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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)

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The Board of Directors (the “Board”) of King Fook Holdings Limited (the “Company”) announces the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2021 with comparative figures for the previous corresponding period as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		<b>Unaudited</b>	
		<b>Six months ended 30 September</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	5	<b>396,678</b>	281,390
Cost of sales		<u>(281,357)</u>	<u>(198,647)</u>
<b>Gross profit</b>		<b>115,321</b>	82,743
Other operating income		<b>1,937</b>	5,971
Distribution and selling costs		<b>(56,261)</b>	(50,062)
Administrative expenses		<b>(21,773)</b>	(19,838)
Other operating expenses		<u><b>(69)</b></u>	<u>(114)</u>
<b>Operating profit</b>		<b>39,155</b>	18,700
Finance costs		<u><b>(2,965)</b></u>	<u>(3,436)</u>
<b>Profit before taxation</b>	6	<b>36,190</b>	15,264
Taxation	7	<u>-</u>	<u>-</u>
<b>Profit for the period</b>		<u><b>36,190</b></u>	<u>15,264</u>

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

		<b>Unaudited</b>	
		<b>Six months ended 30 September</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>151</b>	405
<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>(342)</u>	<u>(1,805)</u>
<b>Other comprehensive income for the period</b>		<u>(191)</u>	<u>(1,400)</u>
<b>Total comprehensive income for the period</b>		<u><b>35,999</b></u>	<u>13,864</u>
<b>Profit for the period attributable to:</b>			
– Owners of the Company		<b>36,188</b>	15,263
– Non-controlling interests		<u>2</u>	<u>1</u>
		<u><b>36,190</b></u>	<u>15,264</u>
<b>Total comprehensive income for the period attributable to:</b>			
– Owners of the Company		<b>35,997</b>	13,863
– Non-controlling interests		<u>2</u>	<u>1</u>
		<u><b>35,999</b></u>	<u>13,864</u>
		<b>HK cents</b>	<b>HK cents</b>
<b>Earnings per share</b>	9		
– Basic and diluted		<u><b>4.0</b></u>	<u>1.7</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30 September 2021 HK\$'000	Audited As at 31 March 2021 HK\$'000
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,594	2,365
Right-of-use assets	10	79,511	74,172
Investment properties		923	959
Investments at fair value through other comprehensive income		887	1,229
Other asset		356	356
Deposits	11	21,101	13,267
		106,372	92,348
<b>Current assets</b>			
Inventories		387,153	415,217
Debtors, deposits and prepayments	11	21,657	16,288
Investments at fair value through profit or loss		160	159
Time deposits		143,600	88,127
Cash and cash equivalents		212,345	209,270
		764,915	729,061
<b>Total assets</b>		871,287	821,409
<b>Current liabilities</b>			
Trade payables, deposits received and other payables	12	49,992	35,310
Gold loan		37,791	32,714
Lease liabilities	10	50,925	43,298
		138,708	111,322
<b>Net current assets</b>		626,207	617,739
<b>Total assets less current liabilities</b>		732,579	710,087
<b>Non-current liabilities</b>			
Provision for long service payments		43	38
Lease liabilities	10	45,199	49,410
		45,242	49,448
<b>Net assets</b>		687,337	660,639
<b>CAPITAL AND RESERVES</b>			
Share capital		393,354	393,354
Other reserves		35,507	35,698
Retained profits		258,372	231,485
<b>Equity attributable to owners of the Company</b>		687,233	660,537
<b>Non-controlling interests</b>		104	102
<b>Total equity</b>		687,337	660,639

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.

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2021 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure required under Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). They have been prepared with the same accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 March 2021 (the "2021 Annual Financial Statements"), except for the adoption of the new or revised Hong Kong Financial Reporting Standards ("HKFRSs") as disclosed in note 2.

The preparation of unaudited interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing the unaudited interim condensed consolidated financial statements were the same as those that were applied to the Group's 2021 Annual Financial Statements.

The unaudited interim condensed consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), unless otherwise stated. The unaudited interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 Annual Financial Statements. The unaudited interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRSs and should be read in conjunction with the 2021 Annual Financial Statements.

The interim condensed consolidated financial statements are unaudited, but have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA.

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

As disclosed in the 2021 Annual Financial Statements, credit card commissions were 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 six months ended 30 September 2020, the cost of sales were decreased by HK\$4,241,000 while the gross profit and distribution and selling costs were also increased by the same amount.

## 2. CHANGES IN ACCOUNTING POLICIES

In the current period, 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 2021:

Amendments to HKFRS 16	COVID-19 Related Rent Concessions
Amendments to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of these new or revised HKFRSs has no significant impact on the Group's unaudited interim condensed consolidated financial statements.

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

Annual Improvements to HKFRSs 2018-2020 Cycle	Amendments 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 <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
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 <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

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

<sup>2</sup> 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

<sup>3</sup> Effective for annual periods beginning on or after 1 June 2023

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

The Directors do not anticipate that the application of the new or revised HKFRSs in the future will have any significant impact on the Group's unaudited interim condensed consolidated financial statements.

The Directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

### 3. USE OF JUDGEMENTS AND ESTIMATES

In preparing the unaudited interim condensed 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 2021 Annual Financial Statements.

### 4. 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 six months ended 30 September 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 the six months ended 30 September 2020 and 2021 respectively, no revenue from a single customer accounted for 10% or more of the total revenue of the Group.

### 5. 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 period comprised the following components:

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue from contracts with customers:		
Gold ornament, jewellery, watch and gift retailing	<b>374,779</b>	256,377
Bullion trading	<b>20,518</b>	24,609
Diamond wholesaling	<b>1,381</b>	404
	<hr/>	<hr/>
Total revenue	<b>396,678</b>	281,390
	<hr/>	<hr/>
Timing of revenue recognition:		
At a point in time	<b>396,678</b>	281,390
	<hr/>	<hr/>

## 6. PROFIT BEFORE TAXATION

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

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Auditors' remuneration	380	380
Cost of inventories sold, including	281,015	197,882
– provision for and write down of inventories to net realisable value	7,847	6,714
– reversal of provision for and write down of inventories to net realisable value*	(3,705)	(6,867)
Depreciation of investment properties	36	36
Depreciation of property, plant and equipment	547	473
Depreciation of right-of-use assets	21,898	22,972
Dividend income	(40)	(6)
Fair value change of investments at fair value through profit or loss	(1)	98
Foreign exchange differences, net	(198)	(64)
Government grants <sup>#</sup>	-	(4,063)
Interest income from financial assets at amortised cost	(728)	(1,285)
Interest income from rental deposits	(50)	-
Loss on write off of property, plant and equipment	70	15
Outgoings in respect of investment properties	85	92
Provision for long service payments		
– provided against the account	10	26
– reversal of provision	(5)	(11)
Rental expenses for variable lease payments	1,222	1,154
Rental expenses on short term leases in respect of furniture and fixtures	1	-
Rental expenses on short term leases in respect of properties	94	308
Rental income on owned properties	(683)	(548)

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

<sup>#</sup> During the six months ended 30 September 2020, 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 was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all of the funding on paying wages to their employees. The purpose of the Subsidy Scheme for Precious Metals Trading Industry was 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 six months ended 30 September 2020.

## 7. TAXATION

No Hong Kong profits tax has been provided for the six months ended 30 September 2020 and 2021 respectively as the Group has sufficient tax loss brought forward to set off against the estimated assessable profit.

No overseas profits tax has been provided for the six months ended 30 September 2020 and 2021 respectively as the Group has no estimated assessable profit.

## 8. DIVIDENDS

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Dividends recognised as distribution during the period:		
2021 final dividend of HK1.0 cents (2020: HK0.2 cents) per ordinary share	<u>9,117</u>	<u>1,827</u>
Dividends declared after the end of the reporting period:		
2021 interim dividend of HK0.4 cents (2020: Nil) per ordinary share	<u>3,647</u>	<u>-</u>

The interim dividend is not recognised as a liability as at 30 September 2021 because it was declared after the end of the reporting period.

## 9. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit for the period attributable to owners of the Company of HK\$36,188,000 (for the six months ended 30 September 2020: HK\$15,263,000) and the weighted average number of 911,695,350 (for the six months ended 30 September 2020: 913,650,465) ordinary shares in issue during the period, calculated as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit attributable to owners of the Company</b>	<u>36,188</u>	<u>15,263</u>

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at 1 April	<b>912,208,465</b>	913,650,465
Effect of ordinary shares repurchased and cancelled (note)	<u>(513,115)</u>	<u>-</u>
Weighted average number of ordinary shares at 30 September	<u>911,695,350</u>	<u>913,650,465</u>

*Note:* The weighted average number of ordinary shares outstanding during the six months ended 30 September 2021 was adjusted for the effect of 550,000 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 the six months ended 30 September 2020 and 2021 respectively are the same as there were no dilutive potential ordinary shares during both periods.



## 10. LEASES

### Nature of leasing activities

The Group has obtained the right to use properties and furniture and equipment 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.

### Right-of-use assets

During the six months ended 30 September 2021, the Group entered into a number of lease agreements for the use of properties and furniture and equipment and therefore recognised the additions to right-of-use assets of HK\$8,712,000 (for the six months ended 30 September 2020: Nil).

The leases of retail stores contain variable lease payment terms based on the retail stores' revenue pursuant to the terms and conditions set out in the respective lease agreements and minimum annual lease payment terms that are fixed.

### Lease liabilities

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

	Unaudited		Audited	
	As at 30 September 2021		As at 31 March 2021	
	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	50,925	54,573	43,298	46,871
After 1 year but within 2 years	39,049	40,241	38,047	39,633
After 2 years but within 5 years	6,150	6,265	11,363	11,598
	<u>96,124</u>	<u>101,079</u>	<u>92,708</u>	<u>98,102</u>
Less: Total future interest charges		<u>(4,955)</u>		<u>(5,394)</u>
Present value of lease liabilities		<u>96,124</u>		<u>92,708</u>

## 11. DEBTORS, DEPOSITS AND PREPAYMENTS

	Unaudited As at 30 September 2021 HK\$'000	Audited As at 31 March 2021 HK\$'000
<b>Current</b>		
Trade debtors	3,848	2,041
Other receivables	10,035	4,248
Deposits and prepayments	7,774	9,999
	<u>21,657</u>	<u>16,288</u>
<b>Non-current</b>		
Deposits paid on purchase of property, plant and equipment	5,320	-
Rental deposits	15,781	13,267
	<u>21,101</u>	<u>13,267</u>
	<u>42,758</u>	<u>29,555</u>

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

	Unaudited As at 30 September 2021 HK\$'000	Audited As at 31 March 2021 HK\$'000
Within 30 days	3,389	1,866
31 – 90 days	427	175
More than 90 days	32	-
	<u>3,848</u>	<u>2,041</u>

## 12. TRADE PAYABLES, DEPOSITS RECEIVED AND OTHER PAYABLES

	Unaudited As at 30 September 2021 HK\$'000	Audited As at 31 March 2021 HK\$'000
Trade payables	12,678	10,441
Other payables and accruals	20,236	11,790
Contract liabilities	2,477	2,089
Deposits received	14,601	10,990
	<u>49,992</u>	<u>35,310</u>

## 12. TRADE PAYABLES, DEPOSITS RECEIVED AND OTHER PAYABLES (Continued)

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

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2021</b> <b>HK\$'000</b>	Audited As at 31 March 2021 HK\$'000
Within 30 days	<b>12,389</b>	10,431
31 – 90 days	<b>289</b>	10
	<b>12,678</b>	10,441

### INTERIM DIVIDEND

The Board has resolved the payment of an interim dividend of HK0.4 cents (for the six months ended 30 September 2020: Nil) per ordinary share, totalling HK\$3.6 million for the six months ended 30 September 2021, payable to shareholders whose names appear on the register of members of the Company on Monday, 13 December 2021. The interim dividend will be paid on Wednesday, 29 December 2021.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Monday, 13 December 2021, during which day no transfer of shares will be effected.

All transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 10 December 2021 in order to qualify for the interim dividend above mentioned.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Group Results Overview

The Group is principally engaged in gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling. More than 90% of the Group's revenue is derived from activities in Hong Kong.

For the six months ended 30 September 2021, the Group recorded total revenue of HK\$396.7 million, representing an increase of HK\$115.3 million or 41.0% from HK\$281.4 million for the last corresponding period. The Group achieved an unaudited consolidated profit attributable to owners of the Company of HK\$36.2 million for such period as compared to HK\$15.3 million for the same period last year. Such substantial improvement in profit was primarily due to the significant growth in revenue of the retail business of the Group as consumer sentiment improved on stabilisation of the COVID-19 situation in Hong Kong.

#### Business Review

The Group opened a new store in New Town Plaza in February 2021 and operated a total of 7 retail shops in Hong Kong as at 30 September 2021. The Group's revenue and gross profit showed strong growth during such period.

The revenue of the Group's retailing business for the six months ended 30 September 2021 increased by HK\$114.3 million or 40.7% to HK\$395.3 million from HK\$281.0 million for the same period last year, exceeding levels recorded in the previous periods before the COVID-19 pandemic outbreak. With the COVID-19 situation under control, the supply of merchandises has improved and local customers stay in Hong Kong for consumption. Our retail business improved significantly and same store sales growth was 40.4% as compared to the same period last year, showing a rapid return to the pre-COVID-19 condition. In order to better serve our customers, we started to carry out several store renovation projects, include one store at Central Building on Queen's Road Central side, and set up of a new stand-alone jewellery store in Central Building on Pedder Street side in the third quarter of 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Outlook

Currently, the COVID-19 pandemic is still hitting around the globe but the effect is becoming less adverse as in last year. Looking forward, the Group considers the pandemic will continue to affect our daily life. Along with the relaxation of social distancing measures, we believe wedding plans will resume and the demand for luxury products from local customers will continue to recover in the 2nd half of the year. In order to capture the business opportunity in the recovery of luxury markets, the Group will keep revamping our store network. The renovation for our Pacific Place store in Admiralty was completed in October 2021 and the new stand-alone jewellery shop in Central Building was opened on 13 October 2021. This new stand-alone jewellery shop highlights our high end jewellery and four overseas jewellery brands. With all store renovation projects to be completed by November 2021, we are looking forward to showing a new image and offering better shopping experience to our customers. Furthermore, the Group will keep on investing in staff development, online platforms, digital marketing, social media and creative product designs to better serve our customers.

Besides measures to enhance sales performance, the Group will continue to improve operation efficiency, including inventory management and cost control.

### PURCHASE, SALE OR REDEMPTION OF SHARES

During the period from 1 April 2021 to 22 April 2021, the Company repurchased a total of 550,000 ordinary shares on the Stock Exchange at the total price of HK\$177,000. Save as aforesaid, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2021.

### 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 six months ended 30 September 2021 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 BY AUDITOR AND AUDIT COMMITTEE**

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2021 have been reviewed by BDO Limited, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the HKICPA.

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 and the unaudited interim condensed consolidated financial statements for the six months ended 30 September 2021.

## **DISCLOSURE UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE**

The financial information of the Group relating to the year ended 31 March 2021 included in this interim results announcement as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year 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 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

By Order of the Board  
**Tang Yat Sun, Richard**  
Chairman

Hong Kong, 24 November 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.