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Crown International Corporation Limited

皇冠環球集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 727)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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 2021 (the “**Current Interim Period**”) together with the relevant comparative figures for the six months ended 30 September 2020 (the “**Last Interim Period**”).

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

		(Unaudited) Six months ended 30 September	
	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Continuing operations			
Revenue	3	2,113	9,738
Other gains, net	4	—	145
Other income	5	156	627
Fair value gains on investment properties		—	11,079
Staff costs		(12,667)	(6,522)
Depreciation on property, plant and equipment		(2,736)	(3,621)
Other operating expenses, net		(5,234)	(3,963)
Operating profit		(18,368)	7,483
Finance income		19	20
Finance costs		(324)	(303)
Finance costs, net		(305)	(283)
(Loss)/profit before income tax	6	(18,673)	7,200
Income tax expense	7	(2,254)	(4,701)
(Loss)/profit from continuing operations		(20,927)	2,499
Discontinued operation			
Loss from discontinued operation		—	(1,231)
Loss/profit for the period		(20,927)	1,268

		(Unaudited)	
		Six months ended	
		30 September	
		2021	2020
	Notes	HK\$'000	HK\$'000
Other comprehensive income/(loss):			
Item that may be subsequently reclassified to profit or loss:			
Currency translation differences		44,158	79,815
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 for the period, net of tax		44,158	79,296
Total comprehensive income for the period		23,231	80,564
(Loss)/profit attributable to:			
Owners of the Company			
(Loss)/profit from continuing operations		(20,927)	2,921
Loss from discontinued operation		—	(1,231)
		(20,927)	1,690
Non-controlling interests			
Loss from continuing operations		—	(422)
Loss from discontinued operation		—	—
		—	(422)
		(20,927)	1,268
Total comprehensive income/(loss) attributable to:			
Owners of the Company		23,231	81,005
Non-controlling interests		—	(441)
		23,231	80,564
(Loss)/earnings per share (expressed in HK cent per share)			
From continuing and discontinued operations			
– Basic and diluted	8	(0.61)	0.05
From continuing operations			
– Basic and diluted	8	(0.61)	0.09

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

		(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment		303,749	293,549
Investment properties	10	2,089,269	1,992,545
Other receivables, prepayments and deposits	11	1,251	1,251
		<u>2,394,269</u>	<u>2,287,345</u>
Current assets			
Trade receivables	12	2,225	689
Other receivables, prepayments and deposits	11	285,906	261,278
Properties under development for sale		1,114,515	1,069,445
Restricted bank balances		13,212	12,949
Cash and cash equivalents		1,590	1,053
		<u>1,417,448</u>	<u>1,345,414</u>
Total assets		<u>3,811,717</u>	<u>3,632,759</u>
LIABILITIES			
Current liabilities			
Other payables and accruals	13	709,122	579,961
Amount due to a director		50	19,227
Borrowings		681,840	642,360
Lease liabilities		5,890	5,135
Income tax payable		10,478	7,680
		<u>1,407,380</u>	<u>1,254,363</u>
Net current assets		<u>10,068</u>	<u>91,051</u>
Total assets less current liabilities		<u>2,404,337</u>	<u>2,378,396</u>

		(Unaudited) 30 September 2021 <i>HK\$'000</i>	(Audited) 31 March 2021 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current liabilities			
Other payables and accruals	13	6,488	5,256
Lease liabilities		9,474	9,750
Deferred income tax liabilities		<u>416,678</u>	<u>410,391</u>
		<u>432,640</u>	<u>425,397</u>
Net assets		<u><u>1,971,697</u></u>	<u><u>1,952,999</u></u>
EQUITY			
Capital and reserves			
Share capital		1,979,067	1,979,067
Other reserves		<u>(7,587)</u>	<u>(26,285)</u>
Equity attributable to owners of the Company		<u>1,971,480</u>	<u>1,952,782</u>
Non-controlling interests		<u>217</u>	<u>217</u>
Total equity		<u><u>1,971,697</u></u>	<u><u>1,952,999</u></u>

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 2021. 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 2021 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 2021 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 pandemic. As a result, properties sales of the Group has been affected significantly.
- (ii) overdue of interest payment of the Group's entrusted loan in the total amount of HK\$74,593,964 and overdue of principal repayment of the Group's entrusted loan in the amount of HK\$494,367,280 which was also due and payable. The interest payment and the principal repayment remained overdue as at 30 September 2021 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\$603,800,000, together with interest and penalty payables as at 30 September 2021 were treated as immediately due and payable and classified as current liabilities. However, as at 30 September 2021, the cash and cash equivalents of the Group amounted to HK\$1,589,786 only.
- (iii) an overdue corporate bonds of the Company with the aggregate outstanding principal and accrued and unpaid interests amounting to approximately HK\$56,000,000 as of 30 September 2021.

- (iv) an overdue loan owed to an independent third party, with the aggregate outstanding principal amounting to approximately HK\$25,000,000;
- (v) outstanding trade payables of approximately RMB90,000,000 arising from the procurement of construction materials from a supplier, which is under the liability guarantee of the Company in respect of the settlement obligations for such outstanding materials payables; and
- (vi) outstanding construction payables of approximately RMB44,000,000 arising from the procurement of construction maintenance services from a supplier, which is under the liability guarantee of the Company in respect of the settlement obligations for such outstanding construction payables.

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 2021, after taking into consideration of the following:

- (i) the Group is actively negotiating with the financial institutions 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 financial institutions to defer the loan repayment schedule;
- (ii) as at 30 September 2021, the Group had certain investment properties located in the PRC with net carrying amount of approximately HK\$2,089,269,000, that are available for the Group to use as securities for possible future borrowings. The Group is actively negotiating with lenders 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
- (iii) 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 considering 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 2021. 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 financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 March 2021.

Application of amendments to HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the current accounting period:

Amendment to HKFRS 16	Covid-19 – Related rent concessions beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The application of 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 these condensed consolidated financial statements.

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 2021 and 2020 are as follows:

	Continuing Operations						Discontinued Operation	Total
	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Comprehensive healthcare planning and management services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>	Financial consultancy service <i>HK\$'000</i>	<i>HK\$'000</i>
Six months ended 30 September 2021 (Unaudited)								
Segment revenue:								
Revenue from external customers	1,423	-	-	690	-	2,113	-	2,113
Segment results	558	(1,363)	(299)	1,253	(18,517)	(18,368)	-	(18,368)
Finance income						19	-	19
Finance costs						(324)	-	(324)
Profit/(loss) before income tax						(18,673)	-	(18,673)
Income tax expense						(2,254)	-	(2,254)
Profit/(loss) after income tax						(20,927)	-	(20,927)
Loss on disposal of a subsidiary						-	-	-
Profit/(loss) for the period						(20,927)	-	(20,927)
Other segment information								
Depreciation on property, plant and equipment	(122)	(265)	(12)	(252)	(2,085)	(2,736)	-	(2,736)
Fair value gains on investment properties	-	-	-	-	-	-	-	-
Additions to								
- property, plant and equipment	-	-	-	-	-	-	-	-
- investment properties	-	-	-	-	-	-	-	-

	Continuing Operations						Discontinued Operation	Total
	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Comprehensive healthcare planning and management services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>	Financial consultancy service <i>HK\$'000</i>	<i>HK\$'000</i>
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						<u>2,499</u>	<u>(1,231)</u>	<u>1,268</u>
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	–	–	–	–	–	–	–	–

4 customer (six months ended 30 September 2020: 1) contributed more than 10% of the Group.

	(Unaudited)	
	Six months ended	
	30 September	
	2021	2020
	Property	Property
	investment	investment
	segment	segment
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	–	6,526
Customer B	1,053	–
Customer C	371	–
Customer D	302	–
Customer E	387	–
	<hr/>	<hr/>
Total	<u>2,113</u>	<u>6,526</u>

The segment assets and liabilities based on reportable segments as at 30 September 2021 and 31 March 2021 are as follows:

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Comprehensive healthcare planning and management services <i>HK\$'000</i>	Financial consultancy service <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 September 2021							
(Unaudited)							
Segment assets	1,827,401	551,084	1,095,598	–	–	336,044	3,810,127
Cash and cash equivalents	34	685	–	1	–	870	1,590
Total assets	1,827,435	551,769	1,095,598	1	–	336,914	3,811,717
Segment liabilities	(496,431)	(980,157)	(215,156)	(993)	–	(147,283)	(1,840,020)
Total liabilities	(496,431)	(980,157)	(215,156)	(993)	–	(147,283)	(1,840,020)
At 31 March 2021							
(Audited)							
Segment assets	1,997,015	1,292,796	332,311	256	1,096	8,232	3,631,706
Cash and cash equivalents	110	825	–	20	47	51	1,053
Total assets	1,997,125	1,293,621	332,311	276	1,143	8,283	3,632,759
Segment liabilities	(430,670)	(942,599)	(206,912)	(1,798)	(484)	(97,297)	(1,679,760)
Total liabilities	(430,670)	(942,599)	(206,912)	(1,798)	(484)	(97,297)	(1,679,760)

The Group's businesses operate in Hong Kong and the PRC. The Group's revenue for the six months ended 30 September 2021 and 2020 and non-current assets other than financial instruments, deposit paid for corporate asset and deferred income tax assets as at 30 September 2021 and 31 March 2021 based on geographical area are as follows:

	(Unaudited)	
	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
PRC	<u>2,113</u>	<u>9,738</u>
	(Unaudited)	(Audited)
	30 September	31 March
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Hong Kong	5,698	7,972
PRC	<u>2,388,571</u>	<u>2,279,373</u>
	<u>2,394,269</u>	<u>2,287,345</u>

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, net

	(Unaudited)	
	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain on disposal of fixed assets	<u>–</u>	<u>145</u>
	<u>–</u>	<u>145</u>

5. Other income

	(Unaudited)	
	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Government grants	15	540
Others	<u>141</u>	<u>87</u>
	<u>156</u>	<u>627</u>

6. (Loss)/profit before income tax

	(Unaudited)	
	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit before income tax is arrived at after charging:		
Auditors' remuneration	700	700
Staff costs	<u>12,667</u>	<u>6,522</u>

7. Income tax expense

	(Unaudited)	
	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
Current tax – PRC	2,254	1,931
Deferred taxation – PRC	–	2,770
	<u>2,254</u>	<u>4,701</u>

8. (Loss)/earnings per share

Basic and diluted (loss)/earnings per ordinary share is calculated by dividing the (loss)/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	
	2021	2020
<i>From continuing and discontinued operations</i>		
(Loss)/profit for the period attributable to owners of the Company, HK\$'000	(20,927)	1,690
Weighted average number of ordinary shares in issue	3,430,000,000	3,430,000,000
Basic and diluted (loss)/earnings per ordinary share, HK cent	<u>(0.61)</u>	<u>0.05</u>

For the six months ended 30 September 2021, diluted loss per share was the same as basic loss per share as the impact of the potential dilutive ordinary shares outstanding had an anti-dilutive effect on the basic loss per share presented for the six months ended 30 September 2021.

For the six months ended 30 September 2020, 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.

9. Dividend

The Board do not recommend payment of interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil.)

10. Investment properties

	(Unaudited) 30 September 2021 <i>HK\$'000</i>	(Audited) 31 March 2021 <i>HK\$'000</i>
At beginning of period/year	1,992,545	1,911,983
Fair value gains, net	–	(76,021)
Exchange difference	<u>96,724</u>	<u>156,583</u>
At end of period/year	<u><u>2,089,269</u></u>	<u><u>1,992,545</u></u>

11. Other receivables, prepayments and deposits

	(Unaudited) 30 September 2021 <i>HK\$'000</i>	(Audited) 31 March 2021 <i>HK\$'000</i>
Non-current		
Rental deposits	<u>1,251</u>	<u>1,251</u>
	<u>1,251</u>	<u>1,251</u>
Current		
Other receivables	29,180	8,584
Prepayments and deposits	<u>256,726</u>	<u>252,694</u>
	<u>285,906</u>	<u>261,278</u>
	<u><u>287,157</u></u>	<u><u>262,529</u></u>

12. Trade receivables

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Trade receivables	<u>2,225</u>	<u>689</u>

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

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
1 to 3 months	<u>736</u>	<u>376</u>

13. Other payables and accruals

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Non-current		
Leasehold improvements payable	<u>6,488</u>	<u>5,256</u>
	<u>6,488</u>	<u>5,256</u>
Current		
Construction and development cost payables	459,647	350,810
Contract liabilities	139,572	131,855
Interest payable	79,495	55,872
Others	<u>30,408</u>	<u>41,424</u>
	<u>709,122</u>	<u>579,961</u>
	<u>715,610</u>	<u>585,217</u>

14. Events after the reporting period

Unless otherwise specified, capitalized terms used in this section shall have the same meanings as those defined in the Company's announcement dated 21 October 2021 (the "Announcement").

As disclosed in the Announcement, the Deed has been entered into between the Company and Luxuriant (as duly appointed by other creditors of the Total Debts to enter into the Deed for and on their behalf), whereby:

- (a) the Company has transferred all its legal interests in and over the Subject Shares to Luxuriant at a consideration of US\$10,000;
- (b) Luxuriant has declared that (i) during the Period, the Subject Shares do not belong to it but to the Company as the beneficial owner thereof and Luxuriant holds the Subject Shares as nominee and on trust for the Company, and (ii) Luxuriant has no beneficial interests in the Subject Shares; and
- (c) If the Total Amount is not repaid on or before the Period Date, among others, Luxuriant will be the legal and beneficial owner of the Subject Shares with immediate effect. Luxuriant shall be entitled to deal with (including but not limited to sale, pledge, loan, mortgage, and/or lend) part or all of the Shares and/or any assets of any member of the Subject Company for the purpose of recouping the Total Amount provided that in the case of sale, the price of the sale shall be a price not less than (i) the highest price received in an open tender; or (ii) the fair value of the Subject Shares and/or assets.

Saved as disclosed above, there are no further update up to 30 November 2021.

Please refer to the Announcement for further details.

As at 30 September 2021, net assets in the Subject Group amounted to approximately HK\$1.34 billion and the Company is currently in negotiation with a third party and received a preliminary offer on 6 October 2021 for the proposed loan amount of HK\$350 million to HK\$400 million. The offer is non-binding and subject to final approval.

15. Approval of the financial information

The unaudited condensed consolidated interim financial information was approved for issue by the Board on 30 November 2021.

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.

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 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.

In April 2021, the Yingkou Subsidiary as lessor entered into a lease supplemental agreement with the local lessee in relation to the lease of part of the first floor, second to fourth floor and part of the ground floors area, of the Yingkou Property. The lease was for one year, with rental of RMB700,000.

In May 2022, the Yingkou Subsidiary as lessor entered into a lease agreement with a new lessee in relation to the lease of the first to sixteenth floors, as well as the ground floor area, of the Yingkou Property. The lease was for ten years, with annual rental of RMB2 million.

* For identification purpose only

The Yingkou Property is currently fully occupied and 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 2032.

(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.

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 2022.

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.

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 entrusted loan agreement with a subsidiary of China HKBridge Holdings Limited (“**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 2022. 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

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)
	2021	2020
	HK\$'000	HK\$'000
Revenue	2,113	9,738
(Loss)/profit attributable to owners of the Company		
– continuing operations	(20,927)	2,921
– discontinued operation	–	(1,231)
	(20,927)	1,690
(Loss)/earnings per share (HK Cent)		
– continuing operations	(0.61)	0.09
– discontinued operation	–	(0.04)
	(0.61)	0.05
	(Unaudited)	(Audited)
	As at	As at
	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
Gross assets	3,811,717	3,632,759
Net assets attributable to owners of the Company	1,971,480	1,952,782
Cash and bank balances	14,802	14,002
Borrowings	681,840	642,360
Net borrowings/net assets attributable to owners of the Company ratio	33.8%	32.2%

Revenue

Revenue of the Group amounted to approximately HK\$2.1 million for the Current Interim Period, representing a significant decrease of approximately HK\$7.6 million or approximately 78.3% as compared to that of approximately HK\$9.7 million for the Last Interim Period. The significant decrease in revenue was that for the Current Interim Period, the rental income from Zhongshan Property is terminated.

Other operating expenses

Other operating expenses of the Group amounted to approximately HK\$5.2 million for the Current Interim Period, representing a significant increase of approximately HK\$1.3 million or approximately 32.1% as compared to that of approximately HK\$4 million for the Last Interim Period. The increase in other operating expenses was related to increase in legal and related expenses.

(Loss)/profit attributable to owners of the Company

For the Current Interim Period, the Group recorded loss attributable to owners of the Company of approximately HK\$20.9 million, as compared to profit of HK\$1.7 million for the Last Interim Period. The loss was mainly due to the decrease in rental income and increase in other operating expenses.

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 borrowing from external parties.

The Group expects that income generated from business operations and borrowings will continue to be the main sources of funds in the coming 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 2021, the Group had bank balances and cash of approximately HK\$14.8 million as compared to the bank balances and cash of approximately HK\$14 million as at 31 March 2021.

The Group had net current assets amounting to approximately HK\$10 million as at 30 September 2021, against approximately HK\$91 million as at 31 March 2021. The Group's current ratio (i.e. current assets divided by current liabilities) was approximately 1x as at 30 September 2021, as compared to approximately 1.07x as at 31 March 2021.

Gearing Ratio

As at 30 September 2021, the Group's net debt gearing ratio (i.e. net debt divided by equity attributable to owners of the Company) was approximately 33.8% (31 March 2021: 32.2%). Net debt comprises total borrowings less cash and cash equivalents and restricted bank balances.

CAPITAL EXPENDITURE

During the Current Interim Period, there was no capital expenditure of the Group on fixed assets (Last Interim Period: approximately HK\$7.6 million) and 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 2021,

- (a) the Group did not have any material contingent liabilities or guarantees (31 March 2021: 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\$124.9 million (31 March 2021: HK\$124.9 million) in respect of the construction of the hotel properties.

CHARGES ON THE GROUP'S ASSETS

As at 30 September 2021 and 31 March 2021, the Group's interests in the Weihai Property, and the equity interests in a PRC subsidiary which control the Weihai Property were pledged to an independent third party as security for borrowings with outstanding amount of approximately RMB500 million (equivalent to approximately, 30 September 2021: HK\$603.8 million, 31 March 2021: HK\$591.4 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

There was no 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 2021, the Group did not hold any significant investments (31 March 2021: Nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 30 September 2021, the Group had a total of 48 employees (31 March 2021: 53 employees), including executive Directors. The remuneration and staff cost for the Current Interim Period were approximately HK\$6.6 million (Last Interim Period: approximately HK\$6.5 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. 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 2022. 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 2022. 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. 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 two years 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 2021 (six months ended 30 September 2020: Nil).

SHARE OPTIONS GRANTED TO EMPLOYEES

Particulars of the Company's share option scheme are set out in the Share Option Scheme section.

During the six months ended 30 September 2021, details of share options granted to the employees under the Share Option Scheme of the Company were as follows:

					No. of share options exercised/ cancelled/ lapsed during the six months ended 30 September 2021	No. of share options outstanding as at 30 September 2021	Approximate percentage of the underlying shares for the share options outstanding in the issued Shares
	Date of grant	Exercisable period	Exercise price HK\$	No. of share options outstanding as at 1 April 2021	No. of share option granted during the six months ended 30 September 2021	No. of share options outstanding as at 30 September 2021	
Employees	20 September 2021	20 September 2021 – 19 September 2031	0.187	–	102,900,000	–	3%
Total				–	102,900,000	–	
Grand total				–	102,900,000	–	

SHARE OPTION SCHEME

On 25 September 2015, the Company adopted a share option scheme (the “**Share Option Scheme**”) whereby the Board can grant options for the subscription of our shares to the employees, managerial staff and senior employees and those other persons that the Board considers that they will contribute or have contributed to the Group (the “**Participants**”) as described in the Share Option Scheme in order to serve as compliment and to reciprocate their contribution to the Group. The maximum number of shares that can be issued according to the Share Option Scheme was 343,000,000 shares, which was equivalent to 10% of the issued capital of the Company after completion of the Listing on the Stock Exchange. The number of options that may be granted pursuant to the terms of the Share Option Scheme shall not exceed 10% of the issued shares immediately after the completion of the Listing. Unless otherwise approved by the shareholders of the Company in general meeting, the number of shares that may be granted to a Participant under the options shall not exceed 1% within any 12-month period (other than those granted to the substantial shareholders (as defined in the Listing Rules) of the Company or the independent non-executive Directors or any of their respective associates (as defined in the Listing Rules)), or the total number of shares that may be granted under the options to the substantial shareholders of the Company or the independent non-executive Directors or any of their respective associates shall not exceed 0.1% of the shares in issue of the Company from time to time. There is no minimum period that the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the Board; however no options shall be exercised 10 years after they have been granted. The exercise price of the option shall be the higher of (a) the closing price of the shares on the daily quotation sheet of the Stock Exchange on the date of grant; (b) the average closing price of the shares on the daily quotation sheet of the Stock Exchange for the five trading days immediately preceding the date of grant; and (c) nominal value of the share. Each grantee shall pay a consideration of HK\$1.00 at the time the option is granted. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

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 2020/21 annual report of the Company, which are required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules:

Mr. TSANG Hin Fun, Anthony has been appointed as an independent non-executive Director with effect from 9 November 2021.

Mr. TAM B Ray Billy has been appointed as an independent non-executive Director with effect from 9 November 2021.

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

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

Mr. LIU Hong Shen has resigned as executive Director with effect from 30 September 2021 and has ceased to be member of Executive Committee with effect from 30 September 2021.

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. CHEN Fang and the members are Mr. REN Guo Hua and Mr. WONG Siu Hung, Patrick. 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, 30 November 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Ms. HUNG Man, Mr. LI Yong Jun and Mr. MENG Jin Long; and five independent non-executive Directors, namely Mr. REN Guo Hua, Mr. CHEN Fang, TSANG Hin Fun Anthony, Mr. TAM B Ray Billy and Mr. WONG Siu Hung, Patrick.