

The logo for HKC, featuring the letters 'HKC' in a bold, blue, sans-serif font. The letters are slightly shadowed and set against a background of white, glowing circular lines that create a sense of depth and movement. The overall background is a gradient of light blue to white, with various circular and rectangular shapes in shades of blue and green, some containing faint binary code or data patterns.

香港通訊

HKC INTERNATIONAL HOLDINGS LIMITED

香港通訊國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock code : 248

Interim Report

**2020**

# CONTENTS

PAGE

CORPORATE INFORMATION . . . . .	2
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME . . . . .	3
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION . . . . .	4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY . . . . .	6
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS . . . . .	7
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS . . . . .	8
MANAGEMENT DISCUSSION AND ANALYSIS . . . . .	16
OTHER INFORMATION . . . . .	16



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

Chan Chung Yee, Hubert  
(*Chairman & Chief Executive Officer*)  
Chan Chung Yin, Roy  
Chan Ming Him, Denny  
Wu Kwok Lam CPA, FCCA  
Ip Man Hon  
Lam Man Hau

#### *Independent Non-executive Directors*

Chiu Ngar Wing  
FCCA, ACA, CPA (Practising)  
Chu Chor Lup  
Law Ka Hung

### COMPANY SECRETARY

Wu Kwok Lam CPA, FCCA

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands  
British West Indies

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

14/F., Block B, Vita Tower  
29 Wong Chuk Hang Road  
Hong Kong

### CAYMAN ISLANDS PRINCIPAL REGISTRAR

Codan Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands  
British West Indies

### HONG KONG BRANCH REGISTRAR

Pilare Limited  
17/F., Leighton Centre  
77 Leighton Road  
Causeway Bay  
Hong Kong

### AUDITORS

SHINEWING (HK) CPA Limited

### PRINCIPAL BANKERS

China Construction Bank (Asia)  
The Hongkong and Shanghai Banking  
Corporation Limited

### STOCK CODE

248

### WEBSITE ADDRESS

<http://www.hkc.com.hk>

The board of directors (the "Board") of HKC International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September, 2020 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2020

		<b>Six months ended 30 September,</b>	
	Notes	<b>2020 HK\$'000 (unaudited)</b>	2019 HK\$'000 (unaudited)
Revenue	3	<b>89,202</b>	111,270
Cost of sales		<b>70,097</b>	(89,287)
Gross profit		<b>19,105</b>	21,983
Other income and gains and losses	4	<b>4,648</b>	(1,375)
Selling and distribution expenses		<b>(3,045)</b>	(2,722)
Administrative and other operating expenses		<b>(18,406)</b>	(21,127)
Finance costs	5	<b>(1,008)</b>	(1,099)
Profit (loss) before taxation	6	<b>1,294</b>	(4,340)
Tax expenses	7	<b>(120)</b>	(60)
Profit (loss) for the period attributable to equity holders of the Company		<b>1,174</b>	(4,400)
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of overseas operations		<b>(327)</b>	(193)
Total comprehensive income (expense) attributable to equity holders of the Company		<b>847</b>	(4,593)
Earnings (loss) per share – (HK cents)			
– basic and diluted	8	<b>0.09 cents</b>	(0.35) cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER, 2020

	Notes	<b>As at 30 September, 2020</b>	As at 31 March, 2020
		<b>HK\$'000 (unaudited)</b>	HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		<b>54,232</b>	54,405
Investment properties		<b>205,950</b>	205,950
Financial assets at fair value through profit and loss ("FVTPL")		<b>1,947</b>	1,947
Financial assets at fair value through other comprehensive income ("FVTOCI")		<b>5,191</b>	5,191
		<b>267,320</b>	267,493
<b>Current assets</b>			
Inventories		<b>20,178</b>	17,455
Contract assets	10	<b>18,403</b>	22,950
Financial assets at fair value through profit and loss ("FVTPL")		<b>594</b>	418
Trade receivables	11	<b>16,815</b>	16,580
Prepayments, deposits and other receivables		<b>6,914</b>	13,390
Tax recoverable		<b>52</b>	52
Pledged bank deposits		<b>2,420</b>	2,000
Cash and bank balances		<b>14,034</b>	17,350
		<b>79,410</b>	90,195
<b>Current liabilities</b>			
Trade payables	12	<b>3,058</b>	6,435
Accruals and other payables		<b>8,326</b>	7,299
Contract liabilities		<b>2,297</b>	2,812
Lease liabilities		<b>180</b>	347
Bank borrowings		<b>56,450</b>	65,320
Tax payable		<b>501</b>	381
		<b>70,812</b>	82,594
<b>Net current assets</b>		<b>8,598</b>	7,601

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 30 SEPTEMBER, 2020

	<b>As at 30 September, 2020 HK\$'000 (unaudited)</b>	As at 31 March, 2020 HK\$'000 (audited)
<b>Total assets less current liabilities</b>	<b>275,918</b>	275,094
<b>Non-current liabilities</b>		
Lease liabilities	<b>213</b>	236
Deferred tax liabilities	<b>282</b>	282
	<b>495</b>	518
Net assets	<b>275,423</b>	274,576
<b>Capital and reserves</b>		
Share capital	<b>12,453</b>	12,453
Reserves	<b>262,970</b>	262,123
Total equity	<b>275,423</b>	274,576

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2020

	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000
At 1 April, 2020	12,453	39,621	28,325	74,640	629	1,291	117,617	-	274,576
Profit for the period	-	-	-	-	-	-	1,174	-	1,174
Other comprehensive expense for the period	-	-	-	-	(327)	-	-	-	(327)
Total comprehensive (expense) income for the period	-	-	-	-	(327)	-	1,174	-	847
At 30 September, 2020 (unaudited)	<u>12,453</u>	<u>39,621</u>	<u>28,325</u>	<u>74,640</u>	<u>302</u>	<u>1,291</u>	<u>118,791</u>	<u>-</u>	<u>275,423</u>
At 1 April, 2019	12,453	39,621	28,325	74,640	1,396	(3,600)	140,651	2,491	295,977
Loss for the period	-	-	-	-	-	-	(4,400)	-	(4,400)
Other comprehensive expense for the period	-	-	-	-	(193)	-	-	-	(193)
Total comprehensive expense for the period	-	-	-	-	(193)	-	(4,400)	-	(4,593)
Final dividend paid	-	-	-	-	-	-	-	(2,491)	(2,491)
At 30 September, 2019 (unaudited)	<u>12,453</u>	<u>39,621</u>	<u>28,325</u>	<u>74,640</u>	<u>1,203</u>	<u>(3,600)</u>	<u>136,251</u>	<u>-</u>	<u>288,893</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2020

	<b>Six months ended</b>	
	<b>30.9.2020</b> <b>HK\$'000</b> <b>(unaudited)</b>	30.9.2019 HK\$'000 (unaudited)
<b>Net cash generated from (used in) operating activities</b>	<b>6,477</b>	(2,601)
<b>Net cash used in investing activities</b>	<b>(732)</b>	(437)
<b>Net cash used in financing activities</b>	<b>(9,060)</b>	(7,005)
<b>Net decrease in cash and cash equivalents</b>	<b>(3,315)</b>	(10,043)
<b>Cash and cash equivalents at beginning of the period</b>	<b>17,350</b>	23,397
<b>Effect of foreign exchange rates changes</b>	<b>(1)</b>	(71)
<b>Cash and cash equivalents at end of the period</b>	<b>14,034</b>	13,283
<b>Analysis of balances of cash and cash equivalents</b>		
<b>Cash and bank balances</b>	<b>14,034</b>	13,283

## NOTES ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2020

### 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations ("HK-Int")) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments, which have been measured at fair values. These financial statements are presented in Hong Kong Dollars ("HK\$") and all values are rounded to the nearest thousand except where otherwise indicated.

### 2. PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 April, 2020:

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

The application of the Amendments to References to the Conceptual Framework in HKFRS and the amendments to HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE/SEGMENT INFORMATION

Revenue represents sales of mobile phones, sales of internet of things ("IOT") solutions and gross rental income.

#### a) Segment results, assets and liabilities

The reportable segments for the six months ended 30 September, 2020 are as follows:

	Sales of mobile phones in Hong Kong HK\$'000	Sales of IOT solutions in Hong Kong HK\$'000	Sales of IOT solutions in Mainland China and other countries in South East Asia HK\$'000	Property investment HK\$'000	Total HK\$'000
Revenue from external customers	<u>56,455</u>	<u>23,873</u>	<u>7,545</u>	<u>1,329</u>	<u>89,202</u>
Reportable segment (loss) profit	<u>(1,416)</u>	<u>3,443</u>	<u>(679)</u>	<u>(285)</u>	<u>1,063</u>
Interest income from bank deposits	10	-	-	-	10
Finance costs	577	-	91	340	1,008
Depreciation for the period	43	188	220	34	485
Impairment loss on trade receivables	-	315	-	-	315
Reportable segment assets	<b>59,900</b>	<b>45,254</b>	<b>9,799</b>	<b>224,045</b>	<b>338,998</b>
Additions to non-current assets during the period	10	293	9	-	312
Reportable segment liabilities	<b>33,197</b>	<b>5,554</b>	<b>8,000</b>	<b>24,274</b>	<b>71,025</b>

**3. REVENUE/SEGMENT INFORMATION (Continued)**
**a) Segment results, assets and liabilities (Continued)**

The reportable segments for the six months ended 30 September, 2019 are as follows:

	Sales of mobile phones in Hong Kong HK\$'000	Sales of IOT solutions in Hong Kong HK\$'000	Sales of IOT solutions in Mainland China and other countries in South East Asia HK\$'000	Property investment HK\$'000	Total HK\$'000
Revenue from external customers	79,867	24,594	4,508	2,301	111,270
Reportable segment (loss) profit	(823)	373	(2,971)	493	(2,928)
Interest income from bank deposits	34	–	–	–	34
Finance costs	607	36	15	441	1,099
Depreciation for the period	624	135	179	36	974
Reportable segment assets	129,982	36,392	15,011	185,527	366,912
Additions to non-current assets during the period	30	77	300	–	407
Reportable segment liabilities	37,984	11,593	4,132	26,750	80,459

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit earned by each segment without allocation of fair value gain (loss) of financial assets at FVTPL, net exchange gain (loss) and tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

**3. REVENUE/SEGMENT INFORMATION (Continued)**

**b) Geographic information**

	Revenues from external customers		Non-current assets*	
	30.9.2020 HK\$'000 (unaudited)	30.9.2019 HK\$'000 (unaudited)	30.9.2020 HK\$'000 (unaudited)	31.3.2020 HK\$'000 (audited)
Hong Kong (place of domicile)	81,491	106,789	249,458	249,874
Mainland China	4,565	2,724	449	428
Singapore	2,731	1,535	10,275	10,053
Other countries in South East Asia	415	222	-	-
	7,711	4,481	10,724	10,481
	89,202	111,270	260,182	260,355

\* Non-current assets excluding financial assets at FVTPL and financial assets at FVTOCI

**c) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**

	Six months ended	
	30.9.2020 HK\$'000 (unaudited)	30.9.2019 HK\$'000 (unaudited)
<b>REVENUE</b>		
Reportable segment and consolidated revenue from external customers	89,202	111,270
<b>PROFIT OR LOSS</b>		
Reportable segment profit (loss)	1,063	(2,928)
Fair value gain (loss) of financial assets at FVTPL	176	(52)
Net exchange gain (loss)	55	(4)
Refund of forfeited deposit	-	(1,356)
Consolidated profit (loss) before taxation	1,294	(4,340)

**3. REVENUE/SEGMENT INFORMATION (Continued)**
**c) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities (Continued)**

	<b>30.9.2020</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2020 HK\$'000 (audited)
<b>ASSETS</b>		
Total reportable segment assets	<b>338,998</b>	350,132
Unallocated corporate assets	<b>7,732</b>	7,556
Consolidated total assets	<b>346,730</b>	357,688
<b>LIABILITIES</b>		
Total reportable segment liabilities	<b>71,025</b>	82,830
Deferred tax liabilities	<b>282</b>	282
Consolidated total liabilities	<b>71,307</b>	83,112

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than financial assets at FVTPL and financial assets at FVTOCI.
- all liabilities are allocated to reportable segments other than deferred tax liabilities.

**4. OTHER INCOME AND GAINS AND LOSSES**

	<b>Six months ended</b>	
	<b>30.9.2020</b> <b>HK\$'000</b> <b>(unaudited)</b>	30.9.2019 HK\$'000 (unaudited)
Government subsidies	<b>4,622</b>	–
Bank interest income	<b>10</b>	34
Dividend income from listed equity securities	<b>2</b>	2
Fair value gain (loss) on financial assets at FVTPL	<b>176</b>	(52)
Net exchange gain (loss)	<b>55</b>	(4)
Impairment loss on trade receivables	<b>(315)</b>	–
Refund of forfeited deposit	<b>–</b>	(1,356)
Others	<b>98</b>	1
	<b>4,648</b>	(1,375)

**5. FINANCE COSTS**

	<b>Six months ended</b>	
	<b>30.9.2020</b> <b>HK\$'000</b> <b>(unaudited)</b>	30.9.2019 HK\$'000 (unaudited)
Interest on bank borrowings	<b>907</b>	949
Interest on lease liabilities	<b>6</b>	12
	<hr/>	<hr/>
Total interest expenses	<b>913</b>	961
Bank charges	<b>95</b>	138
	<hr/>	<hr/>
	<b>1,008</b>	1,099
	<hr/> <hr/>	<hr/> <hr/>

**6. PROFIT (LOSS) BEFORE TAXATION**

	<b>Six months ended</b>	
	<b>30.9.2020</b> <b>HK\$'000</b> <b>(unaudited)</b>	30.9.2019 HK\$'000 (unaudited)
Profit (loss) before taxation has been arrived at after charging:		
Operating lease rentals in respect of rented premises		
– minimum lease payments	<b>597</b>	501
– contingent rent	<b>189</b>	420
	<hr/>	<hr/>
	<b>786</b>	921
	<hr/>	<hr/>
Depreciation on		
– property, plant and equipment	<b>356</b>	729
– right-of-use assets	<b>129</b>	245
	<hr/>	<hr/>
	<b>485</b>	974
	<hr/>	<hr/>
Employee benefits expenses (including directors' remuneration)		
– salaries, allowances and benefits in kind	<b>11,894</b>	12,874
– retirement benefit scheme contributions	<b>926</b>	1,131
	<hr/>	<hr/>
Total staff costs	<b>12,820</b>	14,005
	<hr/> <hr/>	<hr/> <hr/>

**7. TAX EXPENSES**

	<b>Six months ended</b>	
	<b>30.9.2020</b> <b>HK\$'000</b> <b>(unaudited)</b>	30.9.2019 HK\$'000 (unaudited)
Hong Kong Profits Tax	<b>120</b>	60

Hong Kong Profits Tax is provided under the two-tiered tax rate at 8.25% on the first HK\$2 million and 16.5% of estimated assessable profits above HK\$2 million for the period.

**8. EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY**

The calculation of basic and diluted earnings per share is based on the profit attributable to equity holders of the Company of HK\$1,174,000 (2019: loss of HK\$4,400,000) and on the number of shares of 1,245,331,256 (2019: 1,245,331,256) in issue during the period.

**9. DIVIDEND**

The directors do not recommend the payment of any interim dividend for the six months ended 30 September, 2020 (2019: HK\$ Nil).

**10. CONTRACT ASSETS**

	<b>30.9.2020</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2020 HK\$'000 (audited)
Smart system construction service	<b>18,518</b>	23,065
Less: Loss allowance	<b>(115)</b>	(115)
	<b>18,403</b>	22,950

**11. TRADE RECEIVABLES**

The Group allows an average credit periods ranging from seven days to one month to its customers. For certain customers with long-established relationship and have good credit worthiness, a longer period may be granted.

	<b>30.9.2020</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2020 HK\$'000 (audited)
Trade debtors	<b>19,538</b>	18,988
Less: Loss allowance	<b>(2,723)</b>	(2,408)
	<b>16,815</b>	16,580

### 11. TRADE RECEIVABLES (Continued)

The following is an aged analysis of trade receivables presented based on the invoice date:

	<b>30.9.2020</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2020 HK\$'000 (audited)
Within 30 days	<b>10,009</b>	8,825
31-60 days	<b>1,688</b>	1,324
61-90 days	<b>1,474</b>	722
91-180 days	<b>1,082</b>	2,059
181-365 days	<b>987</b>	1,377
Over 365 days	<b>4,298</b>	4,681
	<b>19,538</b>	18,988

### 12. TRADE PAYABLES

The following is an aged analysis of trade payable presented based on the invoice date:

	<b>30.9.2020</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2020 HK\$'000 (audited)
0-30 days	<b>2,009</b>	4,621
31-60 days	<b>68</b>	3
61-90 days	<b>18</b>	87
Over 90 days	<b>963</b>	1,724
	<b>3,058</b>	6,435

The trade payables were due according to the terms stated in the relevant contracts. The average credit period ranged from 30 days to 60 days.

### 13. RELATED PARTY TRANSACTIONS

The Group had no transactions with its related parties during the period under review.

## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 September, 2020, the Group's revenue was HK\$89 million which represented a decrease of approximately 20% as compared with the HK\$111 million recorded for the corresponding period last year. The profit attributable to equity holders of the Company was HK\$1.2 million as compared to the loss of HK\$4.4 million for the six months ended 30 September, 2019. The turnaround from loss to profit was mainly attributable to the receipt of government subsidies of HK\$4.6 million as the result of the outbreak of the coronavirus disease.

### Sales of mobile phones

During the period under review, the revenue was HK\$56 million, representing a decrease of 29% compared to the same period last year (2019: HK\$80 million) due to weak retail environment. The division recorded loss of HK\$1.4 million (2019: HK\$0.8 million).

### Sales of IOT solutions

Due to the increase in sales of disinfection products including book sterilizers and UV-C disinfection machines, the revenue increased by 8% to HK\$31 million (2019: HK\$29 million). The division recorded profit of HK\$2.7 million compared with loss of HK\$2.6 million for the corresponding period last year.

### Property investment

During the period under review, the rental income decreased by HK\$1 million to HK\$1.3 million (2019: HK\$2.3 million) due to granting of rental relief to our tenants and vacancy of investment properties. The division recorded loss of HK\$0.3 million compared with the profit of HK\$0.5 million to the same period last year.

## PROSPECTS

Amid the uncertain economy and the retail environment, we will continue to strengthen our cost control and develop more products to meet market demand and to mitigate the negative impact upon our business.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to maintain a healthy financial position. As at 30 September, 2020, the Group's cash and bank balances amounted to approximately HK\$14 million (31 March, 2020: HK\$17 million) while the bank borrowings were HK\$56 million (31 March, 2020: HK\$65 million). The Board believes that the Group has sufficient resources to satisfy its commitment and working capital requirements. The gearing ratio was 20% (31 March, 2020: 24%) which is expressed as a percentage of total borrowings to total equity.

## EMPLOYEES

As at 30 September, 2020, the total number of employees of the Group was approximately 90 (31 March, 2020: 100) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK\$10 million (2019: HK\$11 million). The remuneration and bonus packages of the employees are based on the individual merits and performance and are reviewed at least annually. The Group maintains a good relationship with its employees.

## PLEDGE OF ASSETS

As at 30 September, 2020, the Group's general banking facilities were secured by (1) first legal charge on certain leasehold land and buildings with total carrying value of HK\$52,034,000 (31 March, 2020: HK\$52,034,000); (2) first legal charge on certain investment properties with total fair value of HK\$184,850,000 (31 March, 2020: HK\$184,850,000); (3) bank deposits of HK\$2,420,000 (31 March, 2020: HK\$2,000,000) and (4) financial assets at FVTPL with total fair value of HK\$594,000 (31 March, 2020: HK\$418,000) and (5) financial assets at FVTOCI of HK\$1,947,000 (31 March, 2020: HK\$1,947,000).

## CONTINGENT LIABILITIES

As at 30 September, 2020, the Company had provided corporate guarantees of HK\$65 million (31 March, 2020: HK\$65 million) to secure the banking facilities granted to subsidiaries.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September, 2020, the interests and short positions of each director and chief executive of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	The Company/ associated corporation	Capacity	Number of shares (long position) (Note 1)	Approximate percentage of interest
Chan Chung Yee, Hubert	The Company	Beneficial owner	655,740,159(L)	52.65%
	The Company	Interest of controlled corporation	22,012,087(L) (Note 2)	1.77%
	Light Emotion Limited	Beneficial owner	1 share of HK\$1.00	100.00%
Chan Chung Yin, Roy	The Company	Beneficial owner	93,795,191(L)	7.53%
Chan Ming Him, Denny	The Company	Beneficial owner	2,616,991(L)	0.21%
Ip Man Hon	The Company	Beneficial owner	1,537,598(L)	0.12%
Lam Man Hau	The Company	Beneficial owner	625,000(L)	0.05%
Wu Kwok Lam	The Company	Beneficial owner	3,000(L)	0.00%

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)**

*Notes:*

1. The Letter "L" represents the director's or the chief executive's interests in the shares and underlying shares of the Company or its associated corporations.
2. These Shares were held by Light Emotion Limited, a company wholly owned by Mr. Chan Chung Yee, Hubert and his wife, Josephine Liu.
3. Save as disclosed above, as at 30 September, 2020, none of the directors and chief executive of the Company had any interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from those disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above at no time during the period under review or up to the date of this report were there any rights to acquire shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them. None of the Company or any of its subsidiaries was a party to any arrangement to enable the directors or their respective spouse or minor children to acquire such rights in any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September, 2020, the interests and short positions of the substantial shareholders of the Company (other than the directors and the chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Number of shares (long position) <i>(Note 1)</i>	Capacity/nature of interest	Approximate percentage of interest
Josephine Liu <i>(Note 2)</i>	677,752,246 (L)	Interest of spouse	54.42%
Chan Low Wai Han, Edwina <i>(Note 3)</i>	93,795,191 (L)	Interest of spouse	7.53%

Notes:

- The Letter "L" represents the person's interest in the shares of the Company.
- Ms. Josephine Liu is the wife of Mr. Chan Chung Yee, Hubert. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Ms. Josephine Liu is deemed to be interested in all the shares in which Mr. Chan Chung Yee, Hubert is interested.
- Ms. Chan Low Wai Han, Edwina is the wife of Mr. Chan Chung Yin, Roy. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Mrs. Chan Low Wai Han, Edwina is deemed to be interested in all the shares in which Mr. Chan Chung Yin, Roy is interested.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

During the six months ended 30 September, 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE OF THE LISTING RULES**

In the opinion of the directors, the Company has complied with the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September, 2020, except the following provisions:

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not segregate the roles of chairman and chief executive officer and Mr. Chan Chung Yee, Hubert currently holds both positions. The Board believes that vesting the roles of chairman and chief executive officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

Code provision A.6.7 stipulates, among other things, that the independent non-executive directors and other non-executive directors should attend general meetings. Dr. Chu Chor Lup was unable to attend the annual general meeting of the Company held on 28 August, 2020 due to his other commitments.

## **COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 September, 2020.

## AUDIT COMMITTEE

The audit committee has reviewed with management the accounting policies adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 30 September, 2020.

## APPRECIATION

The Board of the Company would like to extend its sincere gratitude to the Company's shareholders, business counterparts and all management and the staff members of the Group for their contribution and continued support during the period.

On behalf of the Board  
**Chan Chung Yee, Hubert**  
*Chairman*

Hong Kong, 27 November, 2020