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合豐集團控股有限公司

HOP FUNG GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2320

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2020**

FINANCIAL HIGHLIGHTS

	2020	2019	Change
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue	1,040.4	1,194.1	-153.7
EBITDA*	107.1	80.4	+26.7
Profit (loss) before taxation	6.5	(20.7)	+27.2
Profit (loss) for the year	1.4	(7.9)	+9.3
Net cash**	8.9	75.4	-66.5

* EBITDA represents earnings before finance costs, taxation, depreciation and amortisation

** Bank balances and cash less total bank borrowings

The board of directors (the “Board” or “Directors”) of Hop Fung Group Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31st December, 2020 together with the comparative figures for the year ended 31st December, 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2020

	<i>Notes</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Revenue	2	1,040,369	1,194,082
Cost of sales		(912,500)	(1,078,828)
Gross profit		127,869	115,254
Other income		23,053	20,584
Other gains and losses		4,052	(2,297)
Impairment loss under expected credit loss model, net of reversal		–	(551)
Selling and distribution costs		(38,137)	(45,689)
Administrative expenses		(80,104)	(83,662)
Other expenses		(21,417)	(18,168)
Finance costs	3	(8,813)	(6,189)
Profit (loss) before taxation		6,503	(20,718)
Income tax (expense) credit	4	(5,140)	12,799
Profit (loss) for the year, attributable to owners of the Company	5	1,363	(7,919)
Other comprehensive income (expense) for the year:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		87,072	(24,774)
Total comprehensive income (expense) for the year, attributable to owners of the Company		88,435	(32,693)
		<i>HK cents</i>	<i>HK cents</i>
Earnings (loss) per share	7		
– basic		0.17	(0.98)
– diluted		0.17	(0.98)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31st December, 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,364,462	1,343,204
Right-of-use assets		29,092	28,765
Deposits and prepayments		169,843	63,790
		<u>1,563,397</u>	<u>1,435,759</u>
Current assets			
Inventories		143,471	93,861
Trade, bills and other receivables	8	200,055	168,833
Deposits and prepayments		4,471	6,518
Bank balances and cash		291,561	292,299
		<u>639,558</u>	<u>561,511</u>
Current liabilities			
Trade, bills and other payables	9	224,854	180,655
Taxation payable		2,427	3,133
Lease liabilities		7,970	7,832
Unsecured bank borrowings		138,496	183,263
		<u>373,747</u>	<u>374,883</u>
Net current assets		<u>265,811</u>	<u>186,628</u>
Total assets less current liabilities		<u>1,829,208</u>	<u>1,622,387</u>
Non-current liabilities			
Lease liabilities		–	311
Unsecured bank borrowings		144,118	33,593
Deferred taxation		64,034	57,200
		<u>208,152</u>	<u>91,104</u>
Net assets		<u>1,621,056</u>	<u>1,531,283</u>
Capital and reserves			
Share capital		81,764	81,764
Reserves		1,539,292	1,449,519
Total equity, attributable to owners of the Company		<u>1,621,056</u>	<u>1,531,283</u>

Notes:

1. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied “the Amendments to References to the Conceptual Framework in HKFRS Standards” and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the annual period beginning on or after 1st January, 2020 for the preparation of the consolidated financial statements:

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

Except as described below, the application of “the Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

New and amendments to HKFRSs in issue 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 the related Amendments ¹
Amendment to HKFRS 16	COVID-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

- ¹ Effective for annual periods beginning on or after 1st January, 2023
- ² Effective for annual periods beginning on or after 1st January, 2022
- ³ Effective for annual periods beginning on or after a date to be determined
- ⁴ Effective for annual periods beginning on or after 1st June, 2020
- ⁵ Effective for annual periods beginning on or after 1st January, 2021

The directors of the Company anticipate that the application of all the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. SEGMENT INFORMATION

The Group's manufacturing operations are located in the People's Republic of China (the "PRC").

The Group's operations are organised based on the types of products. Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance is analysed based on the type of products. No operating segments identified by CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are categorised into the manufacture and sale of:

- Containerboard – corrugating medium and linerboard
- Corrugated packaging – corrugated paper boards and carton boxes

Information regarding the above segments is reported below.

Segment revenues and results

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

For the year ended 31st December, 2020

	Containerboard <i>HK\$'000</i>	Corrugated packaging <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
External sales	442,094	598,275	1,040,369	-	1,040,369
Inter-segment sales	263,019	-	263,019	(263,019)	-
Total	<u>705,113</u>	<u>598,275</u>	<u>1,303,388</u>	<u>(263,019)</u>	<u>1,040,369</u>
RESULT					
Segment profit	<u>24,584</u>	<u>19,037</u>	<u>43,621</u>	<u>-</u>	43,621
Central administrative expenses					(28,305)
Finance costs					<u>(8,813)</u>
Profit before taxation					<u>6,503</u>

For the year ended 31st December, 2019

	Containerboard <i>HK\$'000</i>	Corrugated packaging <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
External sales	573,716	620,366	1,194,082	–	1,194,082
Inter-segment sales	295,292	–	295,292	(295,292)	–
Total	<u>869,008</u>	<u>620,366</u>	<u>1,489,374</u>	<u>(295,292)</u>	<u>1,194,082</u>
RESULT					
Segment profit	<u>3,900</u>	<u>6,826</u>	<u>10,726</u>	<u>–</u>	10,726
Central administrative expenses					(25,255)
Finance costs					<u>(6,189)</u>
Loss before taxation					<u>(20,718)</u>

Inter-segment sales are charged at prevailing market rates. No revenue from any single customer during the year contributed over 10% of the total revenue of the Group for both years.

3. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on bank borrowings	8,507	6,059
Interest on lease liabilities	306	130
	<u>8,813</u>	<u>6,189</u>

4. INCOME TAX EXPENSE (CREDIT)

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	1,202	1,970
PRC Enterprise Income Tax	638	186
PRC withholding tax	–	1,249
	<u>1,840</u>	<u>3,405</u>
Deferred tax	<u>3,300</u>	<u>(16,204)</u>
	<u>5,140</u>	<u>(12,799)</u>

On 21st March, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018 and was gazetted on the following day. 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%.

A portion of the Group’s profits is earned by the Macau subsidiaries of the Group incorporated under the Macau SAR’s Offshore Law. Pursuant to the Macau SAR’s Offshore Law, such portion of profits is exempted from Macau complementary tax, which is currently at 12% of the profits. Further, in the opinion of the Directors of the Company, that portion of the Group’s profit is not at present subject to taxation in any other jurisdiction in which the Group operates.

Under the law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards. One of the Company’s PRC subsidiaries was awarded with the High and New-Tech Enterprise and entitled to a preferential tax rate of 15% for the Group’s financial year ended 31st December, 2020 and 31st December, 2019.

5. PROFIT (LOSS) FOR THE YEAR

	2020 <i>HK\$’000</i>	2019 <i>HK\$’000</i>
Profit (loss) for the year has been arrived at after charging:		
Cost of inventories recognised as expenses	912,500	1,078,828
Exchange (gains) losses, net	(4,048)	2,405
Depreciation of property, plant and equipment	83,127	86,379
Depreciation of right-of-use assets	8,618	8,507
Staff costs	107,200	108,879
	<u>107,200</u>	<u>108,879</u>

6. DIVIDENDS

No dividend was declared or proposed for the years ended 31st December, 2020 and 31st December, 2019, nor has any dividend been proposed since the end of the reporting period.

7. EARNINGS (LOSS) PER SHARE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings (loss)		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	<u>1,363</u>	<u>(7,919)</u>
	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	<u>817,644,000</u>	<u>810,513,864</u>

The computation of diluted earnings (loss) per share for the year ended 31st December, 2020 and 31st December, 2019 did not assume the exercise of the Company's share options as the exercise price of these options was higher than the average market price for shares for both 2020 and 2019.

8. TRADE, BILLS AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade and bills receivables	192,473	149,495
Less: allowance for credit losses	<u>(3,108)</u>	<u>(2,935)</u>
	189,365	146,560
Other receivables (<i>note</i>)	<u>10,690</u>	<u>22,273</u>
Total trade, bills and other receivables	<u>200,055</u>	<u>168,833</u>

Note: At at 31st December, 2020, balance included a prepaid service fee to an independent third party amounting to HK\$9,061,000, which will be utilised in year 2021 (2019: HK\$21,403,000, which would be utilised in 2020).

The Group allows credit periods ranging from 5 to 120 days to its trade customers which may be extended to selected trade customers depending on their trade volume and history of settlement with the Group. The following is an aged analysis of trade and bills receivables net of allowance for credit losses presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	175,169	146,212
31–60 days	13,565	348
61–90 days	<u>631</u>	<u>–</u>
	<u>189,365</u>	<u>146,560</u>

Before accepting any new customer, the Group uses an external litigation search to assess the potential customer's credit quality and defines credit limits on a customer-by-customer basis. Limits and scoring attributed to customers are reviewed monthly.

As at 31st December, 2020, included in the Group's trade receivable balance are debtors with aggregate gross amount of HK\$26,776,000 (2019: HK\$20,061,000) which were past due at the reporting date. Out of the past due balances, no balance (2019: nil) has been past due 90 days or more. The past due amount relates to a number of independent customers that have good trade and payment records with the Group. There has not been a significant change in credit quality of the relevant customers and the Group believes that the balances are still recoverable. The Group does not hold any collateral over these balances.

The average age of these receivables is 59 days (2019: 49 days) based on invoice dates.

9. TRADE, BILLS, AND OTHER PAYABLES

The suppliers of the Group grant credit periods ranging from 30 to 90 days. The following is an aged analysis of trade and bills payables presented based on the invoice due date at the end of the reporting period:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current	58,012	46,266
Overdue 1 to 30 days	1,957	351
Overdue 31 to 60 days	1,085	6
Overdue for more than 60 days	8,204	825
	<hr/>	<hr/>
Trade and bills payables	69,258	47,448
Payables for the acquisition of property, plant and equipment	9,143	16,337
Other PRC tax payables	28,158	27,150
Accrued charges (<i>note</i>)	97,518	77,630
Other payables	20,777	12,090
	<hr/>	<hr/>
	224,854	180,655
	<hr/> <hr/>	<hr/> <hr/>

Note: Major items in accrued charges are accrued salaries and wages.

The average credit period on purchases of goods is 32 days (2019: 33 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at Ming Room II, 4/F, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Monday, 7th June, 2021 at 10:30 a.m. Notice of the annual general meeting will be published and issued to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company, the register of members of the Company will be closed from Wednesday, 2nd June, 2021 to Monday, 7th June, 2021, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting of the Company to be held on Monday, 7th June, 2021, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 1st June, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The coronavirus pandemic slashed demand in the Chinese domestic market for corrugated packaging in the first half of 2020, and the Group's average selling price and sales volume plunged, with revenue falling 45.7% compared to the first half of 2019. In the second half of 2020, the Group's average selling price and sales volume both rebounded on the back of the Chinese economy stabilizing, and we were able to reasonably transfer rising raw materials costs to customers. As a result, revenue in the second half of 2020 rose by 120.7% compared to the first half of 2020 and rose by 19.9% compared to the second half of 2019.

The Group's upstream containerboard business produces corrugating medium and linerboard, mainly to supply the Group's downstream corrugated packaging business manufacturing corrugated paperboards and boxes. Depending on market conditions, we may also directly sell our containerboard directly to customers. In 2020, the upstream and downstream businesses accounted for 42.5% and 57.5% of revenue. Upstream revenue fell during the year by 22.9% compared to 2019, and equipment utilization was at 50%; downstream revenue fell by 3.6% compared to 2019, with equipment utilization at 48%.

The Group's main raw materials, wastepaper and containerboard are sourced both in the domestic and overseas markets. Procurement costs fell in the first half of 2020 but rebounded in the second half, and, combined with the appreciation of the Renminbi, resulted in overall raw materials costs coming in at a slightly lower level in 2020 compared to 2019. Other than an increase in finance costs due to higher borrowing levels, selling and distribution expenses and administrative expenses both fell as a result of lower revenue, which resulted in the Group recording a slight profit for the full year.

FINANCIAL REVIEW

Operating results

The Group recorded a decrease in revenue of HK\$153.7 million in 2020, representing a fall of 12.9% from HK\$1,194.1 million in 2019 to HK\$1,040.4 million in 2020. The drop in revenue was mainly attributed to the decline in sales volume resulting from the tremendous decrease in demand in China in the first half of 2020.

In addition to the decline in sales volume, the average costs of main raw materials, waste paper and containerboard fell, leading to a decrease in cost of sales by 15.4%. Cost of sales dropped from HK\$1,078.8 million in 2019 to HK\$912.5 million in 2020.

Gross profit increased from HK\$115.3 million in 2019 to HK\$127.9 million in 2020, representing an increase of 10.9%. Gross profit margin rose from 9.7% to 12.3%.

Other income increased from HK\$20.6 million in 2019 to HK\$23.1 million in 2020. Such increase was mainly contributed from valued added tax refund from the Chinese government.

Other gains and losses rose from net loss of HK\$2.3 million in 2019 to net gain of HK\$4.1 million in 2020, primarily due to exchange gains resulting from appreciation of Renminbi.

Selling and distribution costs shrank 16.6% from HK\$45.7 million in 2019 to HK\$38.1 million in 2020. The decrease was in line with the decrease in revenue.

Administrative expenses fell 4.3% from HK\$83.7 million in 2019 to HK\$80.1 million in 2020. It was mainly arisen from the fall in share-based payment.

Other expenses increased from HK\$18.2 million in 2019 to HK\$21.4 million in 2020. It was mainly due to the increase in china duty and charges and the consultancy fee paid to a bank in China.

An increase in finance costs by HK\$2.6 million, from HK\$6.2 million in 2019 to HK\$8.8 million in 2020, was owing to higher borrowing level in 2020.

In 2020, HK\$5.1 million was charged to income tax expense, being the sum of Hong Kong Profits Tax charge of HK\$1.2 million, PRC Enterprise Income Tax charge of HK\$0.6 million and deferred tax charge of HK\$3.3 million. In 2019, income tax credit of HK\$12.8 million was recorded which comprised Hong Kong Profits Tax charge of HK\$2.0 million, PRC Enterprise Income Tax of HK\$0.2 million, PRC withholding tax of HK\$1.2 million and deferred tax credit of HK\$16.2 million.

Profit for the year of HK\$1.4 million was recorded in 2020 while loss for the year of HK\$7.9 million was recorded in 2019, representing an increase of profit by HK\$9.3 million. Profit margin rose from -0.7% to 0.1%.

Liquidity, financial and capital resources

As at 31st December, 2020, the Group's bank balances and cash were HK\$291.5 million (31st December, 2019: HK\$292.3 million). Over 80% was held in Renminbi.

All bank borrowings were unsecured, rising from HK\$216.9 million at 31st December, 2019 to HK\$282.6 million at 31st December, 2020. As at 31st December, 2020, the current unsecured bank borrowings declined HK\$44.8 million while non-current unsecured bank borrowings rose HK\$110.5 million. The group recorded a net cash level (bank balances and cash less total bank borrowings) of HK\$8.9 million (31st December, 2019: HK\$75.4 million). Gearing ratio (total bank borrowings to total equity) and net gearing ratio (total bank borrowings less bank balances and cash to total equity) were 17.4% and -0.5% respectively (31st December, 2019: 14.2% and -4.9% respectively).

As at 31st December, 2020, net current assets and current ratio of the Group were HK\$265.8 million (31st December, 2019: HK\$186.6 million) and 1.7 (31st December, 2019: 1.5) respectively.

In 2020, the Group spent HK\$36.6 million on capital expenditures for property, plant and equipment in China and spent HK\$53.4 million for paying deposit for acquisition of property, plant and equipment for the Philippines project.

Debtors, creditors and inventory turnover were 59 days (2019: 49 days), 32 days (2019: 33 days) and 53 days (2019: 84 days) respectively.

OUTLOOK

We anticipate a global economic recovery in 2021 on the back of mass vaccinations, which should drive economic growth in China and market demand for corrugated packaging. To resolve the shortfall in raw materials, the Group is actively preparing the site leasing and installation of new production facilities in the Philippines, to reduce production costs and increase sales volume. We will continue to strive for pricing power and focus on our key strategies of raising production efficiency, increasing sales volume, reducing wastage of raw materials and energy use, furthering our goal of improving the Group's earnings.

HUMAN RESOURCES

As at 31st December, 2020, the Group employed a total workforce of around 1,050 full time staff (2019: 1,000). Competitive remuneration packages were offered to employees. The Group may also grant share options and discretionary bonuses to eligible employees based on the performance of the Group and individuals.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors namely, Messrs. Chee Man Sang, Eric, Wong Chu Leung and Chau Suk Ming. The audit committee has reviewed with the management this results announcement and the audited consolidated financial statements of the Group for the year ended 31st December, 2020 and has discussed auditing, risk management and internal control and financial reporting matters including the review of accounting practices and principles adopted by the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31st December, 2020.

CORPORATE GOVERNANCE

The Directors strive to maintain high standards of corporate governance to enhance shareholder value and safeguard shareholder interests. The corporate governance principles of the Company emphasize the importance of a quality Board, effective internal controls and accountability to shareholders. The Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31st December, 2020, except with the following deviations:

Code Provision A.2.1

- Code provision A.2.1 stipulates that the division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.
- There are no written terms on division of responsibilities between the chairman and the chief executive officer. The Directors consider that the responsibilities of the chairman and chief executive officer respectively are clear and distinctive and hence written terms thereof are not necessary.

Code Provision B.1.2

- A deviation from the code provision B.1.2 is that the remuneration committee of the Company reviews and makes recommendations to the Directors on the remuneration packages of the directors only but not senior management.
- Currently, the remuneration of senior management is attended by the chairman and/or chief executive officer of the Company.

Code Provision C.3.3

- Code Provision C.3.3 stipulates that the audit committee must meet, at least twice a year, with the Company's auditor.
- Since the Company has not engaged its auditor to review the financial information in its interim report, the audit committee has met with the Company's auditor once a year to discuss matters arising from the audit of the Company's annual results and other matters the auditor may wish to raise. The audit committee has met with the Company's auditor once during the year ended 31st December, 2020.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLIC FLOAT

As far as the Company is aware, more than 25% of the issued shares of the Company were held in public hands as at 31st December, 2020.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website (www.hopfungroup.com) and the website of Hong Kong Exchanges and Clearing Limited (the "HKEX") (www.hkexnews.hk).

The annual report of the Company for the year ended 31st December, 2020 will be dispatched to the Company's shareholders in April 2021 and it will be available at the Company's website and HKEX's website.

ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express our sincere thanks to our shareholders and all other associates for their support and to our staff for their commitment and diligence during the year.

By Order of the Board
Hop Fung Group Holdings Limited
Hui Sum Ping
Chairman

Hong Kong, 30th March, 2021

As at the date of this announcement, the executive directors of the Company are Messrs. Hui Sum Ping, Hui Sum Tai and Miss Hui Yuen Li and the independent non-executive directors of the Company are Messrs. Chee Man Sang, Eric, Wong Chu Leung and Chau Suk Ming.