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king fook holdings limited

景福集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 280)

GROUP RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

The Board of Directors (the “Board”) of King Fook Holdings Limited (the “Company”) announces the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the financial year ended 31 March 2021 together with the audited comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 March	
		2021 HK\$'000	2020 HK\$'000
Revenue	6	640,630	615,748
Cost of sales		<u>(457,534)</u>	<u>(441,497)</u>
Gross profit		183,096	174,251
Other operating income		9,922	8,298
Distribution and selling costs		(105,239)	(122,780)
Administrative expenses		(41,235)	(37,028)
Other operating expenses		<u>(11,456)</u>	<u>(12,117)</u>
Operating profit		35,088	10,624
Finance costs		<u>(6,478)</u>	<u>(4,825)</u>
Profit before taxation	7	28,610	5,799
Taxation	8	<u>-</u>	<u>-</u>
Profit for the year		<u>28,610</u>	<u>5,799</u>

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

	Notes	Year ended 31 March	
		2021 HK\$'000	2020 HK\$'000
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		819	(728)
<i>Item that will not be reclassified to profit or loss:</i>			
Change in fair value of investments at fair value through other comprehensive income		<u>(1,778)</u>	<u>171</u>
Other comprehensive income for the year		<u><u>(959)</u></u>	<u><u>(557)</u></u>
Total comprehensive income for the year		<u><u>27,651</u></u>	<u><u>5,242</u></u>
Profit/(loss) for the year attributable to:			
- Owners of the Company		28,615	5,692
- Non-controlling interests		<u>(5)</u>	<u>107</u>
		<u><u>28,610</u></u>	<u><u>5,799</u></u>
Total comprehensive income for the year attributable to:			
- Owners of the Company		27,656	5,135
- Non-controlling interests		<u>(5)</u>	<u>107</u>
		<u><u>27,651</u></u>	<u><u>5,242</u></u>
Earnings per share			
- Basic and diluted	10	HK cents <u><u>3.13</u></u>	HK cents <u><u>0.62</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2021	2020
Notes		HK\$'000	HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		2,365	1,999
Right-of-use assets	11	74,172	111,164
Investment properties		959	1,031
Investments at fair value through other comprehensive income		1,229	3,007
Other asset		356	356
Deposits	12	13,267	4,309
		92,348	121,866
Current assets			
Inventories		415,217	471,461
Debtors, deposits and prepayments	12	16,288	29,403
Investments at fair value through profit or loss		159	263
Time deposits		88,127	1,514
Cash and cash equivalents		209,270	194,292
		729,061	696,933
Total assets		821,409	818,799
Current liabilities			
Trade payables, deposits received and other payables	13	35,310	28,817
Gold loan		32,714	31,286
Lease liabilities	11	43,298	50,507
		111,322	110,610
Net current assets		617,739	586,323
Total assets less current liabilities		710,087	708,189
Non-current liabilities			
Provision for long service payments		38	67
Lease liabilities	11	49,410	72,628
		49,448	72,695
Net assets		660,639	635,494
CAPITAL AND RESERVES			
Share capital		393,354	393,354
Other reserves		35,698	36,657
Retained profits		231,485	205,376
Equity attributable to owners of the Company		660,537	635,387
Non-controlling interests		102	107
Total equity		660,639	635,494

Notes:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is a limited liability company incorporated and domiciled in Hong Kong. Its registered office is located at 9th Floor, King Fook Building, 30-32 Des Voeux Road Central, Hong Kong and its principal place of business is in Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors of the Company (the "Directors") consider the ultimate holding company to be Yeung Chi Shing Estates Limited, a company incorporated in Hong Kong.

The principal activities of the Group are gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling.

Change in classification of consolidated statement of profit or loss and other comprehensive income

In prior years, credit card commissions were included in "cost of sales". From current year onwards, credit card commissions are reclassified as "distribution and selling costs" to more appropriately reflect the nature of such expense. The comparative figures have been restated to conform with the revised classification accordingly. During the year ended 31 March 2020, the costs of sales were decreased by HK\$9,691,000 while the gross profit and distribution and selling costs were also increased by the same amount.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and have been prepared in compliance with the Hong Kong Companies Ordinance.

2. ADOPTION OF NEW OR REVISED TO HKFRSs

In the current year, the Group has applied for the first time the following new or revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2020:

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

The adoption of these new or revised HKFRSs has no significant impact on the Group's accounting policies.

3. NEW OR REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

Amendment to HKFRS 16	COVID-19 Related Rent Concessions ¹
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ²
Amendment to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021 ³
Annual Improvements to HKFRSs 2018-2000	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 9 Financial Instruments, HKAS 41 Agriculture and Illustrative Examples accompanying HKFRS 16 Leases ⁴
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁵
HKFRS 17	Insurance Contracts ⁶
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁶
Amendment to HKAS 8	Definition of Accounting Estimates ⁶
Amendment to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁶
Amendment to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁶
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁷

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 April 2021

⁴ Effective for annual periods beginning on or after 1 January 2022

⁵ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

⁶ Effective for annual periods beginning on or after 1 June 2023

⁷ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Directors do not anticipate that the application of the amendments and revision in the future will have an impact on the Group's consolidated financial statements.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing this consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 March 2020.

5. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Group's top management including executive directors and chief executive for their decisions about resources allocation to the Group's business components and for their review of these components' performance. The business components in the internal financial information reported to the top management are determined according to the Group's major product and service lines.

Based on the above, the Group's top management determined that the Group has only one single reportable segment, which is retailing, bullion trading and diamond wholesaling. Accordingly, no separate segment of analysis is presented.

No geographical information was presented for the years ended 31 March 2020 and 2021 respectively as more than 90% of the Group's revenue was derived from activities in Hong Kong (place of domicile). Also, most of the Group's non-current assets are located in Hong Kong.

For each of the 2 years ended 31 March 2020 and 2021 respectively, no revenue from a single customer accounted for 10% or more of the total revenue of the Group.

6. REVENUE

The Group is principally engaged in gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling. Revenue of the Group recognised during the year comprised the following:

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers:		
Gold ornament, jewellery, watch and gift retailing	597,252	592,243
Bullion trading	42,299	20,967
Diamond wholesaling	1,079	2,538
	<hr/>	<hr/>
Total revenue	640,630	615,748
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition:		
At a point in time	640,630	615,748
	<hr/> <hr/>	<hr/> <hr/>

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging and (crediting):

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Auditors' remuneration	779	777
Cost of inventories sold, including	470,002	452,903
– provision for and write down of inventories to net realisable value	18,101	6,364
– reversal of provision for and write down of inventories to net realisable value*	(11,783)	(8,467)
Depreciation of investment properties	72	42
Depreciation of property, plant and equipment	1,108	1,429
Depreciation of right-of-use assets	45,508	55,050
Dividend income	(7)	(116)
Fair value change of investments at fair value through profit or loss	104	48
Foreign exchange differences, net	(211)	(227)
Government grants [#]	(6,258)	(560)
Interest income from financial assets at amortised cost	(2,067)	(3,278)
Interest income from rental deposit	(19)	-
Loss on write off/disposal of property, plant and equipment	24	160
Loss on a lease modification	-	2,039
Outgoings in respect of investment properties	199	143
Provision for impairment loss on property, plant and equipment	3,573	2,419
Provision for impairment loss on right-of-use assets	7,754	7,452
Provision for long service payments		
– provided against the account	6	37
– reversal of provision	(35)	(23)
Rental expenses for variable lease payments	2,953	4,345
Rental expenses on short term lease in respect of furniture and fixtures	-	135
Rental expenses on short term lease in respect of properties	403	4,445
Rental income on owned properties	(1,219)	(1,264)
Write back of payables	(62)	(2,840)

* Reversal of provision for and write down of inventories to net realisable value mainly arose from inventories that were sold during the year.

[#] During the year, the Group applied for funding support from both Employment Support Scheme and Subsidy Scheme for Precious Metals Trading Industry under the Anti-Epidemic Fund, set up by the Hong Kong Government. The purpose of the Employment Support Scheme is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all of the funding on paying wages to their employees. For the Subsidy Scheme for Precious Metals Trading Industry, it aims to provide relief to members of The Chinese Gold and Silver Exchange Society affected by Novel Coronavirus (COVID-19). There were no unfulfilled conditions or contingencies relating to these government grants in which they were recognised during the year.

8. TAXATION

No Hong Kong profits tax has been provided for the years ended 31 March 2020 and 2021 respectively as the Group has sufficient tax loss brought forward to set off the estimated assessable profit.

No overseas profits tax has been provided for the years ended 31 March 2020 and 2021 respectively as the Group has no estimated assessable profit.

9. DIVIDEND

Year ended 31 March	
2021	2020
HK\$'000	HK\$'000

Dividends recognised as distribution during the year:

2020 final dividend of HK0.2 cents per ordinary share

<u>1,827</u>	<u>-</u>
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At a meeting held on 25 June 2021, the Board recommended a final dividend of HK1.0 cents (2020: HK0.2 cents) per ordinary share for the year ended 31 March 2021 which is subject to approval by the shareholders of the Company at the forthcoming annual general meeting. The proposed dividend is not reflected as dividend payables as at 31 March 2020 and 2021 in these consolidated financial statements.

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit for the year attributable to owners of the Company of HK\$28,615,000 (2020: HK\$5,692,000) and the weighted average number of 913,452,092 (2020: 913,650,465) ordinary shares in issue during the year, calculated as follows:

Year ended 31 March	
2021	2020
HK\$'000	HK\$'000
Profit for the year attributable to owners of the Company	
<u>28,615</u>	<u>5,692</u>
Weighted average number of ordinary shares	
	2021
Issued ordinary shares at 1 April	913,650,465
Effect of ordinary shares repurchased and cancelled (note)	<u>(198,373)</u>
Weighted average number of ordinary shares at 31 March	<u>913,452,092</u>

Note: The weighted average number of ordinary shares outstanding during the year was adjusted for the effect of 1,442,000 ordinary shares repurchased and cancelled multiplied by a time-weighting factor.

(b) Diluted earnings per share

Diluted earnings per share and basic earnings per share for each of the 2 years ended 31 March 2020 and 2021 respectively are the same as there were no dilutive potential ordinary shares during both years.

11. LEASES

Nature of leasing activities

The Group has obtained the right to use properties and furniture and fixtures as its office premises and retail stores under non-cancellable operating lease agreements, which comprise only fixed payments and variable payments that are based on sales over the lease terms.

11. LEASES (Continued)

Right-of-use assets

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period is as follows:

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Properties leased under tenancy agreements	73,390	110,173
Furniture and fixtures	782	991
	74,172	111,164

During the year, additions of right-of-use assets of HK\$8,773,000 (2020: HK\$9,764,000) represented the capitalised lease payments payable under new lease agreements.

Movement of right-of-use assets during the year is as follows:

	Properties leased under tenancy agreements HK\$'000	Owned leasehold land and buildings HK\$'000	Furniture and fixtures HK\$'000	Total HK\$'000
As at 1 April 2019	64,370	573	145	65,088
Additions	9,764	-	-	9,764
Depreciation	(54,774)	(29)	(247)	(55,050)
Impairment loss	(7,452)	-	-	(7,452)
Transfer to investment properties	-	(544)	-	(544)
Lease modifications	98,265	-	1,093	99,358
As at 31 March 2020 and 1 April 2020	110,173	-	991	111,164
Additions	8,713	-	60	8,773
Depreciation	(45,311)	-	(269)	(45,580)
Impairment loss	(7,754)	-	-	(7,754)
Lease modifications	7,569	-	-	7,569
As at 31 March 2021	73,390	-	782	74,172

11. LEASES (Continued)

Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period are as follows:

	As at 31 March			
	2021		2020	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	43,298	46,871	50,507	55,505
After 1 year but within 2 years	38,047	39,633	38,152	40,817
After 2 years but within 5 years	11,363	11,598	34,476	35,496
	<u>92,708</u>	<u>98,102</u>	<u>123,135</u>	<u>131,818</u>
Less: Total future interest charges		<u>(5,394)</u>		<u>(8,683)</u>
Present value of lease liabilities		<u>92,708</u>		<u>123,135</u>

The present value of future lease payments is analysed as follows:

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Current liabilities	43,298	50,507
Non-current liabilities	49,410	72,628
	<u>92,708</u>	<u>123,135</u>

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Current		
Trade debtors	2,041	1,468
Other receivables	4,248	4,401
Deposits and prepayments	9,999	23,534
	<u>16,288</u>	<u>29,403</u>
Non-current		
Rental deposits	<u>13,267</u>	<u>4,309</u>
	<u>29,555</u>	<u>33,712</u>

12. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

The ageing analysis of trade debtors, based on invoice date, was as follows:

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Within 30 days	1,866	1,383
31 – 90 days	175	85
	<u>2,041</u>	<u>1,468</u>

13. TRADE PAYABLES, DEPOSITS RECEIVED AND OTHER PAYABLES

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Trade payables	10,441	5,411
Other payables and accruals	11,790	6,244
Contract liabilities	2,089	2,277
Deposits received	10,990	14,885
	<u>35,310</u>	<u>28,817</u>

The ageing analysis of trade payables, based on invoice date, was as follows:

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Within 30 days	10,431	5,236
31 – 90 days	10	166
More than 90 days	-	9
	<u>10,441</u>	<u>5,411</u>

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK1.0 cents (2020: HK0.2 cents) per ordinary share for the year ended 31 March 2021 to shareholders whose names appear on the register of members of the Company on 15 September 2021 subject to the approval of shareholders at the forthcoming annual general meeting to be held on 9 September 2021. The dividend warrants for the proposed final dividend are expected to be despatched to shareholders on or about 6 October 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results Overview

For the year ended 31 March 2021, the Group recorded total revenue of HK\$640.6 million, representing an increase of HK\$24.9 million or 4.0% from HK\$615.7 million of last year. The Group achieved a consolidated profit attributable to owners of the Company for the year ended 31 March 2021 of HK\$28.6 million, which represents an increase of 401.8% as compared to HK\$5.7 million last year. The significant increase in profit was primarily due to the increase in revenue, improved gross profit margin of products and decrease in operating costs.

The Group's distribution and selling costs for the year ended 31 March 2021 decreased by 14.3% to HK\$105.2 million as compared to HK\$122.8 million for the previous year. Among the costs, the significant reduction of rental expenditures and marketing expenses was a result of easing of the rental market in the Group's favour and cancellation of larger scale customer events under the impact of COVID-19.

Business Review

Despite we were in a year of pandemic, we managed to increase the revenue of the Group's retailing business for the year ended 31 March 2021 by 4.3% to HK\$639.6 million from HK\$613.2 million for the previous year. Such increase was due to the expansion of our store network, strong performance achieved by sales of gold and jewellery products and recovery of watch supply in the second half of the year ended 31 March 2021.

Our store network was used to be quite concentrated in Central and Admiralty areas. In order to extend our services to other areas in Hong Kong, we have been looking for opportunities to open new stores in other areas. Following the opening of our Harbour City store in Tsimshatsui, Kowloon in November 2019, another new store selling gold and jewellery products was opened in New Town Plaza in Shatin, New Territories in February 2021. These new stores contributed 39.5% of the sales increase for the year ended 31 March 2021. Moreover, we established online shopping platform for our customers starting from April 2020 and it contributed another 11.5% of the sales increase for the year ended 31 March 2021. As at 31 March 2021, the Group had 7 shops in Hong Kong for retail of gold ornaments, jewellery, watches and gifts and bullion trading.

We have been working on strengthening our jewellery business and have applied various measures to capture more sales. These measures include opening new jewellery stores, offering bespoke jewellery design services to customers, utilising customer data base to improve retention of VIP customers and tailor-made training programs to improve sales staff's sales and service skills. Sales of our new stores accounted for 15.3% of the total jewellery sales for the year ended 31 March 2021 and our jewellery sales achieved an increase of 21.0% as compared to last year. For our gold business, the high gold price adversely affected the sales of gold products but we managed to increase sales of gold bullion and attracted more corporate orders. As a result, our gold business achieved a year on year increase of 25.1%.

At the beginning of the Coronavirus outbreak, our watch business was significantly affected since the production of most watch brands was disrupted, leading to a very limited watch supply in the market. Watch supply recovered in the second half of the year ended 31 March 2021, which boosted our watch business for the year to achieve sales level similar to that of last year.

Future Outlook

Going into 2021, the pandemic continues to affect our daily life. Crowd control measures might continue to delay wedding plans, the border controls will keep tourism business at almost zero and China-US conflict will continue to affect the recovery of the world's economy. On the bright side, with the global awareness on the importance of vaccination, there might be a chance of recovery towards the end of the year if vaccination rate could reach a high level in most key countries.

Our Group will stay prudent but keep looking for opportunities and take steps to further develop our business. These include expanding our store network in key locations, investing in our people, utilising customer relationship management tools to enhance shopping experience, developing Omni-channel retailing to serve our customers online and offline seamlessly, offering bespoke design services and high quality products to our customers and striving to improve our operational efficiency.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period from 11 January 2021 to 12 March 2021, the Company repurchased a total of 1,442,000 ordinary shares on the Stock Exchange at the total price of HK\$436,300. Save as aforesaid, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year.

CORPORATE GOVERNANCE PRACTICES

The Company had complied with all the code provisions of the Corporate Governance Code (the "Code") set out in appendix 14 to the Listing Rules throughout the year except the deviations as explained below:

Code provision A.4.1

The non-executive directors of the Company were not appointed for a specific term, but each of them is subject to retirement by rotation at annual general meeting of the Company at least once every 3 years in accordance with the Articles of Association of the Company. The retiring directors shall be eligible for re-election.

Code provisions A.5.1 to A.5.4

The Company has not established a nomination committee. In view of the current structure of the Board and the business operations of the Group, the Board believes that it is not necessary to establish a nomination committee as it considers that all Directors should be involved in performing the duties set out in such code provisions.

Code provision D.1.4

The Company does not have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Board decides on the key terms and conditions of the appointment of the Directors from time to time which are recorded in the relevant board minutes.

Code provision E.1.5

The Company does not have a dividend policy or any pre-determined dividend distribution ratio. The Board will decide on the declaration/recommendation of any future dividends after taking into consideration a number of factors, including the prevailing market conditions, the Company's operating results, business plans and prospects, financial position and working capital requirements, and other factors that the Board considers relevant.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed with the management of the Group the accounting policies and practices adopted by the Group, its system of risk management and internal control and financial reporting matters including review of the results for the year ended 31 March 2021.

SCOPE OF WORK OF BDO LIMITED

The figures in this preliminary announcement in respect of the Group's results for the year ended 31 March 2021 have been reviewed and agreed by the Group's auditor, BDO Limited ("BDO"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO 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 BDO on this preliminary announcement.

DISCLOSURE UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE

The financial information of the Group relating to the 2 years ended 31 March 2020 and 2021 respectively included in this preliminary announcement of the annual results for the year ended 31 March 2021 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 March 2021 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the rights to attend and vote at the forthcoming annual general meeting of the Company (the "Meeting"), the register of members of the Company will be closed from Monday, 6 September 2021 to Thursday, 9 September 2021, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "Share Registrar"), not later than 4:30 p.m. on Friday, 3 September 2021.

In order to determine entitlement to the final dividend to be approved at the Meeting, the register of members of the Company will be closed on Wednesday, 15 September 2021 during which day no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Share Registrar not later than 4:30 p.m. on Tuesday, 14 September 2021.

By order of the Board
Tang Yat Sun, Richard
Chairman

Hong Kong, 25 June 2021

As at the date of this announcement, the executive directors of the Company are Mr. Tang Yat Sun, Richard, Dr. Fung Yuk Bun, Patrick and Mr. Wong Wei Ping, Martin; the non-executive director is Mr. Ng Ming Wah, Charles; and the independent non-executive directors are Mr. Cheng Kar Shing, Peter, Mr. Ho Hau Hay, Hamilton, Mr. Sin Nga Yan, Benedict and Mr. Cheng Kwok Shing, Anthony.