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 2018

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 2018 (the "**Period**") together with the relevant comparative figures.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		Unaudited Six months ended 30 September	
	Notes	**2018** **HK$'000**	2017 *HK$'000*
Revenue	*4*	**2,388**	2,192
Other gains	*6*	**–**	9,005
Fair value gains on investment properties		**31,720**	–
Gain on bargain purchase		**–**	116,001
Staff costs		**(6,022)**	(5,397)
Depreciation		**(520)**	(606)
Other operating expenses, net		**(20,834)**	(7,982)
Operating profit	*5*	**6,732**	113,213
Finance income		**2,610**	350
Finance costs		**(128)**	(1,683)
Profit before income tax		**9,214**	111,880
Income tax expense	*7*	**(6,698)**	–
Profit for the period		**2,516**	111,880

		Unaudited Six months ended 30 September	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Other comprehensive (loss)/income:			
Item that may be subsequently reclassified to profit or loss			
Currency translation differences		**(76,465)**	45,927
Other comprehensive (loss)/income for the period, net of tax		**(76,465)**	45,927
Total comprehensive (loss)/income for the period		**(73,949)**	157,807
Profit for the period attributable to:			
– Owners of the Company		**2,516**	111,880
– Non-controlling interest		**–**	–
		2,516	111,880
Total comprehensive (loss)/income for the period attributable to:			
– Owners of the Company		**(73,949)**	157,807
– Non-controlling interest		**–**	–
		(73,949)	157,807
Earnings per share attributable to owners of the Company for the period (expressed in HK cent per share)			
– basic	*8*	**0.07**	3.88
– diluted	*8*	**0.07**	3.88

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Notes	(Unaudited) 30 September 2018 HK$'000	(Audited) 31 March 2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*9*	**158,159**	144,386
Investment properties	*10*	**2,038,621**	2,091,000
Other receivables, prepayments and deposits	*12*	**1,209**	1,209
Deferred income tax asset	*15*	**835**	870
		2,198,824	2,237,465
Current assets			
Other receivables, prepayments and deposits	*12*	**4,502**	2,122
Properties under development for sale	*11*	**711,893**	568,801
Financial assets at fair value through profit or loss		**–**	12,500
Cash and cash equivalents		**4,377**	43,585
		720,772	627,008
LIABILITIES			
Current liabilities			
Other payables and accruals	*13*	**231,386**	101,885
Bank borrowing	*14*	**153,600**	–
Contract liabilities		**15,571**	–
Income tax payable		**2,778**	3,163
		403,335	105,048
Net current assets		**317,437**	521,960
Total assets less current liabilities		**2,516,261**	2,759,425

	Notes	(Unaudited) 30 September 2018 HK$'000	(Audited) 31 March 2018 HK$'000
Non-current liabilities			
Other payables	*13*	**6,471**	6,623
Bank borrowing	*14*	**–**	160,000
Deferred income tax liabilities	*15*	**421,310**	430,373
		427,781	596,996
Net assets		**2,088,480**	2,162,429
EQUITY			
Capital and reserves			
Share capital	*16*	**1,979,067**	1,979,067
Other reserves		**109,253**	183,202
		2,088,320	2,162,269
Non-controlling interest		**160**	160
Total equity		**2,088,480**	2,162,429

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. General information

The principal activities of the Group are (i) property investment, (ii) hotel operations, (iii) provision of financial advisory service and (iv) property development.

The Company is a limited liability company incorporated in Hong Kong Special Administrative Region ("**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 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 unaudited condensed consolidated interim financial information 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 interim financial information are unaudited but have been reviewed by the Company's audit committee (the "**Audit Committee**").

The financial information relating to the Year ended 31 March 2018 (the "**Year 2018**") 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 2018 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.

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 2018, except for the adoption of new standards as described below.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. Those that are relevant to the Group's condensed consolidated interim financial information are as follows:

- HKFRS 9 Financial Instruments, and

- HKFRS 15 Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policy are disclosed below. The other standards did not have material impact on the Group's accounting policies and did not require any adjustments.

The below explains the impact of adoption of HKFRS 9 Financial Instruments ("**HKFRS 9**") and HKFRS 15 Revenue from Contracts with Customers ("**HKFRS 15**") on the Group's interim condensed consolidated financial information:

HKFRS 9 Financial Instruments

Classification

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

– those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the interim condensed consolidated statement of comprehensive income.

(ii) Fair value through other comprehensive income ("**FVOCI**")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented as separate line item in the interim condensed consolidated statement of comprehensive income.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Impairment

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impact of adoption

The financial assets held by the Group mainly represents debt instruments previously classified as loans and receivables and measured at amortised cost, meet the conditions for classification at amortised cost under HKFRS 9. Accordingly, there is no impact on the Group's accounting for financial assets.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The Group has assessed the expected credit loss model applied to the receivables as at 1 April 2018 and the change in impairment methodologies has no significant impact of the Group's interim condensed consolidated financial information and the opening loss allowance is not restated in this respect.

HKFRS 15 Revenue from Contracts with Customers

The Group has adopted HKFRS 15 from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the interim condensed consolidated financial information. The Group has adopted the modified retrospective approach with the cumulative effect on initial adoption recognised at the date of initial application, which is 1 April 2018, and comparative information has not been restated. The accounting policies are as follows:

(i) Rental income

Operating lease rental income is recognised on a straight line basis. The rental income from lease agreements is specifically excluded from the scope of new standard.

(ii) Provision of financial advisory services

The Group provides financial advisory service to customers. Financial advisory service income is recognised in the accounting period in which the service is rendered.

(iii) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assume performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations give rise to a net asset or net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if consideration received (or an amount of consideration is due) from the customer exceed the measure of the remaining unsatisfied performance obligations. In the interim condensed consolidated balance sheet, the contract assets mainly consist of unbilled revenue arising from the construction contracts and contract liabilities mainly consist of the Group's obligations to transfer the control of performance obligation to the customers for which the Group has received consideration from the customers.

The Group has assessed the impact on the adoption of HKFRS 15 as at 1 April 2018 and has no significant impact of the Group's interim condensed consolidated financial information and the retained earnings is not restated in this respect.

(b) Impact of standards issued but not yet applied by the Group

HKFRS 16 Leases

HKFRS 16 will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards and interpretations that are not yet effective that would be expected to have a material impact on the entity's interim condensed consolidated financial information.

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 2018.

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 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, hotel operations, provision of financial advisory service and property development.

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:

(i) the property investment segment engages in investment of properties in cities of Yingkou, Jinggangshan and Zhongshan of the People's Republic of China (the "**PRC**"), the Group aims to use these properties for rental or capital appreciation purposes;

(ii) the hotel operations segment engages in hotel rental and food and beverage business in Weihai City ("**Weihai**");

(iii) the financial advisory service segment engages in the provision of financial advisory service to assist customers to obtain financing;

(iv) the property development segment engages in property development and sales of properties; and

(v) the unallocated segment comprises operations other than those specified in (i), (ii), (iii) and (iv) above and includes that of the corporate office.

The segment results, depreciation, fair value gains on investment properties and capital expenditures based on reportable segments for the six months ended 30 September 2018 and 2017 are as follows:

	Property investment *HK$'000*	Hotel operations *HK$'000*	Financial advisory service *HK$'000*	Property development *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Six months ended 30 September 2018 (Unaudited)						
Segment revenue:						
Revenue from external customers	**2,388**	**–**	**–**	**–**	**–**	**2,388**
Segment results	**32,959**	**(1,146)**	**(1,201)**	**(5,221)**	**(18,659)**	**6,732**
Finance income						**2,610**
Finance costs						**(128)**
Profit before income tax						**9,214**
Income tax expense						**(6,698)**
Profit for the Period						**2,516**
Other segment information						
Depreciation	**(152)**	**(11)**	**(5)**	**(49)**	**(303)**	**(520)**
Fair value gains on investment properties	**31,720**	**–**	**–**	**–**	**–**	**31,720**
Additions to						
Property, plant and equipment						
– Addition	**–**	**19,342**	**–**	**–**	**–**	**19,342**

	Property investment HK$'000	Hotel operations HK$'000	Financial advisory service HK$'000	Property development HK$'000	Unallocated HK$'000	Total HK$'000
Six months ended 30 September 2017 (Unaudited)						
Segment revenue:						
Revenue from external customers	2,192	–	–	–	–	2,192
Segment results	1,077	34,475	(1,470)	81,201	(2,070)	113,213
Finance income						350
Finance costs						(1,683)
Profit before income tax						111,880
Income tax expense						–
Profit for the period						111,880
Other segment information						
Depreciation	(101)	–	–	–	(505)	(606)
Additions to Property, plant and equipment						
Acquisition of subsidiary	–	163,128	–	–	–	163,128

3 customers (Six month ended 30 September 2017: 3) contributed more than 10% of the Group.

	(Unaudited) Six months ended 30 September	
	2018	2017
	Property investment segment	Property investment segment
	HK$'000	*HK$'000*
Customer A	**869**	1,006
Customer B	**592**	685
Customer C	**927**	501
Total	**2,388**	2,192

The segment assets and liabilities based on reportable segments as at 30 September 2018 and 2017 are as follows:

	Property investment	Hotel operations	Financial advisory service	Property development	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 September 2018 (Unaudited)						
Segment assets	**2,045,795**	**155,947**	**562**	**710,427**	**2,488**	**2,915,219**
Cash and cash equivalents	**240**	**–**	**137**	**1,798**	**2,202**	**4,377**
Total assets	**2,046,035**	**155,947**	**699**	**712,225**	**4,690**	**2,919,596**
Segment liabilities	**(459,592)**	**(61,674)**	**(24,189)**	**(280,961)**	**(4,700)**	**(831,116)**
Total liabilities	**(459,592)**	**(61,674)**	**(24,189)**	**(280,961)**	**(4,700)**	**(831,116)**
At 31 March 2018 (Audited)						
Segment assets	2,096,078	139,443	339	584,756	3,272	2,823,888
Cash and cash equivalents	10,475	–	12,797	14,975	5,338	43,585
Total assets	2,106,553	139,443	13,136	599,731	8,610	2,867,473
Segment liabilities	(476,295)	(39,707)	(203)	(180,888)	(4,951)	(702,044)
Total liabilities	(476,295)	(39,707)	(203)	(180,888)	(4,951)	(702,044)

The Group's businesses operate in Hong Kong and the PRC. The Group's revenue for the period ended 30 September 2018 and 2017 and non-current assets other than financial instruments and deferred tax asset for the period ended 30 September 2018 and 31 March 2018 based on geographical area are as follows:

	(Unaudited) Six months ended 30 September 2018	(Unaudited) Six months ended 30 September 2017
	HK$'000	*HK$'000*
Revenue		
PRC	**2,388**	2,192

	(Unaudited) At 30 September 2018	(Audited) At 31 March 2018
	HK$'000	*HK$'000*
Non-current assets		
Hong Kong	**1,978**	1,073
PRC	**2,196,011**	2,234,313
	2,197,989	2,235,386

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.

5. Operating profit

	(Unaudited) Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Operating profit is arrived at after charging/ (crediting):		
Auditors' remuneration	**847**	738
Depreciation	**520**	606
Legal, professional and consultancy fees	**314**	839
Net exchange loss/(gain)	**9,174**	(8,585)
Office rental	**3,657**	3,291

6. Other gains

	(Unaudited) Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Gain on disposal of subsidiaries	**–**	294
Net exchange gain	**–**	8,585
Others	**–**	126
	–	9,005

7. Income tax expense

No provision for Hong Kong profits tax (six months ended 30 September 2017: Nil) has been made for the Period as the Group had no assessable profits for the Period. Taxation on the PRC profits has been calculated on the estimated assessable profits 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:

	(Unaudited) Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Current tax – PRC	**–**	–
Over-provision in prior year	**(1,232)**	–
Deferred taxation	**7,930**	–
	6,698	–

8. Basic and diluted earnings per ordinary share attributable to owners of the Company

(a) Basic earnings 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.

	(Unaudited) Six months ended 30 September	
	2018	2017
Profit for the period attributable to owners of the Company, HK$'000	**2,516**	111,880
Weighted average number of ordinary shares in issue	**3,430,000,000**	2,882,732,240
Basic earnings per ordinary share, HK cent	**0.07**	3.88

(b) The calculation of diluted earnings 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 earnings 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 2018 and 2017.

9. Property, plant and equipment

	Property, plant and equipment *HK$'000*
Opening net book value as at 1 April 2018	**144,386**
Additions	**19,342**
Disposals	**–**
Depreciation	**(520)**
Exchange difference	**(5,049)**
Closing net book value as at 30 September 2018	**158,159**
Opening net book value as at 1 April 2017	4,862
Additions of construction in progress through acquisition of subsidiaries	163,128
Disposals	–
Depreciation	(606)
Exchange difference	118
Closing net book value as at 30 September 2017	167,502

Details of the construction in progress are disclosed in note 11 to the unaudited condensed consolidated interim financial information.

10. Investment properties

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
At 1 April	**2,091,000**	1,881,563
Additions	**–**	4,680
Net gains from fair value adjustment	**31,720**	–
Exchange difference	**(84,099)**	66,759
At 30 September	**2,038,621**	1,953,002

The fair value measurement information for the investment properties in accordance with HKFRS 13 as at 30 September 2018 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 2018	**–**	**–**	**2,038,621**
At 31 March 2018	–	–	2,091,000

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

Level 3 fair values of 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 meter and the construction cost estimate.

There were no changes in valuation techniques during the Period.

11. Properties under development for sale

	Properties under development for sale
	HK$'000
As at 1 April 2018	568,801
Additions	151,854
Exchange Difference	(8,762)
As at 30 September 2018	711,893
Properties under development for sale comprise:	
Construction costs and capitalised expenditures	683,755
Finance cost capitalised	36,900
Exchange difference	(8,762)
As at 30 September 2018	711,893
Amounts are expected to be completed:	
Within the normal operating cycle included under current assets	711,893
Beyond the normal operating cycle included under non-current assets	–
As at 30 September 2018	711,893

12. Other receivables, prepayments and deposits

	(Unaudited) **30 September** **2018** ***HK$'000***	(Audited) 31 March 2018 *HK$'000*
Non-current		
Rental deposit	**1,209**	1,209
	1,209	1,209
Current		
Other receivables	**2,614**	378
Prepayments and deposits	**1,888**	1,744
	4,502	2,122
	5,711	3,331

13. Other payables and accruals

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Non-current		
Leasehold improvements payable	**6,471**	6,623
	6,471	6,623
Current		
Property acquisition cost payable	**1,052**	1,096
Other payables		
– current portion *(Note a)*	**34,673**	41,826
Accrued construction cost	**94,353**	36,102
Accrued directors' fee	**1,079**	438
Accrued audit fee	**700**	1,400
Salary payable	**1,674**	442
Accrued legal and professional fee	**570**	599
Accrued interest payable	**20,944**	8,589
Accrued pre-sale certificate fee	**36,742**	–
Due to a controlling shareholder *(Note b)*	**24,000**	–
Others	**15,599**	11,393
	231,386	101,885
	237,857	108,508

Note a:

Amount represented payable to Sino Oasis in relation to construction service fees paid on behalf of Zhongshan Hualian Industrial Development Corporation Limited by Sino Oasis. The amount is unsecured, interest-free and repayable according to the agreed payment terms.

Note b:

The amount is unsecured, interest-free and repayable on demand.

14. Borrowings

	(Unaudited)	(Audited)
	30 September	31 March
	2018	2018
	HK$'000	*HK$'000*
Entrusted loan	**153,600**	160,000
	153,600	160,000

The carrying amount of the Group's borrowing approximate to its fair value and is denominated in RMB.

The borrowing is secured the Group's land use right in Weihai, interest bearing at 18% per annum and repayable on 24 July 2019.

Prior to entering the Group, Weihai Guosheng Runhe Property Co., Limited ("**Weihai Guosheng**"), an indirectly wholly owned subsidiary of the Company entered into an entrusted loan agreement with a subsidiary of China HKBridge Holdings Limited ("**China HKBridge**"), an independent third party, through China Everbright Bank pursuant to which Weihai Guosheng obtains a loan in the amount of RMB150,000,000 (equivalent to HK$180,000,000) ("**China HKBridge loan**") for a term loan of 2 years. The borrowing is secured by the Group's land use right in Weihai, bears interest at 18% per annum and repayable on 24 July 2019, to satisfy the obligations of the construction project in works.

On 19 January 2018, Weihai Guosheng entered into another loan agreement with the same subsidiary of China HKBridge, pursuant to which Weihai Guosheng agreed to lend an amount of RMB22,000,000 (equivalent to HK$26,400,000) to the same counterparty. The loan is interest bearing at 18% per annum and repayable on 15 August 2018. Pursuant to the agreement, both parties agree to offset the amount borrowed with the amount lent.

Hence, the loan receivable is presented as an offsetting amount against the borrowing.

15. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The offset amounts are as follows:

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Deferred income tax assets	**835**	870
Deferred income tax liabilities	**(421,310)**	(430,373)
	(420,475)	(429,503)

16. Share capital

	Number of shares	**Share capital** *HK$'000*
Ordinary shares, issued and fully paid:		
At 1 April 2018	3,430,000,000	1,979,067
At 30 September 2018	**3,430,000,000**	**1,979,067**

17. Operating lease commitment

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

At 30 September 2018, the Group had contracted with tenants for the following minimum lease receivables:

	(Unaudited) **30 September** **2018** ***HK$'000***	(Audited) 31 March 2018 *HK$'000*
Not later than 1 year	**5,900**	6,045
Later than 1 year and not later than 5 years	**17,808**	23,028
Over five years	**9,882**	11,781
	33,590	40,854

Operating lease receivables represent future aggregate minimum lease receipts by the Group from non-cancellable operating leases of its investment properties. 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 2018, the Group had commitments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	(Unaudited) **30 September** **2018** ***HK$'000***	(Audited) 31 March 2018 *HK$'000*
Not later than 1 year	**6,825**	5,994
Later than 1 year and not later than 5 years	**10,535**	10,060
	17,360	16,054

18. Capital commitments and contingent liabilities

(a) Capital commitments

As at 30 September 2018, the Group has no outstanding capital commitment (31 March 2018: Nil).

(b) Contingent Liabilities

The Group had no significant contingent liabilities as at 30 September 2017 (31 March 2018: Nil).

19. Events after the reporting period

On 9 November 2018, Weihai Guosheng entered into an entrusted debt investment agreement with Asia Alliance Asset Management Co., Ltd. ("**Asia Alliance Asset**"), an independent third party, through Harbin Bank Tianjin Branch pursuant to which Weihai Guosheng obtains a loan in the amount of RMB660 million (equivalent to approximately HK$792 million) for a term loan of 3 years, bearing interest at 6.6% per annum ("**Asia Alliance Asset Loan**"). The borrowing is secured by the pledge of Weihai Guosheng construction-in-progress "Real Estate Registered Certificate" which will be in custody by Harbin Bank Tianjin Branch. The funding will be used for: i) construction work of Golden Beach No. 1 Project; ii) replacement of China HKBridge loan, and iii) replenishment of working capital of Weihai Guosheng.

On 28 November 2018, the Group as issuer and Head & Shoulders Securities Limited as placing agent, among other parties, entered into a placing agreement pursuant to which the Group to issue a 7% per annum bonds (the "**Bonds**") in an aggregate principal amount of up to HK$100 million maturing on the second anniversary of the issue date of the Bonds at the placing price equal to 100% of the principal amount of the Bonds (the "**Placing**"). The Group's management considers that the Placing represents an opportunity to obtain funding, which is intended to be used for general working capital of the Group. For further information, please refer to the Company's announcement dated 28 November 2018.

20. Approval of the financial statements

The unaudited condensed consolidated interim financial information was approved for issue by the Board on 30 November 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Introduction

During the Period, the Group was principally engaged in the business of property investment, hotel operations, financial advisory service and property development in the PRC. The Group also took steps to maintain its business of providing financial advisory service in the PRC.

Property Investment

The Group's current investments in commercial properties consist of the following:

- The commercial building in Yingkou, the PRC (the "**Yingkou Property**");

- The hotel complex in Jinggangshan City, Jiangxi Province, the PRC (the "**Jinggangshan Property**"), which has been leased by the Group to a local lessee for hotel businesses operation; and

- The commercial and residential complex in Zhongshan, the PRC (the "**Zhongshan Property**").

Hotel operations

The Group's current investments in hotel operations consist of the hotel development acquired by the Group in the Year 2018 in Weihai, the PRC (the "**Weihai Property**").

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

Property development

The Group's current investment in property development comprises approximately 1,400 serviced apartment units in the Weihai Property to be developed and sold by the Group.

Financial advisory service

During the year of 2017, the Group began engaging in the provision of financial services in assisting real estate developers in the PRC to obtain financing from financial institutions, and charged commissions for such services.

A. The Group's Property Investment

(i) The Yingkou Property

The Yingkou Property is a 16-storey commercial building situated in Yingkou, the PRC. The gross floor area of the Yingkou Property is approximately 10,740 square metres, and is owned by 你的客棧（營口）酒店管理有限公司 "U" Inns (Yingkou) Hotel Management Corporation Limited* (the "**Yingkou Subsidiary**"), a subsidiary of the Company. The Yingkou Subsidiary entered into two separate lease agreements in relation to the Yingkou Property.

In September 2010, the Yingkou Subsidiary as lessor entered into a lease agreement with a bank as lessee in relation to the second to fourth floors, as well as part of the ground floor area, of the Yingkou Property. The lease was for ten years, with an annual rental of RMB1.68 million for the first five years and an annual rental of RMB1.764 million for the remaining five years.

In November 2013, the Yingkou Subsidiary as lessor entered into a lease agreement with a local lessee in relation to the fifth to sixteenth floors, as well as part of the ground floor area, of the Yingkou Property. The lease was for nine years, with an initial annual rental of RMB1.2 million for the first three years of the lease. The annual rental shall increase by 6% after the expiration of each three year period after the commencement date of the lease.

The Yingkou Property is currently fully occupied due to the abovementioned two leases. The Group considers that the operations of the Yingkou Property has entered a stable stage. The Group does not expect any material change to the operation of the Yingkou Property for the duration of the current leases until 2020 and 2022 respectively.

* *For identification purpose only*

(ii) The Jinggangshan Property

The Jinggangshan Property is a hotel complex situated in Jinggangshan City, Jiangxi Province, the PRC. The hotel complex has a gross floor area of approximately 9,600 square metres.

In June 2017, the Group entered into a lease agreement over the Jinggangshan Property with a local lessee for a period of ten years (which commenced on 8 December 2017, after the expiry of a customary rent-free period of six months) until 7 December 2027. Under the terms of the lease agreement, the local lessee shall operate hotel businesses in the hotel complex. The local lessee undertakes to renovate and maintain the hotel complex, and to ensure that the post-renovation complementary facilities are able to achieve 3-Star or above in accordance with relevant PRC standards. The lessee shall pay not less than RMB10 million in renovation expenditures, and the Group shall subsequently reimburse the renovation expenditures of up to RMB10 million over the life of the lease.

The renovation work arranged by the local lessee is almost completed, and the hotel complex was commenced trail operations in August 2018. Accordingly, the Group's operations of the Jinggangshan Property have also entered a stable stage. The Group does not expect any material change to the operation of the Jinggangshan Property for the duration of the current lease until 2027.

The Group considered its operation of the Jinggangshan Property a successful business model ("**Jinggangshan business model**"), and the Group may follow suit in other investment properties of the Group, including the Zhongshan Property. The Group believes this Jinggangshan business model will help the Group generate stable rental income to the Group and improve the cash flow of the Group by spreading the renovation expenses borne by the Group over the life of the lease(s).

(iii) The Zhongshan Property

The Zhongshan Property is a multi-purpose complex comprising retail floors on the lower levels and commercial and residential floors on the upper levels. In 2015, the Group acquired the Zhongshan Property for investment purpose. Upon the completion of the acquisition, the Group was of the view that the commercial and residential floors of the Zhongshan Property were suitable for use as economy hotels and serviced apartments, while the retail floors were suitable for leasing to tenants operating the retail and catering business.

Due to the consistently rising property market in Zhongshan city since 2015, the Zhongshan Property has recorded a substantial accumulative increase in market value since its acquisition by the Group based on the revaluation on the Zhongshan Property undertaken by an independent property valuer engaged by the Group.

The Group's management found that the price level of the residential properties in Zhongshan kept climbing at a moderate rate in the second half of 2018. The Group's management believed that it was benefiting from the following factors: (i) the State Council's "Government Work Report" in 2017 officially proposed to study and formulate the development plan for Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**"), signifying the construction of the Greater Bay Area a formal national strategy thereby; (ii) the recently opened Hong Kong-Zhuhai-Macao Bridge (the "**Bridge**"), the world's longest sea-crossing bridge-cum-tunnel channels, only takes three hours to shuttle between Hong Kong and the major cities in the Pearl River Delta on the ground that the Bridge is 24-hour opened for border crossing. The opening of the Bridge has greatly enhanced the synergies among the cities within the Greater Bay Area in terms of commodity circulation, service interaction, personnel movement and the free flow of information; (iii) the recent development of the Shenzhen-Zhongshan Bridge and the Zhongshan Metro is expected to shorten the commuting time from Zhongshan to Shenzhen and Foshan respectively upon their completion; and (iv) the current average price per square meter of Zhuhai, which is adjacent to Zhongshan, is much higher than that of Zhongshan. Based on the abovementioned external factors, the Group's management predicts that the selling price and leasing level of the residential properties in Zhongshan will still be able to maintain a stable and moderate growth rate.

On 15 November 2018, the Group entered into a lease agreement with a local lessee ("**Zhongshan Property Lessee**") in respect of the retail floors and car parking spaces of the Zhongshan Property (the "**Leased Zhongshan Property**") for a term of 10 years (which has commenced on 15 August 2019, after the expiry of a customary rent-free period of nine months) until 14 August 2029. Pursuant to the terms of the lease agreement, the Leased Zhongshan Property shall be used by the Zhongshan Property Lessee for retail commerce purposes. The Zhongshan Property Lessee undertakes to renovate and maintain the Leased Zhongshan Property and the public area of the Zhongshan Property, including the overall landscaping of Zhongshan Property and the exterior wall renovation of the retail floors of Zhongshan Property and other works, and ensure that the post-renovation ancillary facilities meet the standards of quality retail malls. The Zhongshan Property Lessee shall pay not less than RMB50 million in renovation expenditures, and the Group shall subsequently reimburse the renovation expenditures of up to RMB50 million over the life of the lease.

The Leased Zhongshan Property adopts the Jinggangshan business model, which brings stable rental income to the Group whilst also improves the cash flow of the Group by spreading the renovation expenses borne by the Group over the life of the lease(s).

As of the date of this announcement, the Group's management is still negotiating the lease commercial terms in respect of the commercial and residential floors of the Zhongshan Property with the Zhongshan Property Lessee. No commercial terms acceptable to both parties have been reached yet. The Group's management is of the view that if both parties fail to reach a final lease agreement on the leasing of the commercial and residential floors prior to the Lunan New Year of 2019, the Group's management will decide to sell the commercial and residential floors. At present, the Group's management is approaching certain sales agency companies, with a view to discuss and analyze the overall sales environment in Zhongshan real estate market and explore the sales solutions for the commercial and residential floors. One of those sales agency companies is our agency company dealing with the sales of the Group's Weihai Property.

B. The Group’s Hotel Operations

The Weihai Property

The Weihai Property consists of three high rise hotel buildings with a total of approximately 195,000 square metres of gross floor area, expectedly can provide over 1,600 hotel suites and 360 car parking spaces. Construction and renovation works commenced in April 2016 and expected such works to be completed in or about mid-2020. The main building of the Weihai Property is expected to stand approximately 150 metres in height, making it a landmark along the Golden Beach in Weihai.

When the Group completed the acquisition of the Weihai Property in September 2017, it acquired, along with the Weihai Property, the benefit of a management agreement with a world-renowned American hotel group as hotel manager. Under the said management agreement, hotel manager will, among other things, provide certain consultancy, design and monitoring services in the course of the development of the hotel floors, and manage the operation of, the hotel premises after completion of the development. The hotel is expected to achieve a 5-star standard in accordance with relevant international standards, 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 or about mid-2020), the hotel is expected to provide over 200 luxury suites and rooms.

C. The Group’s investment in Property Development

The Weihai Property

The Group’s management observed that Weihai has become a 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 local property market. On Year 2018, in light of the above, the Group’s management had decided to resolve that approximately 130,000 square metres of the gross floor area of the Weihai Property shall be renovated and sold as serviced apartments.

Weihai Guosheng had obtained the Commodity Housing Pre-sale Permit (the "**Pre-sale Permit**") in the third quarter of 2018, after which pre-sale of the serviced apartments of Weihai Property has started.

As of the date of this announcement, Weihai Guosheng has signed approximately 40 Commodity Housing Pre-sale Contracts (the "**Pre-sale Contracts**") with its customers. The total values of the Pre-sale Contracts amount to approximately RMB46.1 million (the "**Pre-sale Amounts**"), and the total sales area under the Pre-sale Contracts is approximately 3,700 square meters, representing approximately 3.0% of the total saleable areas. The relevant Pre-sale Amounts will be recognized as sales revenue instead of contract liabilities in the financial year of 2020.

Financing of development of the Weihai Property

It is expected that the initial costs for development of the Weihai property will amount to roughly RMB1.0 billion. Part of the Group's plan to finance the development of the Weihai Property is pre-sale of the serviced apartment as disclosed above.

To finance the construction and renovation costs of the Weihai property, in July 2017 the Group entered into an entrusted loan agreement with China HKBridge, under which China HKBridge granted the Group a loan facility of the aggregate principal amount of RMB150 million.

In September 2017, the Group also entered into a cooperation agreement with the main contractor of the development, under which the said contractor shall assist in financing part of the development cost of the Weihai Property until completion of the development.

The Management considered that the Weihai Property would be sufficiently financed through (i) the cash flow generated by presale of the serviced apartments; (ii) loan facility agreements such as the abovementioned loan facility; (iii) cooperation agreements with contractors under which the contractors will finance the development costs in return for interests payable by the Group; and (iv) other capital arrangements as may be entered into by the Group from time to time

On 9 November 2018, Weihai Guosheng entered into an entrusted debt investment agreement with Asia Alliance Asset through Harbin Bank Tianjin Branch, pursuant to which Weihai Guosheng has obtained a loan of RMB660 million (equivalent to HK$792 million) for a term of 3 years, bearing interest at 6.6% per annum. Asia Alliance Asset Loan will replace the loan from China HKBridge, which bears interest at 18% per annum. The Group's management believes that substantial interest expenses will be saved through the replacement of China HKBridge loan which is of high interest rate, thus lowering the construction costs of the Weihai Property. Meanwhile, Asia Alliance Asset Loan will offer the Group with sufficient liquidity, resulting in a higher chance for the Group in securing the Golden Beach No.1 – Phase II Projects ("**Golden Beach No.1 – Phase II Projects**").

D. The Group's Financial Advisory Services

Faced with the Sino-US trade dispute and the domestic financial environment of leverage stabilization, the Group's financial advisory business is unable to achieve business expansion under an extremely complex environment both at home and abroad as well as industry competition. Therefore, the financial advisory business has not contributed any profits to the Group during the Period.

However, given the potentials and room for the development on the financial services business market in China as perceived by the Group's management, the Group will continue to invest resources in the financial services business. As of the date of the publication of this interim results announcement, the Group is at the final stage of negotiations with customers for certain operation escrow business. The entering into of the operation escrow agreements thereof will contribute to the expansion of our financial services business while generating substantial profits to the Group.

SIGNIFICANT INVESTMENTS

Save as disclosed above, the Group has no other significant investments held as at 30 September 2018.

FUTURE PROSPECTS

The Group successfully acquired the Weihai Property in September 2017, the construction and renovation works of which is expected to be completed in 2020. Weihai Guosheng has obtained the Pre-sale Permit in the third quarter of 2018. Subsequently, the pre-sale of the Weihai Property serviced apartments has commenced as well. As disclosed in the Group's annual report of 2018, the Group's management plans to actively identify lands in the proximity of the Weihai Property for its future expansion. The management of the Group believes that the development of such lands can achieve synergies with the development of Weihai Property, so as to give full play to their potentials.

Currently, the management of the Group has decided to actively participate in the auction of Golden Beach No.1 – Phase II Projects, which is the certain land areas in the proximity of the Weihai Property with the total land area of approximately 25,000 square meters, which could be developed into commercial and commodity housing projects.

Faced with the Sino-US trade dispute and the domestic financial environment of leverage stabilization, the Group's financial advisory business is unable to achieve business expansion under an extremely complex environment both at home and abroad as well as industry competition. However, given the potentials and room for the development on the financial services business market in China as perceived by the Group's management, the Group will continue to invest resources in the financial services business. As of the date of the publication of this interim results announcement, the Group is at the final stage of negotiations with customers for certain operation escrow agreements. The entering into the agreements thereof will contribute to the expansion of our financial services business while generate substantial profits to the Group.

The Group has adhered to a prudent risk management policy to cater for the regulatory policies continuously implemented by the Chinese government and the volatility in the international economic environment. The Group will continue to adopt a careful and prudent risk management strategy, adjust the management control strategy in a timely manner, and insist on optimizing management system and enriching our business team. In addition, the Group will endeavor to actively identify potential real estate projects so as to promote an expanded business scale and increase overall revenue of the Group.

FINANCE REVIEW

Revenue

The Group recorded revenue for the Period in the amount of approximately HK$2.39 million (six months ended 30 September 2017: approximately HK$2.19 million), representing an increase of 9.13% as compared with the same period last year. The revenue for the Period only sourced from rental income, including approximately HK$1.46 million contributed by Yingkou Property (six months ended 30 September 2017: approximately HK$1.69 million) and approximately HK$0.93 million contributed by Jinggangshan Property (six months ended 30 September 2017: approximately HK$0.5 million) respectively.

Fair value gains on investment properties

Total gains on revaluation of the investment property portfolio of the Group amounted to approximately HK$31.72 million (six months ended 30 September 2017: Nil). The investment properties of the Group were evaluated by an independent property valuer Ravia Global Appraisal Advisory Limited.

Other operating expenses, net

Other operating expenses, net for the Period amounted to approximately HK$20.83 million, representing an increase of approximately HK$12.85 million or approximately 161.02% as compared to that of HK$7.98 million for the same period last year. The increase was mainly attributable to the exchange loss of approximately HK$9.17 million recorded for the Period, while an exchange gain amounted to approximately HK$8.59 million was recorded for the same period last year. The exchange gain was recorded as other gains, net for the same period last year.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the Period was approximately HK$2.52 million, representing a decrease of approximately HK$109.36 million as compared to that of HK$111.88 million for the same period last year. A one-off extraordinary revenue attributable to the successful acquisition of Weihai segment was recorded for the same period last year. The gain on the one-off bargain purchase amounted approximately to HK$116.0 million. The profit attributable to owners of the Company would be a loss if excluding the one-off revenue recorded for the same period last year. Therefore, the decrease of the profit attributable to owners of the Company for the Period was primarily attributable to no one-off extraordinary revenue recorded for the Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Period, the Group's sources of fund primarily included income generated from business operations, cash from banks and borrowings, which were used in our business operations and investment and development of projects.

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 30 September 2018, the Group had bank balances and cash of approximately HK$4.38 million as compared to those of approximately HK$43.59 million as at 31 March 2018.

The Group had net current assets amounting to approximately HK$317.44 million as at 30 September 2018, against approximately HK$521.96 million as at 31 March 2018. The Group's current ratio (i.e. current assets divided by current liabilities) was approximately 1.79 as at 30 September 2018 as compared with approximately 5.97 as at 31 March 2018.

GEARING RATIO

As at 30 September 2018, the Group's net debt gearing ratio (i.e. net debt divided by total equity) was at a healthy level of approximately 7.1% (31 March 2018: approximately 5.4%). Net debt comprises total borrowings less cash and cash equivalents. Total equity comprises owners' equity as stated in the 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 2018, the Group had a total of 49 employees (31 March 2018: 45 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 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 2018, the Group did not have any significant contingent liabilities (31 March 2018: Nil).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 September 2017: Nil).

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 as set out in Appendix 14 to the Listing Rules throughout the Period.

Model Code

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 contained in Appendix 10 to the Listing Rules. Having been made specifically enquiries by the Company, the Directors have confirmed compliance 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 2017/2018 Annual Report of the Company, which are required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules:

Mr. LI Yong Jun was appointed as executive Director and vice chairman of the Board, and member of the executive committee of the Company on 3 May 2018, and was appointed as the chief executive officer of the Company on 9 July 2018.

Mr. YEUNG Man, Simon ceased to be the chief executive officer of the Company on 9 July 2018.

Dr. WONG Hoi Kin was appointed as executive Director on 9 July 2018.

Mr. REN Guo Hua was appointed as the managing director of China Daisy Asset Management Limited, and ceased to act as the senior advisor of StormHarbour Securities (Hong Kong) Limited, with effect from 3 October 2018.

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 2018

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