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FOURACE INDUSTRIES GROUP HOLDINGS LIMITED

科利實業控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1455)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 March 2021 (“**FY2021**” or the “**Reporting Period**”) increased by 20.8% to approximately HK\$437.4 million, when compared with approximately HK\$362.1 million for the year ended 31 March 2020 (“**FY2020**”)
- Gross profit for FY2021 increased by 17.6% to approximately HK\$128.0 million (FY2020: approximately HK\$108.8 million) while the gross profit margin for FY2021 decreased by 0.7 percentage points to 29.3% (FY2020: 30.0%)
- Profit attributable to equity holders of the Company for FY2021 increased by 33.9% to approximately HK\$58.1 million (FY2020: HK\$43.4 million) and the profit margin increased by 1.3% to 13.3% (FY2020: 12.0%). Setting aside the listing expenses for FY2021 of approximately HK\$7.0 million (FY2020: approximately HK\$12.9 million), the adjusted net profit attributable to equity holders of the Company for FY2021 increased by 15.6% to approximately HK\$65.1 million (FY2020: HK\$56.3 million)
- Earnings per share for profit attributable to equity holders of the Company for FY2021 was HK5.3 cents (FY2020: HK4.6 cents)
- The Board proposed to declare a final dividend of HK3.8 cents per share for FY2021.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Fourace Industries Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the Reporting Period, together with comparative figures for FY2020 as set forth below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

		Year ended 31 March	
		2021	2020
	Note	HK\$'000	HK\$'000
Revenue	3	437,446	362,094
Cost of sales	5	(309,418)	(253,296)
Gross profit		128,028	108,798
Other income		2,614	2,116
Other (losses)/gains, net	4	(4,909)	1,382
Selling and distribution expenses	5	(4,474)	(4,836)
Research and development expenses	5	(7,846)	(8,722)
Administrative expenses	5	(41,614)	(43,476)
Operating profit		71,799	55,262
Finance income		188	65
Finance costs		(74)	(245)
Profit before taxation		71,913	55,082
Income tax expenses	6	(13,774)	(11,726)
Profit for the year		58,139	43,356
Other comprehensive income/(loss) for the year			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation difference		4,579	(2,135)
Other comprehensive income/(loss) for the year, net of tax		4,579	(2,135)
Total comprehensive income for the year		62,718	41,221
Earnings per share for profit attributable to equity holders of the Company for the year			
Basic and diluted earnings per share (HK cents per share)	7	5.3	4.6

CONSOLIDATED BALANCE SHEET

As at 31 March 2021

		As at 31 March	
		2021	2020
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Right-of-use assets		2,632	2,276
Property, plant and equipment		113,617	116,155
Investment property		690	725
Deposits and prepayments	11	740	1,684
Deferred income tax assets		1,149	6
		<u>118,828</u>	<u>120,846</u>
		-----	-----
Current assets			
Inventories	9	37,332	36,018
Trade receivables	10	87,133	34,211
Contract assets		2,464	1,815
Other receivables, deposits and prepayments	11	9,025	13,772
Income tax recoverable		1,370	2,204
Pledged bank deposits	12	4,974	4,974
Cash and cash equivalents	12	166,008	56,420
		<u>308,306</u>	<u>149,414</u>
		-----	-----
Total assets		<u>427,134</u>	<u>270,260</u>
		=====	=====
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	13	12,500	–
Reserves		334,958	192,484
		<u>347,458</u>	<u>192,484</u>
		-----	-----
Total equity		<u>347,458</u>	<u>192,484</u>

		As at 31 March	
		2021	2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities		401	–
Deferred income tax liabilities		4,032	3,063
		<u>4,433</u>	<u>3,063</u>
Current liabilities			
Trade payables	<i>14</i>	44,910	44,051
Accruals and other payables	<i>15</i>	19,670	22,567
Borrowing		2,139	3,972
Lease liabilities		420	424
Income tax payable		8,104	3,699
		<u>75,243</u>	<u>74,713</u>
Total liabilities		<u>79,676</u>	<u>77,776</u>
Total equity and liabilities		<u>427,134</u>	<u>270,260</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

General information

Fourace Industries Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 29 March 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the design, development and manufacturing of personal care and lifestyle electrical appliances.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under historical cost convention.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(i) New standards, amendments to standards and new interpretation adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

HKAS 1 and HKAS 8 (Amendments)	Definition of material
HKFRS 3 (Amendments)	Definition of a business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Hedge accounting

The adoption of these amendments to standards and interpretation of HKFRS did not have any significant impact on the current period or any prior period.

(ii) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for these reporting periods and have not been early adopted by the Group.

		Effective for accounting year beginning on or after
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform — Phase 2	1 January 2021
Annual Improvements Project (Amendments)	Annual Improvements to HKFRSs 2018–2020	1 January 2022
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope amendments	1 January 2022
AG 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance Contracts (new standard)	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group is in the process of making an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, management does not anticipate any significant impact on the Group's financial positions and results of operations.

3 SEGMENT INFORMATION AND REVENUE

The executive directors of the Company have been identified as the chief operating decision-makers of the Group who review the Group's internal reporting in order to assess performance of the Group on a regular basis and allocate resources.

The Group principally engages in the design, development and manufacturing of personal care and lifestyle electrical appliances. The chief operating decision-maker assesses the performance of the company business based on a measure of operating results and considers the company business in a single operating segment. Information reported to the chief operating decision-maker for the purposes of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group's resources are integrated. Accordingly, the Group has identified one operating segment — manufacturing and trading of home electrical appliances.

During the year ended 31 March 2021, all of the Group's revenues are from contracts with customers and are recognised at a point in time (2020: same).

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Customer A	214,106	199,039
Customer B	67,109	50,113
Customer C	87,084	41,464
	<u>368,299</u>	<u>290,616</u>

The five largest customers accounted for approximately 99.0% of the revenue of the Group for the year (2020: 98.5%).

The Group's revenue by geographical locations, which is determined by the location where the goods were delivered and utilised, is as follows:

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Japan	169,992	119,132
United States	205,662	196,365
Europe	42,178	29,747
Others (<i>Note</i>)	19,614	16,850
	<u>437,446</u>	<u>362,094</u>

Note: Others mainly included the PRC and other countries within the Asia Pacific region (2020: same).

The Group's revenue by product categories, is as follows:

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Personal care electrical appliances		
— Hair styling series	346,114	299,196
— Grooming series	44,316	36,171
— Beauty care series	23,326	1,298
	<u>413,756</u>	<u>336,665</u>
Sub-total	413,756	336,665
Lifestyle electrical appliances	4,330	5,769
Others (<i>Note</i>)	19,360	19,660
	<u>437,446</u>	<u>362,094</u>

Note: Others mainly represented moulds and tools and spare parts.

4 OTHER (LOSSES)/GAINS, NET

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Exchange (losses)/gains, net	(4,905)	1,197
Net (losses)/gains on disposal of property, plant and equipment	(4)	185
	<u>(4,909)</u>	<u>1,382</u>

5 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, research and development expenses and administrative expenses are analysed as follows:

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Auditors' remuneration		
— Audit services	1,250	213
— Non-audit services	87	—
Land and building management fee	1,444	1,388
Direct material costs	197,348	152,521
Changes in inventories of finished goods and work in progress	(568)	2,883
Cost of moulds and tools	8,000	7,069
Custom and declaration handling expenses	1,529	1,401
Depreciation of property, plant and equipment, investment property and right-of-use assets	13,232	11,871
Repair and maintenance expenses	2,841	2,034
Staff costs, including directors' remuneration	81,472	75,935
Legal and professional fee	3,044	1,196
Logistics expenses	789	471
Utilities	7,686	7,716
Subcontracting costs	24,340	16,896
Materials and consumables	3,482	5,533
Listing expenses	6,988	12,910
Cleaning and sewage fee	1,879	1,430
Other taxes and stamp duty	3,451	1,747
Other expenses	5,058	7,116
	<u>363,352</u>	<u>310,330</u>

6 INCOME TAX EXPENSES

Income tax on profits arising from Hong Kong has been calculated on the estimated assessable profits at the rate of approximately 16.5% for the year ended 31 March 2021 (2020: 16.5%).

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying group entity in Hong Kong will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

The Group’s subsidiary in the PRC are subject to the PRC enterprise income tax at a rate of 25% on estimated assessable profits.

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong profits tax	13,956	8,585
PRC corporate income tax	192	1,386
Deferred taxation	(374)	1,755
	<u>13,774</u>	<u>11,726</u>
Income tax expense	<u>13,774</u>	<u>11,726</u>

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended 31 March 2021 (2020: same).

In determining the weighted average number of shares in issue during the year ended 31 March 2021 (2020: same):

- (i) The 2 ordinary shares of the Company issued on 29 March 2019 (date of incorporation) was treated as if it had been issued since 1 April 2019;
- (ii) The 937,499,998 ordinary shares of the Company issued on 15 September 2020 under the capitalisation issue were treated as if they had been issued since 1 April 2019; and
- (iii) The 312,500,000 ordinary shares offered to the public were issued on 15 September 2020.

	Year ended 31 March	
	2021	2020
Profit attributable to equity holders of our Company (HK\$'000)	58,139	43,356
Weighted average number of shares in issue (in thousands)	<u>1,107,021</u>	<u>937,500</u>
Basic earnings per share (HK cents per share) (Note)	<u>5.3</u>	<u>4.6</u>

Note: Diluted earnings per share for the year ended 31 March 2021 were the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the year (2020: same).

8 DIVIDENDS

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Proposed final dividend of HK3.8 cents (2020: Nil) per ordinary share (<i>Note (i)</i>)	47,500	–
Dividends declared and paid to the controlling shareholder (<i>Note (ii)</i>)	<u>–</u>	<u>40,000</u>

Notes:

- (i) The final dividend is not accounted for as a dividend payable in these financial statements until it has been approved at the forthcoming annual general meeting of the Company.
- (ii) Dividends during the year ended 31 March 2020 represented dividends declared by the companies now comprising the Group to the then equity holders of the companies for the year ended 31 March 2020 after elimination of intra-group dividends. The rate for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

9 INVENTORIES

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Raw materials	21,359	21,609
Work-in-progress	9,842	11,094
Finished goods	<u>6,131</u>	<u>3,315</u>
	<u>37,332</u>	<u>36,018</u>

The direct material costs recognised as expense and included in cost of sales amounted to HK\$197,348,000 for the year ended 31 March 2021 (2020: HK\$152,521,000).

The changes in inventories of finished goods and work in progress recognised and expensed/(credited) in cost of sales amounted to HK\$(568,000) for the year ended 31 March 2021 (2020: expensed by HK\$2,883,000).

10 TRADE RECEIVABLES

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Trade receivables	<u>87,133</u>	<u>34,211</u>

The Group's sales are on credit terms primarily ranging from 30 to 120 days. At 31 March 2020 and 2021, the ageing analysis of the trade receivables, based on invoice date, was as follows:

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Up to 3 months	68,590	34,211
3 to 6 months	18,543	–
	<u>87,133</u>	<u>34,211</u>

The Group applies the simplified approach to provide credit losses prescribed by HKFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The Group overall considers the shared credit risk characteristics to measure the expected credit losses. Based on the assessment, provision for expected credit loss rate at trade receivables amounted to HK\$10,000 was provided.

The maximum exposure to credit risk as at 31 March 2021 was the carrying amounts of the trade receivables (2020: same). The Group did not hold any collateral as security. The carrying amounts of trade receivables approximate their fair values.

The carrying amounts of trade receivables are denominated in the following currencies:

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
US\$	<u>87,133</u>	<u>34,211</u>

11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Non-current		
Prepayment for purchase of property, plant and equipment	616	1,684
Deposits	124	–
	<u>740</u>	<u>1,684</u>
Current		
Deposits	68	197
Prepayments	5,339	3,503
Deferred listing expenses	–	5,617
Interest receivables	26	–
Other receivables	952	820
Value-added tax recoverable	2,640	3,635
	<u>9,025</u>	<u>13,772</u>
	<u>9,765</u>	<u>15,456</u>

The carrying amounts of other receivables, deposits and prepayments are denominated in the following currencies:

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
RMB	7,747	8,943
HK\$	978	5,463
US\$	1,040	1,048
EUR	–	2
	<u>9,765</u>	<u>15,456</u>

12 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Pledged bank deposits	<u>4,974</u>	<u>4,974</u>
Cash at banks	165,972	56,360
Cash on hand	<u>36</u>	<u>60</u>
	<u>166,008</u>	<u>56,420</u>
Maximum exposure to credit risk	<u>170,946</u>	<u>61,334</u>

Pledged bank deposits of the Group are pledged to secure banking facilities granted to the Group. The effective interest rate of pledged bank deposits was 0.01% per annum (2020: 0.15% per annum) and had a renewal period of 31 days. The carrying amount of the Group's pledged bank deposits was denominated in US\$.

Cash and cash equivalents are denominated in the following currencies.

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
US\$	100,257	46,969
HK\$	64,467	3,773
RMB	1,244	5,645
EUR	29	27
Japanese Yen	<u>11</u>	<u>6</u>
	<u>166,008</u>	<u>56,420</u>

As at 31 March 2021, cash and cash equivalents of approximately HK\$1,425,000 (2020: HK\$5,796,000) were held in the PRC banks and were subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

13 SHARE CAPITAL

	As at 31 March 2021		As at 31 March 2020	
	Number of ordinary shares	Nominal value of ordinary shares HK\$	Number of ordinary shares	Nominal value of ordinary shares HK\$
<i>Authorised:</i>				
Ordinary shares of HK\$0.01 each as at the end of the year	10,000,000,000	100,000,000	38,000,000	380,000
<i>Issued and fully paid:</i>				
Ordinary shares of HK\$0.01 each as at the beginning of the year	2	–	–	–
Issuance of ordinary shares at the date of incorporation	–	–	2	–
Issuance of ordinary shares upon capitalisation issue (<i>Note (i)</i>)	937,499,998	9,375,000	–	–
Issuance of ordinary shares upon initial public offering (<i>Note (ii)</i>)	312,500,000	3,125,000	–	–
	1,250,000,000	12,500,000	2	–

Notes:

- (i) On 15 September 2020, an amount of HK\$9,375,000 was capitalized from share premium to share capital of the Company.
- (ii) On 15 September 2020, 312,500,000 ordinary shares of HK\$0.01 each were issued at an offer price of HK\$0.40 per share for a total consideration of HK\$125,000,000 with HK\$89,131,000 credited to the share premium account of the Company, after taking into account of the issuance costs.

14 TRADE PAYABLES

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

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Within 1 month	12,467	17,240
1–2 months	11,980	6,091
2–3 months	14,488	4,122
Over 3 months	5,975	16,598
	44,910	44,051

The credit terms of trade payables granted to the Group are usually cash on delivery and from 30 to 90 days.

Trade payables are denominated in the following currencies:

	As at 31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
US\$	577	243
HK\$	3,316	2,890
RMB	41,017	40,918
	<u>44,910</u>	<u>44,051</u>

The carrying amounts of the trade payables approximate their fair values.

15 ACCRUALS AND OTHER PAYABLES

	As at 31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accrued expenses		
— Staff costs	7,991	9,374
— Listing expenses	—	3,364
— Others	2,267	1,071
Contract liabilities	4,195	5,478
Provision for employees' benefit	1,300	1,301
Other payables	3,917	1,979
	<u>19,670</u>	<u>22,567</u>

The carrying amounts of accruals and other payables are denominated in the following currencies:

	As at 31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
US\$	4,140	5,537
RMB	10,204	9,727
HK\$	5,326	7,303
	<u>19,670</u>	<u>22,567</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group commenced its operation in 1988 and the Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 15 September 2020 (the “**Listing**”). Based on the offer price of HK\$0.40 per offer share and a total of 312,500,000 offer shares, the net proceeds from the global offering (the “**Global Offering**”) after deduction of the underwriting fees and commissions and expenses payable by the Company in connection with the Global Offering, were approximately HK\$66.2 million.

The Group is principally engaged in the design, development and manufacturing of personal care and lifestyle electrical appliances on an ODM basis. Its customers are mainly international brand owners with products marketed mainly in the U.S., Japan, and Europe. The Group provides a wide variety of personal care electrical appliances, which can be broadly classified into three major categories, namely hair styling series, grooming series and beauty care series. In particular, the Group is specialised in hair dryers within its hair styling series which primarily target the high-end market. It also co-designs and develops with its customers and sells certain lifestyle electrical appliances such as electric irons and bread makers.

BUSINESS REVIEW

During the Reporting Period, COVID-19 pandemic has swept across the world while Sino-US trade war continued, resulting in a severe recession in the world economy. The prices of the raw materials rose due to the tight supply and it put a strain on the Group’s cost. Moreover, as its products are mainly exported overseas, pricing and settlement are based on USD. During the Reporting Period, the continuous appreciation of Renminbi caused a currency exchange loss for the Group.

Fortunately, the Group has not been affected significantly. It is mainly due to the increased influence to the entire consumer market of the “stay-at-home economy” concept, stimulating consumer desire for personal care electrical appliances. The performance of the personal care electrical appliances segment was stronger among the core businesses of the Group, in which the sales of the hair styling series and beauty care series recorded notable growth. Hair styling series is the main income source of the personal care electrical appliances segment. During the Reporting Period, the revenue of the hair styling series increased by 15.7% compared with the previous financial year; while that of the beauty care series surged by 1,697.1%, mainly due to the substantial growth in orders caused by increasing demand for the Group’s beauty care products in the Japan market.

Regarding the lifestyle electrical appliances business, the Group strives to maintain a high standard of quality and targets the high-end market. During the Reporting Period, the Group actively explored and developed the market of daily necessities and started developing its own brand “iHA”. Considering the growing market demand of smart toilet seats in Mainland China, and supported by over 30 years of extensive industry experience, ODM and research and development capabilities, the Group targeted to realise a two-wheel engines strategy with the ODM business. During the Reporting Period, the Group planned launch the smart toilet seats under its own brand, targeting the high-end market, and has identified the technical specification. The new product is expected to launch in 2022 in Mainland China.

For FY2021 and FY2020, the Group’s revenue breakdown by products category as follows:

	Year ended 31 March 2021 HK\$'000	Year ended 31 March 2020 HK\$'000	Year-on-year changes (%)
Personal Care Electrical Appliances			
— hair styling series	346,114	299,196	+15.7
— grooming series	44,316	36,171	+22.5
— beauty care series	23,326	1,298	+1,697.1
	<hr/>	<hr/>	<hr/>
Sub-total	413,756	336,665	+22.9
	<hr/>	<hr/>	<hr/>
Lifestyle Electrical Appliances	4,330	5,769	-24.9
	<hr/>	<hr/>	<hr/>
Others	19,360	19,660	-1.5
	<hr/>	<hr/>	<hr/>
Total	437,446	362,094	+20.8
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Furthermore, the core markets including the United States and Japan, recorded a steady and explosive growth respectively. During the Reporting Period, the sales from Japan market increased by 42.7% year-on-year, representing an increase of 6 percentage point to 38.9% in geographical proportion; while the sales in Europe market increased by 41.8% year-on-year, resulting in a 20.8% growth year-on-year in the overall sales. Regarding production capacity, the Group's production plant is located in Shenzhen, Mainland China. It was planned to enhance the production capacity by acquiring new and replacing some of the existing plastic injection moulding machines. However, affected by the COVID-19 pandemic, the Group has to postpone the plan to another appropriate time. For FY2021 and FY2020, the Group's sales breakdown by geographical distribution is as follows:

	Year ended 31 March 2021 Sales proportion (%)	Year ended 31 March 2020 Sales proportion (%)
United States	47.0	54.2
Japan	38.9	32.9
Europe	9.6	8.2
Other locations	4.5	4.7
Total	<u>100.0</u>	<u>100.0</u>

During the Reporting Period, save as disclosed in the prospectus of the Company dated 31 August 2020 (the “**Prospectus**”), the Group has not experienced additional impact on or major change to its business and operation due to COVID-19 pandemic and the Sino-US trade war.

The Company has been granted the “Hong Kong Most Outstanding Leaders Awards 2021 — The Most Outstanding Domestic Appliances Manufacturer of the Year” by the CORPHUB, recognising the Company's achievement in corporate management and governance, financial performance and market competitiveness, innovation of products and amenities and corporate social responsibility.

PROSPECTS

The continuous spread of COVID-19 pandemic around the world has caused uncertainties in the global economy and business environment. However, Mainland China has achieved a victory in the fight against the pandemic. Its gross domestic product (GDP) expanded by 2.3% in 2020 and was the only major economy in the world to see positive growth. Moreover, both Mainland China's 14th Five-Year Plan and the eight key tasks for its economy in 2021 have underpinned consumption as one of the main themes. Supported by the inner circular economy, the consumer market in Mainland China has been stimulated and is developing. As a result, it drives the overall demands.

Looking ahead, the Group will continue to focus on its core business to maintain the steady growth of business by maintaining the order of current products while developing new products actively to obtain more orders. After the Listing of the Company on the Stock Exchange, the Group has enhanced its competitiveness, which help to establish and strengthen the business relationship with the customers, so as to increase its market share and strengthen its market position in the industry.

The Group targets to develop new personal care and lifestyle electrical appliances under its own brand “**CHB**”. The first product will be the smart toilet seat, which is expected to launch in Mainland China in 2022. The Group is in the active process of establishing its sales and marketing team, and is searching for sales partners actively. Meanwhile, the Group will make full use of its technologies to explore other products having the potential of developing as a product under its own brand to expand this business segment.

In terms of production and research and development capabilities, in view of the increasing demand of its products, the Group is looking for appropriate opportunities when the COVID-19 pandemic slows down to upgrade its production facilities, including purchasing and replacing new plastic injection moulding machines, and upgrading the automation level of the production line to expand and enhance its production capacity and to increase sales. At the same time, the Group will devote more resources to enhance its construction as well as the research and development capabilities of its technical team, in order to improve its product design, research and development capabilities, providing its customers with unique selling points and innovative products. Not only can this further strengthen the Group’s long and stable relationship with its customers, but also enhance its market position, increase its market share in the personal care and lifestyle electrical appliances segments.

Meanwhile, the Group has been exploring business opportunities to expand and diversify its business, thereby creating new sources of income and maximizing the return of the Group and shareholders in the long run.

FINANCIAL REVIEW

Revenue

The total revenue of the Group increased by approximately HK\$75.3 million or 20.8% from approximately HK\$362.1 million for FY2020 to approximately HK\$437.4 million for FY2021. Such increase was mainly attributable to the increase in the sales of both hair styling series and beauty care series of the personal care electrical appliances.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$19.2 million or 17.6% to approximately HK\$128.0 million for the FY2021 (FY2020: approximately HK\$108.8 million). The increase was attributable to the increase in revenue, particularly in the hair styling series of the personal care electrical appliances. The gross profit margin slightly decreased 0.7 percentage point to 29.3% for the Reporting Period (FY2020: 30.0%) which was mainly attributable to decreased in the profit margin of the beauty care series of the personal care electrical appliances.

Administrative expenses

The administrative expenses of the Group decreased by approximately HK\$1.9 million or 4.4% to approximately HK\$41.6 million for FY2021 (FY2020: HK\$43.5 million). Such decrease was mainly due to the Listing expenses of approximately HK\$7.0 million recorded for FY2021 when compared to approximately HK\$12.9 million recorded for FY2020.

Finance costs

The Group's finance costs represented interest on bank borrowings. The Group recorded finance costs of approximately HK\$74,000 during the Reporting Period (FY2020: approximately HK\$245,000).

Income tax expenses

The Group's income tax expenses increased by HK\$2.1 million or 17.9% to HK\$13.8 million for FY2021 (FY2020: HK\$11.7 million). The effective tax rate of the Group for FY2021 was approximately 19.2% (FY2020: 21.3%). The lower effective tax rate for FY2021 compared to FY2020 was mainly due to less Listing expenses which were not deductible for tax purpose was incurred during the Reporting Period.

Net profit

Profit attributable to the equity holders of the Company increased by approximately HK\$14.7 million or 33.9% from approximately HK\$43.4 million for FY2020 to approximately HK\$58.1 million for FY2021. The Group's net profit margin increased from 12.0% to 13.3% during the same periods. Setting aside the Listing expenses of approximately HK\$7.0 million and HK\$12.9 million for FY2021 and FY2020 respectively, the adjusted net profit attributable to the equity holders of the Company would have been approximately HK\$65.1 million and HK\$56.3 million respectively, representing an increase of 15.6% as compared to FY2020.

OTHER INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Capital Institutions, Liquidity and Financial Resources

During the Reporting Period, the Group has funded the operations primarily with net cash generated from its operations, bank borrowings and the Global Offering, and the funds were primarily used for purchase of raw materials, various operating expenses and capital expenditure. During the Reporting Period, the liquidity of the Group was closely monitored by the Board and the Group reviews its working capital and finance requirements on a regular basis.

Liquidity

As at 31 March 2021, the Group maintained cash and bank balances of approximately HK\$166.0 million (as at 31 March 2020: approximately HK\$56.4 million). The increase in cash and bank balances was mainly attributable to the net proceeds of HK\$66.2 million from the Global Offering and the increase in total revenue of approximately HK\$75.3 million for the year ended 31 March 2021.

Borrowings, Charge on Assets and Gearing Ratio

As at 31 March 2021, the borrowings of the Group amounted to approximately HK\$2.1 million (as at 31 March 2020: approximately HK\$4.0 million, which were denominated in Hong Kong dollar with a floating interest rate and effective rate per annum of approximately 1.8% as at 31 March 2021 (as at 31 March 2020: 3.7%). The total balance of bank borrowing as at 31 March 2021 were repayable on demand and were secured by (i) a legal charge over an industrial property of the Group held for its own use in Hong Kong with net book value amounted to approximately HK\$3.9 million as at 31 March 2021 (as at 31 March 2020: approximately HK\$4.1 million); (ii) a legal charge over an industrial property of the Group held for earning rental income in Hong Kong with net book value amounted to approximately HK\$690,000 as at 31 March 2021 (as at 31 March 2020: approximately HK\$725,000) ; (iii) a charge over a deposit by the Group placed with the bank amounted to approximately US\$642,000 as at 31 March 2021 (equivalent to approximately HK\$5.0 million) (same as at 31 March 2020); and (iv) corporate guarantee by the Company.

As at 31 March 2021, the Group had banking facilities of approximately HK\$40.0 million, of which approximately HK\$37.9 million was unutilised. The Group are not committed to draw down the unutilised amount. The Group intended to utilise such facilities for its working capital purposes, including purchase of raw materials to support its business operation.

As at 31 March 2021, the gearing ratio of the Group was 0.6% (as at 31 March 2020: 2.1%). The decrease in gearing ratio was due to increase in Group's total equity from net proceeds of Global Offering and the decrease of borrowing. The gearing ratio is calculated by dividing the Group's interest-bearing borrowing by Group's total equity as at the end of the respective financial period and multiplied by 100%.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign currency exchange risk. The value and convertibility of Renminbi are subject to changes in the PRC government's policies and depend on domestic and international economic and political developments, as well as the supply and demand forces of Renminbi in the local market. As the Group is not involved in any currency hedging activities, any fluctuation in the exchange rate or any shortage of foreign currency may have an adverse impact on operating costs and financial condition.

CAPITAL COMMITMENT

As at 31 March 2021, the Group had capital commitments contracted but not provided for property, plant and equipment amounted to approximately HK\$0.2 million (as at 31 March 2020: approximately HK\$1.5 million).

CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any material contingent liabilities (as at 31 March 2020: nil).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES

During the Reporting Period, the Group did not hold any significant investment nor did the Group carry out any material acquisitions and disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND EXPECTED SOURCE OF FUNDING

Saved as disclosed in the Prospectus and this announcement, the Group had no future plans for material investments or capital assets as at 31 March 2021. The Group will continue to monitor the industry closely and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group had a total of 781 employees (as at 31 March 2020: 662). The employees' remuneration depends on their particular duties and their performance. The Group's general workers are paid according to the Shenzhen minimum wage standard, and the basic salary of its management, engineering, and technical staff is generally determined with reference to the same industry standards and the staff may be entitled allowance and bonus based on their performance evaluation. The Group conducts employee performance review annually to evaluate and adjust its employees' remuneration. The Group enters into individual employment agreements with the employees, with terms covering, among other things, positions, salaries, working hours, annual leave and other benefits. During the Reporting Period, the Group's total staff costs amounted to approximately HK\$81.5 million (as at 31 March 2020: HK\$75.9 million).

EVENTS AFTER THE END OF THE REPORTING PERIOD

Up to the date of this announcement, there are no important events occurred after the Reporting Period that may affect the Group.

FINAL DIVIDEND

The Board recommended a final dividend of HK3.8 cents per share (FY2020: nil) to shareholders whose names appear on the register of members of the Company on 18 August 2021 (the “**Proposed Final Dividend**”). The Proposed Final Dividend is subject to the approval of the shareholders of the Company at the annual general meeting expected to be held on 9 August 2021. The Proposed Final Dividend is expected to be paid on or around 31 August 2021. As at the date of this announcement, the Board was not aware that any Shareholder had waived or agreed to any arrangement to waive dividends.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the Global Offering were approximately HK\$66.2 million. During the period from the date of Listing to 31 March 2021, the net proceeds from the Global Offering had been applied as follows:

Business objective as stated in the prospectus of the Company dated 31 August 2020 (the “Prospectus”)	Percentage of total net proceeds	Planned use of actual net proceeds (Note 1) <i>HK\$ million</i>	Actual use of net proceeds during the period from the date of Listing to 31 March 2021 <i>HK\$ million</i>	Net proceeds unused (Note 2) <i>HK\$ million</i>	Estimated timeline for utilising the unutilised net proceeds
Expanding and upgrading the Company’s production facilities to enhance the Company’s production capabilities	54.5%	36.1	–	36.1	By June 2022 <i>(Note 4)</i>
Enhancing the Company’s research and engineering capabilities	24.8%	16.4	–	16.4	By March 2023 <i>(Note 4)</i>
Introducing new products carrying the Company’s “  ” brand	12.9%	8.5	–	8.5	By September 2022 <i>(Note 4)</i>
Enhancing the Company’s sales and marketing efforts in the global market including the PRC market	3.5%	2.3	–	2.3	By December 2022 <i>(Note 4)</i>
Upgrading the Company’s information technology system and design-aided software	4.3%	2.9	–	2.9	By September 2022 <i>(Note 4)</i>
	<u>100%</u>	<u>66.2</u>	<u>–</u>	<u>66.2</u>	

Note:

1. The net proceeds from the Global Offering, after deduction of the underwriting fees and expenses paid by the Company in connection with the Global Offering were approximately HK\$66.2 million. The Company has allocated the difference between the estimated and actual net proceeds to each business objective in the same proportion as the original funds applied as shown in the Prospectus.
2. As at 31 March 2021, net proceeds not yet utilized were deposited with certain licensed banks in Hong Kong.
3. The expected timeline for utilising the unutilised net proceeds for the business objectives is based on the best estimation of the future market conditions made by the Group. It is subject to change based on the current and future development of the market conditions.
4. The Company remains committed to the original allocation of the net proceeds from the Global Offering as disclosed in the Prospectus.

As affected by the persistent outbreak of the COVID-19 pandemic since the beginning of 2020, the Company's original plan and timeframe for the utilization of net proceeds from the Global Offering have been generally delayed. For FY2021, the Company was of the view that it would be beneficial to the Company to adopt a more prudent strategy towards business expansion, including expansion and upgrading of production capabilities and information technology system, enhancement of research and engineering capabilities and development of OBM business together with relevant marketing efforts. It is considered that the originally planned timeline of the use of proceeds should be appropriately adjusted to maintain flexibility for better accommodation of the changing market conditions, industry environment and the actual condition of the Company.

The Company has sourced quotations from various suppliers of machines and equipment and is currently in the process of further negotiation with potential suppliers with a view of confirming a proposal satisfactory to the Company. Also, faced with uncertainties brought by persistent COVID-19 pandemic and to align with the actual business needs of the Group, the Company has taken a slower pace in applying listing proceeds to enhance its research and engineering capabilities. Despite that, the Company had arranged its engineers and design team to conduct preparation works such as testing on and improving the design and functions of its smart toilet seat product. As for the launch of the Company's own brand, the Company is of the view that it may not be in the best interest of the Company to boost its sales and marketing functions as scheduled having considered the overall consumer sentiment. Further, the Company has procured and obtained quotations from information technology system and software providers during FY2021. The management is in the process of reviewing and finalizing the proposals with the service providers.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 31 March 2021, the interests and short positions of the Directors and chief executive of the Company in the equity or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which are 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/or short positions which they are taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) to be notified to the Company and the Stock Exchange or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein, were as follows:

Name of Director/ Chief Executive	Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding interest
Mr. Li Shu Yeh (Note 2)	Interest in controlled corporation (Note 3)	468,750,000 Shares (L)	37.5%

Notes:

1. The letter “L” denotes the person’s long position in the shares of the Company (the “Shares”).
2. As at 31 March 2021, Ace Champion Inc. (“Ace Champion”) is legally and beneficially owned by Mr. Li Shu Yeh as to 100% of its equity interest. Mr. Li Shu Yeh is deemed to be interested in the Shares in which Ace Champion is interested pursuant to Part XV of the SFO.
3. Ace Champion, a limited liability company incorporated in the British Virgin Islands, is the legal and beneficial owner of 468,750,000 Shares, representing approximately 37.5% of the issued share capital of the Company as at 31 March 2021.

Save as disclosed above and so far as the Directors are aware, as at 31 March 2021, none of the Directors or the chief executive of the Company had any interests and/or short positions in the Shares, underlying shares or 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 they are 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 referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

So far as the Directors are aware, as at 31 March 2021, the following persons not being a Director or chief executive of the Company had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholders	Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding interest
Ace Champion (Note 2)	Beneficial owner	468,750,000 Shares (L)	37.5%
Forever Golden (Note 3)	Beneficial owner	468,750,000 Shares (L)	37.5%
Ms. Sit Hor Wan (Note 4)	Interest in controlled corporation	468,750,000 Shares (L)	37.5%
Ms. Chan Pan Pan (Note 5)	Interest of spouse	468,750,000 Shares (L)	37.5%
Mr. Loo Kin Kuen Stephen (Note 6)	Interest of spouse	468,750,000 Shares (L)	37.5%

Notes:

- The letter “L” denotes the person’s long position in the Shares.
- Ace Champion, a limited liability company incorporated in the British Virgin Islands, is the legal and beneficial owner of 468,750,000 Shares, representing approximately 37.5% of the issued share capital of the Company as at 31 March 2021.
- Forever Golden Inc. (“**Forever Golden**”), is a limited liability company incorporated in the British Virgin Islands, is the legal and beneficial owner of 468,750,000 Shares, representing approximately 37.5% of the issued share capital of the Company.
- The entire issued share capital of Forever Golden is beneficially owned by Ms. Sit Hor Wan, who is deemed to be interested in all the Shares held by Forever Golden by virtue of Part XV of the SFO.
- Ms. Chan Pan Pan is the spouse of Mr. Li Shu Yeh. Therefore, Ms. Chan Pan Pan is deemed to be interested in the Shares in which Mr. Li Shu Yeh is interested under Part XV of the SFO.
- Mr. Loo Kin Kuen Stephen is the spouse of Ms. Sit Hor Wan. Therefore, Mr. Loo Kin Kuen Stephen is deemed to be interested in the Shares in which Ms. Sit Hor Wan is interested under Part XV of the SFO.

Save as disclosed above, so far as the Directors are aware, no person have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company had complied with all the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules from the date of the Listing to 31 March 2021, except as disclosed below.

Code provision A.2.1 set out in the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li Shu Yeh, in addition to his duties as the chairman of the Company, is also responsible for the corporate strategic planning and overall business development of the Group as the chief executive officer of the Company. Mr. Li Shu Yeh is one of the co-founders of the Group and he has extensive experience and knowledge in the business of the Group and his duties for overseeing the Group’s operations are considered to be beneficial to the Group. The Company considers having Mr. Li Shu Yeh acting as both the chairman and chief executive officer will provide strong and consistent leadership to the Group and facilitate the efficient execution of its business strategies. Since the Directors would meet regularly to consider major matters affecting operations of the Company, the Directors and the management of the Company believe that this structure will enable the Company to make and implement decisions promptly and efficiently. As a result, the Company currently does not propose to separate the functions of chairman and chief executive officer. The Board will continue to review and consider splitting the roles of chairman and chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry to the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the Model Code from the date of Listing to 31 March 2021.

SHARE OPTION SCHEME

To provide incentives or rewards to the staff and the Directors for their contribution or potential contribution to the growth and development of the Group, the Company adopted a share option scheme (the “**Share Option Scheme**”) on 21 August 2020, which has become effective upon Listing on 15 September 2020. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. No option was granted by the Company under the Share Option Scheme since its adoption and up to 31 March 2021.

CHANGE IN INFORMATION OF DIRECTORS

There is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules from the Listing to 31 March 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Except for the new issue of Shares under the Global Offering, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities from the Listing to 31 March 2021.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float for the period from the date of Listing up to 31 March 2021.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company is currently expected to be held on Monday, 9 August 2021 (the “**AGM**”) and the notice of the AGM will be published and despatched in the manner as required by the Listing Rules and the articles of association of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 4 August 2021 to Monday, 9 August 2021 (both days inclusive), during such period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 pm on Tuesday, 3 August 2021.

The record date for the Proposed Final Dividend will be Wednesday, 18 August 2021. The Company’s register of members will be closed from Monday, 16 August 2021 to Wednesday, 18 August 2021 (both days inclusive) in order to determine entitlements to the Proposed Final Dividend. During such period, no transfer of Shares will be effected. In order to qualify for the Proposed Final Dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 13 August 2021. Subject to the approval of shareholders of the Company at the AGM, dividend warrants will be despatched to shareholders on or around Tuesday, 31 August 2021.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. As at 31 March 2021, the Audit Committee has three members, comprising three independent non-executive Directors, namely Mr. Liu Kai Yu Kenneth (Chairman of the Audit Committee), Mr. Leung Wai Chuen and Mr. Man Yun James. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the annual results and the audited consolidated financial statements for the year ended 31 March 2021 of the Group.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of comprehensive income, the consolidated balance sheet, and the related notes thereto for the year ended 31 March 2021 as set out in this results announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2021. The work performed by PricewaterhouseCoopers 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's annual results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.fourace.com.

The annual report of the Company for the year ended 31 March 2021 containing the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Company's shareholders, investors, employees and business partners for their continuous support.

By order of the Board
Fourace Industries Group Holdings Limited
Li Shu Yeh
Chairman and Chief Executive Officer

Hong Kong, 25 June 2021

As at the date of this announcement, the executive Directors are Mr. Li Shu Yeh, Ms. Li Sen Julian and Ms. Tang Suk Yee; and the independent non-executive Directors are Mr. Liu Kai Yu Kenneth, Mr. Leung Wai Chuen and Mr. Man Yun James.