KRP Development Holdings Limited
嘉創房地產控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2421)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL HIGHLIGHTS

	2023	2022	Changes in %
Revenue *(RMB'000)*	**700,751**	775,555	-10%
Profit for the year attributable to equity shareholders of the Company *(RMB'000)*	**180,846**	243,660	-26%
Basic earnings per share *(RMB cents)*	**35.8**	48.2	-26%
Final dividend per share *(HK cents)*	**4.0**	N/A	N/A
Total dividends per share for the year *(HK cents)*	**4.0**	N/A	

The board (the "**Board**") of directors (the "**Directors**") of KRP Development Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively "**we**" or the "**Group**") for the year ended 31 March 2023 together with the comparative figures for the year ended 31 March 2022 as follows:

Consolidated statement of financial position
(Expressed in RMB)

	Note	**31 March 2023** *RMB'000*	31 March 2022 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**3,857**	4,284
Investment properties		**77,850**	77,300
Deferred tax assets		**95,670**	148,235
		177,377	229,819
Current assets			
Inventories and other contract costs	*5*	**1,055,162**	1,029,885
Prepayments, deposits and other receivables	*4*	**12,121**	86,599
Amounts due from related companies		**—**	35,819
Prepaid taxes		**—**	247
Pledged deposits		**—**	68,731
Cash and bank deposits	*6*	**267,835**	524,099
		1,335,118	1,745,380
Current liabilities			
Bank borrowings		**—**	236,479
Trade and other payables	*7*	**84,020**	164,972
Lease liabilities		**500**	514
Contract liabilities		**121,671**	407,227
Current tax payable		**456,594**	396,056
		662,785	1,205,248
Net current assets		**672,333**	540,132
Total assets less current liabilities		**849,710**	769,951

Consolidated statement of financial position (Continued)
(Expressed in RMB)

	Note	31 March 2023 RMB'000	31 March 2022 RMB'000
Non-current liabilities			
Provision for long service payable		**81**	146
Lease liabilities		**1,462**	1,859
Deferred tax liabilities		**19,613**	19,272
		21,156	21,277
NET ASSETS		**828,554**	748,674
CAPITAL AND RESERVES			
Share capital		**4,394**	—*
Reserves		**824,160**	748,674
TOTAL EQUITY		**828,554**	748,674

* The balance represents an amount less than RMB500.

Consolidated statement of profit or loss
for the year ended 31 March 2023
(Expressed in RMB)

	Note	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*8*	**700,751**	775,555
Cost of revenue		**(183,819)**	(188,554)
Gross profit		**516,932**	587,001
Other net (losses)/gains		**(4,353)**	2,547
Selling expenses		**(16,217)**	(10,533)
General and administrative expenses		**(46,852)**	(29,600)
Operating profit		**449,510**	549,415
Finance income		**6,034**	12,764
Finance costs		**(6,419)**	(4,018)
Finance (costs)/income, net	*9*	**(385)**	8,746
Profit before taxation		**449,125**	558,161
Income tax charge	*10*	**(268,279)**	(314,501)
Profit for the year		**180,846**	243,660
Earnings per share — Basic and diluted *(RMB cents)*	*11*	**35.8**	48.2

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2023
(Expressed in RMB)

	Note	**2023** **RMB'000**	2022 RMB'000
Profit for the year		**180,846**	243,660
Other comprehensive income for the year:			
Items that will not be reclassified to profit or loss:			
Remeasurement of provision for long service payments		**160**	105
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statement of operations outside Mainland China		**(36,126)**	13,674
Other comprehensive income for the year		**(35,966)**	13,779
Total comprehensive income for the year		**144,880**	257,439

NOTES:

1. BASIS OF PREPARATION

The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2023 but are extracted from those financial statements.

The Group's consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 23 March 2023, after the successful spin-off of the Company from the previous ultimate holding company, Karrie International Holdings Limited ("**KIHL**") which is incorporated in Bermuda with its shares listed on the Stock Exchange.

The Group underwent a group reorganisation ("**the Reorganisation**") for the listing and the Company became the holding company of the Group on 22 March 2022. Details of the Reorganisation can be found in the Company's Prospectus dated 3 March 2023.

The Reorganisation is a business combination of entities under common control. The consolidated financial statements have been prepared using the merger basis of accounting as if the companies now comprising the Group have been consolidated at 1 April 2021. The assets and liabilities of the companies now comprising the Group are consolidated using the historical carrying amounts from the perspective of the controlling shareholder.

The consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group include the consolidated results of operations of the companies now comprising the Group as if the current group structure had been in existence since throughout the year, or since their respective dates of incorporation, where there is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2022 have been prepared to present the state of affairs including the assets and liabilities of the companies now comprising the Group at the carrying amounts shown in the financial statements of the group entities as if the current group structure upon the completion of the reorganisation had been in existence at those dates taking into account their respective dates of incorporation, where applicable.

A uniform set of accounting policies is adopted when preparing the consolidated financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

None of these developments have had a material effect on how the Group's result and financial position for the current or prior periods have prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

The Group manages its business as a whole as property development is the only reporting segment. The financial statements are presented in a manner consistent with the way in which information is reported retaining to the Group's senior executive management for the purpose of resource allocation and performance assessment.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

4 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Prepayments	**10,511**	54,127
Deposits	**863**	31,876
Other receivables	**747**	596
	12,121	86,599

5 INVENTORIES AND OTHER CONTRACT COSTS

	2023	2022
	RMB'000	*RMB'000*
Properties under development for sale	**166,207**	149,650
Completed properties held for sale	**884,819**	876,738
	1,051,026	1,026,388
Other contract costs	**4,136**	3,497
	1,055,162	1,029,885

6 CASH AND BANK DEPOSITS

Cash and bank deposits comprise:

	2023	2022
	RMB'000	*RMB'000*
Restricted deposits *(note (i))*	**10,503**	323,545
Cash at bank and in hand	**257,332**	185,920
Deposits with banks with less than three months to maturity when placed	**—**	14,634
	267,835	524,099

Notes:

(i) In accordance with relevant government requirements, certain property development subsidiaries of the Group are required to set up designated bank accounts with certain amount of pre-sale proceeds for the construction of the relevant properties. The restricted deposits represent the pre-sale proceeds to secure the future payments of the Group's property development projects. Such restricted deposits will be released for the payments for construction costs of the related property development projects or upon completion of the construction.

(ii) The remittance of bank balances of RMB252,940,000 (2022: RMB497,365,000) as at 31 March 2023 placed with banks in Mainland China are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC Government.

7 TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**106**	901
Other payables and accruals	**83,914**	164,071
	84,020	164,972

Apart from the retention money of RMB1,891,000 (2022: RMB9,711,000) which were expected to be settled for more than one year, all of the other payables and accruals as at 31 March 2023 and 2022 were expected to be settled within one year.

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

	2023	2022
	RMB'000	*RMB'000*
Within 6 months	**65**	883
Over 12 months	**41**	18
	106	901

8 REVENUE

	2023	2022
	RMB'000	*RMB'000*
Recognised at a point in time under HKFRS 15:		
Sale of properties	**700,751**	775,555

The principal activities of the Group are property sales and development in Dongguan, Huizhou and Foshan.

Revenue represents the income from sale of properties, net of sales related taxes and discounts allowed.

As at 31 March 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts are RMB211,353,000 (2022: RMB742,342,000). These amounts represent revenue expected to be recognised in the future from pre-completion sales contracts. The Group will recognise the expected revenue in future when the properties are accepted by the customer, or deemed as accepted according to the contract, whichever is earlier.

For the years ended 31 March 2023 and 2022, the Group's customer base is diversified and does not have a customer with whom transactions have exceeded 10% of the Group's revenue.

9 FINANCE COSTS/(INCOME), NET

	2023	2022
	RMB'000	*RMB'000*
Finance costs		
— Interest expense from financial liabilities measured at amortised cost	**7,124**	24,436
— Interest expense from land cost instalment	**2,673**	—
— Interest expense on lease liabilities	**99**	18
Less: Interest expenses capitalised into properties under development for sale (Note)	**(3,477)**	(20,436)
	6,419	4,018
Finance income		
— Interest income from financial assets measured at amortised cost	**(6,034)**	(12,764)
Finance costs/(income), net	**385**	(8,746)

Note: The borrowing costs have been capitalised at weighted average rate of 4.98% per annum (2022: 4.14% per annum) for the year ended 31 March 2023.

10 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	2023	2022
	RMB'000	*RMB'000*
Current taxation		
Taxes in Mainland China		
— provision for Enterprise Income Tax ("**EIT**")	**125,249**	145,459
— reversal for EIT *(note (v))*	**(96,294)**	—
	28,955	145,459
— provision for Land Appreciation Tax ("**LAT**")	**180,503**	222,099
PRC Withholding Tax	**6,105**	—
Deferred taxation		
Origination and reversal of temporary differences	**52,716**	(53,057)
Total income tax charge	**268,279**	314,501

(i) EIT

The provision for EIT is calculated at 25% based on the estimated taxable income for the subsidiaries operated in Mainland China during the year.

(ii) LAT

LAT is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including cost of land use rights, property development costs and borrowing costs.

(iii) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit for the year for the subsidiaries incorporated in and operated in Hong Kong. No provision for Hong Kong Profits Tax for the year as the subsidiaries incorporated in and operated in Hong Kong did not have any assessable profits for the year.

(iv) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(v) The clearance of LAT settlement of Jiaxuntong was completed during the year ended 31 March 2023 and tax refund relating to the LAT deduction for EIT purpose was received. As a result, the deferred tax assets arising from the accrual of LAT of RMB96,294,000 were utilised, with a corresponding reversal of EIT provision of the same amount was made during the year ended 31 March 2023. There is no net impact to the consolidated statement of profit or loss in this respect.

(vi) The withholding tax arose from the 5% of dividend paid from a subsidiary incorporated in the PRC to its Hong Kong holding company within the Group.

11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

The weight average number of ordinary shares for the purpose of basic earnings per share has been determined on the assumptions that the Group's Reorganisation as defined in note 1 and the issue of additional 505,364,770 ordinary shares of the Company to KIHL had been effected on 1 April 2021.

As there were no potential dilutive ordinary shares during the years ended 31 March 2023 and 2022, the amount of diluted earnings per share is equal to basic earnings per share.

	2023 *RMB'000*	2022 *RMB'000*
Profit attributable to equity shareholders of the Company	**180,846**	243,660
Weighted average number of ordinary shares in issue *(in thousand shares)*	**505,365**	505,365
Basic earnings per share *(RMB cents)*	**35.8**	48.2
Diluted earnings per share *(RMB cents)*	**35.8**	48.2

12 DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the year

	2023 *RMB'000*	2022 *RMB'000*
Interim dividend declared and paid to KIHL during the year (2022: Nil)	**65,000**	—
Final dividend proposed after the end of the reporting period of HK4.0 cents (equivalent to approximately RMB3.5 cents) per ordinary share (2022: Nil)	**17,578**	—
	82,578	—

The final dividend proposed after the end of the reporting period have not been recognised as a liability at the end of the reporting period.

PRINCIPAL BUSINESS AND RESULTS

For the year ended 31 March 2023, the Group principally engaged in:

A boutique residential property developer which mainly engaged in the development and sales of residential properties in the fast-developing residential markets in Dongguan, Huizhou and Foshan.

(1) Business Review

I. Results

(a) For the year ended 31 March 2023, the revenue of the Group amounted to RMB700,751,000 (for the year ended 31 March 2022: RMB775,555,000), which decreased by approximately 10% when compared with the corresponding period last year. Our gross profit margin amounted to 74% (for the year ended 31 March 2022: 76%). Profit attributable to the equity shareholders of the Company amounted to RMB180,846,000 (for the year ended 31 March 2022: RMB243,660,000).

(b) As at 31 March 2023, the Group had land bank of approximately 253,594 square meters ("**sq.m.**"). (as at 31 March 2022: 196,018 sq.m.), which mainly included the land parcel located at Hecheng Sub-district, Gaoming District, Foshan (the "**Foshan Project**"), Louvre Mansion, Huizhou and Phases 4 and 5 of Castfast Villas, Dongguan.

(c) This year has been a remarkable year. Due to the pandemic, the Russia-Ukraine conflict, rising inflation and interest rate hikes by the US Federal Reserve, the economy of Mainland China has been negatively affected, especially the unprecedented crisis in China's real estate sector. Furthermore, economic growth of China has also slowed down to 3.0%, with per capita income gradually decreasing as well. Under such circumstances, consumers have become more cautious and conservative in purchasing properties, and the sales of properties in Mainland China have inevitably declined at a rate rarely seen in recent years. Despite this, the Group was able to maintain profit and the decline in total sales was less than that of many real estate developers in Mainland China resulting from the concerted efforts of our staff, lean management with financial stability in mind and cost saving as to maintain profit. We continued to create value for our shareholders.

(d) However, with the relaxation of the pandemic control policy in the beginning of this year and the reopening of borders, China's economy is regaining momentum and the economy is expected to recover. It is believed that the real estate market has bottomed out and came to a turning point. The government has also started to introduce supportive measures and has relaxed its property market control policies. It has implemented a series of property market stabilization policies and financial credit optimization policies, with purchase restriction lifted, financing channels for developers re-opened and restrictions on real estate development loans loosened in certain cities. Meanwhile, mortgage rates have also been lowered. These measures can boost real estate investment and demand and stabilize sales of residential properties. It is expected that government policies will remain accommodative to support a moderate economic rebound and ensure the steady growth of the real estate market.

(e) Facing severe challenges, the Group has adopted the following measures:

    (i) The Group strives to establish its brand and provide high-quality, standardized properties that meet the demands of different people in the market. The "Villas" series provides sufficient public space and facilities (including clubhouses and landscaped garden) for middle income and move-up homebuyers, while the "Mansion" series is designed with comfortable life in mind and is suitable for first-time homebuyers and retirees. Furthermore, the Group employs qualified and reputable constructors and maintains tight control on the construction and acceptance of the project to ensure the quality of properties.

(ii) On top of maintaining the quality of properties, the Group also established an efficient operating system and procedure. The development progress and costs are monitored in budgeting, planning, tender, construction, acceptance and marketing phases, so as to control the construction costs and labor expenses and avoid cost overruns due to construction delays. With improved control on project development, the operation of the Group becomes more cost-effective.

(iii) We focus on the development of residential projects in Dongguan, Huizhou and Foshan and increase our investment on city planning and improving urban building designs. In terms of site selection of its projects, the Group supports the urban renewal and rural development policies of local governments, allowing it to establish good working relationship with local governments and secure redevelopment sites in a more timely and cost-effective manner.

(iv) The management of the Group has vast experience in real estate development, especially in places like Dongguan, Huizhou and Foshan. Meanwhile, the Group is also recruiting professional talents in different areas including property development, project management, planning, design, finance and sales and marketing to build a workforce of long-term cooperation. The Group has also enhanced its training to meet the future demand for sustainable development of the Group. Their diverse professional knowledge, work efficiency and passion enhance the overall operation efficiency and results of the Group.

(v) The Group has net cash inflow from operations and has maintained healthy financial position. The Group also fully settled its bank borrowings during the year. This reduced its finance costs and accelerated return of funds, which improved the Company's risk tolerance and boosted the confidence of potential customers and investors.

(f) A Three-Old Renewal residential project, Phase 3 of Castfast Villas, Dongguan recorded and recognized revenue of RMB14,758,000 during the year. A total of 5 units were delivered during the year, with a total area of approximately 616 sq.m. and an average selling price of approximately RMB26,100 per sq.m..

(g) Another Three-Old Renewal residential project, Phase 4 of Castfast Villas, Dongguan delivered 71 units and recorded revenue of RMB198,248,000 during the year, with a total area of approximately 7,300 sq.m. and an average selling price of approximately RMB29,600 per sq.m..

(h) Furthermore, a Three-Old Renewal residential project, Phase 5 of Castfast Villas, Dongguan delivered 121 units and recorded revenue of RMB472,102,000 during the year, with a total area of approximately 16,300 sq.m. and an average selling price of approximately RMB31,600 per sq.m..

(i) Meanwhile, Louvre Mansion, Huizhou, has been completed, with a total saleable residential area of approximately 30,300 sq.m. and total of 26 units were delivered during the year. Revenue of RMB15,643,000 was recorded, with a total area of approximately 2,387 sq.m. and an average selling price of approximately RMB7,100 per sq.m..

(j) In April 2022, we entered into a contract for the grant of state-owned land use right for Foshan Project. Its design and planning procedures have commenced.

(k) On 23 March 2023, the Company distributed in specie to shareholders of Karrie International Holdings Limited ("**KIHL**") by way of distributing one share of the Company for every four Karrie International shares to such shareholders (the "**Distribution**"). Upon completion of the Distribution, the shares of the Company are listed on the Main Board of the Stock Exchange by way of introduction (the "**Spin-off**"). The Spin-off established an individual platform for the Group, such that the Company will (i) have a more defined business focus and efficient resource allocation; (ii) clarify the equity story and create or unlock value for shareholders by better identifying and establishing the value of the Group; and (iii) enhance access to capital markets and improve financing flexibility.

Conclusion

Not only is the successful Spin-off of the Group an important milestone of our development, but it also marks a brand new beginning. As an ancient Chinese philosopher says, "a terrace nine stories high rises from a shovel-full of earth", the success of a company requires long-term planning, vision and perseverance. To succeed in future sustainable development, we must maintain our core competitive advantages and keenly grasp opportunities when the moment is right, so as to ensure our continued prosperous and stable development.

(2) DIVIDEND POLICY

Any distribution of dividends is subject to various factors, including but not limited to operating results, capital demands, cash flows, future business development requirements of the Group and any other factors which the Directors may consider relevant. The Directors will, at their discretion and based on actual circumstances, cautiously evaluate such distributions to ensure that they are in the interest of the Company and shareholders.

After due consideration of the above factors and maintaining to distribute dividends every year, the Board proposes to distribute a final dividend of HK4.0 cents per share to all shareholders whose names appear on the Company's registers of members as at 6 September 2023.

(3) PROSPECTS

Since the relaxation of pandemic prevention measures at the beginning of this year, China's economy has started to recover. Strengthened policy regulations, proactive fiscal policies and stability monetary policies also boost market confidence and facilitate recovery of the real estate market. With the steady recovery of the economy, the government stepped up its localized policies. Key policies such as housing preservation have stabilized market sentiment; meanwhile, policy support on the demand side has been strengthened. GDP of the Mainland China grew by 4.5% year-on-year in the first quarter, which was better than expected and was expected to gradually drive the real estate market.

Looking forward, the Group will focus on the sales of Phases 4 and 5 of Castfast Villas, Dongguan. We are always proud of our strong financial position. We firmly believe in our prudent financial management and cost-reduction oriented operation principles, adopting our usual balanced policies to achieve stable and substantial investment return. Furthermore, we will put effort into optimizing our internal organization structure to reduce operating cost and secure positive cash flow. We believe that a strong financial base is essential for us to face new challenges and explore new opportunities.

However, government policies will not see results overnight. It takes time for recovery and it is believed that the recovery rate would be moderate. Rapid growth in the real estate market has come to an end and the market has entered a period of consolidation. Facing the unstable economy and market, change in government regulations and fluctuating interest rates, the Group still firmly treats the Greater Bay Area as its development focus. While actively promoting sales of real estate projects, we also proactively conform to urban renewal policies of the government and respond to the full implementation of rural revitalization policies of China in long-term. We will actively look for partners that meet our strategic needs, and jointly utilize our respective resources advantages to carry out forward-looking strategic plans and develop projects with potentials, so as to stimulate the economic prosperity of the development region and further enhance the value of assets in such region. The Group will also continue to actively create diversified business models to improve the development of the Company and its unique advantages.

FINANCIAL RESOURCES

Net Gearing Ratio

As at 31 March 2022 and 31 March 2023, net gearing ratio (calculated based on total bank borrowing and lease liabilities less cash and bank deposits and pledged deposits divided by total equity at the end of the year multiplied by 100%) was not applicable as we were at a net cash position.

Resources Available

Currently, the Group is confident that with the cash in hand and bank deposits of approximately RMB267,835,000, it is able to meet its current operational and committed capital expenditure requirements and to make strategic investments when opportunities arise.

Exchange Rate Exposure

The Group operates primarily in the PRC and most of its business transactions, assets and liabilities are denominated in RMB. Currency risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations that are denominated in a currency that is not the entity's functional currency. Management considers that the Group is mainly exposed to foreign currency risk with respect to United States Dollars ("**US$**") and HK$. Management will continue to monitor foreign exchange exposure and will take measures to minimise the currency translation risk. The conversion rate of RMB to foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

Contingent Liabilities/ Financial Guarantees

The Group has provided guarantees to banks to secure the mortgage arrangements of certain property buyers. As at 31 March 2023, the outstanding guarantees to the banks amounted to RMB515,657,000 which will be released upon the completion of the transfer procedures with the property buyers in respect of the legal title of the properties.

The Directors do not consider the Group will sustain a loss under these guarantees as the bank has the rights to sell the property and recovers the outstanding loan balance from the sale proceeds if the property buyers have default payment. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be insignificant.

As at 31 March 2023, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

The Group had approximately 60 employees on average during the year. The Group enter into individual employment contracts with our employees to cover matters such as wages, salaries, benefits and terms for termination. We generally formulate our employees' remuneration package to include a salary and bonus. We determine salary levels based on each employee's qualification, position, seniority and periodic performance reviews. In our performance reviews, we mainly assess the value that the employee has created for our Group during the performance period and any other meaningful contributions that the employee has made to our Group. As required by PRC regulations, we make contributions to mandatory social security funds for the benefit of our PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

In addition, to cope with domestic development in Mainland and the actual need for talent-retaining, the Group establishes a "Cooperative Home" to encourage and finance potential elites settled down locally in buying a flat as a means to retain talents who may otherwise be lost in the competitive labour market.

Performance Based Incentives

The Group adopted performance based bonus system and objective performance assessment. Employees with outstanding performance will now receive more bonus than before the new system was implemented.

DIVIDEND

The Board has recommended the payment of a final dividend of HK4.0 cents per share to shareholders whose names appear on the register of members of the Company on 6 September 2023. The final dividend will be subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the "**AGM**") of the Company to be held on 30 August 2023.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of ascertaining the entitlement to attend and vote at the AGM to be held on 30 August 2023, the register of members of the Company will be closed from Thursday, 24 August 2023 to Wednesday, 30 August 2023 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 23 August 2023.

Assuming that the final dividend is approved by the shareholders of the Company at the AGM, for the purposes of ascertaining the entitlement to the final dividend, the register of members of the Company will be closed from Tuesday, 5 September 2023 to Wednesday, 6 September 2023 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor

Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 4 September 2023. It is expected that the final dividend will be payable and issued to those entitled on or around Thursday, 21 September 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year.

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2023, the Company had applied the principles and complied with the applicable code provisions set out in Part 2 of Appendix 14 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE

The Company has established an audit committee currently made up of three independent non-executive Directors whose duties include resolving issues in relation to audit such as reviewing and supervising the Company's financial reporting process and internal control systems. The audit committee and the management have reviewed the accounting principles and major policies adopted by the Group and have discussed the auditing, internal control and financial reporting in the current year with the external auditors. The audit committee has reviewed the consolidated annual results of the Group for the year ended 31 March 2023.

REVIEW OF ANNUAL RESULTS

The audit committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2023. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

APPRECIATION

I would like to thank our customers, suppliers, bankers, shareholders and others who have extended their invaluable support to the Group, and my fellow Directors, managers and all staff for their considerable contributions to the Group.

By Order of the Board
KRP Development Holdings Limited
Ho Wai Hon, Brian
Executive Director

Hong Kong, 21 June 2023

As at the date of this announcement, the executive Directors are Mr. Ho Man Chung, Mr. Ho Wai Hon, Brian, Ms. Yiu Yuet Fung and Mr. Zhu Nianhua; the non-executive Director is Mr. Ho Cheuk Fai; the independent non-executive Directors are Mr. Choi Wai Hin, Mr. Ho Lai Hong and Dr. Lo Yung Fong.