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

(Incorporated in Hong Kong with limited liability)

(Stock code: 727)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

The board (the "**Board**") of directors (the "**Directors**") of Crown International Corporation Limited (the "**Company**") announces the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2016 (the "**Period**") together with the relevant comparative figures.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		Unaudited	
		Six months ended 30 September	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**1,708**	1,800
Other gains, net	*6*	**167**	3,478
Fair value gains on investment properties		**33,880**	–
Staff costs		**(6,075)**	(3,785)
Depreciation		**(757)**	(670)
Other operating expenses, net		**(13,543)**	(9,476)
Operating profit/(loss)	*5*	**15,380**	(8,653)
Finance income		**782**	726
Finance costs		**(3,976)**	(6,250)
Other non-operating income	*7*	**–**	18,806
Profit before taxation		**12,186**	4,629
Taxation charge	*8*	**(8,470)**	–
Profit for the period		**3,716**	4,629

		Unaudited	
		Six months ended 30 September	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**(41,992)**	(64,255)
Other comprehensive loss for the period, net of tax		**(41,992)**	(64,255)
Total comprehensive loss for the period		**(38,276)**	(59,626)
Profit for the period attributable to:			
– Owners of the Company		**3,703**	4,629
– Non-controlling interest		**13**	–
		3,716	4,629
Total comprehensive loss for the period attributable to:			
– Owners of the Company		**(38,276)**	(59,626)
– Non-controlling interest		**–**	–
		(38,276)	(59,626)
Earning per share attributable to owners of the Company for the period (expressed in HK cent per share)			
– basic	*9*	**0.13 cent**	0.18 cent
– diluted	*9*	**0.13 cent**	0.18 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Notes	(Unaudited) 30 September 2016 HK$'000	(Audited) 31 March 2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*10*	**5,321**	8,026
Investment properties	*11*	**1,802,866**	1,828,920
Available-for-sale financial assets		**1,128**	1,128
		1,809,315	1,838,074
Current assets			
Other receivables, prepayments and deposits	*12*	**3,659**	49,815
Bank balances and cash		**108,758**	74,563
		112,417	124,378
		1,921,732	1,962,452
LIABILITIES			
Current liabilities			
Other payables and accruals	*13*	**30,757**	27,612
		30,757	27,612
Net current assets		**81,660**	96,766
Total assets less current liabilities		**1,890,975**	1,934,840
Non-current liabilities			
Other payables	*13*	**356,441**	358,040
Deferred income tax liabilities	*14*	**359,299**	363,289
		715,740	721,329
Net assets		**1,175,235**	1,213,511
EQUITY			
Capital and reserves			
Share capital	*15*	**1,309,124**	1,309,124
Other reserves		**(133,902)**	(95,613)
Equity attributable to owners of the Company		**1,175,222**	1,213,511
Non-controlling interest		**13**	–
Total equity		**1,175,235**	1,213,511

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. General information

The principal activities of the Group are (i) property investment; and (ii) hotel investment and operations.

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.

The Company has its shares listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Directors consider the ultimate holding company to be Redstone Capital Corporation, a company incorporated in Samoa.

2. Basis of preparation and accounting policies

The condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "**Interim Financial Reporting**" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). These condensed consolidated financial statements are unaudited but have been reviewed by the Company's audit committee (the "**Audit Committee**").

The basis of preparation and accounting policies adopted in preparing these condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2016 (the "**Year 2016**").

The financial information relating to the Year 2016 included in this interim financial statement as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) (the "**Companies Ordinance**") is as follows:

The Company has delivered the consolidated financial statements for the Year 2016 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor had reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

In the current Period, the Group has applied, for the first time, the new and revised standards, amendments and interpretations (the "**new and revised HKFRSs**") issued by HKICPA which are effective for the Group's financial year beginning on 1 April 2016. The adoption of the new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current accounting periods.

The Group has not early applied the new and revised HKFRSs relevant to the Group's financial statements, that have been issued but not yet effective in the period covered by these interim financial statements.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have any significant impact on its results of operations and financial position.

3. Estimates

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the Year 2016.

4. 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 components and for their review of the performance of those components. The business components in the internal financial information reported to the executive Directors are principally property investment and hotel investment and operations.

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. Summarized details of the business segments are as follows:

(a) the property investment segment is investment in properties;

(b) the hotel investment and operations segment is engaged in hotel investment and rental and food and beverage business; and

(c) the unallocated segment comprises operations other than those specified in (a) and (b) above and includes that of the corporate office.

The segment results, depreciation and capital expenditures based on reportable segment for the six months ended 30 September 2016 and 2015 are as follows:

	Property investment *HK$'000*	Hotel operations *HK$'000*	Total for reportable segments *HK$'000*	Unallocated *HK$'000*	The Group *HK$'000*
Six months ended 30 September 2016					
Segment revenue:					
Sales to external customers	**1,708**	**–**	**1,708**	**–**	**1,708**
Segment results	**34,664**	**(389)**	**34,275**	**(18,895)**	**15,380**
Finance income	**1**	**–**	**1**	**781**	**782**
Finance costs	**(1,822)**	**–**	**(1,822)**	**(2,154)**	**(3,976)**
Profit before taxation	**32,843**	**(389)**	**32,454**	**(20,268)**	**12,186**
Taxation charge	**(8,470)**	**–**	**(8,470)**	**–**	**(8,470)**
Profit for the Period	**24,373**	**(389)**	**23,984**	**(20,268)**	**3,716**
Other segment information					
Depreciation	**(107)**	**–**	**(107)**	**(650)**	**(757)**
Additions to					
– Property, plant and equipment	**–**	**–**	**–**	**5**	**5**

	Property investment *HK$'000*	Hotel operations *HK$'000*	Total for reportable segments *HK$'000*	Unallocated *HK$'000*	The Group *HK$'000*
Six months ended 30 September 2015					
Segment revenue:					
Sales to external customers	1,800	–	1,800	–	1,800
Segment results	1,356	(774)	582	9,571	10,153
Finance income	–	–	–	726	726
Finance costs	–	–	–	(6,250)	(6,250)
Profit before taxation	1,356	(774)	582	4,047	4,629
Taxation charge	–	–	–	–	–
Profit for the period	1,356	(774)	582	4,047	4,629
Other segment information					
Depreciation	(102)	(6)	(108)	(562)	(670)
Additions to					
– Property, plant and equipment	–	–	–	1,241	1,241

5. Operating profit/(loss)

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
Operating profit/(loss) is arrived at after charging/(crediting):		
Auditors' remuneration	**672**	640
Depreciation	**757**	670
Loss on disposal of property, plant and equipment	**–**	300
Legal, professional and consultancy fees	**1,192**	726
Net exchange loss	**6,029**	3
Office rental	**3,321**	4,933

6. Other gains, net

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**167**	–
Write back of other payables	**–**	671
Write back of tax payable	**–**	2,807
	167	3,478

7. Other non-operating income

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
Recovery of amount due from a disposed subsidiary	**–**	18,806
	–	18,806

8. Taxation charge

No provision for Hong Kong profits tax (six months ended 30 September 2015: Nil) has been made for the Period as the Group had no assessable profit for the Period. Taxation on the People's Republic of China (the "**PRC**") profits has been calculated on the estimated assessable profit for the period at the rates of taxation in the PRC.

The amount of taxation charged to the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
Current tax – PRC	**–**	–
Deferred taxation	**8,470**	–
	8,470	–

9. Basic and diluted profit per ordinary share for profit attributable to owners of the company

(a) Basic profit per ordinary share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Period.

	Six months ended 30 September	
	2016	2015
Profit for the period attributable to owners of the Company, HK$'000	**3,703**	4,629
Weighted average number of ordinary shares in issue	**2,860,000,000**	2,600,000,000
Basic profit per ordinary share, HK cent	**0.13**	0.18

(b) The calculation of diluted profit per ordinary share is based on the profit for the period attributable to owners of the Company and the weighted average number of ordinary shares used, which is the same for calculating basic profit per share above, as the Company did not have any dilutive potential ordinary shares arising from share options for the six months ended 30 September 2016 and 2015.

10. Property, plant and equipment

	Property, plant and equipment *HK$'000*
Opening net book value as at 1 April 2016	**8,026**
Additions	**5**
Disposals	**(1,833)**
Depreciation	**(757)**
Exchange difference	**(120)**
Closing net book value as at 30 September 2016	**5,321**
Opening net book value as at 1 April 2015	6,781
Additions	1,241
Disposals	(560)
Depreciation	(670)
Exchange difference	(133)
Closing net book value as at 30 September 2015	6,659

11. Investment properties

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
At 1 April	**1,828,920**	1,672,411
Additions	**2,320**	–
Net gains from fair value adjustment	**33,880**	–
Exchange difference	**(62,254)**	(56,281)
At 30 September	**1,802,866**	1,616,130

The fair value measurement information for the investment properties in accordance with HKFRS 13 as at 30 September 2016 is set out below.

	Fair value measurements		
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable Inputs (Level 3)**
	HK$'000	*HK$'000*	*HK$'000*
At 30 September 2016	**–**	**1,802,866**	**–**
At 31 March 2016	–	1,828,920	–

There were no transfers among Levels 1, 2 and 3 during the Period.

Level 2 fair values of completed investment properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is the price per square foot.

There were no changes in valuation techniques during the Period.

12. Other receivables, prepayments and deposits

	(Unaudited) 30 September 2016 *HK$'000*	(Audited) 31 March 2016 *HK$'000*
Loan receivable	**–**	46,440
Other receivables	**869**	379
Prepayments and deposits	**2,790**	2,996
	3,659	49,815

13. Other payables and accruals

	(Unaudited) 30 September 2016 *HK$'000*	(Audited) 31 March 2016 *HK$'000*
Non-current		
Consideration payable – non-current portion	**196,735**	194,587
Other payables	**159,706**	163,453
	356,441	358,040
Current		
Property acquisition cost payable	**1,017**	1,051
Commission payable in respect of disposals of hotel properties	**5,492**	5,492
Consideration payable – current portion	**12,200**	12,200
Other payables	**12,048**	8,869
	30,757	27,612
	387,198	385,652

14. Deferred income tax liabilities

	(Unaudited)	(Audited)
	30 September	31 March
	2016	2016
	HK$'000	*HK$'000*
Deferred income tax liabilities	**359,299**	363,289

15. Share capital

	Number of shares	**Share capital**
		HK$'000
Ordinary shares, issued and fully paid:		
At 30 September 2016	**2,860,000,000**	**1,309,124**
At 1 April 2016	2,860,000,000	1,309,124

16. Operating lease commitment

(I) Operating lease commitments – where the Group is the Lessor

At 30 September 2016 and 31 March 2016, the Group had contracted with tenants for the following minimum lease receivables:

	(Unaudited) 30 September 2016 *HK$'000*	(Audited) 31 March 2016 *HK$'000*
Not later than 1 year	**3,515**	3,576
Later than 1 year and not later than 5 years	**13,575**	14,703
Over five years	**1,694**	2,915
	18,784	21,194

Operating lease receivables represent future aggregate minimum lease receipts by the Group from non-cancellable operating leases of its investment property. Typically, leases are negotiated and rentals are fixed for lease terms of eight to ten years.

(II) Operating lease commitments – where the Group is the Lessee

At 30 September 2016 and 31 March 2016, the Group had commitments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	(Unaudited) 30 September 2016 *HK$'000*	(Audited) 31 March 2016 *HK$'000*
Not later than 1 year	**6,367**	6,367
Later than 1 year and not later than 5 years	**2,859**	6,043
	9,226	12,410

17. Commitments

The Group had the following commitments as at the end of the reporting Period:

Capital commitments

	(Unaudited)	(Audited)
	30 September	31 March
	2016	2016
	HK$'000	*HK$'000*
Contracted, but not provided for:	**16,240**	–

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 September 2016 (31 March 2016: Nil).

18. Approval of the financial statements

The unaudited condensed consolidated financial information was approved for issue by the Board on 30 November 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the businesses of property investment and hotel investment and operations.

Apart from reviewing its existing business from time to time, it has also been the business strategy of the Group to proactively seek potential investment opportunities that could improve the business operation and financial position of the Group. The Directors consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing investment portfolio and to broaden its source of income.

The Group also explored and sought potential new business opportunities. During the Period, the Group entered into a sale and purchase agreement in relation to the acquisition of Shining International Holdings Limited ("**Shining International**") by the Group. If the said acquisition materializes, the Group is expected to commence a new business segment of financial services in Hong Kong, which may include Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "**SFO**").

In addition, the Group is also exploring potential new business opportunities in the PRC, which may include asset management, investment management and investment and financial advisory services.

Potential acquisitions

On 10 March 2016, Dream Land Group Limited ("**Dream Land**", as the potential purchaser) which is an indirect wholly-owned subsidiary of the Company, Weihai Guosheng Property Development Co. Ltd*（威海國盛房地產開發有限責任公司）(as the potential vendor) and Mr. Deng Jianguo (as the potential vendor warrantor) entered into a term sheet in relation to a potential acquisition (the "**Potential Acquisition**") of the entire equity interest in Weihai Guosheng Runhe Property Co. Ltd.*（威海國盛潤禾置業有限公司）(as the target company). On 13 September 2016, Crown International Investment Corp. (as the purchaser) which is a direct wholly-owned subsidiary of the Company, Good Wealth Holdings Limited (as the vendor), and Ms. Chai Shanshan (as the vendor warrantor) entered into a sale and purchase agreement in relation to the Potential Acquisition. For further information regarding the Potential Acquisition, please refer to the Company's announcements dated 10 March 2016 and 13 September 2016, respectively.

On 27 September 2016, Crown Finance Holdings Limited, a direct wholly-owned subsidiary of the Company as the potential purchaser and a potential vendor who is an individual and an independent third party, entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of Shining International. Shining International is licensed under the SFO to carry out Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. For further information regarding the potential acquisition of Shining International by the Group, please refer to the Company's announcement dated 27 September 2016.

Cessation of potential acquisitions

On 2 November 2015, the Company, Wuhan DeBang Investment Company Limited*（武漢德邦投資有限公司）(as the potential vendor), Mr. Hu Desheng and Mr. Hu Shuisheng (collectively as the warrantors of the potential vendor), entered into a memorandum of understanding in relation to a potential acquisition (the "**Potential Mongolia Acquisition**") of the entire equity interest in Inner Mongolia ZhongYe DeBang Property Company Limited*（內蒙古中冶德邦置業有限公司）(as the target company). As disclosed in the Company's announcement dated 27 April 2016, the negotiation between the parties with respect to the Potential Mongolia Acquisition had ceased due to the respective commercial considerations of the parties, and hence the Potential Mongolia Acquisition did not proceed. For further information regarding the memorandum of understanding and the cessation of the negotiation in respect of the Potential Mongolia Acquisition, please refer to the Company's announcements dated 2 November 2015 and 27 April 2016, respectively.

On 27 April 2016, Dream Land and Henan Eagle Town Group Company Limited*（河南鷹城集團有限公司）(as the potential vendor) entered into a term sheet in relation to a potential acquisition (the "**Potential Eagle Town Acquisition**") of certain leasable units at Eagle Trade Centre commercial project phase I*（鷹城商貿中心一期商業項目）, developed by the potential vendor, which is located at the east bound of mid Kai Yuan Luo*（開源路中段東側）, Pingdingshan City, Henan Province, the PRC. As disclosed in the Company's announcement dated 13 September 2016, the Group was not satisfied with the results of the due diligence review conducted subsequent to the date of the term sheet in relation to the Potential Eagle Town Acquisition and decided not to proceed with the Potential Eagle Town Acquisition. For further information on the term sheet in relation to and the cessation of the Potential Eagle Town Acquisition, please refer to the Company's announcements dated 27 April 2016 and 13 September 2016, respectively.

Significant investments

Save as disclosed above, there were no significant investments held as at 30 September 2016.

FINANCE REVIEW

Revenue

The Group recorded revenue for the Period in the amount of approximately HK$1.71 million (six months ended 30 September 2015: approximately HK$1.80 million). Such revenue comprised strictly of rental income, which is contributed by the Group's leasing operations located in Yingkou, Liaoning Province, the PRC.

Fair value gains on investment properties

The total fair value gain of our investment properties portfolio amounted to approximately HK$33.88 million (six months ended 30 September 2015: Nil) solely due to a higher valuation of the investment property located in Zhongshan city, Guangdong Province, the PRC. The revaluation of our investment properties was undertaken by Roma Appraisals Limited, an independent property valuer.

Other operating expenses, net

Other operating expenses for the Period amounted to approximately HK$13.54 million, representing an increase of approximately HK$4.06 million or 42.83% as compared to that of approximately HK$9.48 million for the six months ended 30 September 2015. The increase in other operating expenses was mainly attributable to the exchange loss amounting to approximately HK$6.03 million.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the Period was approximately HK$3.70 million, representing a decrease of approximately 20.09% from approximately HK$4.63 million for the corresponding period of last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group continued to maintain a strong financial position with a high degree of flexibility to meet its capital commitments. It also established multiple channels to raise debt finance in order to seize investment opportunities and/or cushion itself against unforeseeable circumstances.

The Group generally finances its operations with internally generated cash flows and bank balances.

As at 30 September 2016, the Group had bank balances and cash of approximately HK$108.76 million as compared to those of approximately HK$74.56 million as at 31 March 2016.

The Group had net current assets amounting to approximately HK$81.66 million as at 30 September 2016, against approximately HK$96.77 million as at 31 March 2016. The Group's current ratio (i.e. current assets divided by current liabilities) was approximately 3.66 as at 30 September 2016 as compared with approximately 4.50 as at 31 March 2016.

GEARING RATIO

As at 30 September 2016, the Group's net debt gearing ratio (i.e. net debt divided by the sum of equity and net debt) was at a healthy level of approximately 35.18% (31 March 2016: approximately 35.72%). Net debt comprises total liabilities less cash and cash equivalents. Total equity comprises owners' equity as stated in the condensed consolidated statement of financial position.

FOREIGN EXCHANGE EXPOSURE

A majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. Currently, the Group has not used any derivative financial instruments to hedge against its foreign currency risk.

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition and disposal of subsidiaries and associated companies by the Group during the Period.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 September 2016, the Group had a total of 35 employees (31 March 2016: 35 employees), including executive Directors. The Group's remuneration policy and packages for the executive Directors and senior management are determined by the remuneration, quality and nomination committee of the Company (the "**RQNC**") while those for other employees are reviewed and approved by the chief executive officer (the "**CEO**"). 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.

CONTINGENT LIABILITIES

As at 30 September 2016, the Group did not have any significant contingent liabilities (31 March 2016: Nil).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 September 2015: Nil).

PROSPECTS

Looking forward, the Group will continue to monitor property market developments and look for potential investment projects. It will actively search for property projects such as residential projects, commercial projects and hotel projects, in lower-tier cities in the PRC as well as the Association of Southeast Asian Nations in order to extract their intrinsic value.

As to new business expansion, several new business models, such as asset management, internet-plus property operation as well as restructuring and reselling property projects, were being scrutinised.

The Group has laid a solid foundation for its long-term development by adhering to prudent and sound governance principles, emphasising risk management and ensuring asset quality and stable financial resources. Riding on its effective risk control, the Group is also carefully planning for its future, actively expanding its operation and striving for new business opportunities. Measures will be taken by the Group at a suitable time to adjust its development strategies, realise sustainable growth and achieve continual increase in the value of the Company's shareholders (the "**Shareholders**").

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

During the Period, the Company did not redeem any of its shares listed on the Stock Exchange, nor did the Company or any of its subsidiaries purchase or sell any of its shares.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance and the Board considers that effective corporate governance is an essential factor to corporate success and to enhance the Shareholders' value.

The Group has applied the principles and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the Period, with the deviation as stated below:

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman (the "**Chairman**") and CEO should be separate and should not be performed by the same individual.

The roles of both the Chairman and the CEO were performed by Mr. MENG Jin Long. The Board considered that vesting the roles of both the Chairman and the CEO in the same individual provided the Company with strong and consistent leadership, and allowed for effective and efficient planning and implementation of business decisions and strategies.

However, Mr. YEUNG Man, Simon, an executive Director and chief financial officer of the Company, has been redesignated as the CEO and continues to be an executive Director with effect from 7 October 2016. Since then, the roles of the Chairman and the CEO have been separated.

The Board will continuously review the business operation and board procedures, and will make further arrangements if appropriate.

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. Having been specifically enquired by the Company, the Directors have confirmed that they had complied with the Securities Code in their securities transactions during the Period.

Changes of Directors' Information

The following are the changes in the information of Directors since the disclosure was made in the 2015/2016 Annual Report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. MENG Jin Long, an executive Director and the Chairman, ceased to serve as the CEO with effect from 7 October 2016.

Mr. ZHU Jin Long was appointed as an executive Director, the vice chairman of the Board and a member of the executive committee of the Company with effect from 7 October 2016. A service agreement has been entered into between the Company and Mr. Zhu for a term of three years commencing on 7 October 2016 and he will be subject to retirement by rotation and re-election in accordance with the articles of association of the Company and the CG Code. Under the service agreement, Mr. Zhu shall be entitled to a director's fee of HK$1.5 million per annum, which is subject to an annual review by the RQNC, with reference to prevailing market conditions and his duties and responsibilities with the Company.

Mr. YEUNG Man, Simon, an executive Director and the chief financial officer of the Company, was re-designated as the CEO with effect from 7 October 2016. His emolument has been increased from HK$1.34 million per annum to HK$1.44 million per annum with effect from 7 October 2016. Such emolument has been determined by the RQNC, with reference to prevailing market conditions and his duties and responsibilities with the Company.

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.

Audit Committee

The Audit Committee comprises all the independent non-executive Directors who possess appropriate business, legal, engineering and financial experience and skills to undertake the review of the financial statements in accordance with good practice of financial reporting. The Audit Committee is chaired by Mr. LONG Tao and the members are Mr. REN Guo Hua and Mr. CHEN Fang. The unaudited interim results for the Period and this announcement have been reviewed by the Audit Committee. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

By order of the Board
Crown International Corporation Limited
MENG Jin Long
Chairman

Hong Kong, 30 November 2016

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. MENG Jin Long (Chairman), Mr. LIU Hong Shen (Vice Chairman), Mr. ZHU Jin Long (Vice Chairman) and Mr. YEUNG Man, Simon (Chief Executive Officer); and three independent non-executive Directors, namely Mr. LONG Tao, Mr. REN Guo Hua and Mr. CHEN Fang.

* *For identification purpose only*