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 2020

The board (the "**Board**") of directors (the "**Director(s)**") of Crown International Corporation Limited (the "**Company**") announces the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2020 (the "**Current Interim Period**") together with the relevant comparative figures for the six months ended 30 September 2019 (the "**Last Interim Period**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Notes	(Unaudited) Six months ended 30 September **2020** *HK$'000*	2019 *HK$'000* (Re-presented)
Continuing operations			
Revenue	*3*	**9,738**	2,599
Other gains/(loss), net	*4*	**145**	(29)
Other income	*5*	**627**	54
Fair value gains on investment properties		**11,079**	28,016
Staff costs		**(6,522)**	(5,947)
Depreciation on property, plant and equipment		**(3,621)**	(3,085)
Other operating expenses, net		**(3,963)**	(6,017)
Operating profit		**7,483**	15,591
Finance income		**20**	132
Finance costs		**(303)**	(3,413)
Finance costs, net		**(283)**	(3,281)
Profit before income tax	*6*	**7,200**	12,310
Income tax expense	*7*	**(4,701)**	(7,498)
Profit from continuing operations		**2,499**	4,812
Discontinued operation			
Loss from discontinued operation	*8*	**(1,231)**	(2,504)
Profit for the period		**1,268**	2,308

	Notes	(Unaudited) Six months ended 30 September **2020** *HK$'000*	2019 *HK$'000* (Re-presented)
Other comprehensive income/(loss):			
Item that may be subsequently reclassified to profit or loss:			
Currency translation differences		**79,815**	(120,330)
Item that will not be reclassified to profit or loss:			
Change in fair value of financial asset at fair value through other comprehensive income		**(519)**	–
Other comprehensive income/(loss) for the period, net of tax		**79,296**	(120,330)
Total comprehensive income/(loss) for the period		**80,564**	(118,022)
Profit/(loss) attributable to:			
Owners of the Company			
Profit from continuing operations		**2,921**	4,812
Loss from discontinued operation		**(1,231)**	(2,504)
		1,690	2,308
Non-controlling interests			
Loss from continuing operations		**(422)**	–
Loss from discontinued operation		**–**	–
		(422)	–
		1,268	2,308
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**81,005**	(118,022)
Non-controlling interests		**(441)**	–
		80,564	(118,022)
Earnings per share (expressed in HK cent per share)			
From continuing and discontinued operations			
– Basic and diluted	*9*	**0.05**	0.07
From continuing operations			
– Basic and diluted	*9*	**0.09**	0.14

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Notes	(Unaudited) 30 September 2020 HK$'000	(Audited) 31 March 2020 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**213,500**	203,990
Investment properties	*11*	**2,002,143**	1,911,983
Financial asset at fair value through other comprehensive income		**1,246**	1,765
Other receivables, prepayments and deposits	*12*	**–**	699
Deferred income tax assets		**791**	760
		2,217,680	2,119,197
Current assets			
Trade receivables	*13*	**639**	9,626
Other receivables, prepayments and deposits	*12*	**275,056**	266,283
Properties under development for sale		**941,916**	866,976
Restricted bank balances		**13,045**	12,191
Cash and cash equivalents		**360**	1,501
		1,231,016	1,156,577
Total assets		**3,448,696**	3,275,774
LIABILITIES			
Current liabilities			
Other payables and accruals	*14*	**409,372**	356,683
Borrowings		**622,533**	560,273
Lease liabilities		**4,172**	8,246
Income tax payable		**7,000**	4,895
		1,043,077	930,097
Net current assets		**187,939**	226,480
Total assets less current liabilities		**2,405,619**	2,345,677

	Notes	(Unaudited) 30 September 2020 HK$'000	(Audited) 31 March 2020 HK$'000
Non-current liabilities			
Other payables and accruals	*14*	**5,785**	5,623
Borrowings		**–**	38,230
Lease liabilities		**1,021**	2,776
Deferred income tax liabilities		**416,188**	396,987
		422,994	443,616
Net assets		**1,982,625**	1,902,061
EQUITY			
Capital and reserves			
Share capital		**1,979,067**	1,979,067
Other reserves		**3,084**	(77,921)
Equity attributable to owners of the Company		**1,982,151**	1,901,146
Non-controlling interests		**474**	915
Total equity		**1,982,625**	1,902,061

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General information

The principal activities of the Group are (i) property investment, (ii) property development, (iii) hotel operations, and (iv) provision of comprehensive healthcare planning and management services.

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, 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(s)**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2020. 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 2020 included in this condensed consolidated interim financial information 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 ended 31 March 2020 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 but included a reference to the matter of material uncertainty related to going concern 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 preparing the condensed consolidated interim financial information of the Group, the Directors have given consideration to the operations of the Group can continue as going concerns notwithstanding that the following matters which may cast significant doubt about the Group's ability to generate sufficient cash flows to meet its liquidity needs:

(i) the operations of the Group has deteriorated due to the Novel Coronavirus ("**COVID-19**") pandemic as one of the main operations of the Group is sales of properties in the People's Republic of China (the "**PRC**"). Even though the lockdown measures were released after the pandemic situation improved, economic conditions have not returned to the level before COVID-19. As a result, properties sales of the Group has been affected significantly.

(ii) overdue of three instalments of interest payment of the Group's entrusted loan in the total amount of HK$25,475,000 (equivalent to approximately Renminbi ("**RMB**") 22,406,000) which were due and payable on 20 March 2020, 20 June 2020 and 20 September 2020 respectively. Overdue of an instalment of principal repayment of the Group's entrusted loan in the amount of HK$128,640,000 (equivalent to approximately RMB113,140,000) which was also due and payable on 20 June 2020. The three instalments of interest payment and the instalment of principal repayment remained overdue as at 30 September 2020 and up to the date of approval of the condensed consolidated interim financial information. As a result, the bank has the right to serve a notice to request the immediate repayment of the entire principal amount of the entrusted loan together with interest and penalty. The entire entrusted loan with principal amount of approximately HK$568,500,000 (equivalent to RMB500,000,000), together with interest and penalty payables as at 30 September 2020 was treated as immediately due and payable and classified as current liabilities. However, as at 30 September 2020, the cash and cash equivalents of the Group amounted to HK$360,000 only.

The condensed consolidated interim financial information were prepared based on the assumption that the Group can be operated as a going concern. The Directors are of the view that the Group will have sufficient working capital to finance their operations in the next twelve months from 30 September 2020, after taking into consideration of the following:

(i) the Group is actively negotiating with the banker to remedy the late payment issue and to restructure the payment terms for the remaining amount of the entrusted loans. As a result of the outbreak of COVID-19, the PRC government was encouraging banks to help enterprises to resolve their liquidity problem. The Directors consider the Group will be able to reach an agreement with the banker to defer the loan repayment schedule;

(ii) On 7 October 2020, the Group has entered into a new entrusted loan contract with a financial institution, which can be used to finance the development of the Group's projects in the PRC. The loan facility limit is up to US$200 million, with a three-year term and a specific fixed interest rate of 5.8% per annum. The Group needs to submit an annual utilisation plan to the lender. The loans will be granted upon the utilisation plan is reviewed and agreed by the lender;

(iii) as at 30 September 2020, the Group had certain investment properties located in the PRC with net carrying amount of approximately HK$2,002,143,000 (equivalent to approximately RMB1,760,900,000), that are available for the Group to use as securities for possible future bank borrowings. The Group is actively negotiating with banks to obtain new borrowings. Considering the Group's ability in providing sufficient pledges of properties, the Directors are in the view that the Group will be able to secure new borrowings, when necessary; and

(iv) the estimated proceeds from the pre-sale of properties under development in respect of the projects in Weihai.

The Directors, after making due enquiries and consider the basis of management's assumptions, believe that, taking into account the above mentioned actions and planned measures and their progress, the Group will have sufficient funds to finance its operations and to meet its financial obligations when they fall due within the next twelve months from 30 September 2020. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial information on the going concern basis. There is a material uncertainty related to the outcomes of the above events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the use of the going concern basis in preparation of the condensed consolidated interim financial information be considered to be inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities. The effect of these adjustments have not been reflected in the condensed consolidated interim financial information.

The condensed consolidated interim financial information have been prepared in accordance with the applicable Hong Kong Financial Reporting Standards ("**HKFRS(s)**"). The basis of preparation and accounting policies adopted in preparing these condensed consolidated financial information are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2020, except for the adoption of new standards as described below.

New and amended standards adopted by the Group

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The application of the new HKASs, HKFRSs and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the condensed consolidated interim financial information.

3. Revenue and segment information

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

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

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

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

(iii) the hotel operations segment engages in hotel rental and food and beverage business in Weihai city;

(iv) the comprehensive healthcare planning and management services segment engages in the provision of comprehensive healthcare planning and management services to the healthcare operators;

(v) the financial consultancy service segment engages in the provision of financial consultancy service to assist customers to obtain financing (discontinued operation); and

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

The segment results, depreciation, fair value gains on investment properties and capital expenditures based on reportable segments for the six months ended 30 September 2020 and 2019 are as follows:

	Continuing Operations						Discontinued Operation	Total
	Property investment HK$'000	Property development HK$'000	Hotel operations HK$'000	Comprehensive healthcare planning and management services HK$'000	Unallocated HK$'000	Total HK$'000	Financial consultancy service HK$'000	HK$'000
Six months ended 30 September 2020 (Unaudited)								
Segment revenue:								
Revenue from external customers	9,092	–	–	646	–	9,738	–	9,738
Segment results	18,955	(1,668)	(331)	(860)	(8,613)	7,483	(981)	6,502
Finance income						20	–	20
Finance costs						(303)	(52)	(355)
Profit/(loss) before income tax						7,200	(1,033)	6,167
Income tax expense						(4,701)	–	(4,701)
Profit/(loss) after income tax						2,499	(1,033)	1,466
Loss on disposal of a subsidiary						–	(198)	(198)
Profit/(loss) for the period						2,499	(1,231)	1,268
Other segment information								
Depreciation on property, plant and equipment	(108)	(150)	(12)	(473)	(2,878)	(3,621)	(466)	(4,087)
Fair value gains on investment properties	11,079	–	–	–	–	11,079	–	11,079
Additions to								
– property, plant and equipment	111	558	6,931	–	21	7,621	–	7,621
– investment properties	–	–	–	–	–	–	–	–

	Continuing Operations					Discontinued Operation	Total
	Property investment	Property development	Hotel operations	Unallocated	Total	Financial consultancy service	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 September 2019 (Unaudited) (Re-presented)							
Segment revenue:							
Revenue from external customers	2,599	–	–	–	2,599	–	2,599
Segment results	28,659	(2,686)	(590)	(9,792)	15,591	(2,367)	13,224
Finance income					132	–	132
Finance costs					(3,413)	(137)	(3,550)
Profit/(loss) before income tax					12,310	(2,504)	9,806
Income tax expense					(7,498)	–	(7,498)
Profit/(loss) for the period					4,812	(2,504)	2,308
Other segment information							
Depreciation on property, plant and equipment	(160)	(53)	(12)	(2,860)	(3,085)	(1,035)	(4,120)
Fair value gains on investment properties	28,016	–	–	–	28,016	–	28,016
Additions to							
– property, plant and equipment	–	6	15,462	5,477	20,945	250	21,195
– investment properties	1,440	–	–	–	1,440	–	1,440

1 customer (six months ended 30 September 2019: 3) contributed more than 10% of the Group.

	(Unaudited) Six months ended 30 September	
	2020	2019
	Property investment segment	Property investment segment
	HK$'000	*HK$'000*
Customer A	**6,526**	–
Customer B	**N/A**	977
Customer C	**N/A**	942
Customer D	**N/A**	680
Total	**6,526**	2,599

The segment assets and liabilities based on reportable segments as at 30 September 2020 and 31 March 2020 are as follows:

	Property investment *HK$'000*	Property development *HK$'000*	Hotel operations *HK$'000*	Comprehensive healthcare planning and management services *HK$'000*	Financial consultancy service *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
At 30 September 2020 (Unaudited)							
Segment assets	**2,007,665**	**1,205,023**	**205,554**	**2,224**	**–**	**27,870**	**3,448,336**
Cash and cash equivalents	**93**	**112**	**–**	**11**	**–**	**144**	**360**
Total assets	**2,007,758**	**1,205,135**	**205,554**	**2,235**	**–**	**28,014**	**3,448,696**
Segment liabilities	**(436,234)**	**(802,187)**	**(150,757)**	**(2,962)**	**–**	**(73,931)**	**(1,466,071)**
Total liabilities	**(436,234)**	**(802,187)**	**(150,757)**	**(2,962)**	**–**	**(73,931)**	**(1,466,071)**
At 31 March 2020 (Audited)							
Segment assets	1,925,661	1,074,783	235,928	2,116	4,188	31,597	3,274,273
Cash and cash equivalents	49	81	–	438	671	262	1,501
Total assets	1,925,710	1,074,864	235,928	2,554	4,859	31,859	3,275,774
Segment liabilities	(428,857)	(714,992)	(156,950)	(2,984)	(3,644)	(66,286)	(1,373,713)
Total liabilities	(428,857)	(714,992)	(156,950)	(2,984)	(3,644)	(66,286)	(1,373,713)

The Group's businesses operate in Hong Kong and the PRC. The Group's revenue for the six months ended 30 September 2020 and 2019 and non-current assets other than financial instruments, deposit paid for corporate asset and deferred income tax assets as at 30 September 2020 and 31 March 2020 based on geographical area are as follows:

	(Unaudited) Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
Revenue		
PRC	**9,738**	2,599

	(Unaudited)	(Audited)
	30 September	31 March
	2020	2020
	HK$'000	*HK$'000*
Non-current assets		
Hong Kong	**3,301**	6,144
PRC	**2,212,342**	2,109,829
	2,215,643	2,115,973

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.

4. Other gains/(loss), net

	(Unaudited) Six months ended 30 September 2020 HK$'000	2019 HK$'000
Gain/(loss) on disposal of fixed assets	**145**	(56)
Others	**–**	27
	145	(29)

5. Other income

	(Unaudited) Six months ended 30 September 2020 HK$'000	2019 HK$'000
Government grants	**540**	–
Others	**87**	54
	627	54

6. Profit before income tax

	(Unaudited) Six months ended 30 September 2020 HK$'000	2019 HK$'000
Profit before income tax is arrived at after charging:		
Auditors' remuneration	**700**	700

7. Income tax expense

	(Unaudited) Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
Current tax – PRC	**1,931**	494
Deferred taxation – PRC	**2,770**	7,004
	4,701	7,498

8. Loss from discontinued operation

On 30 June 2020, the Group entered into a sale agreement to dispose the business of financial consultancy service by selling the PRC wholly-owned subsidiary 冠富資產管理有限公司 to an independent third party at a consideration of RMB230,000 (equivalent to HK$252,000). The disposal was completed on 3 August 2020. As the Group did not record any revenue from the business of financial consultancy service since the financial year ended 31 March 2018, the Directors believed that it was in the interests of the Group to dispose of this business in order to save operation costs going forward. With the completion of the disposal, the loss on disposal of subsidiary is presented in the results of the discontinued operation.

A. Results of discontinued operation

	(Unaudited) For the period from 1 April 2020 to 3 August 2020	For the six months ended 30 September 2019
	HK$'000	*HK$'000*
Revenue	**–**	–
Other income	**5**	–
Staff costs	**(437)**	(460)
Depreciation on property, plant and equipment	**(466)**	(1,035)
Other operating expenses	**(83)**	(872)
Operating loss	**(981)**	(2,367)
Finance costs	**(52)**	(137)
Loss before income tax	**(1,033)**	(2,504)
Income tax expenses	**–**	–
Loss after income tax	**(1,033)**	(2,504)
Loss on disposal of subsidiary (see note C below)	**(198)**	–
Loss from discontinued operation	**(1,231)**	(2,504)
Basic and diluted loss per share from discontinued operation *(HK cent)*	**(0.04)**	(0.07)

B. Cash flows (used in)/generated from discontinued operation

	(Unaudited) **For the period from 1 April 2020 to 3 August 2020** ***HK$'000***	For the six months ended 30 September 2019 *HK$'000*
Net cash used in operating activities	**(521)**	(1,524)
Net cash used in investing activities	**–**	(249)
Net cash (used in)/generated from financing activities	**(93)**	1,801
Net cash flows for the period	**(614)**	28

C. Effect of disposal on the financial position of the Group

	(Unaudited) ***HK$'000***
Assets and liabilities disposed of:	
Property, plant and equipment	**2,811**
Other receivables, prepayments and deposits	**494**
Cash and cash equivalents	**57**
Other payables and accruals	**(60)**
Lease liabilities	**(2,924)**
Income tax payable	**(2)**
Net assets disposal of	**376**
Consideration	**252**
Net assets disposed of	**(376)**
Release of exchange reserve	**(74)**
Loss on disposal of subsidiary	**(198)**
Consideration, satisfied in cash	**252**
Cash and cash equivalents disposed of	**(57)**
Net cash inflows	**195**

9. Earnings per share

Basic and diluted 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	
	2020	2019
From continuing and discontinued operations		
Profit for the period attributable to owners of the Company, HK$'000	**1,690**	2,308
Weighted average number of ordinary shares in issue	**3,430,000,000**	3,430,000,000
Basic and diluted earnings per ordinary share, HK cent	**0.05**	0.07

From continuing operations

Basic and diluted earnings per share for the continuing operations is 0.09 HK cent per share (six months ended 30 September 2019: 0.14 HK cent per share), based on the profit for the period from the continuing operations of HK$2,921,000 (six months ended 30 September 2019: HK$4,812,000) and the denominators detailed above for basic and diluted earnings per share.

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 2020 and 2019.

10. Dividend

The Board do not recommend payment of interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil.)

11. Investment properties

	(Unaudited) 30 September 2020 *HK$'000*	(Audited) 31 March 2020 *HK$'000*
At beginning of period/year	**1,911,983**	2,002,606
Addition	**–**	1,462
Fair value gains, net	**11,079**	41,198
Exchange difference	**79,081**	(133,283)
At end of period/year	**2,002,143**	1,911,983

12. Other receivables, prepayments and deposits

	(Unaudited) 30 September 2020 *HK$'000*	(Audited) 31 March 2020 *HK$'000*
Non-current		
Rental deposits	**–**	699
	–	699
Current		
Other receivables	**9,337**	9,828
Prepayments and deposits	**265,719**	256,455
	275,056	266,283
	275,056	266,982

13. Trade receivables

	(Unaudited)	(Audited)
	30 September	31 March
	2020	2020
	HK$'000	*HK$'000*
Trade receivables	**639**	9,626

Ageing analysis of net trade receivables, based on the invoice date at the end of the reporting period is as follows:

	(Unaudited)	(Audited)
	30 September	31 March
	2020	2020
	HK$'000	*HK$'000*
1 to 3 months	**639**	9,626

14. Other payables and accruals

	(Unaudited)	(Audited)
	30 September	31 March
	2020	2020
	HK$'000	*HK$'000*
Non-current		
Leasehold improvements payable	**5,785**	5,623
	5,785	5,623
Current		
Construction and development cost payables	**218,727**	197,845
Contract liabilities	**120,197**	102,805
Amount due to controlling shareholders	**9,497**	–
Interest payable	**27,497**	10,077
Others	**33,454**	45,956
	409,372	356,683
	415,157	362,306

15. Events after the reporting period

On 7 October 2020, Crown Entertainment Corporation ("**Crown Entertainment**"), a wholly-owned subsidiary of the Group, signed an entrusted loan agreement with ADIB Holdings Limited ("**ADIB Holdings**"). ADIB Holdings is entrusted by its major controlling shareholder, Asia Development & Investment Bank Ltd. to provide Crown Entertainment a loan facility of up to US$200 million for the development of the Group's projects in the PRC. The loan is a three-year term with specific fixed interest rate of 5.8% per annum. The Group needs to submit an annual utilisation plan and the loan will be granted upon the utilisation plan is reviewed and agreed by ADIB Holdings. The above-mentioned entrusted loan is guaranteed by the Company.

16. Approval of the financial information

The unaudited condensed consolidated interim financial information was approved for issue by the Board on 26 November 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Introduction

The Group was principally engaged in the business of property investment, property development, hotel operations, and comprehensive healthcare planning and management services in the PRC. During the Current Interim Period, the Group disposed the financial consultancy service business. As the Group did not record any revenue from this business since the financial year of 2017/18, the Group believed that it was in the interests of the Group to dispose this business in order to save operation costs going forward.

Property investment

The Group's current investments in investment properties consist of the following wholly-owned properties:

- The commercial building known as 卓越大廈 at Kunlun Main Street West, Bayuquan District, Yingkou city, Liaoning province, the PRC (the "**Yingkou Property**");

- The hotel complex at No. 1 Lan Hua Ping Road, Ciping Town, Jinggangshan city, Jiangxi province, the PRC (the "**Jinggangshan Property**"); and

- The residential and commercial complex known as 達興豪苑 at No. 69 Zhongshan Third Road, East District, Zhongshan city, Guangdong province, the PRC (the "**Zhongshan Property**").

Property development

The Group's current investment in property development comprises approximately 1,400 serviced apartment units in the project located at Golden Beach No. 1, Golden Beach Garden, south of Bei Huan Hai Road and east of Ren Tai Garden, Gao District, Weihai city, Shandong province, the PRC (the "**Weihai Property**") currently under development and to be sold by the Group. The Weihai Property project is 100% owned by the Group.

Hotel operations

The Group's current investments in hotel operations consist of the hotel development in the Weihai Property. The Group's hotel operations project comprise approximately 200 hotel suites in the Weihai Property to be managed by a world-renowned hotel group under the management agreement between the Group and the said hotel group. The hotel is still under construction at the moment.

Comprehensive healthcare planning and management services

The comprehensive healthcare planning and management services segment was just established in the financial year of 2019/20. Currently, this new business segment includes mainly provision of comprehensive healthcare planning and management services to healthcare business operators, including preliminary planning, research, establishment, staff training and post-establishment operation and management.

A. The Group's Property Investment

(i) The Yingkou Property

The Yingkou Property is a 16-storey commercial building situated in Yingkou city, Liaoning province, 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 lease of 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 lease of 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.

* For identification purpose only

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 2021 and 2022 respectively.

(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 rent-free period of six months) until 7 December 2027. The annual rental for each of the first three years was RMB1.8 million and the annual rental for each of the next three years was RMB1.9 million. Subsequently the annual rental for each of the following three years was RMB2.0 million, while the annual rental for the last year was RMB2.1 million. Under the terms of the lease agreement, the local lessee shall operate hotel businesses in the hotel complex. The local lessee undertook to renovate and maintain the hotel complex, and to ensure that the post-renovation complementary facilities achieve 3-Star or above in accordance with relevant PRC standards. The lessee undertook to pay not less than RMB10 million in renovation expenditures of the project, and the Group shall subsequently reimburse the renovation expenditures of up to RMB10 million over the term of the lease.

The renovation work arranged by the local lessee has been completed, and the hotel complex operated by the tenant has commenced its operations. Accordingly, the Group's business 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 believes this business model will not only help the Group generate stable rental income to the Group, but also improve the cash flow of the Group by spreading the renovation expenses borne by the Group over the term of the lease.

(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 purposes. When the acquisition was completed, 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 retail and catering businesses.

Due to the consistently rising property market in Zhongshan city since 2015, the Zhongshan Property recorded a substantial accumulated 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 believed that the increase of market value in the Zhongshan Property was attributable to 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 as a formal national strategy thereby; (ii) the opened Hong Kong-Zhuhai-Macao Bridge (the "**Bridge**"), the world's longest sea-crossing bridge-and-tunnel channel, which reduces commuting time between Hong Kong, Zhuhai and Macau to roughly one hour, and is open 24-hours for border crossing. The opening of the Bridge has greatly enhanced the synergies among the cities within the Greater Bay Area in terms of circulation of goods, interaction of services, personnel movement and the free flow of information; (iii) the recent development of the Shenzhen-Zhongshan bridge and the Zhongshan metro, which 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 metre of Zhuhai, which is adjacent to Zhongshan, remain much higher than that of Zhongshan.

In September 2019, the Group and a local lessee ("**Zhongshan Lessee**") entered into a lease agreement. Pursuant to the lease agreement, the entire Zhongshan Property including the residential units, the retail floors and the car parking spaces were leased to the Zhongshan Lessee for a term commencing from 1 January 2020 to 31 March 2034. The initial annual rent is RMB33.0 million for the first three years of the lease commencing from 1 January 2020. The annual rental shall increase by 3.5% after the expiration of each three year period from 1 January 2020.

As the outbreak of COVID-19 occurred in early 2020 and evolved into a pandemic around the world subsequently, the Zhongshan Lessee's original business plan was difficult to carry out. The Group deeply realised the severity and destructive power of the COVID-19. After several communication and negotiation with the Zhongshan Lessee, both the Group and the Zhongshan Lessee decided to cancel the lease agreement by signing a document on cancellation of the lease agreement on 24 September, 2020. At the same time, the rental amount for the period from 1 January 2020 to 23 September 2020 was changed to RMB15.0 million. The security deposit of the lease of RMB15.0 million previously paid by the Zhongshan Lessee to the Group was then used to cover the rent owed by the Zhongshan Lessee to the Group for the period from 1 January 2020 to 23 September 2020. After signing the cancellation of the lease agreement, the Zhongshan Lessee immediately exited and returned the property to the Group.

The Group considered that if the Group and the Zhongshan Lessee continue to entangle the matter and the time delays, the vacant time before the Group can reoccupy the property will be prolonged, which will be more unfavorable to the Group. In addition, it is uncertain whether the Group can be succeeded in recovering any additional compensation even paying huge amount of litigation costs. In view of this, the Group made the above decision. The Group is now studying the best use plan for the 達興豪苑 property in order to maximise the interests of the shareholders of the Group. The preliminary plan is to consider transforming 達興豪苑 into a high-end healthcare project in order to align with the development of the Group's newly launched comprehensive healthcare business, however, the specific implementation plan remains to be further explored.

B. The Group's investment in Property Development

The Weihai Property

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

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

As at the date of this announcement, the total pre-sales by Weihai Runhe amounted to approximately RMB200 million, and the total saleable area pre-sold is approximately 17,000 square meters. The relevant pre-sale amounts are expected to be recognised as revenue in the financial year of 2021/22, as the construction and renovation works of the serviced apartment units are currently expected to be completed in the second half year of 2021.

Financing of development of the Weihai Property

It is expected that the preliminary initial costs (excluding the land costs which was paid by the Group through acquisition of the offshore holding company of the PRC company for development of the Weihai Property) for development of the Weihai Property will exceed RMB1.0 billion. Part of the Group's plan to finance the development of the Weihai Property is pre-sale of the serviced apartment units as disclosed above.

To finance the construction and renovation costs of the Weihai Property, prior to entering the Group, Weihai Runhe through China Everbright Bank, entered into an entrusted loan agreement with a subsidiary of China HKBridge Holdings Limited ("**China HKBridge Loan**"), under which Weihai Runhe obtained a loan facility in the aggregate principal amount of RMB150 million, bearing interest at 18% per annum and repayable on 24 July 2019.

In November 2018, Weihai Runhe entered into an entrusted debt investment agreement (the "**Asia Alliance Asset Loan**") with 亞聯盟資產管理有限公司, through Harbin Bank Tianjin Branch, pursuant to which Weihai Runhe obtained a loan facility of RMB660 million (equivalent to HK$772 million) for a term of 3 years, bearing interest at 6.6% per annum. The final drawdown amount by Weihai Runhe was RMB500 million (equivalent to HK$584.6 million) with the remaining undrawn facility amount lapsed. The Asia Alliance Asset Loan replaced the China HKBridge Loan. The Group's management believes that substantial interest expenses will be saved through the replacement of China HKBridge loan which was of a higher interest rate, thus lowering the construction finance costs of the Weihai Property. Meanwhile, the Asia Alliance Asset Loan will provide the Group with sufficient liquidity.

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

C. The Group's Hotel Operations

The Weihai Property

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

When the Group completed the acquisition of the Weihai Property in September 2017, it acquired, along with the Weihai Property, the benefit of a management agreement with a world-renowned hotel group as hotel manager. Under the said management agreement, the 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 international standard and target high-end business and leisure travelers.

The hotel complex is under construction at the moment. Upon completion of the construction and renovation works, the hotel is expected to provide about 200 luxury suites and rooms.

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

The new business segment, comprehensive healthcare planning and management services was established during the financial year of 2019/20. The Group has succeeded in attracting professional teams with extensive experience in these sectors and has comprehensive project resources and customer network. This business segment has already contributed revenue to the Group during last financial year. This business is aiming to operate with the goal of building the brand of "Grandlife Healthcare Group". Currently, this segment services mainly focus on provision of comprehensive healthcare planning and management services such as preliminary planning, research, establishment, staff training and post-establishment operation and management to healthcare business operators.

FINANCIAL REVIEW

Key Performance Indicators

	For the six months ended 30 September	
	(Unaudited)	(Unaudited)
	2020	2019
	HK$'000	*HK$'000*
Revenue	**9,738**	2,599
Profit/(loss) attributable to owners of the Company		
– continuing operations	**2,921**	4,812
– discontinued operation	**(1,231)**	(2,504)
	1,690	2,308
Earnings/(loss) per share (HK Cent)		
– continuing operations	**0.09**	0.14
– discontinued operation	**(0.04)**	(0.07)
	0.05	0.07

	(Unaudited)	(Audited)
	As at	As at
	30 September	31 March
	2020	2020
	HK$'000	*HK$'000*
Gross assets	**3,448,696**	3,275,774
Net assets attributable to owners of the Company	**1,982,151**	1,901,146
Cash and bank balances	**13,405**	13,692
Borrowings	**622,533**	598,503
Net borrowings/net assets attributable to owners of the Company ratio	**30.7%**	30.8%

Revenue

Revenue of the Group (excluding discontinued operation) amounted to approximately HK$9.7 million for the Current Interim Period, representing a significant increase of approximately HK$7.1 million or approximately 274.7% as compared to that of approximately HK$2.6 million for the Last Interim Period. The significant increase in revenue was that for the Current Interim Period, other than the usual rental income of our two investment properties, the Jinggangshan Property and the Yingkou Property, there was also rental income from the Zhongshan Property in the amount of approximately HK$6.5 million. In addition, the new business segment of comprehensive healthcare planning and management services also contributed to the Group revenue of approximately HK$0.6 million for the Current Interim Period.

Other operating expenses

Other operating expenses of the Group (excluding discontinued operation) amounted to approximately HK$4.0 million for the Current Interim Period, representing a decrease of approximately HK$2.0 million or approximately 34.1% as compared to that of approximately HK$6.0 million for the Last Interim Period. The decrease in other operating expenses was mainly as a result of the Group's continuing effort on controlling expenditures.

Finance costs

Finance costs of the Group (excluding discontinued operation) amounted to approximately HK$0.3 million for the Current Interim Period, representing a significant decrease of approximately HK3.1 million or approximately 91.1% as compared to that of approximately HK$3.4 million for the Last Interim Period. The significant decrease in finance costs was mainly attributable to the capitalisation of finance costs in relation to the bonds by the Group during the Current Interim Period.

Profit attributable to owners of the Company

For the Current Interim Period, the Group recorded a profit attributable to owners of the Company of approximately HK$1.7 million, which is less that of HK$2.3 million for the Last Interim Period by HK$0.6 million or 26.8%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

For the Current Interim Period, the Group's sources of fund primarily included income generated from business operations and advances from controlling shareholders.

In October 2020, a wholly-owned subsidiary of the Group, signed an entrusted loan agreement with ADIB Holdings. ADIB Holdings is entrusted by its major controlling shareholder, Asia Development & Investment Bank Ltd., to provide our subsidiary a loan facility of up to US$200 million for the development of the Group's projects in the PRC. The loan is a three-year term with specific fixed interest rate of 5.8% per annum. The Group needs to submit an annual utilisation plan and the loan will be granted upon the utilisation plan is reviewed and agreed by ADIB Holdings. The above-mentioned entrusted loan is guaranteed by the Company.

The Group expects that income generated from business operations and borrowings will continue to be the main sources of funds in the coming period. 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 2020, the Group had bank balances and cash of approximately HK$13.4 million as compared to the bank balances and cash of approximately HK$13.7 million as at 31 March 2020.

The Group had net current assets amounting to approximately HK$187.9 million as at 30 September 2020, against approximately HK$226.5 million as at 31 March 2020. The Group's current ratio (i.e. current assets divided by current liabilities) was approximately 1.2x as at 30 September 2020, same as approximately 1.2x as at 31 March 2020.

Gearing Ratio

As at 30 September 2020, the Group's net debt gearing ratio (i.e. net debt divided by equity attributable to owners of the Company) was approximately 30.7% (31 March 2020: 30.8%). Net debt comprises total borrowings less cash and cash equivalents and restricted bank balances.

CAPITAL EXPENDITURE

During the Current Interim Period, capital expenditure of the Group on fixed assets was approximately HK$7.6 million (Last Interim Period: approximately HK$21.2 million). There was no capital expenditure of the Group on investment properties during the Current Interim Period (Last Interim Period: approximately 1.5 million).

CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 September 2020,

(a) the Group did not have any material contingent liabilities or guarantees (31 March 2020: Nil); and

(b) the Group has capital expenditure on hotel properties contracted for but not provided in the condensed consolidated interim financial information in the amount of approximately HK$136.1 million (31 March 2020: HK$121.1 million) in respect of the construction of the hotel properties.

CHARGES ON THE GROUP'S ASSETS

As at 30 September 2020 and 31 March 2020, the Group's interests in the Weihai Property, and the equity interests in a PRC subsidiary which control the Weihai Property were pledged to an independent third party as security for borrowings with outstanding amount of approximately RMB500 million (equivalent to approximately, 30 September 2020: HK$568.5 million, 31 March 2020: HK$546.0 million).

FOREIGN EXCHANGE EXPOSURE

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

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

Other than the disclosure of disposal of subsidiary in note 8 of the condensed consolidated interim financial information, there was no other material acquisition and disposal of subsidiaries and associated companies by the Group in the Current Interim Period.

Save as disclosed above, as at 30 September 2020, the Group did not hold any significant investments (31 March 2020: Nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 30 September 2020, the Group had a total of 53 employees (31 March 2020: 55 employees), including executive Directors. The remuneration and staff cost for the Current Interim Period for the continuing operations were approximately HK$6.5 million (Last Interim Period: approximately HK$5.9 million). The Group's remuneration policy and packages for the executive Directors and senior management were determined by the remuneration, quality and nomination committee of the Company while those for other employees were reviewed and approved by the chief executive officer of the Company. The Group remunerates its employees based on industry practice and the performance of each individual. The Group also offers discretionary bonuses, medical insurance and defined contribution retirement plans, and provides a share option scheme for its employees and executive Directors.

FUTURE PROSPECTS

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

For the property investment, the investment properties of 卓越大廈 in Yingkou and Jinggangshan hotel in Jiangxi, have been leased, signing long-term lease agreements ranging from around 9 to 10 years, which has guaranteed its long-term rental income for the Group. As affected by the COVID-19 pandemic, the lessee of 達興豪苑 proposed early termination of the original lease. The Group realised the difficulties faced by the lessee and therefore agreed to the early termination. The Group is now studying the best use plan for the達興豪苑property in Zhongshan in order to maximise the interests of the shareholders of the Group. The preliminary plan is to consider transforming達興豪苑into a high-end healthcare project in order to align with the development of the Group's newly launched comprehensive healthcare business, however, the specific implementation plan remains to be further explored.

For the property development, the apartment units of the Golden Beach No. 1 Project phase I located in Weihai, Shandong province, the key project of the Group, is still under pre-sale. Affected by the COVID-19 pandemic, the construction progress is hindered and the latest estimated completion time will be in the second half year of 2021. The Group will then be able to recognise sales revenue from the Golden Beach No. 1 Project phase I in the financial year of 2021/22. In addition, the Group is conducting research on the Golden Beach No. 1 Project phase II in Weihai, next to its phase I, to explore the possibilities of development of the Phase II. The Group believes that these two projects can create enormous synergies.

For the hotel operations, the Golden Beach No. 1 Project phase I located in Weihai, Shandong province is still under construction. Also affected by the COVID-19 pandemic, the hotel is expected to be completed and start business in the second half year of 2021. The hotel portion of the Golden Beach No. 1 Project phase I, becoming a new landmark and the highest building of Weihai city, Shandong province, will be managed by a world renowned hotel management company, making it the first international five-star hotel of the city.

The business segment of comprehensive healthcare planning and management services business is progressing steadily since its establishment in last year. Currently, the comprehensive healthcare planning and management services business includes provision of services to healthcare business operators, including preliminary planning, research, establishment, staff training and post-establishment operation and management. The Group has professional teams with extensive experience in these sectors and has comprehensive project resources and customer network. It is expected this business segment would contribute to the revenue and earnings for the Group in future. Furthermore, the Group is also identifying potential property projects, in future, the Group may through various methods such as acquisition of property projects or cooperation with property owners to modify property projects into high-end healthcare projects or even develop healthcare projects through land development by the Group itself and combined with the capital operation of insurance companies and financial institutions to jointly operate healthcare projects. To cope with this development, the Group has entered into an entrusted loan contract with a financial institution for a facility of up to USD200 million to support the related capital expenditures. The concept of comprehensive healthcare will become an important goal of the Group's future development.

The COVID-19 pandemic that broke out in early 2020 has seriously affected the global economy. It has been nearly a year since the outbreak began. However, there is still no sign of calming down. The epidemic situation in many countries is still severe. To face the uncertainty in future, the Group will adhere to a prudent and stable management concept and do a good job in risk control.

The Group is fully confident in its future development.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

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

During the Current Interim 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 of the Company.

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

Pursuant to Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The role of chief executive officer was performed by Ms. HUNG Man who was also the chairman of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership, and allow for effective and efficient planning and implementation of business decision and strategies.

Model Code

The Board has adopted its own code of conduct regarding securities transactions by the 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 Current Interim Period.

Changes of Directors' Information

The following are the changes in the information of Directors since the disclosure was made in the 2019/20 annual report of the Company, which are required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules:

As at the date of this announcement, Mr. LONG Tao has resigned from his position of independent non-executive director of Beijing Whoswho Culture and Media Company Limited and Beijing Wangfujing Group Company, Limited（北京王府井集團股份有限公司）, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600859).

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, 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 Current Interim 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
HUNG Man
Chairman

Hong Kong, 26 November 2020

As at the date of this announcement, the Board comprises four executive Directors, namely Ms. HUNG Man, Mr. LI Yong Jun, Mr. LIU Hong Shen and Mr. MENG Jin Long; and three independent non-executive Directors, namely Mr. LONG Tao, Mr. REN Guo Hua and Mr. CHEN Fang.