000	2021 HK\$'000
Revenue	2	17,499	13,866
Cost of sales		(13,502)	–
Gross profit		3,997	13,866
Other gains/(loss), net	3	(5,825)	(7,759)
Other income		1,218	1,056
Fair value losses on investment properties, net		(771,370)	(76,021)
Loss on written off of other receivables, prepayments and deposits		(6,784)	(22,000)
Staff costs		(17,865)	(13,707)
Depreciation on property, plant and equipment		(7,452)	(8,189)
Other operating expenses		(8,135)	(8,405)
Operating loss		(812,216)	(121,159)
Finance income		35	40
Finance costs		(107,640)	(586)
Finance costs, net		(107,605)	(546)
Loss before income tax	4	(919,821)	(121,705)
Income tax credit	5	192,843	15,823
Loss for the year		(726,978)	(105,882)
Other comprehensive loss:			
Item that may be subsequently reclassified to profit or loss:			
Currency translation differences		87,750	158,511
Release of exchange reserve upon disposal and deregistration of subsidiaries		(7,339)	74
Item that will not be reclassified to profit or loss:			
Change in fair value of financial asset at fair value through other comprehensive income		–	(1,765)
Total other comprehensive income for the year		80,411	156,820
Total comprehensive (loss)/income for the year		(646,567)	50,938

		Year ended 31 March	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
Loss attributable to:			
Owners of the Company		(726,372)	(105,243)
Non-controlling interests		<u>(606)</u>	<u>(639)</u>
		<u>(726,978)</u>	<u>(105,882)</u>
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(645,826)	51,636
Non-controlling interests		<u>(741)</u>	<u>(698)</u>
		<u>(646,567)</u>	<u>50,938</u>
Basic and diluted losses per share attributable to owners of the Company for the year (expressed in HK cent per share)			
	<i>6</i>	<u>(21.18 HK cents)</u>	<u>(3.07 HK cents)</u>
Dividend	<i>7</i>	<u>–</u>	<u>–</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

		At 31 March	
	Notes	2022 HK\$'000	2021 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		303,564	293,549
Investment properties	8	1,253,728	1,992,545
Financial asset at fair value through other comprehensive income		–	–
Deposits	9	1,251	1,251
		<u>1,558,543</u>	<u>2,287,345</u>
Current assets			
Trade and rental receivables	10	14,650	689
Other receivables, prepayments and deposits	9	271,861	261,278
Properties under development for sale	11	1,119,630	1,069,445
Restricted bank balances		7,307	12,949
Cash and cash equivalents		714	1,053
		<u>1,414,162</u>	<u>1,345,414</u>
Total assets		<u>2,972,705</u>	<u>3,632,759</u>
Liabilities			
Current liabilities			
Trade payables	12	2,000	–
Other payables and accruals	12	762,374	579,961
Amount due to a director		–	19,227
Borrowings		644,375	642,360
Lease liabilities		7,686	5,135
Income tax payable		4,427	7,680
		<u>1,420,862</u>	<u>1,254,363</u>
Net current (liabilities)/assets		<u>(6,700)</u>	<u>91,051</u>
Total assets less current liabilities		<u>1,551,843</u>	<u>2,378,396</u>

		At 31 March	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current liabilities			
Other payables and accruals	12	–	5,256
Lease liabilities		6,991	9,750
Deferred income tax liabilities		232,412	410,391
		<u>239,403</u>	<u>425,397</u>
Net assets		<u>1,312,440</u>	<u>1,952,999</u>
Equity			
Capital and reserves			
Share capital		1,979,067	1,979,067
Other reserves		(666,103)	(26,285)
Equity attributable to owners of the Company		1,312,964	1,952,782
Non-controlling interests		<u>(524)</u>	<u>217</u>
Total equity		<u>1,312,440</u>	<u>1,952,999</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The principal activities of the Group are (i) property investment; (ii) property development; (iii) hotel operations; (iv) provision of financial consultancy service; and (v) provision of comprehensive healthcare business. The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is Suite 902, 9th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong which is also its principal place of business. The Directors consider the ultimate holding company to be Redstone Capital Corporation, incorporated in the Samoa.

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The consolidated financial statements have been prepared under the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair value.

The financial information relating to the years ended 31 March 2021 and 2022 included in this preliminary announcement of annual results 2021/22 do not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “**Companies Ordinance**”) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2021 to the Hong Kong Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2022 in due course.

Going Concern

Since the outbreak of the Novel Coronavirus (“**COVID-19**”) pandemic in March 2020, the lockdown and various quarantine measures and travel restrictions in the People’s Republic of China (the “**PRC**”) have adversely affected the local property market, the operations of the Group has deteriorated as a result that the Group has to take a longer time than expected to realise the properties under development for sale. The performance of the Group has not improved even though the lockdown measures were released after the pandemic situation improved as economic conditions have not returned to the level before the COVID-19 pandemic, and together with the prevailing slow-down of the property market, coupled with the limited source of financing from the capital market.

The Group incurred a loss of HK\$726,978,000 for the year ended 31 March 2022 and as of that date, its current liabilities exceeded its current assets by HK\$6,700,000. In addition, the current liabilities included an entrusted loan of HK\$617,600,000 and related interest payable of HK\$128,560,000 (as included in trade and other payables and accruals as disclosed in note 12) and these amounts were repayable on demand as the Group had failed to make certain instalments of principal and interest when they became due and these amounts remained unsettled up to the date of approval of these consolidated financial statements. Further, as at 31 March 2022, the Group had cash and cash equivalents of HK\$714,000 only.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets or discharge its liabilities in the normal course of business.

The consolidated financial statements were prepared based on the assumption that the Group can operate as a going concern and the directors of the Company have prepared cash flow projections covering a period of not less than twelve months from the reporting date, after having considered the following:

- (i) the Group has been communicating with the bank to remedy the late payment issue and to restructure the payment terms for the remaining amount of the entrusted loans. Given the loan is secured by the Weihai Runhe construction-in-progress, the directors of the Company consider that should the bank opt to take possession of the Weihai Runhe construction-in-progress, its realisable value would be sufficient to cover the outstanding principal, interest and penalty totaling HK\$746,160,000 as at 31 March 2022. Alternatively, the Group might seek suitable opportunities to dispose of the equity interest of Weihai Runhe which is the group company borrowing the entrusted loan in order to reduce the Group's liabilities. Had the disposal been proceeded, construction costs payable amounting to HK\$367,600,000 as at 31 March 2022 would also have been disposed of; and
- (ii) actively negotiating with potential buyers to dispose of certain investment properties located in the PRC. The directors of the Company are in the view that the Group will be able to dispose those investment properties within six months from the date of approval of these consolidated financial statements to meet its short-term liquidity needs during the forecast period. As part of this disposal plan, the Group entered into a sale and purchase agreement on 5 August 2022 with a buyer to dispose of certain part of its investment property at a consideration of approximately HK\$46,000,000.

The directors of the Company, after making due enquiries and consider the basis of management's projections described above, believe that, taking into account the above mentioned actions and planned measures and their progress, the Group will have sufficient funds to finance its operations and to meet its financial obligations when they fall due within the next twelve months from 31 March 2022. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, the going concern of the Group depends upon the uncertainties associated with the future volatility of the property sector in the PRC, the outcome of communication with the banks to obtain continuous support for not demanding immediate repayment of the entrusted loan, the ability of the Group to realise the properties under development for sale to generate sufficient cash flow and to realise those investment properties within the expected time frame, and the ability of the Group to seek buyers should the Group decide to dispose of the equity interests in Weihai Runhe and whether the disposal could be transacted in an appropriate price.

Should the use of the going concern basis in preparation of the consolidated financial statements be considered to be inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities. The effect of these adjustments have not been reflected in the consolidated financial statements.

Application of new and amendments to Hong Kong Financial Reporting Standards

(a) Effect of adopting new standard and amendments to existing standards

The following new standard and amendments to existing standards are mandatory for the Group's financial year beginning on or after 1 April 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16,	Interest rate benchmark reform – phase 2
Amendment to HKFRS 16	Covid-19-related rent concessions
2021 Amendment to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021

The application of the new and amendments to HKFRSs in the Current Year has had no material impact on the Group's financial performance and positions for the Current Year and prior year and/or on the disclosures set out in these unaudited consolidated financial statements.

(b) *New/revised HKFRSs that have been issued but are not yet effective*

The following new/revised HKFRSs, potentially relevant to the Group's accounting policies and unaudited consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 17	Insurance Contracts ²
Amendments to HKFRS 17	Insurance Contracts ^{2,5}
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ^{2,4}
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 ¹

¹ *Effective for annual periods beginning on or after 1 January 2022*

² *Effective for annual periods beginning on or after 1 January 2023*

³ *No mandatory effective date yet determined but available for adoption*

⁴ *As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion*

⁵ *As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023*

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

2 Revenue and segment information

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision-maker, namely the executive Directors, for their decisions about resources allocation to the Group's business component and for their review of the performance of that component. The business components in the internal financial information reported to the executive Directors are principally engaged in property investment, property development, hotel operations, provision of financial consultancy service and provision of comprehensive healthcare planning and management services.

(a) Analysis of revenue by category

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Rental income	2,153	12,066
Comprehensive healthcare planning and management services income recognised over time	696	1,800
Sales of healthcare products recognised at point in time	14,650	–
	<u>17,499</u>	<u>13,866</u>

As at 31 March 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$142,762,000 (2021: HK\$131,855,000). The amount represented revenue expected to be recognised in the future from pre-completion sales contracts for properties under development and provision of comprehensive healthcare planning and management services. This amount includes the interest component of pre-completion properties sales contracts under which the Group obtains significant financing benefits from the customers. The Group will recognise the expected revenue in future when or as the work is completed or, in the case of the properties under development for sales, when the properties ownership are assigned to the customers which is expected to occur over the next 12 to 24 months (2021: next 12 to 21 months).

(b) Segment information

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit which is subject to risks and returns that are different from those of other business segments. Summarised details of the business segments are as follows:

- i) the property investment segment engages in investment of property in city of Zhongshan of the PRC, the Group aims to use the property for property rental or capital appreciation purposes;
- ii) the property development segment engages in property development and sales of properties in Weihai city ("**Weihai**");
- iii) the hotel operations segment engages in hotel rental and food and beverage business in Weihai;
- iv) the financial consultancy service segment engages in the provision of financial consultancy service to assist customers to obtain financing;
- v) the comprehensive healthcare business segment engages in the provision of comprehensive healthcare planning, management services and products; and
- vi) the unallocated segment comprises operations other than those specified in (i), (ii), (iii), (iv) and (v) above and includes that of the corporate office.

The hotel operations in Weihai is yet to commence operation as at 31 March 2022 as it is currently under construction. The property development operation is currently under pre-sale stage and the relevant properties are under construction.

Capital expenditure comprise additions to investment properties and property, plant and equipment. Segment assets consist primarily of investment property, properties under development for sale, property, plant and equipment and receivables. Segment liabilities comprise deferred income tax liabilities, operating liabilities and borrowings. Unallocated assets and liabilities mainly represent assets and liabilities used by the corporate office, which cannot be allocated on a reasonable basis to any segment, which include items such as cash and cash equivalents.

The Directors assess the performance of the operating segments based on a measure of segment results, which represent, operating profit less central administrative costs. The segment results, depreciation, fair value loss on investment property, impairment loss on other properties leased for own use and capital expenditure based on reportable segments for the years ended 31 March 2022 and 2021 are as follows:

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Financial consultancy service <i>HK\$'000</i>	Comprehensive healthcare business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended							
31 March 2022							
Segment revenue:							
Revenue from							
external customers	<u>2,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,346</u>	<u>-</u>	<u>17,499</u>
Segment results	(788,909)	(2,434)	(534)	-	(615)	(19,724)	(812,216)
Finance income							35
Finance costs							<u>(107,640)</u>
Loss before income tax							(919,821)
Income tax credit							<u>192,843</u>
Loss for the year							<u><u>(726,978)</u></u>
Other segment information							
Depreciation on property, plant and equipment	(201)	(457)	(100)	-	(20)	(6,674)	(7,452)
Fair value losses on investment properties, net	<u>(771,370)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(771,370)</u>
Additions to							
- Property, plant and equipment	-	504	713	-	836	5,346	7,399
- Investment properties	<u>57,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,816</u>

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Financial consultancy service <i>HK\$'000</i>	Comprehensive healthcare planning and management services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended							
31 March 2021							
Segment revenue:							
Revenue from							
external customers	12,066	-	-	-	1,800	-	13,866
Segment results	(66,178)	(3,106)	(682)	(6,741)	(1,060)	(43,392)	(121,159)
Finance income							40
Finance costs							(586)
Loss before income tax							(121,705)
Income tax credit							15,823
Loss for the year							(105,882)
Other segment information							
Depreciation on property, plant and equipment	(228)	(272)	(59)	(764)	(675)	(6,191)	(8,189)
Fair value losses on investment properties, net	(76,021)	-	-	-	-	-	(76,021)
Impairment loss on other properties leased for own use	-	-	-	-	-	(7,656)	(7,656)
Additions to							
- Property, plant and equipment	115	585	75,188	935	959	19	77,801

1 customer (year ended 31 March 2021: 4) contributed more than 10% revenue of the Group.

	Year ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	14,650	N/A
Customer B	N/A*	6,754
Customer C	N/A*	1,997
Customer D	N/A*	1,926
Customer E	N/A*	1,389
	<hr/>	<hr/>
Total	14,650	12,066
	<hr/> <hr/>	<hr/> <hr/>

* *The relevant revenue for the year ended 31 March 2022, did not exceed 10% of the Group's revenue.*

The segment assets and liabilities based on reportable segments as at 31 March 2022 and 2021 are as follows:

	Property investment	Property development	Hotel operations	Financial consultancy service	Comprehensive healthcare planning and management services	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31 March 2022							
Segment assets	1,255,050	1,351,407	342,675	-	14,655	8,204	2,971,991
Cash and cash equivalents	10	681	-	-	2	21	714
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	1,255,060	1,352,088	342,675	-	14,657	8,225	2,972,705
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities	(300,296)	(1,063,650)	(233,484)	-	(4,406)	(58,429)	(1,660,265)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	(300,296)	(1,063,650)	(233,484)	-	(4,406)	(58,429)	(1,660,265)
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	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Financial consultancy service <i>HK\$'000</i>	Comprehensive healthcare planning and management services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2021							
Segment assets	1,997,015	1,292,796	332,311	1,096	256	8,232	3,631,706
Cash and cash equivalents	110	825	-	47	20	51	1,053
Total assets	1,997,125	1,293,621	332,311	1,143	276	8,283	3,632,759
Segment liabilities	(430,670)	(942,599)	(206,912)	(484)	(1,798)	(97,297)	(1,679,760)
Total liabilities	(430,670)	(942,599)	(206,912)	(484)	(1,798)	(97,297)	(1,679,760)

The Group's businesses operate in Hong Kong and the PRC. The Group's revenue for the years ended 31 March 2022 and 2021 and non-current assets other than financial instruments as at 31 March 2022 and 2021 based on geographical area are as follows:

	Year ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Hong Kong	14,650	-
PRC	2,849	13,866
	17,499	13,866
Non-current assets		
Hong Kong	3,920	6,721
PRC	1,553,372	2,279,373
	1,557,292	2,286,094

Revenue is categorised based on the jurisdiction in which the customers are located. Non-current assets are categorised based on where the assets are located.

3 Other gains/(loss), net

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Gain on disposal of property, plant and equipment	–	146
Loss on disposals of subsidiaries	(5,825)	(249)
Impairment loss on other properties leased for own use	–	(7,656)
	<u>(5,825)</u>	<u>(7,759)</u>

4 Loss before income tax

Loss before income tax for the year is arrived at after charging:

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Auditor's remuneration	1,330	1,350
Inventories recognised as expense	<u>13,502</u>	<u>–</u>

5 Income tax credit

The amount of taxation (credited)/charged to the consolidated statement of comprehensive income represents:

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Current tax		
PRC		
Current year	–	2,384
	–	2,384
Deferred taxation	(192,843)	(19,005)
Written off of deferred income tax assets	–	798
	<u>(192,843)</u>	<u>(15,823)</u>

6 Losses per share

- (a) Basic losses per ordinary share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 March	
	2022	2021
Loss for the year attributable to owners of the Company, <i>HK\$'000</i>	(726,372)	(105,243)
Weighted average number of ordinary shares in issue	<u>3,430,000,000</u>	<u>3,430,000,000</u>
Basic losses per ordinary share, <i>HK cent(s)</i>	<u>(21.18)</u>	<u>(3.07)</u>

- (b) The calculation of diluted losses per ordinary share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares used, which is the same for calculating basic losses per ordinary share above, as the Company did not have any dilutive potential ordinary shares for the two years ended 31 March 2022 and 2021. The computation of diluted losses per share does not assume the exercise of the Company's share options during the year since their exercise would result in a decrease in loss per share.

7 Dividend

The Board of Directors do not recommend payment of final dividend for the year ended 31 March 2022 (year ended 31 March 2021: Nil).

8 Investment properties

	At 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of year	1,992,545	1,911,983
Addition	57,816	–
Fair value losses, net	(771,370)	(76,021)
Disposal of subsidiaries	(103,757)	–
Exchange difference	78,494	156,583
	<u>1,253,728</u>	<u>1,992,545</u>
At end of year	<u>1,253,728</u>	<u>1,992,545</u>

The Group's property interests are held to earn rental income or for capital appreciation are measured using the fair value model.

Amount recognised in profit or loss for investment properties

	Year ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	2,153	12,066
Direct operating expenses from properties that generated rental income	<u>(845)</u>	<u>(1,276)</u>

9 Other receivables, prepayments and deposits

	At 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current		
Rental deposits	<u>1,251</u>	<u>1,251</u>
	<u>1,251</u>	<u>1,251</u>
Current		
Other receivables	676	8,584
Prepayments and deposits	<u>271,185</u>	<u>252,694</u>
	<u>271,861</u>	<u>261,278</u>
	<u>273,112</u>	<u>262,529</u>

10 Trade and rental receivables

	At 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	14,650	–
Rental receivables	<u>–</u>	<u>689</u>
Trade and rental receivables	<u>14,650</u>	<u>689</u>

Credit term of 120 days granted to customer (2021: no specific credit term granted to customers). The ageing analysis of net trade and rental receivables, based on the invoice dates, as at end of the reporting period is as follow:

	At 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	14,650	–
1 to 3 months	–	376
4 to 6 months	–	313
	<u>14,650</u>	<u>689</u>

11 Properties under development for sale

	<i>HK\$'000</i>
As at 1 April 2020	866,976
Additions	127,001
Exchange difference	<u>75,468</u>
As at 31 March 2021 and 1 April 2021	1,069,445
Additions	3,247
Exchange difference	<u>46,938</u>
As at 31 March 2022	<u>1,119,630</u>

12 Trade and other payables and accruals

	At 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	<u>2,000</u>	<u>–</u>
Other payables and accruals		
Non-current		
Leasehold improvements payable	<u>–</u>	<u>5,256</u>
	<u>–</u>	<u>5,256</u>
Current		
Construction and development cost payables	424,266	350,810
Contract liabilities	142,762	131,855
Interest payables	154,512	55,872
Others	<u>40,834</u>	<u>41,424</u>
	<u>762,374</u>	<u>579,961</u>
	<u>762,374</u>	<u>585,217</u>

As of the end of the reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
1 to 3 months	<u>2,000</u>	<u>–</u>
	<u>2,000</u>	<u>–</u>

MATERIAL DIFFERENCES BETWEEN 2022 AUDITED ANNUAL RESULTS AND 2022 UNAUDITED ANNUAL RESULTS ANNOUNCEMENT

Since the financial information contained in the 2022 Unaudited Annual Results Announcement was not audited by the Group's auditor as at the date of its publication and subsequent adjustments have been made to such information upon completion of the auditing process, shareholders and potential investors of the Company are advised to pay attention to the following differences between the financial information of the audited annual results of the Group for the Reporting Period disclosed in this announcement and that disclosed in the 2022 Unaudited Annual Results Announcement. Set forth below are details and reasons for the material differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules:

Items for the year ended 31 March 2022	Disclosure in this audited annual results announcement <i>HK\$'000</i>	Disclosure in 2022 Unaudited Annual Results Announcement <i>HK\$'000</i>	Difference <i>HK\$'000</i>	<i>Notes</i>
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
Other gains/(loss)	(5,825)	(25,700)	(19,875)	1
Finance costs	(107,640)	(95,043)	(12,597)	2
Currency translation differences	87,750	107,798	(20,048)	1

Notes:

1. Being adjustment of other loss on disposals of subsidiaries and currency translation differences included in other comprehensive income.
2. Being adjustment of interest expense penalty for Weihai project.

Save as disclosed in this announcement and the corresponding adjustments related to the above material differences, there is no material change in other information contained in the 2022 Unaudited Annual Results Announcement.

The audited consolidated financial statements of the Group for the year ended 31 March 2022 have been reviewed by the Audit Committee of the Company and were approved by the Board on 15 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Introduction

During the Current Year, the Group was principally engaged in the business of property investment, property development, financial consultancy service, hotel operations and comprehensive healthcare business in the PRC.

Property investment

The Group's current investment in investment property consist of the residential and commercial complex known as 達興豪苑 at No. 69 Zhongshan Third Road, East District, Zhongshan city, Guangdong province, the PRC (the "**Zhongshan Property**").

Property development

The Group's current investment in property development comprises approximately 1,400 serviced apartment units in the project located at Golden Beach No. 1, Golden Beach Garden, south of Bei Huan Hai Road and east of Ren Tai Garden, Gao District, Weihai city, Shandong province, the PRC (the "**Weihai Property**") currently under development and to be sold by the Group. The Weihai Property is wholly-owned by the Group.

Hotel operations

The Group's current investment in hotel operations consist of the hotel development in the Weihai Property.

The Group's hotel operations comprise approximately 200 hotel suites in the Weihai Property to be managed by a world-renowned hotel group as hotel manager under the management agreement between the Group and the said hotel group. The hotel is currently under construction.

Comprehensive healthcare business

The business segment, comprehensive healthcare planning and management services was established in 2020. Currently, this business segment includes mainly provision of comprehensive healthcare business, including preliminary planning, research, establishment, staff training, post-establishment operation and management.

A. The Group's Property Investment

The Zhongshan Property

The Zhongshan Property is a multi-purpose complex comprising retail floors on the lower levels with commercial and residential floors on the upper levels. In 2015, the Group acquired the Zhongshan Property for investment purposes. The Group will start selling the residential floors in coming years and expecting significant increase in the Group's revenue.

B. The Group's investment in Property Development

The Weihai Property

The Weihai Property consists of three high rise hotel buildings with a total gross floor area of approximately 195,000 square metres, of which the entire area were originally intended for hotel use. The Group's management observed that Weihai has become an increasingly popular destination for the retired population in recent years which, coupled with the rapid growth of the tourism sector, has resulted in a consistent influx of migrants and an increased demand for properties. The Group's management considered such development in Weihai will continue to benefit its hotel industry and the local property market. In light of the above, the Group's management resolved in the financial year of 2017/18 that approximately 130,000 square metres of the gross floor area of the Weihai Property shall be renovated and utilized as serviced apartments.

威海國盛潤禾置業有限公司 (Weihai Guosheng Runhe Property Development Co. Ltd.*) (“**Weihai Runhe**”), an indirect wholly-owned subsidiary of the Company, obtained the Commodity Housing Pre-sale Permit in the third quarter of 2018, after which pre-sale of the serviced apartments of Weihai Property started.

As at the date of this report, the accumulated total pre-sales by Weihai Runhe amounted to approximately RMB207 million, and the total saleable area pre-sold is approximately 17,000 square metres. The relevant pre-sale amounts are expected to be recognised as revenue in the financial year of 2023/24, as the construction and renovation works of the serviced apartment units are currently expected to be completed in the second half of 2023.

Financing of development of the Weihai Property

It is expected that the preliminary initial costs (excluding the land costs which was paid by the Group through acquisition of the offshore holding company of the PRC company for development of the Weihai Property) for development of the Weihai Property will exceed RMB1 billion. Part of the Group’s plan to finance the development of the Weihai Property is pre-sale of the serviced apartment units as disclosed above.

In November 2018, Weihai Runhe entered into an entrusted debt investment agreement (the “**Asia Alliance Asset Loan**”) with 亞聯盟資產管理有限公司 (AFCA AMC Co., Ltd.*), through Harbin Bank Tianjin Branch, pursuant to which Weihai Runhe obtained a loan facility of RMB660 million (equivalent to approximately HK\$780.6 million) for a term of 3 years, bearing interest at 6.6% per annum. The final drawdown amount was RMB500 million (equivalent to approximately HK\$611.3 million) with the remaining undrawn facility amount lapsed. The Group is currently under negotiation with Harbin Bank regarding the restructure of the repayment schedule as the construction progress was affected by the outbreak of COVID-19.

The Management considered that the Weihai Property would be sufficiently financed through (i) the cash flow generated from pre-sale of the serviced apartments; (ii) loan facilities such as the facilities mentioned above; (iii) financing of the development costs by contractor for obtaining interest return from the Group; and (iv) other capital arrangements as may be entered into by the Group from time to time.

* For identification purpose only

* The English name is for identification purpose only.

C. The Group’s Hotel Operations

The Weihai Property

Among the three buildings of the Weihai Property, the highest building of which would partially be built into a hotel. Affected by the outbreak of COVID-19, the construction progress was severely hindered. The estimated completion time will be postponed from 2021 to the second half of 2023. The main building of the Weihai Property is expected to stand approximately at 149.8 metres height, making it a landmark along the Golden Beach in Weihai. It is also expected to be the highest building in Weihai.

When the Group completed the acquisition of the Weihai Property in September 2017, it included a management agreement with a world-renowned hotel group as hotel manager. Under the management agreement, the hotel manager will provide consultancy, design and monitoring services in the course of the development of the hotel floors, and manage the operations of the hotel premises upon completion. The hotel is expected to be 5-star international standard and target high-end business and leisure travelers.

The hotel complex is under construction at the moment. Upon completion of the construction and renovation works (expected to be in the second half of 2023), the hotel is expected to provide about 200 luxury suites and rooms.

D. The Group’s Comprehensive Healthcare Planning and Management Services

The business segment, comprehensive healthcare planning and management services was established in 2020. The Group successfully engaged in attracting professional teams with extensive experience in these sectors and has comprehensive project resources with customer network. This business segment has already contributed revenue to the Group since 2020. This business is aiming to operate with the goal of building the brand of “Grandlife Healthcare Group”. Currently, this segment services mainly focus on provision of comprehensive healthcare planning and management services such as preliminary planning, research, establishment, staff training and post-establishment operation and management to healthcare business operators.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 March 2022.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to Note 2.1(a) in the consolidated financial statements, which states that the Group incurred a loss of HK\$726,978,000 for the year ended 31 March 2022, and as of that date, its current liabilities exceeded its current assets by HK\$6,700,000. As stated in Note 2.1(a), these events and conditions, along with other matters as set forth in Note 2.1(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

FINANCIAL REVIEW

Key Performance Indicators

	Year ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	17,499	13,866
Loss attributable to owners of the Company	(726,372)	(105,243)
Losses per share (<i>HK cents</i>)	(21.18)	(3.07)

	At 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross assets	2,972,705	3,632,759
Net assets attributable to owners of the Company	1,312,964	1,952,782
Cash and bank balances	8,021	14,002
Borrowings	644,375	642,360
Net borrowings/net assets attributable to owners of the Company	48.5%	32.2%

Revenue

Revenue amounted to approximately HK\$17.5 million for the Current Year, representing an increase of approximately HK\$3.6 million or approximately 25.9% as compared to that of approximately HK\$13.9 million for the Last Year. The revenue increase during the year due to the development of comprehensive healthcare business.

Other operating expenses

Other operating expenses amounted to approximately HK\$8.1 million for the Current Year, representing a decrease of approximately HK\$0.3 million or approximately 3.5% as compared to that of approximately HK\$8.4 million for the Last Year.

Finance costs

Finance costs amounted to approximately HK\$107.6 million for the Current Year, representing an increase of approximately HK\$107 million or approximately 17,833.3% as compared to that of approximately HK\$0.6 million for the Last Year. The significant increase in finance costs was mainly attributable to the expensing of interests in current year versus capitalization of interests in prior years.

Loss attributable to owners of the Company

For the Current Year, the Group recorded a net loss attributable to owners of the Company of approximately HK\$726.4 million (Last Year loss: approximately HK\$105.2 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

For the Current Year, the Group's sources of fund primarily included income generated from business operations and financing from external parties.

The Group expects that income generated from business operations and borrowings will continue to be the main sources of funds in the coming year. Therefore, the Group will continue to strengthen cash flow management, improve the efficiency of capital returns on projects and stringently control the cost and various expenses. Besides, the Group will continue to look for opportunities to cooperate with foreign and domestic investors, in order to provide other sources of funding for the expansion of projects and business development.

As at 31 March 2022, the Group had bank balances and cash of approximately HK\$8.0 million as compared to the bank balances and cash of approximately HK\$14.0 million as at 31 March 2021.

The Group had net current liabilities amounting to approximately HK\$6.7 million as at 31 March 2022, against net current assets of approximately HK\$91.1 million as at 31 March 2021. The Group's current ratio (i.e. current assets divided by current liabilities) was approximately 1x as at 31 March 2022 and approximately 1.1x as at 31 March 2021.

GEARING RATIO

As at 31 March 2022, the Group's net debt gearing ratio (i.e. net debt divided by equity attributable to owners of the Company) was approximately 48.5% (31 March 2021: 32.2%). Net debt comprises total borrowings less cash and cash equivalents and restricted bank balances.

BONDS ISSUED

There are no bonds issued during Current Year. As at 31 March 2022, the total outstanding amount of the bonds issued was HK\$nil (31 March 2021: HK\$51,000,000).

CAPITAL EXPENDITURE

Capital expenditure of the Group for the Current Year included expenditure on fixed assets and investment properties of approximately HK\$7.4 million (Last Year: approximately HK\$77.8 million) and approximately HK\$57.8 million (Last Year: approximately HK\$Nil) respectively.

CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 March 2022,

- (a) the Group did not have any material contingent liabilities or guarantees (31 March 2021: Nil); and
- (b) the Group has capital expenditure for hotel properties contracted for but not provided in the consolidated financial statements in the amount of approximately HK\$127.3 million (31 March 2021: HK\$124.9 million) in respect of the construction of the hotel properties.

Save as disclosed in this announcement, the Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 March 2022 to the date of this announcement.

CHARGES ON THE GROUP’S ASSETS

As at 31 March 2022 and 2021, the Group’s interests in the Weihai Property, and the equity interests in a PRC subsidiary which control the Weihai Property were pledged to an independent third party as security for borrowings with outstanding amount of RMB500 million (equivalent to: approximately HK\$617.6 million (31 March 2022); approximately HK\$591.4 million (31 March 2021)).

As at 31 March 2022, the Group’s equity interests in a Hong Kong subsidiary which control the Zhongshan Property were pledged to an independent third party as security for borrowings with outstanding amount of HK\$20.7 million (Nil as at 31 March 2021).

FOREIGN EXCHANGE EXPOSURE

The Company is listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and is mainly responsible for corporate financing and administration, and engaged in investment holding. The business of the Company’s subsidiaries primarily involves operations and investments in the PRC, with revenue and expenditure denominated in Renminbi. If necessary, the Group will consider using forward exchange contracts to hedge against foreign exchange exposures. The main foreign exchange exposure is from Renminbi; however as both revenue and expenditure of the Group’s business are dominated in Renminbi, the Directors believe that the Group does not have significant foreign exchange exposure.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

There was no material acquisition and disposal of subsidiaries and associated companies by the Group for the Current Year.

Save as disclosed above, as at 31 March 2022, the Group did not hold any significant investments (31 March 2021: Nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2022, the Group had a total of 31 employees (31 March 2021: 50 employees), including executive Directors. The remuneration and staff cost for the Current Year were approximately HK\$17.9 million (Last Year: approximately HK\$13.7 million). The Group's remuneration policy and packages for the executive Directors and senior management were determined by the remuneration, quality and nomination committee of the Company while those for other employees were reviewed and approved by the chief executive officer of the Company. The Group remunerates its employees based on industry practice and the performance of each individual. The Group also offers discretionary bonuses, medical insurance and defined contribution retirement plans, and provides a share option scheme for its employees and executive Directors.

FUTURE PROSPECTS

The current principal business of the Group includes property investment, property development, hotel operations and provision of comprehensive healthcare planning and management services in the PRC.

For the property investment, due to the adverse economy in the PRC, the board of directors are considering the sale of investment property in order to generate positive cashflow and significant increase in the Group's Revenue.

For the property development, pre-sale of the apartment units of the Golden Beach No. 1 Project phase I located in Weihai, Shandong province, the key project of the Group, has commenced in the third quarter of 2018. The project was expected to be completed and delivered in the fourth quarter of 2021. However, affected by the outbreak of COVID-19, the construction progress was delayed and the latest estimated completion time will second half of 2023. The Group will then be able to recognise sales revenue from the Golden Beach No. 1 Project phase I in the financial year of 2023/24.

For the hotel operations, the hotel of the Golden Beach No. 1 Project phase I located in Weihai, Shandong province is under construction. Also affected by the outbreak of COVID-19, the hotel is expected to be completed and start operating in 2024. The hotel of the Golden Beach No. 1 Project phase I will be a new landmark and being the highest building of Weihai city, Shandong province. The hotel will be managed by a world-renowned hotel management company, making it the first international five-star hotel of the city.

Suffering from the global weak economy, the financial consultancy service business remained dormant and management will monitor the market situation to adjust its business direction.

The business segment of comprehensive healthcare planning and management services business is progressing steadily since its establishment in 2020. Currently, the comprehensive healthcare planning and management services business includes provision of services to healthcare business operators, including preliminary planning, research, establishment, staff training and post-establishment operation and management. The Group has professional teams with extensive experience in these sectors and has comprehensive project resources and customer network. The Group is under the development to cooperate with property owners to modify property projects into high-end healthcare projects and combined with the capital operation of insurance companies and financial institutions to jointly operate healthcare projects.

In coming years, the Group is under research to launch a new investment of environmental high technology conversion of wastage coal to metals.

The COVID-19 pandemic that broke out in early 2020 has seriously affected the global economy. It has been more than a year since the outbreak began. In the coming years, global economic recovery is very much dependent upon the efficiency of rapid mass vaccination programs and sustainable recovery policies rolled out by the respective governments.

FINAL DIVIDEND

The Directors consider that the declaration, payment and amount of the dividend shall be subject to the status of the Group's future development. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2022 (Year ended 31 March 2021: Nil).

EVENTS AFTER THE END OF FINANCIAL YEAR

There were no significant events subsequent to the year and up to the date of this announcement which had materially affected the Group's operating and financial performance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities in the Current Year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interest of its shareholders as a whole. The Company has adopted and adhered to the principles in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Throughout the year ended 31 March 2022 and up to the date of this announcement, the Company has complied with all the code provisions of the CG Code.

The Board periodically reviews and continues to enhance the Company’s corporate governance policies to ensure compliance with the code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted its own code of conduct regarding securities transactions by Directors (the “**Securities Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules.

CHANGES OF DIRECTORS’ INFORMATION

The following are the changes in the information of Directors since the disclosure was made in the 2020/21 Annual Report of the Company, which are required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules:

Mr. WONG Siu Hung, Patrick has been appointed as an independent non-executive Director, a member of each of the audit committee of the Company (the “**Audit Committee**”), and a member of remuneration, quality and nomination committee of the Company (the “**RQN Committee**”) with effect from 3 March 2021 and resigned as an Independent non-executive Director with effect from 31 March 2022 and ceased to be a member of each of the Audit Committee, RQN Committee of the Company with effect from 31 March 2022.

Mr. SUN Yu has been appointed as a non-executive Director and chairman of the board of Directors with effect from 16 March 2021 and has resigned as a non-executive Director and chairman of the board of Directors with effect from 30 September 2021.

Mr. LONG Tao has resigned as an independent non-executive Director with effect from 30 April 2021 and has ceased to be the chairman of the Audit Committee and a member of RQN Committee with effect from 30 April 2021.

Mr. HE Dingding has been appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the RQN Committee with effect from 20 May 2021 and has resigned as an independent non-executive Director with effect from 30 September 2021 and ceased to be chairman of the Audit Committee and a member of the RQN Committee with effect from 30 September 2021.

Mr. Tsang Hin Fun Anthony has been appointed as an independent non-executive Director of the Company with effect from 9 November 2021 and resigned as an independent non-executive Director of the Company with effect from 31 March 2022.

Mr. TAM B Ray Billy has been appointed as an independent non-executive Director of the Company with effect from 9 November 2021 and resigned as an independent non-executive Director of the Company with effect from 31 March 2022.

Mr. Chan Kwok Wai Tony has been appointed as an independent non-executive Director, Chairman of the Audit Committee of the Company with effect from 31 March 2022 and resigned as an independent non-executive Director and Chairman of the Audit Committee of the Company with effect from 26 July 2022.

Ms. Hung Man has been resigned as the Executive Director, Chief Executive Officer and a member of RQN Committee with effect from 14 June 2022.

Mr. Lui Ha Nam Dennis has been appointed as the Executive Director, Chief Executive Officer and a member of RQN Committee with effect from 14 June 2022.

Except as set out in this announcement, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

INTERNAL CONTROL REVIEW

The Company engaged a professional internal control consultant firm, Roma Risk Advisory Limited, to conduct an independent review on internal control environment of the Group for the year ended 31 March 2022. The independent review concluded that the internal control system of each of the Company and the Group was adequate. The independent review also made certain recommendations in support for the Company's consideration to improve its internal control and efficiency.

The Board reviewed the results of the independent review and, after discussion with the management, was satisfied that the Group's system of internal controls was adequate and effective. The Board will continue to review and improve the Group's internal control system, taking into account the recommendations of the independent review and the prevailing regulatory requirements.

REVIEW OF ANNUAL RESULTS AND PRELIMINARY RESULTS ANNOUNCEMENT

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 March 2022 have been agreed by the Group's external auditor, BDO Limited ("BDO"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2022. The work performed by BDO 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 BDO on the preliminary announcement.

AUDIT COMMITTEE

The primary responsibilities of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company and to assist the Board to fulfill its responsibilities over the audit.

The Audit Committee consists of three independent non-executive Directors: Mr. Chan Kwok Wai, Tony (resigned on 26 July 2022), Mr. Ren Guo Hua and Mr. CHEN Fang. Mr. Chan Kwok Wai, Tony serves as the chairman of the Audit Committee.

Upon the resignations of Mr. Chan Kwok Wai, Tony, there will be no independent non-executive director of the Company who has the Qualification as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Company is endeavoring to identify a suitable candidate to act as an additional independent non-executive director of the Company to meet the requirement set out in Rules 3.10 and 3.21 of the Listing Rules as soon as practicable, and in any event within three months as required under Rules 3.11 and 3.23 of the Listing Rules, and will make further announcements as and when appropriate.

The Audit Committee has reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and risk and management systems and financial reporting matters of the Group.

ANNUAL GENERAL MEETING

The date of annual general meeting of the Company will be announced later and the relevant notice will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

ANNUAL REPORT

The annual report of the Company for the financial year ended 31 March 2022 containing all the applicable information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (<http://www.crownicorp.com/en/index.php>). The printed copies of the annual report will be despatched to Shareholders in due course.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the year ended 31 March 2022.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our utmost gratitude to our valued clients, shareholders and business associates for their continued support for and confidence in the Group. I also wish to express our sincere appreciation to our management and employees for their positive efforts throughout the years.

By order of the Board
Crown International Corporation Limited
LUI HA NAM DENNIS
Executive Director

Hong Kong, 15 August 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. LUI Ha Nam Dennis, Mr. LI Yong Jun and Mr. MENG Jin Long; and two independent non-executive Directors, namely Mr. REN Guo Hua and Mr. CHEN Fang.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.