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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 2022

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 2022 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	
		2022 HK\$'000	2021 HK\$'000
Revenue	6	819,150	640,630
Cost of sales		<u>(584,957)</u>	<u>(457,534)</u>
Gross profit		234,193	183,096
Other operating income	7	3,368	9,922
Distribution and selling costs		(122,338)	(105,239)
Administrative expenses		(44,666)	(41,235)
Other operating expenses	8	<u>(4,652)</u>	<u>(11,456)</u>
Operating profit		65,905	35,088
Finance costs		<u>(5,865)</u>	<u>(6,478)</u>
Profit before taxation	9	60,040	28,610
Taxation	10	<u>-</u>	<u>-</u>
Profit for the year		<u>60,040</u>	<u>28,610</u>

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

	<i>Notes</i>	Year ended 31 March	
		2022	2021
		HK\$'000	HK\$'000
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		345	819
<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>(390)</u>	<u>(1,778)</u>
Other comprehensive income for the year		<u>(45)</u>	<u>(959)</u>
Total comprehensive income for the year		<u>59,995</u>	<u>27,651</u>
Profit/(loss) for the year attributable to:			
- Owners of the Company		60,050	28,615
- Non-controlling interests		<u>(10)</u>	<u>(5)</u>
		<u>60,040</u>	<u>28,610</u>
Total comprehensive income for the year attributable to:			
- Owners of the Company		60,005	27,656
- Non-controlling interests		<u>(10)</u>	<u>(5)</u>
		<u>59,995</u>	<u>27,651</u>
Earnings per share			
	<i>12</i>	HK cents	HK cents
- Basic and diluted		<u>6.59</u>	<u>3.13</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
	Notes	2022 HK\$'000	2021 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		9,628	2,365
Right-of-use assets	13	53,057	74,172
Investment properties		888	959
Investments at fair value through other comprehensive income		771	1,229
Other asset		356	356
Deposits	14	15,898	13,267
		<u>80,598</u>	<u>92,348</u>
Current assets			
Inventories		369,722	415,217
Debtors, deposits and prepayments	14	14,198	16,288
Investments at fair value through profit or loss		151	159
Time deposits		144,100	88,127
Cash and cash equivalents		254,519	209,270
		<u>782,690</u>	<u>729,061</u>
Total assets		<u>863,288</u>	<u>821,409</u>
Current liabilities			
Trade payables, deposits received and other payables	15	40,461	35,310
Gold loan		44,045	32,714
Lease liabilities	13	50,797	43,298
		<u>135,303</u>	<u>111,322</u>
Net current assets		<u>647,387</u>	<u>617,739</u>
Total assets less current liabilities		<u>727,985</u>	<u>710,087</u>
Non-current liabilities			
Provision for long service payments		55	38
Lease liabilities	13	20,244	49,410
		<u>20,299</u>	<u>49,448</u>
Net assets		<u>707,686</u>	<u>660,639</u>
CAPITAL AND RESERVES			
Share capital		393,354	393,354
Other reserves		35,645	35,698
Retained profits		278,595	231,485
Equity attributable to owners of the Company		<u>707,594</u>	<u>660,537</u>
Non-controlling interests		<u>92</u>	<u>102</u>
Total equity		<u>707,686</u>	<u>660,639</u>

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 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 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 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 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:

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

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

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

² 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

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Effective for 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.

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.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing the 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 applied to the Group's annual consolidated financial statements for the year ended 31 March 2021.

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 2021 and 2022 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 years ended 31 March 2021 and 2022 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	
	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
Gold ornament, jewellery, watch and gift retailing	773,351	597,252
Bullion trading	44,091	42,299
Diamond wholesaling	1,708	1,079
	<u>819,150</u>	<u>640,630</u>
Total revenue	<u>819,150</u>	<u>640,630</u>
Timing of revenue recognition:		
At a point in time	<u>819,150</u>	<u>640,630</u>

7. OTHER OPERATING INCOME

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Dividend income	41	7
Foreign exchange differences, net	167	211
Government grants (note)	-	6,258
Interest income from financial assets at amortised cost	1,627	2,067
Interest income from rental deposits	159	19
Rental income on owned properties	1,130	1,219
Write back of payables	-	62
Others	244	79
	<u>3,368</u>	<u>9,922</u>

Note: During the year ended 31 March 2021, 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 ended 31 March 2021.

8. OTHER OPERATING EXPENSES

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Fair value change of investments at fair value through profit or loss	8	105
Loss on write off/disposal of property, plant and equipment	144	24
Provision for impairment loss on property, plant and equipment	-	3,573
Provision for impairment loss on right-of-use assets	4,500	7,754
	<u>4,652</u>	<u>11,456</u>

9. PROFIT BEFORE TAXATION

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

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Auditors' remuneration	815	779
Cost of inventories sold, including	584,276	456,477
– provision for and write down of inventories to net realisable value	16,675	18,101
– reversal of provision for and write down of inventories to net realisable value	(6,689)	(11,783)
Depreciation of investment properties	71	72
Depreciation of property, plant and equipment	3,034	1,108
Depreciation of right-of-use assets	43,975	45,580
Outgoings in respect of investment properties	195	199
Provision for long service payments		
– provided against the account	22	6
– reversal of provision	(5)	(35)
Rental expenses for variable lease payments	1,831	2,953
Rental expenses on short term lease in respect of furniture and fixtures	1	-
Rental expenses on short term lease in respect of properties	94	403

10. TAXATION

No Hong Kong profits tax has been provided for the years ended 31 March 2021 and 2022 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 years ended 31 March 2021 and 2022 respectively as the Group has no estimated assessable profit.

11. DIVIDENDS

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Dividends recognised as distribution during the year:		
2020/21 final dividend of HK1.0 cent (2019/20 final dividend: HK0.2 cent) per ordinary share	9,117	1,827
2021/22 interim dividend of HK0.4 cent (2020/21 interim dividend: Nil) per ordinary share	3,647	-
	<u>12,764</u>	<u>1,827</u>

At a meeting held on 24 June 2022, the Board recommended a final dividend of HK1.6 cents (2021: HK1.0 cent) per ordinary share for the year ended 31 March 2022 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 payable as at 31 March 2022 in the consolidated financial statements.

12. 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\$60,050,000 (2021: HK\$28,615,000) and the weighted average number of 911,676,958 (2021: 913,452,092) ordinary shares in issue during the year, calculated as follows:

	Year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
Profit attributable to owners of the Company	60,050	28,615
	As at 31 March	
	2022	2021
Weighted average number of ordinary shares		
Issued ordinary shares at 1 April	912,208,465	913,650,465
Effect of ordinary shares repurchased and cancelled (note)	<u>(531,507)</u>	<u>(198,373)</u>
Weighted average number of ordinary shares at 31 March	<u>911,676,958</u>	<u>913,452,092</u>

Note: The weighted average number of ordinary shares outstanding during the year was adjusted for the effect of 550,000 (2021: 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 the years ended 31 March 2021 and 2022 respectively are the same as there were no dilutive potential ordinary shares in issue during both years.

13. 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

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	
	2022 HK\$'000	2021 HK\$'000
Properties	51,619	73,390
Furniture and equipment	<u>1,438</u>	<u>782</u>
	<u>53,057</u>	<u>74,172</u>

During the year, additions of right-of-use assets of HK\$8,712,000 (2021: HK\$8,773,000) represented the capitalised lease payments payable under new lease agreements.

13. LEASES (Continued)

Right-of-use assets (Continued)

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

	Properties HK\$'000	Furniture and equipment HK\$'000	Total HK\$'000
As at 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
	<hr/>	<hr/>	<hr/>
As at 31 March 2021 and 1 April 2021	73,390	782	74,172
Additions	7,509	1,203	8,712
Depreciation	(43,313)	(662)	(43,975)
Impairment loss	(4,500)	-	(4,500)
Lease modifications	18,533	115	18,648
	<hr/>	<hr/>	<hr/>
As at 31 March 2022	51,619	1,438	53,057
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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			
	2022			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	50,797	53,176	43,298	46,871
After 1 year but within 2 years	18,611	19,035	38,047	39,633
After 2 years but within 5 years	1,633	1,645	11,363	11,598
	<hr/>	<hr/>	<hr/>	<hr/>
	71,041	73,856	92,708	98,102
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Less: Total future interest charges		(2,815)		(5,394)
		<hr/>		<hr/>
Present value of lease liabilities		71,041		92,708
		<hr/> <hr/>		<hr/> <hr/>

13. LEASES (Continued)

Lease liabilities (Continued)

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

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Current liabilities	50,797	43,298
Non-current liabilities	20,244	49,410
	<u>71,041</u>	<u>92,708</u>

14. DEBTORS, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Current		
Trade debtors	3,042	2,041
Other receivables	3,486	4,248
Rental deposits	1,036	3,971
Other deposits	1,866	1,584
Prepayments	4,768	4,444
	<u>14,198</u>	<u>16,288</u>
Non-current		
Rental deposits	<u>15,898</u>	<u>13,267</u>
	<u>30,096</u>	<u>29,555</u>

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

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Within 30 days	2,440	1,866
31 – 90 days	265	175
More than 90 days	337	-
	<u>3,042</u>	<u>2,041</u>

15. TRADE PAYABLES, DEPOSITS RECEIVED AND OTHER PAYABLES

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Trade payables	5,911	10,441
Other payables	3,252	3,119
Accruals and provision	12,202	8,671
Contract liabilities	2,742	2,089
Deposits received	16,354	10,990
	<u>40,461</u>	<u>35,310</u>

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

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Within 30 days	5,869	10,431
31 – 90 days	42	10
	<u>5,911</u>	<u>10,441</u>

DIVIDEND

The Board has resolved the payment of a final dividend of HK1.6 cents (2021: HK1.0 cent) per ordinary share for the year ended 31 March 2022 to shareholders whose names appear on the register of members of the Company on Friday, 9 September 2022 subject to the approval of shareholders at the forthcoming annual general meeting to be held on Monday, 5 September 2022 (the "Meeting"). The dividend warrants for the proposed final dividend are expected to be despatched to shareholders on or about Wednesday, 21 September 2022.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the rights to attend and vote at the Meeting, the register of members of the Company will be closed from Wednesday, 31 August 2022 to Monday, 5 September 2022, 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 Tuesday, 30 August 2022.

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 Friday, 9 September 2022 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 Thursday, 8 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results Overview

For the year ended 31 March 2022, the Group recorded total revenue of HK\$819.1 million, representing an increase of HK\$178.5 million or 27.9% from HK\$640.6 million of last year. The Group achieved a consolidated profit attributable to owners of the Company for the year ended 31 March 2022 of HK\$60.0 million, which represents an increase of 109.8% as compared to HK\$28.6 million last year. The significant increase in profit was primarily due to the growth in revenue of our retail business.

The Group's distribution and selling costs for the year ended 31 March 2022 increased by 16.2% to HK\$122.3 million as compared to HK\$105.2 million for the previous year. Such increase was mainly attributable to the significant rise in staff costs and marketing expenses as a result of our jewellery store network expansion and restart of customer events.

Business Review

Despite we were still affected by the COVID-19 pandemic, we managed to increase the revenue of the Group's retail business for the year ended 31 March 2022 by 27.8% to HK\$817.4 million from HK\$639.6 million for the previous year. Such increase was mainly due to the opening of our new jewellery store in Central, strong performance in sales of watches and recovery of gold demand in the year ended 31 March 2022 as consumer sentiment improved on stabilisation of the COVID-19 situation in Hong Kong before the fifth wave of the pandemic.

The strong performance of our jewellery retail business was due to our long term efforts in strengthening jewellery sales. In order to achieve this, we take actions on three areas. Firstly, we have been expanding our jewellery store network; three new jewellery stores were opened in the last three years. The last one was opened in October 2021 in Central. This is the first stand-alone jewellery store with a luxurious VIP area. In addition to high end jewellery, this store carries exclusive overseas jewellery brands for VIP customers looking for high quality products. Secondly, we have upgraded the system of our customer database and utilise this data base to create different events for attracting new customers and retaining existing customers. Last but not least, we focus on improving sales staff's service and client development skill with a view to building a solid client base for our business.

As COVID-19 situation stabilised in the first nine months of the year ended 31 March 2022, gold purchase for wedding resumed to normal level and the rapid increase in inflation also encouraged customers to buy more gold bullion. Our gold business achieved positive growth of over 19% in the year ended 31 March 2022.

Our watch business also achieved significant growth of over 27% in the year ended 31 March 2022, thanks to the stable supply we managed to procure and the effort of our sales team in attracting new customers.

Future Outlook

With the ongoing adverse effects of COVID-19, the Russian-Ukrainian war and the soaring inflation rate, we expect many challenges for the current year.

Although we lost the dealership for Rolex and Tudor on 1 April 2022 due to the brands' new strategy on store network, the Group will look for suitable opportunities of partnership with high potential watch brands. We will take measures to improve our competitiveness and profitability, including expanding our high end customer base, improving our operational efficiencies, investing in our people, developing further our Omni-channel retailing and applying stringent control on expenses.

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 year.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard corporate governance practices. It met all the code provisions in the Corporate Governance Code (the “Code”) set out in Appendix 14 to the Listing Rules in effect during the year ended 31 March 2022 except the following deviations (references to code provision numbers mentioned below are to those contained in the Code as at 31 December 2021, which since has been amended with effect on 1 January 2022) as explained below:

Code provision A.4.1

The non-executive directors of the Company were not appointed for a specific term as required under code provision A.4.1 of the Code, 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. This requirement was removed on 1 January 2022.

Code provisions A.5.1 to A.5.4

In respect of code provisions A.5.1 to A.5.4 of the Code, the Company had not established a nomination committee up to 31 December 2021 as the Board consider that given the structure of the Board and the business operations of the Group, all Directors should be involved in performing the duties set out in such code provisions. In compliance with the amended Listing Rules, the Company has established a nomination committee with effect on 1 January 2022.

Code provision D.1.4

As far as code provision D.1.4 of the Code was concerned, 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

In respect of code provision E.1.5 of the Code, the Company did not have a policy on payment of dividends 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 2022.

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 2022 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 two years ended 31 March 2021 and 2022 respectively included in this preliminary announcement of the annual results for the year ended 31 March 2022 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 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 and will deliver the financial statements for the year ended 31 March 2022 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.

By order of the Board
Tang Yat Sun, Richard
Chairman

Hong Kong, 24 June 2022

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, Mr. Cheng Kwok Shing, Anthony and Ms. Hou Tan Tan Danielle.