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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 2022

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 2022 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>2022</b>	<b>2021</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	5	<b>412,514</b>	396,678
Cost of sales		<u>(283,848)</u>	<u>(281,357)</u>
<b>Gross profit</b>		<b>128,666</b>	115,321
Other operating income	6	<b>6,268</b>	1,937
Distribution and selling costs		<b>(61,257)</b>	(56,261)
Administrative expenses		<b>(22,819)</b>	(21,773)
Other operating expenses	7	<u><b>(10,108)</b></u>	<u>(69)</u>
<b>Operating profit</b>		<b>40,750</b>	39,155
Finance costs		<u><b>(2,123)</b></u>	<u>(2,965)</u>
<b>Profit before taxation</b>	8	<b>38,627</b>	36,190
Taxation	9	<u>-</u>	<u>-</u>
<b>Profit for the period</b>		<u><b>38,627</b></u>	<u>36,190</u>

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

		<b>Unaudited</b>	
		<b>Six months ended 30 September</b>	
		<b>2022</b>	<b>2021</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		(791)	151
<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>(401)</u>	<u>(342)</u>
<b>Other comprehensive income for the period</b>		<u>(1,192)</u>	<u>(191)</u>
<b>Total comprehensive income for the period</b>		<u><u>37,435</u></u>	<u><u>35,999</u></u>
<b>Profit for the period attributable to:</b>			
– Owners of the Company		38,626	36,188
– Non-controlling interests		<u>1</u>	<u>2</u>
		<u><u>38,627</u></u>	<u><u>36,190</u></u>
<b>Total comprehensive income for the period attributable to:</b>			
– Owners of the Company		37,434	35,997
– Non-controlling interests		<u>1</u>	<u>2</u>
		<u><u>37,435</u></u>	<u><u>35,999</u></u>
		<b>HK cents</b>	<b>HK cents</b>
<b>Earnings per share</b>	<i>11</i>		
– Basic and diluted		<u><u>4.2</u></u>	<u><u>4.0</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		6,852	9,628
Right-of-use assets	12	41,736	53,057
Investment properties		852	888
Investments at fair value through other comprehensive income		370	771
Other asset		356	356
Deposits	13	5,393	15,898
		55,559	80,598
<b>Current assets</b>			
Inventories		391,718	369,722
Debtors, deposits and prepayments	13	36,190	14,198
Investments at fair value through profit or loss		123	151
Time deposits		119,200	144,100
Cash and cash equivalents		267,572	254,519
		814,803	782,690
<b>Total assets</b>		<b>870,362</b>	<b>863,288</b>
<b>Current liabilities</b>			
Trade payables, deposits received and other payables	14	54,576	40,461
Gold loan		27,476	44,045
Lease liabilities	12	43,815	50,797
		125,867	135,303
<b>Net current assets</b>		<b>688,936</b>	<b>647,387</b>
<b>Total assets less current liabilities</b>		<b>744,495</b>	<b>727,985</b>
<b>Non-current liabilities</b>			
Provision for long service payments		64	55
Lease liabilities	12	14,492	20,244
		14,556	20,299
<b>Net assets</b>		<b>729,939</b>	<b>707,686</b>
<b>CAPITAL AND RESERVES</b>			
Share capital		393,354	393,354
Other reserves		34,453	35,645
Retained profits		302,039	278,595
<b>Equity attributable to owners of the Company</b>		<b>729,846</b>	<b>707,594</b>
<b>Non-controlling interests</b>		<b>93</b>	<b>92</b>
<b>Total equity</b>		<b>729,939</b>	<b>707,686</b>

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 2022 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 2022 (the "2022 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 2022 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 2022 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 2022 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.

## 2. CHANGES IN ACCOUNTING POLICIES

In the current period, the Group has applied for the first time the following 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 2022:

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
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
Amendments to HKFRS 3	Reference to the Conceptual Framework

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

## 2. CHANGES IN ACCOUNTING POLICIES (Continued)

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

HKFRS 17	Insurance Contracts <sup>1</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>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> No mandatory effective date yet determined but available for adoption

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 2022 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 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 six months ended 30 September 2021 and 2022 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:

	Unaudited	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
Gold ornament, jewellery, watch and gift retailing	373,176	374,779
Bullion trading	38,637	20,518
Diamond wholesaling	701	1,381
	<u>412,514</u>	<u>396,678</u>
Total revenue	<u>412,514</u>	<u>396,678</u>
Timing of revenue recognition:		
At a point in time	<u>412,514</u>	<u>396,678</u>

## 6. OTHER OPERATING INCOME

	Unaudited	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Dividend income	57	40
Fair value change of investments at fair value through profit or loss	-	1
Foreign exchange differences, net	181	198
Government grant (note)	3,110	-
Interest income from financial assets at amortised cost	2,207	728
Interest income from rental deposits	120	50
Rental income on owned properties	541	683
Others	52	237
	<u>6,268</u>	<u>1,937</u>

*Note:* During the six months ended 30 September 2022, the Group applied for funding support from the Employment Support Scheme 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. There were no unfulfilled conditions or contingencies relating to this government grant in which it was recognised during the six months ended 30 September 2022.

## 7. OTHER OPERATING EXPENSES

	Unaudited	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Fair value change of investments at fair value through profit or loss	28	-
Loss on write off of property, plant and equipment	50	69
Provision for impairment loss on property, plant and equipment	7,774	-
Provision for impairment loss on right-of-use assets	2,256	-
	<u>10,108</u>	<u>69</u>

## 8. PROFIT BEFORE TAXATION

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

	Unaudited	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Auditors' remuneration	398	380
Cost of inventories sold, including	283,387	281,015
– provision for and write down of inventories to net realisable value	1,417	7,847
– reversal of provision for and write down of inventories to net realisable value	(3,345)	(3,705)
Depreciation of investment properties	36	36
Depreciation of property, plant and equipment	3,341	547
Depreciation of right-of-use assets	22,544	21,898
Outgoings in respect of investment properties	130	85
Provision for long service payments		
– provided against the account	32	10
– reversal of provision	(14)	(5)
Rental expenses for variable lease payments	999	1,222
Rental expenses on short term lease in respect of furniture and fixtures	1	1
Rental expenses on short term lease in respect of property	-	94

## 9. TAXATION

No Hong Kong profits tax has been provided for the six months ended 30 September 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 six months ended 30 September 2021 and 2022 respectively as the Group has no estimated assessable profit.

## 10. DIVIDENDS

	Unaudited	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
2021/22 final dividend of HK1.6 cents (2020/21 final dividend: HK1.0 cent) per ordinary share	14,570	9,117
Dividends declared after the end of the reporting period:		
2022/23 interim dividend of HK0.4 cent (2021/22 interim dividend: HK0.4 cent) per ordinary share	3,639	3,647

The interim dividend is not recognised as a liability as at 30 September 2022 because it has been declared after the end of the reporting period.

## 11. 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\$38,626,000 (for the six months ended 30 September 2021: HK\$36,188,000) and the weighted average number of 911,263,361 (for the six months ended 30 September 2021: 911,695,350) ordinary shares in issue during the period, is calculated as follows:

	Unaudited Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
<b>Profit attributable to owners of the Company</b>	<b>38,626</b>	36,188
	<b>911,658,465</b>	912,208,465
	<b>(395,104)</b>	(513,115)
<b>Weighted average number of ordinary shares</b>	<b>911,263,361</b>	911,695,350

*Note:* The weighted average number of ordinary shares outstanding during the six months ended 30 September 2022 was adjusted for the effect of 1,500,000 (for the six months ended 30 September 2021: 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 2021 and 2022 respectively are the same as there were no dilutive potential ordinary shares in issue during both periods.

## 12. 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 2022, the Group entered into a new lease agreement for the use of property and therefore recognised the additions to right-of-use assets of HK\$10,703,000 (for the six months ended 30 September 2021: HK\$8,712,000). Based on the impairment assessment, provision for impairment loss on right-of-use assets of HK\$2,256,000 was recognised and charged to the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2022 (for the six months ended 30 September 2021: Nil).

The leases of retail stores contain variable lease payment terms that are 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.



## 12. LEASES (Continued)

### Lease liabilities

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

	Unaudited As at 30 September 2022		Audited As at 31 March 2022	
	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	43,815	45,559	50,797	53,176
After 1 year but within 2 years	9,563	10,018	18,611	19,035
After 2 years but within 5 years	4,929	5,083	1,633	1,645
	<u>58,307</u>	<u>60,660</u>	<u>71,041</u>	<u>73,856</u>
Less: Total future interest charges		<u>(2,353)</u>		<u>(2,815)</u>
Present value of lease liabilities		<u>58,307</u>		<u>71,041</u>

## 13. DEBTORS, DEPOSITS AND PREPAYMENTS

	Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
<b>Current</b>		
Trade debtors	5,150	3,042
Other receivables	2,919	411
Commission receivable	10,121	3,075
Rental deposits	13,077	1,036
Other deposits	2,199	1,866
Prepayments	2,724	4,768
	<u>36,190</u>	<u>14,198</u>
<b>Non-current</b>		
Rental deposits	<u>5,393</u>	<u>15,898</u>
	<u>41,583</u>	<u>30,096</u>

### 13. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

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

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2022</b> <b>HK\$'000</b>	<b>Audited</b> <b>As at</b> <b>31 March</b> <b>2022</b> <b>HK\$'000</b>
Within 30 days	4,182	2,440
31 – 90 days	968	265
More than 90 days	-	337
	<u>5,150</u>	<u>3,042</u>

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

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2022</b> <b>HK\$'000</b>	<b>Audited</b> <b>As at</b> <b>31 March</b> <b>2022</b> <b>HK\$'000</b>
Trade payables	17,299	5,911
Other payables	2,795	3,252
Accruals and provisions	13,642	12,202
Contract liabilities	2,501	2,742
Deposits received	18,339	16,354
	<u>54,576</u>	<u>40,461</u>

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>2022</b> <b>HK\$'000</b>	<b>Audited</b> <b>As at</b> <b>31 March</b> <b>2022</b> <b>HK\$'000</b>
Within 30 days	17,160	5,869
31 – 90 days	139	42
	<u>17,299</u>	<u>5,911</u>

### INTERIM DIVIDEND

The Board has resolved the payment of an interim dividend of HK0.4 cent (for the six months ended 30 September 2021: HK0.4 cent) per ordinary share, totalling HK\$3.6 million, for the six months ended 30 September 2022 to shareholders whose names appear on the register of members of the Company on Monday, 12 December 2022. The interim dividend will be paid on Friday, 23 December 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed on Monday, 12 December 2022, 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, 9 December 2022 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 2022, the Group recorded total revenue of HK\$412.5 million, representing an increase of HK\$15.8 million or 4.0% from HK\$396.7 million for the last corresponding period. The Group recorded an unaudited consolidated profit attributable to owners of the Company of HK\$38.6 million for such period as compared to an attributable consolidated profit of HK\$36.2 million for the same period last year.

### **Business Review**

The Group opened a new stand-alone jewellery store in Central Building on Pedder Street in October 2021 and operated a total of 8 retail shops in Hong Kong as at 30 September 2022. Despite the impact of the fifth wave of the COVID-19 pandemic, the Group's revenue showed a mild growth of 4.0% and the gross profit margin improved by 2.1 percentage points as compared to the last corresponding period.

The revenue of the Group's retailing business for the six months ended 30 September 2022 increased by HK\$16.5 million or 4.2% to HK\$411.8 million from HK\$395.3 million for the same period last year. As the COVID-19 pandemic was resurging in Hong Kong during the period, stricter epidemic prevention and social distancing measures were being imposed by the government, resulting in few promotional events being held in the 1st half of the year. These social distancing measures had driven down customer foot flow and slowed down significantly our jewellery business. However, the drop of gold price during the period boosted our gold business and our watch business remained stable. As a result, our overall business managed to show a mild growth when compared with last corresponding period. In order to keep improving our image and service standard, we have been working on modernising our store network. The latest store renovation project was conducted for our store located in King Fook Building in Central. The project started in August 2022 and was completed by end of September 2022. We carried out a comprehensive marketing program for the re-opening of this Central store. Customers appreciate its modern interior design and the newly added VIP room for private shopping. After the re-opening of this Central store in King Fook Building, we have completed the modernisation of our existing store network.

### **Outlook**

Looking forward, the Group believes the pandemic will continue to affect our daily life and economy. Although social distancing measures have been relaxed and wedding plans have resumed gradually, consumer sentiment is still weak and the business environment remains very challenging. In order to keep growing our business, apart from modernising our store network, we always look for right opportunities to expand our network.

The challenging situation in the business environment has also affected the demand and supply of watches. Most watch brands are reviewing their selling and distribution policies. Therefore, we have to prepare for possible change of our brand portfolio. We will keep looking for potential new watch brands to strengthen our portfolio. We are pleased to welcome H. Moser & Cie to be our new partner starting from June 2022. H. Moser & Cie was founded in 1828 in Switzerland. The watch production of this almost bicentennial brand is completely integrated. Under the leadership of their current management team, the brand continues to deliver creative and high quality watches that are becoming popular collectable items in the market. A new stand-alone concept store for H. Moser & Cie will be opened in Central Building in December 2022.

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **Outlook (Continued)**

We will continue to deliver creativity on our product designs and keep offering quality customer service to enhance our business performance. Furthermore, the Group will keep on investing in staff development, online platforms, digital marketing, social media and bespoke product designs to cater for our customers' needs.

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 six months ended 30 September 2022, the Company repurchased a total of 1,500,000 ordinary shares on the Stock Exchange at the total price of HK\$593,000. 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 2022.

### **CORPORATE GOVERNANCE PRACTICES**

The Company had complied with all the code provisions set out in Part 2 of the Corporate Governance Code (the "Code") in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2022 except the deviations as explained below:

#### ***Code provision C.3.3***

As far as code provision C.3.3 of the Code is 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 F.1.1***

In respect of code provision F.1.1 of the Code, 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 2022 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 2022.

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

The financial information of the Group relating to the year ended 31 March 2022 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 2022 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, 25 November 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.