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## **HKC INTERNATIONAL HOLDINGS LIMITED**

**香港通訊國際控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 248)

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021**

The board of directors (the “Board”) of HKC International Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2021 together with audited comparative figures for the year ended 31 March 2020 as follows:

#### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 March 2021*

	<i>Notes</i>	<b>2021</b> <b>HK\$’000</b>	2020 HK\$’000
<b>Revenue</b>	3	<b>217,122</b>	232,235
Cost of sales		<u>(177,378)</u>	<u>(191,872)</u>
<b>Gross profit</b>		<b>39,744</b>	40,363
Other income, gains and losses	4	<b>6,384</b>	159
Fair value gain (loss) on investment properties		<b>6,353</b>	(11,117)
Fair value gain on financial assets at fair value through profit and loss (“FVTPL”)		<b>378</b>	5
Selling and distribution expenses		<b>(8,319)</b>	(8,158)
Administrative and other operating expenses		<b>(37,905)</b>	(41,617)
Finance costs	5	<u><b>(2,120)</b></u>	<u>(2,428)</u>

\* *For identification purpose only*

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>Profit (loss) before taxation</b>	6	<b>4,515</b>	(22,793)
<b>Tax credit (expenses)</b>	7	<u><b>232</b></u>	<u>(241)</u>
<b>Profit (loss) for the year attributable to equity holders of the Company</b>		<u><b>4,747</b></u>	<u>(23,034)</u>
<b>Other comprehensive income (expense)</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of overseas operations		<b>214</b>	(767)
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Change in fair value of financial assets at fair value through other comprehensive income ("FVTOCI")		<u><b>1,609</b></u>	<u>4,891</u>
Other comprehensive income for the year		<u><b>1,823</b></u>	<u>4,124</u>
<b>Total comprehensive income (expense) attributable to equity holders of the Company</b>		<u><b>6,570</b></u>	<u>(18,910)</u>
<b>EARNINGS (LOSS) PER SHARE – (HK CENTS)</b>			
– basic and diluted	8	<u><b>0.38</b></u>	<u>(1.85)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AS AT 31 MARCH 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>53,029</b>	54,405
Investment properties		<b>212,720</b>	205,950
Financial assets at FVTPL		<b>1,947</b>	1,947
Financial assets at FVTOCI		<b>6,800</b>	5,191
		<hr/> <b>274,496</b> <hr/>	<hr/> 267,493 <hr/>
<b>CURRENT ASSETS</b>			
Inventories		<b>27,000</b>	17,455
Contract assets		<b>32,128</b>	22,950
Financial assets at FVTPL		<b>796</b>	418
Trade receivables	9	<b>17,429</b>	16,580
Prepayments, deposits and other receivables		<b>15,560</b>	13,390
Tax recoverable		<b>98</b>	52
Pledged bank deposits		<b>3,142</b>	2,000
Cash and bank balances		<b>21,080</b>	17,350
		<hr/> <b>117,233</b> <hr/>	<hr/> 90,195 <hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>11,217</b>	6,435
Accruals and other payables	10	<b>8,795</b>	7,299
Contract liabilities		<b>1,521</b>	2,812
Lease liabilities		<b>155</b>	347
Bank borrowings		<b>88,372</b>	65,320
Tax payable		<b>381</b>	381
		<hr/> <b>110,441</b> <hr/>	<hr/> 82,594 <hr/>

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>NET CURRENT ASSETS</b>	<u>6,792</u>	<u>7,601</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>281,288</u>	<u>275,094</u>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	<b>92</b>	236
Deferred tax liabilities	<b>50</b>	282
	<u>142</u>	<u>518</u>
<b>NET ASSETS</b>	<u><b>281,146</b></u>	<u>274,576</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>12,453</b>	12,453
Reserves	<b>268,693</b>	262,123
<b>TOTAL EQUITY</b>	<u><b>281,146</b></u>	<u>274,576</u>

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Int(s)”) 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 consolidated 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 (“the Listing Rules”). They have been prepared under the historical cost convention, except for certain financial instruments and investment properties, which have been measured at fair values. These consolidated financial statements are presented in Hong Kong Dollars (“HK\$”) and all values are rounded to the nearest thousand except where otherwise indicated.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for its first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs, which include HKFRSs, HKAS(s), amendments and interpretations, issued by HKICPA.

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

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

### **New and revised HKFRSs issued but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments <sup>4</sup>
Amendments to HKFRS 3	Reference to Conceptual Framework <sup>3</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKFRS 16	COVID-19-Related Rent Concessions <sup>1</sup>
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 <sup>6</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>4</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>4</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>4</sup>
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a single Transaction <sup>4</sup>
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use <sup>3</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>5</sup> Effective for annual periods beginning on or after a date to be determined

<sup>6</sup> Effective for annual periods beginning on or after 1 April 2021

The directors of the Company anticipate that, the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

### 3. SEGMENTAL INFORMATION

Information reported to the board of directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The directors of the Company have chosen to organise the Group around differences in products and services. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

1. Sales of mobile phones in Hong Kong
2. Sales of IOT solutions in Hong Kong
3. Sales of goods and services in Mainland China and other countries in South East Asia
4. Property investment

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than financial assets at FVTOCI and financial assets at FVTPL.
- all liabilities are allocated to reportable segments other than deferred tax liabilities.

The following is an analysis of the Group's revenue and results by reportable and operating segments.

### Segment revenues and results

For the year ended 31 March 2021

	Sales of mobile phones in Hong Kong HK\$'000	Sales of IOT solutions in Hong Kong HK\$'000	Sales of goods and services in Mainland China and other countries in South East Asia HK\$'000	Property investment HK\$'000	Total HK\$'000
<b>REVENUES</b>					
Reportable segment revenue-external	169,286	33,437	12,350	2,049	217,122
Reportable segment profit (loss)	4,214	(2,904)	(2,059)	(1,467)	(2,216)
<b>Other segment information:</b>					
Amounts included in the measure of segment profit or loss or segment assets					
Interest income from bank deposits	12	–	–	–	12
Finance costs	1,461	2	7	650	2,120
Depreciation	1,261	239	473	69	2,042
Gain on disposal of netblock	1,425	–	–	–	1,425
Write-down of inventories	132	–	–	–	132
Reversal of impairment of trade receivables	264	–	4	–	268
Impairment loss on contract assets	–	–	169	–	169
Additions to non-current assets	541	6	54	11	612
Reportable segment assets	124,820	33,047	11,316	213,003	382,186
Reportable segment liabilities	74,201	6,563	5,443	24,326	110,533



For the year ended 31 March 2020

	Sales of mobile phones in Hong Kong <i>HK\$'000</i>	Sales of IOT solutions in Hong Kong <i>HK\$'000</i>	Sales of goods and services in Mainland China and other countries in South East Asia <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUES</b>					
Reportable segment revenue-external	181,755	37,501	8,827	4,152	232,235
Reportable segment profit (loss)	3,927	(2,871)	(12,719)	(18)	(11,681)
<b>Other segment information:</b>					
Amounts included in the measure of segment profit or loss or segment assets					
Interest income from bank deposits	59	–	2	–	61
Finance costs	1,527	–	62	839	2,428
Depreciation	1,438	226	425	27	2,116
Write-down of inventories	684	–	–	–	684
Reversal of impairment of trade receivables	101	–	–	–	101
Impairment loss on contract assets	–	–	118	–	118
Additions to non-current assets	139	100	767	–	1,006
Reportable segment assets	108,850	26,422	8,365	206,495	350,132
Reportable segment liabilities	51,226	2,471	3,718	25,415	82,830

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) earned by each segment without allocation of fair value gain on FVTPL and fair value gain (loss) on investment properties. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

## Geographical information

	Revenues from external customers		Non-current assets*	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong (place of domicile)	<u>204,432</u>	<u>223,408</u>	<u>254,180</u>	<u>249,874</u>
Mainland China	7,106	4,746	387	428
Singapore	5,161	3,666	11,182	10,053
Other countries in South East Asia	<u>423</u>	<u>415</u>	<u>-</u>	<u>-</u>
	<u>12,690</u>	<u>8,827</u>	<u>11,569</u>	<u>10,481</u>
	<u>217,122</u>	<u>232,235</u>	<u>265,749</u>	<u>260,355</u>

\* Non-current assets exclude financial assets at FVTPL and FVTOCI.

## Reconciliations of reportable segment profit or loss before taxation

	2021 HK\$'000	2020 HK\$'000
<b>PROFIT OR LOSS</b>		
Total reportable segment loss	(2,216)	(11,681)
Fair value gain (loss) on investment properties	6,353	(11,117)
Fair value gain on financial asset at FVTPL	<u>378</u>	<u>5</u>
Consolidated profit (loss) before taxation	<u>4,515</u>	<u>(22,793)</u>

## Reconciliations of reportable segment assets and liabilities

	2021 HK\$'000	2020 HK\$'000
<b>ASSETS</b>		
Total reportable segment assets	382,186	350,132
Unallocated corporate assets	<u>9,543</u>	<u>7,556</u>
Consolidated total assets	<u>391,729</u>	<u>357,688</u>
<b>LIABILITIES</b>		
Total reportable segment liabilities	110,533	82,830
Deferred tax liabilities	<u>50</u>	<u>282</u>
Consolidated total liabilities	<u>110,583</u>	<u>83,112</u>

### Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A <sup>#</sup>	<u>30,802</u>	<u>28,630</u>

<sup>#</sup> Revenue from sale of mobile phones segment

### 4. OTHER INCOME, GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	12	61
Dividend income	2	3
Reversal of impairment on trade receivables	268	101
Impairment loss on contract assets	(169)	(118)
Loss on disposal of property, plant and equipment	–	(12)
Exchange gain (loss)	64	(216)
Government grant <sup>1</sup>	4,652	–
Gain on disposal of netblock <sup>2</sup>	1,425	–
Others	<u>130</u>	<u>340</u>
	<u>6,384</u>	<u>159</u>

<sup>1</sup> During the year ended 31 March 2021, the Group recognised government grants of HK\$4,652,000 in respect of COVID-19-related subsidies, of which an amount of HK\$4,053,000 is related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. The remaining HK\$599,000 is related to subsidy from Singapore government. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidiaries.

<sup>2</sup> During the year ended 31 March 2021, the Group sold the partial Internet Protocol block rights owned by the Group to the sole customer at a cash consideration of HK\$1,425,000.

## 5. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank borrowings	1,850	2,000
Interest on lease liabilities	15	25
	<hr/>	<hr/>
Total interest expenses	1,865	2,025
Bank charges	255	403
	<hr/>	<hr/>
	<b>2,120</b>	<b>2,428</b>
	<hr/> <hr/>	<hr/> <hr/>

## 6. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation has been arrived at after charging (crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration	666	723
Depreciation on:		
– Property, plant and equipment	1,732	1,823
– Right-of-use assets	310	293
	<hr/>	<hr/>
	<b>2,042</b>	<b>2,116</b>
	<hr/>	<hr/>
Employee benefits expenses (including directors' emoluments)		
– Salaries, allowances and benefits in kind	24,549	29,348
– Retirement benefit scheme contributions	1,886	2,215
	<hr/>	<hr/>
Total staff costs	<b>26,435</b>	<b>31,563</b>
	<hr/>	<hr/>
Write-down of inventories (included in cost of sales)	132	684
Donations	210	–
Gross rental income from investment properties under operating leases less outgoings of HK\$592,000 (2020: HK\$666,000)	<b>(1,457)</b>	<b>(3,486)</b>
	<hr/> <hr/>	<hr/> <hr/>

## 7. TAX (CREDIT) EXPENSES

The Group's subsidiaries operating in Hong Kong are subject to Hong Kong Profits tax. Under the two tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Taxes on profits assessable in elsewhere have been calculated at the rates of tax prevailing in those places in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. In general, the Group's subsidiaries operating in the PRC are subject to the Enterprise Income Tax rate of 25% and those operating in Singapore are subject to Singapore Corporate Tax rate of 17%.

No provision for Enterprise Income Tax of the PRC and Singapore Corporate Tax has been made as the Group did not have any assessable profits subject to tax in the PRC and Singapore respectively for the years ended 31 March 2021 and 2020.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong Profits Tax		
Charge for the year	–	127
Deferred tax		
(Credit) expenses for the year	<u>(232)</u>	<u>114</u>
Tax (credit) expenses for the year	<u><u>(232)</u></u>	<u><u>241</u></u>

## 8. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on the following data:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings (loss) attributable to equity holders of the Company	<u><u>4,747</u></u>	<u><u>(23,034)</u></u>
	<b>Number of shares</b>	Number of shares
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings (loss) per share	<u><u>1,245,331,256</u></u>	<u><u>1,245,331,256</u></u>

The number of shares for the purpose of basic and diluted earnings (loss) per share are the same as the Company has no potential ordinary shares in both years.

## 9. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade debtors	19,569	18,988
Less: Loss allowance	<u>(2,140)</u>	<u>(2,408)</u>
	<u><b>17,429</b></u>	<u><b>16,580</b></u>

The Group does not hold any collateral over these receivables.

At as 31 March 2021, the gross amount of trade receivable arising from contracts with customers amounted to approximately HK\$19,569,000 (2020: HK\$18,988,000).

The Group allows average credit periods ranging from seven days to one month to its customers. The following is an aged analysis of trade receivables presented based on the invoice date, at the end of the reporting period. In addition, for certain customers with long-established relationship and have good credit worthiness, a longer credit period may be granted.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	11,764	8,825
31 to 60 days	969	1,324
61 to 90 days	1,036	722
91 to 180 days	1,675	2,059
181 to 365 days	530	1,377
Over 365 days	<u>3,595</u>	<u>4,681</u>
	<u><b>19,569</b></u>	<u><b>18,988</b></u>

**10. TRADE PAYABLES, ACCRUAL AND OTHER PAYABLES**

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	<b>11,217</b>	6,435
Accruals and deposits received	<b>8,795</b>	7,299
	<b>20,012</b>	13,734

The following is an aged analysis of accounts payable presented based on the invoice date at the end of the reporting period.

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	<b>10,074</b>	4,621
31 – 60 days	<b>93</b>	3
61 – 90 days	<b>62</b>	87
Over 90 days	<b>988</b>	1,724
	<b>11,217</b>	6,435

The trade payables were due according to the terms stated in the relevant contracts. The average credit period on purchase of services is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

For the year ended 31 March 2021, the Group's turnover decreased by 7% to HK\$217 million (2020: HK\$232 million) and profit attributable to equity holders of the Company was HK\$5 million as compared with the loss of HK\$23 million for the year ended 31 March 2020. The turnaround from loss to profit was mainly attributable to (i) the fair value gain on investment properties amounting to approximately HK\$6 million for the year under review while there was fair value loss on investment properties amounting to approximately HK\$11 million for the year ended 31 March, 2020 and (ii) the receipt of government subsidies of approximately HK\$4.6 million as the result of the outbreak of the coronavirus disease.

### **SALES OF MOBILE PHONES**

The turnover decreased from HK\$182 million to HK\$169 million during the year under review and the division recorded profit of HK\$4 million (2020: HK\$4 million).

### **SALES OF IOT SOLUTIONS**

During the year under review, the turnover was HK\$46 million (2020: HK\$46 million) and the loss decreased from HK\$16 million to HK\$5 million due to (i) higher profit margin for sales of disinfection products including book sterilizers and UV-C disinfection machines and (ii) our implementation of cost control measures.

### **PROPERTY INVESTMENT**

During the year under review, the rental income decreased from HK\$4 million to HK\$2 million due to granting of rental relief to our tenants and vacancy of investment properties. The division recorded loss of HK\$1.5 million (2020: HK\$0.02 million).

### **PROSPECTS**

Regarding the mobile phone business, we are the authorised distributors of both Nokia and vivo brands. With the launch of new models of 5G mobile phones, we expect that there will be increase in turnover for the coming year.

For IOT solutions segment, we will develop new and innovative products to meet market demand. In addition, we will continue to implement cost control measures and are well-positioned for the economic recovery when it happens..

Regarding the property investment segment, we expect that the rental income will be stable.



## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2021, the Group's cash and bank balances amounted to approximately HK24 million (2020: HK\$19 million) while the bank borrowings were HK\$88 million (2020: HK\$65 million). The Board believes that the Group has sufficient cash balances and banking facilities to satisfy its commitments and working capital requirements.

## **GEARING RATIO**

The gearing ratio was 31% (2020: 24%) which is expressed as a percentage of total borrowings to shareholders' funds.

## **CAPITAL STRUCTURE**

There was no change to the Group's capital structure for the year ended 31 March 2021.

## **CAPITAL EXPENDITURE**

During the year, the Group spent HK\$0.6 million on property, plant and equipment.

## **EMPLOYEES**

As at 31 March 2021, the total number of employees of the Group was approximately 90 (2020: 100) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK\$22 million (2020: HK\$27 million). The remuneration and bonus packages of the employees are based on the individual merits and performance and are reviewed at least annually. The Group maintains a good relationship with its employees.

## **PLEDGE OF ASSETS**

As at 31 March 2021, the Group's general banking facilities were secured by (1) first legal charge on certain leasehold land and buildings with total carrying value of HK\$50,972,000 (2020: HK\$52,035,000), (2) first legal charge on certain investment properties with total fair value of HK\$190,300,000 (2020: HK\$184,850,000), (3) bank deposits of HK\$3,142,000 (2020: HK\$2,000,000) and (4) financial assets at FVTPL with total fair value of HK\$2,743,000 (2020: HK\$2,365,000).

## **FOREIGN EXCHANGE FLUCTUATIONS**

The Group's assets and liabilities are mainly denominated in Hong Kong Dollars, Chinese Renminbi and Singapore Dollars. Income and expenses derived from operations in PRC and Singapore are mainly denominated in Chinese Renminbi and Singapore Dollars respectively. There is no significant exposure to the fluctuations of foreign exchange rates, but the Group is closely monitoring the financial market and would consider appropriate measures if required. The Group has no hedging arrangement for foreign currencies and has not involved in the financial derivatives.

## **CONTINGENT LIABILITIES**

As at 31 March 2021, the Company had provided corporate guarantees of HK\$71 million (2020: HK\$71 million) to secure general banking facilities granted to the subsidiaries.

## **DIVIDEND**

No dividend was proposed by the directors of the Company for the years ended 31 March 2021 and 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 25 August 2021 to Friday, 27 August 2021 (both days inclusive) during which period no transfers of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Pilare Limited, at 17th Floor, Leighton Center, 77 Leighton Road, Causeway Bay, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 24 August 2021.

## **CORPORATE GOVERNANCE**

The Board considers that good corporate governance is central to safeguarding the interests of the shareholders, customers, employees and other stakeholders of the Group. The Company had complied throughout the year ended 31 March, 2021 with the code provisions of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules, except the following provisions:

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not segregate the roles of chairman and chief executive officer and Mr. Chan Chung Yee, Hubert currently holds both positions. The Board believes that vesting the roles of chairman and chief executive officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

Code provision A.6.7 stipulates, among other things, that the independent non-executive directors and other non-executive directors should attend general meetings. Dr. Chu Chor Lup did not attend the annual general meeting of the Company held on 28 August 2020 due to his other commitments.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the preliminary announcement.

## **COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, each of the directors confirmed that he had complied with the required standard set out in the Model Code during the year ended 31 March 2021.

## **AUDIT COMMITTEE**

During the year, the audit committee reviewed the unaudited condensed interim financial statements for the six months ended 30 September 2020 and the audited financial statements for the year ended 31 March 2021 with recommendations to the Board for approval, reviewed reports on internal control system of the Group, and discussed with the management and the external auditors the audit plans, the accounting policies and practices which may affect the Group and financial reporting matters.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year.

## **APPRECIATION**

The Board would like to extend its sincere gratitude to the Company's shareholders, business counterparts and all management and staff members of the Group for their contribution and continued support during the year.

## **ANNUAL GENERAL MEETING AND DESPATCH OF ANNUAL REPORT**

The annual general meeting (“AGM”) of the Company will be held on Friday, 27 August 2021. The annual report of the Company for the year ended 31 March 2021 together with the notice of the AGM will be dispatched to shareholders of the Company and will be published on the Company’s website at “www.hkc.com.hk” and the website of The Hong Kong Exchange and Clearing Limited at “www.hkexnews.hk” in due course.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises Mr. Chan Chung Yee, Hubert, Mr. Chan Chung Yin, Roy, Mr. Chan Ming Him, Denny, Mr. Wu Kwok Lam, Mr. Ip Man Hon and Mr. Lam Man Hau as executive directors and Mr. Chiu Ngar Wing, Dr. Chu Chor Lup and Dr. Law Ka Hung as independent non-executive directors.

On behalf of the Board  
**Chan Chung Yee, Hubert**  
*Chairman*

Hong Kong, 25 June 2021