

The logo for HKC, featuring the letters 'HKC' in a bold, blue, sans-serif font. The letters are slightly shadowed and have a white outline, giving them a three-dimensional appearance. The logo is set against a background of a blue gradient with a network of dashed white lines and glowing blue dots, suggesting a digital or technological theme.

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  
2021

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## 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, 2021 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2021

|   |       | <b>Six months ended<br/>30 September,</b> |                                 |
|---|-------|---|---------------------------------|
|   | Notes | <b>2021<br/>HK\$'000<br/>(unaudited)</b>  | 2020<br>HK\$'000<br>(unaudited) |
| <b>Revenue</b>  | 3     | <b>112,786</b>                            | 89,202                          |
| Cost of sales   |       | <u>(91,980)</u>                           | <u>(70,097)</u>                 |
| <b>Gross profit</b>   |       | <b>20,806</b>                             | 19,105                          |
| Other income and gains and losses   | 4     | <b>(287)</b>                              | 4,648                           |
| Selling and distribution expenses   |       | <b>(2,081)</b>                            | (3,045)                         |
| Administrative and other operating expenses   |       | <b>(19,977)</b>                           | (18,406)                        |
| Finance costs   | 5     | <b>(1,280)</b>                            | (1,008)                         |
| <b>(Loss) profit before taxation</b>  | 6     | <b>(2,819)</b>                            | 1,294                           |
| <b>Tax expenses</b>   | 7     | <b>(37)</b>                               | (120)                           |
| <b>(Loss) profit for the period attributable to equity holders of the Company</b>         |       | <b>(2,856)</b>                            | 1,174                           |
| <b>Other comprehensive expense</b>  |       |   |                                 |
| <i>Item that may be reclassified subsequently to profit or loss</i>                       |       |   |                                 |
| Exchange differences on translation of overseas operations                                |       | <b>(298)</b>                              | (327)                           |
| <b>Total comprehensive (expense) income attributable to equity holders of the Company</b> |       | <b>(3,154)</b>                            | 847                             |
| <b>(Loss) earnings per share - (HK cents)</b>   |       |   |                                 |
| <b>- basic and diluted</b>  | 8     | <b>(0.22) cents</b>                       | 0.09 cents                      |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER, 2021

|   | Notes | As at 30<br>September,<br>2021<br>HK\$'000<br>(unaudited) | As at 31<br>March,<br>2021<br>HK\$'000<br>(audited) |
|---|-------|---|---|
| <b>NON-CURRENT ASSETS</b>   |       |   |   |
| Property, plant and equipment   |       | 53,221  | 53,029  |
| Investment properties   |       | 212,720   | 212,720   |
| Financial assets at fair value through<br>profit and loss ("FVTPL")             |       | 1,947   | 1,947   |
| Financial assets at fair value through other<br>comprehensive income ("FVTOCI") |       | 6,800   | 6,800   |
|   |       | <b>274,688</b>  | <b>274,496</b>                                      |
| <b>CURRENT ASSETS</b>   |       |   |   |
| Inventories   |       | 30,424  | 27,000  |
| Contract assets   | 10    | 33,385  | 32,128  |
| Financial assets at FVTPL   |       | 471   | 796   |
| Trade receivables   | 11    | 16,115  | 17,429  |
| Prepayments, deposits and other receivables                                     |       | 9,420   | 15,560  |
| Tax recoverable   |       | 59  | 98  |
| Pledged bank deposits   |       | 3,142   | 3,142   |
| Cash and bank balances  |       | 17,732  | 21,080  |
|   |       | <b>110,748</b>  | <b>117,233</b>                                      |
| <b>CURRENT LIABILITIES</b>  |       |   |   |
| Trade payables  | 12    | 6,260   | 11,217  |
| Accruals and other payables   | 12    | 2,627   | 8,795   |
| Contract liabilities  |       | 1,915   | 1,521   |
| Lease liabilities   |       | 316   | 155   |
| Deposit received for disposal of investment<br>property                         |       | 1,230   | –   |
| Bank borrowings   |       | 94,549  | 88,372  |
| Tax payable   |       | 390   | 381   |
|   |       | <b>107,287</b>  | <b>110,441</b>                                      |
| <b>NET CURRENT ASSETS</b>   |       | <b>3,461</b>  | <b>6,792</b>  |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 30 SEPTEMBER, 2021

|  | <b>As at 30<br/>September,<br/>2021<br/>HK\$'000<br/>(unaudited)</b> | As at 31<br>March,<br>2021<br>HK\$'000<br>(audited) |
|--|--|---|
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> | <b>278,149</b>   | 281,288   |
| <b>NON-CURRENT LIABILITIES</b>               |  |   |
| Lease liabilities                            | 107  | 92  |
| Deferred tax liabilities                     | 50   | 50  |
|  | <b>157</b>   | 142   |
| <b>NET ASSETS</b>                            | <b>277,992</b>   | 281,146   |
| <b>CAPITAL AND RESERVES</b>                  |  |   |
| Share capital                                | 12,453   | 12,453  |
| Reserves                                     | 265,539  | 268,693   |
| <b>TOTAL EQUITY</b>                          | <b>277,992</b>   | 281,146   |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2021

|   | Attributable to equity holders of the Company |                           |                             |  |                                 |  |                              |                   |
|---|---|---------------------------|-----------------------------|--|---------------------------------|--|------------------------------|-------------------|
|   | Share capital<br>HK\$'000                     | Share premium<br>HK\$'000 | Capital reserve<br>HK\$'000 | Property revaluation reserve<br>HK\$'000 | Translation reserve<br>HK\$'000 | Investment revaluation reserve<br>HK\$'000 | Retained profits<br>HK\$'000 | Total<br>HK\$'000 |
| At 1 April, 2021                                    | <b>12,453</b>                                 | <b>39,621</b>             | <b>28,325</b>               | <b>74,640</b>                            | <b>843</b>                      | <b>2,900</b>                               | <b>122,364</b>               | <b>281,146</b>    |
| Loss for the period                                 | -   | -                         | -                           | -  | -                               | -  | (2,856)                      | (2,856)           |
| Other comprehensive expense for the period          | -   | -                         | -                           | -  | (298)                           | -  | -                            | (298)             |
| Total comprehensive expense for the period          | -   | -                         | -                           | -  | (298)                           | -  | (2,856)                      | (3,154)           |
| At 30 September, 2021 (unaudited)                   | <b>12,453</b>                                 | <b>39,621</b>             | <b>28,325</b>               | <b>74,640</b>                            | <b>545</b>                      | <b>2,900</b>                               | <b>119,508</b>               | <b>277,992</b>    |
| 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)                   | 12,453  | 39,621                    | 28,325                      | 74,640                                   | 302                             | 1,291                                      | 118,791                      | 275,423           |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2021

|   | <b>Six months ended</b> |               |
|---|-------------------------|---------------|
|   | <b>30.9.2021</b>        | 30.9.2020     |
|   | <b>HK\$'000</b>         | HK\$'000      |
|   | <b>(unaudited)</b>      | (unaudited)   |
| <b>Net cash (used in) generated from operating activities</b> | <b>(8,699)</b>          | 6,477         |
| <b>Net cash used in investing activities</b>                  | <b>(1,006)</b>          | (732)         |
| <b>Net cash generated from (used in) financing activities</b> | <b>6,353</b>            | (9,060)       |
| <b>Net decrease in cash and cash equivalents</b>              | <b>(3,352)</b>          | (3,315)       |
| <b>Cash and cash equivalents at beginning of the period</b>   | <b>21,080</b>           | 17,350        |
| <b>Effect of foreign exchange rates changes</b>               | <b>4</b>                | (1)           |
| <b>Cash and cash equivalents at end of the period</b>         | <b><u>17,732</u></b>    | <u>14,034</u> |
| <b>Analysis of balances of cash and cash equivalents</b>      |                         |               |
| <b>Cash and bank balances</b>                                 | <b><u>17,732</u></b>    | <u>14,034</u> |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2021

### 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 following amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKAS and HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 April, 2021:

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

The application of the amendments to HKAS and 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, 2021 are as follows:

|   | Sales of mobile phones in Hong Kong<br>HK\$'000 | Sales of IOT solutions in Hong Kong<br>HK\$'000 | Sales of IOT solutions in Mainland China and other countries in South East Asia<br>HK\$'000 | Property investment<br>HK\$'000 | Total<br>HK\$'000 |
|---|---|---|---|---------------------------------|-------------------|
| Revenue from external customers                   | <u>85,101</u>                                   | <u>21,949</u>                                   | <u>4,615</u>  | <u>1,121</u>                    | <u>112,786</u>    |
| Reportable segment profit (loss)                  | <u>1,501</u>                                    | <u>(1,378)</u>                                  | <u>(1,778)</u>  | <u>(840)</u>                    | <u>(2,495)</u>    |
| Interest income from bank deposits                | 1   | -   | -   | -                               | 1                 |
| Finance costs                                     | 834   | -   | 142   | 304                             | 1,280             |
| Depreciation for the period                       | 165   | 94  | 232   | 33                              | 524               |
| Reversal of impairment on trade receivables       | -   | 12  | -   | -                               | 12                |
| Reportable segment assets                         | 76,214  | 54,781  | 14,138  | 231,085                         | 376,218           |
| Additions to non-current assets during the period | 234   | 111   | 371   | -                               | 716               |
| Reportable segment liabilities                    | 70,732  | 9,078   | 4,584   | 23,000                          | 107,394           |

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

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

|   | Sales of mobile phones in Hong Kong<br>HK\$'000 | Sales of IOT solutions in Hong Kong<br>HK\$'000 | Sales of IOT solutions in Mainland China and other countries in South East Asia<br>HK\$'000 | Property investment<br>HK\$'000 | Total<br>HK\$'000 |
|---|---|---|---|---------------------------------|-------------------|
| Revenue from external customers                   | 56,455  | 23,873  | 7,545   | 1,329                           | 89,202            |
| Reportable segment (loss) profit                  | (1,416)   | 3,443   | (679)   | (285)                           | 1,063             |
| 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                         | 59,900  | 45,254  | 9,799   | 224,045                         | 338,998           |
| Additions to non-current assets during the period | 10  | 293   | 9   | -                               | 312               |
| Reportable segment liabilities                    | 33,197  | 5,554   | 8,000   | 24,274                          | 71,025            |

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) earned by each segment without allocation of fair value (loss) gain of financial assets at FVTPL, net exchange gain 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*                  |                                    |
|------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------------|
|                                    | 30.9.2021<br>HK\$'000<br>(unaudited) | 30.9.2020<br>HK\$'000<br>(unaudited) | 30.9.2021<br>HK\$'000<br>(unaudited) | 31.3.2021<br>HK\$'000<br>(audited) |
| Hong Kong (place of domicile)      | 107,997                              | 81,491                               | 254,051                              | 254,180                            |
| Mainland China                     | 2,159                                | 4,565                                | 350                                  | 387                                |
| Singapore                          | 2,419                                | 2,731                                | 11,540                               | 11,182                             |
| Other countries in South East Asia | 211                                  | 415                                  | -                                    | -                                  |
|                                    | 4,789                                | 7,711                                | 11,890                               | 11,569                             |
|                                    | 112,786                              | 89,202                               | 265,941                              | 265,749                            |

\* 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                     |                                      |
|---|--------------------------------------|--------------------------------------|
|   | 30.9.2021<br>HK\$'000<br>(unaudited) | 30.9.2020<br>HK\$'000<br>(unaudited) |
| <b>REVENUE</b>  |                                      |                                      |
| Reportable segment and consolidated revenue from external customers | 112,786                              | 89,202                               |
| <b>PROFIT OR LOSS</b>   |                                      |                                      |
| Reportable segment (loss) profit                                    | (2,495)                              | 1,063                                |
| Fair value (loss) gain of financial assets at FVTPL                 | (325)                                | 176                                  |
| Net exchange gain   | 1                                    | 55                                   |
| Consolidated (loss) profit before taxation                          | (2,819)                              | 1,294                                |

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

|                                      | <b>30.9.2021</b><br><b>HK\$'000</b><br><b>(unaudited)</b> | 31.3.2021<br>HK\$'000<br>(audited) |
|--------------------------------------|---|------------------------------------|
| <b>ASSETS</b>                        |   |                                    |
| Total reportable segment assets      | <b>376,218</b>  | 382,186                            |
| Unallocated corporate assets         | <b>9,218</b>  | 9,543                              |
|                                      | <hr/> <b>385,436</b> <hr/>                                | <hr/> 391,729 <hr/>                |
| Consolidated total assets            |   |                                    |
| <b>LIABILITIES</b>                   |   |                                    |
| Total reportable segment liabilities | <b>107,394</b>  | 110,533                            |
| Deferred tax liabilities             | <b>50</b>   | 50                                 |
|                                      | <hr/> <b>107,444</b> <hr/>                                | <hr/> 110,583 <hr/>                |
| Consolidated total liabilities       |   |                                    |

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>30.9.2021</b>        | 30.9.2020   |
|  | <b>HK\$'000</b>         | HK\$'000    |
|  | <b>(unaudited)</b>      | (unaudited) |
| Government subsidies (Note)                                      | <b>22</b>               | 4,622       |
| Bank interest income   | <b>1</b>                | 10          |
| Dividend income from listed equity securities                    | <b>2</b>                | 2           |
| Fair value (loss) gain on financial assets at FVTPL              | <b>(325)</b>            | 176         |
| Net exchange gain  | <b>1</b>                | 55          |
| Reversal of impairment (impairment loss)<br>on trade receivables | <b>12</b>               | (315)       |
| Others   | <b>-</b>                | 98          |
|  | <b>(287)</b>            | 4,648       |

Note:

During the six months ended 30 September, 2021, the Group recognised government grants of HK\$22,000 in respect of COVID-19-related subsidies from Singapore government.

During the six months ended 30 September, 2020, the Group recognised government grants of HK\$4,622,000 in respect of COVID-19-related subsidies, of which an amount of HK\$4,252,000 is related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. The remaining HK\$370,000 is related to subsidies from Singapore government.

There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidiaries.

**5. FINANCE COSTS**

|                               | <b>Six months ended</b> |             |
|-------------------------------|-------------------------|-------------|
|                               | <b>30.9.2021</b>        | 30.9.2020   |
|                               | <b>HK\$'000</b>         | HK\$'000    |
|                               | <b>(unaudited)</b>      | (unaudited) |
| Interest on bank borrowings   | <b>1,148</b>            | 907         |
| Interest on lease liabilities | <b>8</b>                | 6           |
|                               | <hr/>                   | <hr/>       |
| Total interest expenses       | <b>1,156</b>            | 913         |
| Bank charges                  | <b>124</b>              | 95          |
|                               | <hr/>                   | <hr/>       |
|                               | <b>1,280</b>            | 1,008       |
|                               | <hr/> <hr/>             | <hr/> <hr/> |

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

|   | <b>Six months ended</b> |             |
|---|-------------------------|-------------|
|   | <b>30.9.2021</b>        | 30.9.2020   |
|   | <b>HK\$'000</b>         | HK\$'000    |
|   | <b>(unaudited)</b>      | (unaudited) |
| (Loss) profit before taxation has been arrived at after charging: |                         |             |
| Operating lease rentals in respect of rented premises             |                         |             |
| – minimum lease payments  | <b>441</b>              | 597         |
| – contingent rent   | <b>255</b>              | 189         |
|   | <hr/>                   | <hr/>       |
|   | <b>696</b>              | 786         |
|   | <hr/>                   | <hr/>       |
| Depreciation on   |                         |             |
| – property, plant and equipment                                   | <b>406</b>              | 356         |
| – right-of-use assets   | <b>118</b>              | 129         |
|   | <hr/>                   | <hr/>       |
|   | <b>524</b>              | 485         |
|   | <hr/>                   | <hr/>       |
| Employee benefits expenses<br>(including directors' remuneration) |                         |             |
| – salaries, allowances and benefits in kind                       | <b>12,508</b>           | 11,894      |
| – retirement benefit scheme contributions                         | <b>1,072</b>            | 926         |
|   | <hr/>                   | <hr/>       |
| Total staff costs   | <b>13,580</b>           | 12,820      |
|   | <hr/> <hr/>             | <hr/> <hr/> |

## 7. TAX EXPENSES

|                       | <b>Six months ended</b> |             |
|-----------------------|-------------------------|-------------|
|                       | <b>30.9.2021</b>        | 30.9.2020   |
|                       | <b>HK\$'000</b>         | HK\$'000    |
|                       | <b>(unaudited)</b>      | (unaudited) |
| Hong Kong Profits Tax | <b>37</b>               | 120         |

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

The calculation of basic and diluted loss per share is based on the loss attributable to equity holders of the Company of HK\$2,856,000 (2020: profit of HK\$1,174,000) and on the number of shares of 1,245,331,256 (2020: 1,245,331,256) in issue during the period.

The number of shares for the purpose of basic and diluted (loss) earnings per share are the same as the Company has no potential ordinary shares in both periods.

## 9. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September, 2021 (2020: HK\$ Nil).

## 10. CONTRACT ASSETS

|                                   | <b>30.9.2021</b>   | 31.3.2021 |
|-----------------------------------|--------------------|-----------|
|                                   | <b>HK\$'000</b>    | HK\$'000  |
|                                   | <b>(unaudited)</b> | (audited) |
| Smart system construction service | <b>33,669</b>      | 32,412    |
| Less: Loss allowance              | <b>(284)</b>       | (284)     |
|                                   | <b>33,385</b>      | 32,128    |

## 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>30.9.2021</b>   | 31.3.2021 |
|----------------------|--------------------|-----------|
|                      | <b>HK\$'000</b>    | HK\$'000  |
|                      | <b>(unaudited)</b> | (audited) |
| Trade debtors        | <b>18,243</b>      | 19,569    |
| Less: Loss allowance | <b>(2,128)</b>     | (2,140)   |
|                      | <b>16,115</b>      | 17,429    |

**11. TRADE RECEIVABLES (Continued)**

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

|                | <b>30.9.2021</b><br><b>HK\$'000</b><br><b>(unaudited)</b> | 31.3.2021<br>HK\$'000<br>(audited) |
|----------------|---|------------------------------------|
| Within 30 days | <b>8,949</b>  | 11,764                             |
| 31-60 days     | <b>1,573</b>  | 969                                |
| 61-90 days     | <b>674</b>  | 1,036                              |
| 91-180 days    | <b>2,256</b>  | 1,675                              |
| 181-365 days   | <b>1,328</b>  | 530                                |
| Over 365 days  | <b>3,463</b>  | 3,595                              |
|                | <b>18,243</b>   | 19,569                             |

**12. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES**

|                             | <b>30.9.2021</b><br><b>HK\$'000</b><br><b>(unaudited)</b> | 31.3.2021<br>HK\$'000<br>(audited) |
|-----------------------------|---|------------------------------------|
| Trade payable               | <b>6,260</b>  | 11,217                             |
| Accruals and other payables | <b>2,627</b>  | 8,795                              |
|                             | <b>8,887</b>  | 20,012                             |

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

|              | <b>30.9.2021</b><br><b>HK\$'000</b><br><b>(unaudited)</b> | 31.3.2021<br>HK\$'000<br>(audited) |
|--------------|---|------------------------------------|
| 0-30 days    | <b>4,977</b>  | 10,074                             |
| 31-60 days   | <b>250</b>  | 93                                 |
| 61-90 days   | <b>105</b>  | 62                                 |
| Over 90 days | <b>928</b>  | 988                                |
|              | <b>6,260</b>  | 11,217                             |

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. EVENT AFTER THE REPORTING PERIOD**

On 7 September, 2021, a subsidiary of the Group has entered into a provisional agreement with a third party to dispose of its investment property at Flat E, 22nd Floor with balcony and utility platform, Splendid Place, 39 Taikoo Shing Road, Quarry Bay, Hong Kong at a consideration of HK\$12,300,000. Deposit amounted to HK\$1,230,000 has been received by the subsidiary and recognised as current liability. The sale of property has been completed on 5 November, 2021. Taking into account the fair value of HK\$12,600,000 at 31 March, 2021 of the property, a loss in the estimated sum of approximately HK\$440,000 after expenses will be recognised as a result of the disposal.

### **14. 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, 2021, the Group's revenue was HK\$113 million which represented an increase of approximately 27% as compared with the HK\$89 million recorded for the corresponding period last year. The loss attributable to equity holders of the Company was HK\$2.9 million as compared to the profit of HK\$1.2 million for the six months ended 30 September, 2020. The Group received HK\$4.6 million government COVID-19 subsidies in the corresponding period last year while only HK\$0.02 million was received during the period under review.

### Sales of mobile phones

During the period under review, the revenue was HK\$85 million, representing an increase of 52% compared to the same period last year (2020: HK\$56 million) due to the launch of government consumption vouchers and recovery of retail environment. The division recorded profit of HK\$1.5 million (2020: loss of HK\$1.4 million).

### Sales of IOT solutions

Due to the decrease in sales of disinfection products including book sterilizers and UV-C disinfection machines, the revenue decreased by 13% to HK\$27 million (2020: HK\$31 million). The division recorded loss of HK\$3.2 million compared with profit of HK\$2.8 million for the corresponding period last year.

### Property investment

During the period under review, the rental income decreased by HK\$0.2 million to HK\$1.1 million (2020: HK\$1.3 million) due to granting of rental relief to our tenants and vacancy of investment properties. The division recorded loss of HK\$0.8 million (2020: HK\$0.3 million).

## 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

As at 30 September, 2021, the Group's cash and bank balances amounted to approximately HK\$18 million (31 March, 2021: HK\$21 million) while the bank borrowings were HK\$95 million (31 March, 2021: HK\$88 million).

In order to avoid shortage of goods due to worldwide shortage of electronic components and possible delay in shipment, we kept higher mobile phone stocks of HK\$20 million as at 30 September, 2021. The mobile phone stocks have been reduced to HK\$3 million as at date of this report. We have also disposed an investment property for a consideration of HK\$12.3 million to increase our working capital. The transaction has been completed on 5 November, 2021.

The Board believes that the Group has sufficient resources to satisfy its commitment and working capital requirements. The gearing ratio was 34% (31 March, 2021: 31%) which is expressed as a percentage of total borrowings to total equity.

## EMPLOYEES

As at 30 September, 2021, the total number of employees of the Group was approximately 95 (31 March, 2021: 90) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK\$11 million (2020: HK\$10 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, 2021, 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\$50,972,000 (31 March, 2021: HK\$50,972,000); (2) first legal charge on certain investment properties with total fair value of HK\$190,300,000 (31 March, 2021: HK\$190,300,000); (3) bank deposits of HK\$3,142,000 (31 March, 2021: HK\$3,142,000) and (4) financial assets at FVTPL with total fair value of HK\$2,418,000 (31 March, 2021: HK\$2,743,000).

## CONTINGENT LIABILITIES

As at 30 September, 2021, the Company had provided corporate guarantees of HK\$71 million (31 March, 2021: HK\$71 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, 2021, 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/<br>associated<br>corporation | Capacity                              | Number of<br>shares<br>(long position)<br>(Note 1) | Approximate<br>percentage<br>of interest |
|------------------------|---|---------------------------------------|--|--|
| Chan Chung Yee, Hubert | The Company                               | Beneficial owner                      | 659,740,159(L)                                     | 52.97%                                   |
|                        | The Company                               | Interest of controlled<br>corporation | 22,012,087(L)<br>(Note 2)                          | 1.77%                                    |
|                        | Light Emotion Limited                     | Beneficial owner                      | 1 share of<br>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, 2021, 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, 2021, 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:

| <b>Name</b>                          | <b>Number of shares<br/>(long position)<br/>(Note 1)</b> | <b>Capacity/<br/>nature of interest</b> | <b>Approximate<br/>percentage of<br/>interest</b> |
|--------------------------------------|--|---|---|
| Josephine Liu (Note 2)               | 681,752,246 (L)  | Interest of spouse                      | 54.74%  |
| Chan Low Wai Han, Edwina<br>(Note 3) | 93,795,191 (L)   | Interest of spouse                      | 7.53%   |

Notes:

1. The Letter "L" represents the person's interest in the shares of the Company.
2. 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.
3. 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, 2021, 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, 2021, 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 27 August, 2021 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") 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, 2021.

## **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, 2021.

## **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, 26 November, 2021