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KFM KINGDOM HOLDINGS LIMITED

KFM金德控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3816)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2022
AND
PROPOSED AMENDMENTS TO THE
ARTICLES OF ASSOCIATION OF THE COMPANY**

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of KFM Kingdom Holdings Limited (the “**Company**”) hereby (i) announces the consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 March 2022 prepared in accordance with relevant requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), together with the comparative figures for the year ended 31 March 2021; and (ii) proposes to amend the existing articles of association of the Company (the “**Articles**”) in order to, among others, (1) bring the constitution of the Company in line with amendments made to applicable laws of the Cayman Islands and the Listing Rules; and (2) incorporate certain housekeeping amendments for the purpose of clarifying existing practices and making consequential amendments in line with the proposed amendments to the Articles.

For and on behalf of
KFM KINGDOM HOLDINGS LIMITED
ZHANG HAIFENG
Chairman

Hong Kong, 24 June 2022

As at the date of this announcement, the executive Directors are Mr. Sun Kwok Wah Peter and Mr. Wong Chi Kwok; the non-executive Director is Mr. Zhang Haifeng (Chairman); and the independent non-executive Directors are Mr. Wan Kam To, Ms. Zhao Yue and Mr. Shen Zheqing.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations			
Revenue	4	612,190	406,340
Cost of sales		(512,270)	(323,711)
<hr/>			
Gross profit		99,920	82,629
Other losses, net	5	(4,016)	(9,550)
Distribution and selling expenses		(6,980)	(5,712)
General and administrative expenses		(65,862)	(56,269)
Finance income		1,033	4,435
Finance costs		(5,517)	(4,601)
<hr/>			
Profit before tax	6	18,578	10,932
Income tax expense	7	(5,247)	(1,815)
<hr/>			
Profit for the year from continuing operations		13,331	9,117
Discontinued operations			
(Loss)/profit for the year from discontinued operations	8	(61,350)	9,286
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(Loss)/profit for the year		(48,019)	18,403
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Other comprehensive (expense)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		12,363	29,119
Release of exchange reserve upon disposal of subsidiaries		(15,020)	–
<hr/>			
Other comprehensive (expense)/income for the year		(2,657)	29,119
<hr/>			
Total comprehensive (expense)/income for the year		(50,676)	47,522
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	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
(Loss)/profit for the year attributable to owners of the Company			
– from continuing operations		13,331	9,117
– from discontinued operations		(61,523)	8,806
		<hr/>	<hr/>
(Loss)/profit for the year attributable to owners of the Company		(48,192)	17,923
		<hr/>	<hr/>
Profit for the year attributable to non-controlling interests			
– from continuing operations		–	–
– from discontinued operations		173	480
		<hr/>	<hr/>
Profit for the year attributable to non-controlling interests		173	480
		<hr/>	<hr/>
		(48,019)	18,403
		<hr/>	<hr/>
Total comprehensive (expense)/income attributable to:			
– Owners of the Company		(50,849)	47,042
– Non-controlling interests		173	480
		<hr/>	<hr/>
		(50,676)	47,522
		<hr/>	<hr/>
(LOSS)/EARNINGS PER SHARE			
From continuing and discontinued operations			
– Basic and diluted (HK cents)	9	(8.03)	2.99
		<hr/>	<hr/>
From continuing operations			
– Basic and diluted (HK cents)	9	2.22	1.52
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Plant and equipment	<i>11</i>	50,437	135,637
Right-of-use assets		109,029	90,125
Prepayments, deposits and other receivables		49,866	8,945
Deferred income tax assets		–	1,975
Total non-current assets		209,332	236,682
Current assets			
Inventories	<i>12</i>	112,120	90,802
Trade and bills receivables	<i>13</i>	141,121	172,670
Prepayments, deposits and other receivables		9,722	13,112
Current income tax recoverable		–	2,829
Financial asset at fair value through profit or loss		8	27
Time deposits with maturity over three months		221,009	160,000
Restricted bank deposits		341	675
Cash and cash equivalents		82,841	243,452
Total current assets		567,162	683,567
Total assets		776,494	920,249
EQUITY			
Capital and reserves			
Share capital	<i>14</i>	60,000	60,000
Share premium	<i>14</i>	26,135	26,135
Reserves		418,528	469,377
Capital and reserves attributable to owners of the Company		504,663	555,512
Non-controlling interests		–	4,119
Total equity		504,663	559,631

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities		96,154	62,928
Deferred income tax liabilities		656	2,136
Total non-current liabilities		96,810	65,064
Current liabilities			
Trade and other payables	<i>15</i>	124,807	105,133
Lease liabilities		10,953	20,840
Bank borrowings		36,580	–
Unsecured borrowings from a related company	<i>16</i>	–	166,000
Current income tax liabilities		2,681	3,581
Total current liabilities		175,021	295,554
Total liabilities		271,831	360,618
Total equity and liabilities		776,494	920,249
Net current assets		392,141	388,013
Total assets less current liabilities		601,473	624,695

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2020	60,000	26,135	2,358	47,256	(3,224)	375,945	508,470	3,639	512,109
Profit for the year	-	-	-	-	-	17,923	17,923	480	18,403
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	29,119	-	29,119	-	29,119
Total comprehensive income for the year	-	-	-	-	29,119	17,923	47,042	480	47,522
Transfer of retained profits to statutory reserve	-	-	-	6,076	-	(6,076)	-	-	-
Balance at 31 March 2021	<u>60,000</u>	<u>26,135</u>	<u>2,358</u>	<u>53,332</u>	<u>25,895</u>	<u>387,792</u>	<u>555,512</u>	<u>4,119</u>	<u>559,631</u>

Attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 April 2021	60,000	26,135	2,358	53,332	25,895	387,792	555,512	4,119	559,631
(Loss)/profit for the year	-	-	-	-	-	(48,192)	(48,192)	173	(48,019)
Other comprehensive income/(expense) for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	12,363	-	12,363	-	12,363
Release of exchange reserve upon disposal of subsidiaries (<i>note 8</i>)	-	-	-	-	(15,020)	-	(15,020)	-	(15,020)
Total comprehensive (expense)/income for the year	-	-	-	-	(2,657)	(48,192)	(50,849)	173	(50,676)
Disposal of subsidiaries	-	-	(2,357)	(20,294)	-	22,651	-	(4,292)	(4,292)
Transfer of retained profits to statutory reserve	-	-	-	111	-	(111)	-	-	-
Balance at 31 March 2022	<u>60,000</u>	<u>26,135</u>	<u>1</u>	<u>33,149</u>	<u>23,238</u>	<u>362,140</u>	<u>504,663</u>	<u>-</u>	<u>504,663</u>

NOTES

1. GENERAL INFORMATION

KFM Kingdom Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 July 2011 as an exempted company with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 15 October 2012. The address of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Workshop C, 31/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong. The immediate holding company and controlling shareholder of the Company is Massive Force Limited (“**Massive Force**”), a company incorporated in the British Virgin Islands (the “**BVI**”).

The Company is an investment holding company and its subsidiaries (together, the “**Group**”) are principally engaged in the manufacturing and sale of precision metal stamping products.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules on the Stock Exchange and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRS(s)**”)

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2021.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

The application of the amendments to HKFRSs in the current year has had no material effects on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, plant and equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts: Cost of Fulfilling a Contract ¹
Amendment to HKFRSs	Annual improvements to HKFRSs 2018-2020 cycle ¹

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

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update a reference to HKFRS 3 so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the “**Conceptual Framework**”) instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010). They also add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of Hong Kong (International Financial Report Interpretations Committee) Interpretations (“**HK(IFRIC)-Int**”) 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group currently applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The Group is still in the process of assessing the full impact of the application of the amendments.

4. REVENUE

Revenue represents sales of high precision metal products to external parties, excluding sales related taxes. Revenue from contracts with customers within the scope of HKFRS 15 are recognised at a point in time.

Set out below is the disaggregation of the Group's revenue from contracts with customers from continuing operation:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Geographical region		
The People's Republic of China ("PRC")	292,351	281,298
South East Asia	221,173	47,959
Europe	56,122	20,303
North America	33,467	42,655
Others	9,077	14,125
	<hr/>	<hr/>
Total	612,190	406,340
	<hr/>	<hr/>

5. OTHER LOSSES, NET

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
Loss on disposal of plant and equipment	(272)	(51)
Exchange losses, net	(5,133)	(10,656)
Government subsidies (<i>Note</i>)	540	1,407
Fair value (loss)/gain on financial asset at FVTPL	(19)	15
Others	868	(265)
	<hr/>	<hr/>
	(4,016)	(9,550)
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Note:

The amount represents the government subsidies with no unfulfilled conditions or contingencies and recognised as other gains upon receipts during the years ended 31 March 2022 and 2021.

6. PROFIT BEFORE TAX

Profit for the year has been arrived at after charging:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Staff costs		
Directors' emoluments	5,068	5,068
Other staff:		
– salaries and other allowances	117,158	82,707
– retirement benefits scheme contributions (excluding directors)	2,314	2,372
	<u>124,540</u>	<u>90,147</u>
Continuing operations		
Auditor's remuneration		
– statutory audit services	1,020	1,020
– non-statutory audit services	550	378
Cost of inventories sold (<i>Note (a)</i>)	511,249	329,773
Depreciation of plant and equipment	5,768	7,071
Depreciation of right-of-use assets	19,863	19,306
Research and development expenses (<i>Note (b)</i>)	19,203	12,973

Notes:

- (a) Included in cost of sales was write-down of inventories of approximately HK\$1,021,000 (2021: reversal of write-down of inventories of approximately HK\$6,062,000 which were sold at profit) during the year ended 31 March 2022.
- (b) Included in research and development expenses was staff cost of approximately HK\$10,665,000 (2021: approximately HK\$9,046,000) which has been included in staff costs disclosure above.

7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Current income tax		
– Hong Kong Profits Tax	–	–
– The PRC	3,466	625
– Withholding tax	1,280	604
Over provision in prior years		
– Hong Kong Profits Tax	(202)	–
	<u>4,544</u>	1,229
Deferred income tax	703	586
	<u>5,247</u>	<u>1,815</u>

Income tax of the Group's entities has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the entities operate.

Below are the major tax jurisdictions that the Group operates in for the years ended 31 March 2022 and 2021.

(a) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax was made for the years ended 31 March 2022 and 2021 as there were no assessable profits generated during the years ended 31 March 2022 and 2021.

(b) The PRC enterprise income tax (the "PRC EIT")

The PRC EIT is provided on the assessable income of the Group's PRC subsidiary, adjusted for items which are not taxable or deductible for the PRC EIT purpose. The statutory PRC EIT tax rate for the year ended 31 March 2022 is provided at the rate of 25% (2021: 25%).

A PRC subsidiary was recognised by the PRC government as "High and New Technology Enterprise" and was eligible to a preferential tax rate of 15% for a period of three calendar years.

(c) PRC dividend withholding tax

According to the Law of the PRC EIT, starting from 1 January 2008, a PRC dividend withholding tax of 10% will be levied on the immediate holding companies outside the PRC when the PRC subsidiary declare dividend out of profits earned after 1 January 2008. During the year ended 31 March 2022, a lower 5% (2021: 5%) PRC dividend withholding tax rate was adopted since (i) the immediate holding company of the PRC subsidiary is incorporated in Hong Kong and fulfill certain requirements under the tax treaty arrangements between the PRC and Hong Kong; and (ii) successful application has been made in the year ended 31 March 2018.

8. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES

In August 2021, the Group entered into a sale and purchase agreement to dispose of its metal lathing business entirely through the sale of all of its shareholding in its indirect wholly-owned subsidiary, Kingdom (Reliance) Precision Parts Manufactory Holdings Limited ("**KRP BVI**"), to Cosmic Master Holdings Limited (the "**Purchaser**"), a connected company (being Mr. Lam Kin Shun is a director of a subsidiary of the Group and the ultimate beneficial owner of the Purchaser) (the "**Disposal**"). KRP BVI is an investment holding company and its subsidiaries are engaged in the manufacturing and sales of metal lathing products. The Disposal was completed on 20 December 2021, on which date control of KRP BVI passed to the Purchaser.

Details (including the facts and circumstances, the expected manner and timing of the Disposal as well as the terms of the sale and purchase agreement and the reasons for the Disposal) are set out in the Company's announcements dated 13 August 2021, 3 September 2021, 17 September 2021, 4 October 2021, 26 October 2021, 22 November 2021, 30 November 2021, 10 December 2021, 15 December 2021 and 20 December 2021 and the Company's circular dated 15 December 2021.

Loss from discontinued operations

The results of the discontinued operations for the period from 1 April 2021 to 20 December 2021, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the period from 1 April 2021 to 20 December 2021 HK\$'000	For the year ended 31 March 2021 HK\$'000
Revenue	186,030	271,988
Cost of sales	(149,344)	(202,642)
Gross profit	36,686	69,346
Other (losses)/gains, net	(1,425)	1,259
Distribution and selling expenses	(3,826)	(3,894)
General and administrative expenses	(30,032)	(49,805)
Finance income	190	144
Finance costs	(8,020)	(6,653)
(Loss)/profit before tax	(6,427)	10,397
Income tax expense	(276)	(1,111)
(Loss)/profit for the period/year <i>(note (b))</i>	(6,703)	9,286
Loss on remeasurement to fair value less costs to sell <i>(note (a))</i>	(63,993)	–
Gain on disposal of subsidiaries	9,346	–
(Loss)/profit for the period/year from discontinued operations	(61,350)	9,286

Notes:

- (a) The Group engaged an independent valuer not connected to the Group, to assess the fair value less costs to sell of the abovementioned disposal group as a cash-generating unit. With reference to the valuation, loss on remeasurement to fair value less costs to sell of approximately HK\$63,993,000 were recognised, of which of approximately HK\$36,476,000 and HK\$27,517,000 were allocated to plant and equipment and right-of-use assets respectively.
- (b) The profit for the year ended 31 March 2021 from discontinued operations of approximately HK\$9,286,000 excluded a management charge on the corporate level of approximately HK\$2,222,000. Were such corporate level management charge not eliminated, the net profit would have been approximately HK\$7,064,000.

(Loss)/profit for the period/year from discontinued operations including the following:

	For the period from 1 April 2021 to 20 December 2021 HK\$'000	For the year ended 31 March 2021 HK\$'000
Other (losses)/gains, net		
Gain/(loss) on disposal of plant and equipment	33	(132)
Exchange losses, net	(2,482)	(3,559)
Government subsidies (<i>note (a)</i>)	399	4,702
Other	625	248
	<u>(1,425)</u>	<u>1,259</u>
Finance income		
Interest income on bank balances and deposits	190	144
Finance costs		
Interest expense on unsecured borrowings from a related company	3,938	5,250
Interest expense on lease liabilities	4,082	1,403
	<u>8,020</u>	<u>6,653</u>
Auditor's remuneration	–	–
Cost of inventories sold (<i>note (b)</i>)	149,344	202,610
Depreciation of plant and equipment	5,693	21,375
Depreciation of right-of-use assets	6,748	10,379
Employee benefit expenses	50,745	64,809

Notes:

- (a) The amount represents the government subsidies with no unfulfilled conditions or contingencies and recognised as other gains upon receipts during the period from 1 April 2021 to 20 December 2021 and year ended 31 March 2021.
- (b) No reversal of write-down of inventories (year ended 31 March 2021: approximately HK\$733,000 which were sold at profit) and no write-off of inventories (year ended 31 March 2021: approximately HK\$765,000) were included in the cost of sales during the period from 1 April 2021 to 20 December 2021.

During the period, the metal lathing business paid approximately HK\$11,998,000 (year ended 31 March 2021: contributed HK\$55,818,000) to the Group's net operating cash flows, paid approximately HK\$51,573,000 (year ended 31 March 2021: HK\$19,318,000) in respect of investing activities and paid approximately HK\$12,428,000 (year ended 31 March 2021: HK\$14,410,000) in respect of financing activities.

HK\$'000

Analysis of assets and liabilities over which control was lost as at the date of disposal:

Property, plant and equipment	70,043
Right-of-use assets	46,115
Deferred income tax assets	1,373
Inventories	68,305
Trade and bills receivables	102,788
Prepayments, deposits and other receivables	47,145
Cash and cash equivalents	22,632
Trade and other payables (<i>note</i>)	(104,981)
Unsecured borrowings from a related company	(100,000)
Lease liabilities	(73,063)
Current income tax liabilities	(2,971)
Deferred income tax liabilities	(1,420)
	<hr/>
Net assets disposed of	<u>75,966</u>

Note: Included in trade and other payable was amount due to the Group of approximately HK\$40,736,000 which was unsecured, carrying interest at 5.25% per annum and repayable within three years. As at 31 March 2022, the amount due to the Group was approximately HK\$38,000,000.

HK\$'000

Gain on disposal of subsidiaries:

Consideration	66,000
Net assets disposed of	(75,966)
Non-controlling interests	4,292
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries	15,020
	<hr/>
Gain on disposal of subsidiaries	<u>9,346</u>

Net cash inflow arising on disposal:

Cash consideration received	66,000
Less: cash and cash equivalents disposed of	(22,632)
	<hr/>
	<u>43,368</u>

9. (LOSS)/EARNINGS PER SHARE

Basic and diluted (loss)/earnings per share

	2022	2021
(Loss)/profit attributable to owners of the Company (<i>HK\$'000</i>)		
– from continuing operations	13,331	9,117
– from discontinued operations	(61,523)	8,806
	<u>(48,192)</u>	<u>17,923</u>
Weighted average number of shares in issue (<i>'000</i>)	<u>600,000</u>	<u>600,000</u>
Basic and diluted (loss)/earnings per share (<i>HK cents per share</i>)		
– from continuing operations	2.22	1.52
– from discontinued operations	(10.25)	1.47
	<u>(8.03)</u>	<u>2.99</u>

Basic (loss)/earnings per share for the years ended 31 March 2022 and 2021 is calculated by dividing the (loss)/profit attributable to owners of the Company by 600,000,000 ordinary shares in issue during the years ended 31 March 2022 and 2021.

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as the Company had no potential ordinary share in issue during the years ended 31 March 2022 and 2021.

10. DIVIDENDS

No dividends were paid, declared or proposed during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

11. PLANT AND EQUIPMENT

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April	135,637	132,010
Additions	33,484	22,061
Transfer from right-of-use assets	433	–
Disposals	(3,382)	(213)
Disposal of subsidiaries* (<i>note 8</i>)	(106,519)	–
Depreciation	(11,461)	(28,446)
Exchange differences	2,245	10,225
	<u>50,437</u>	<u>135,637</u>

* Included loss on remeasurement to fair value less costs to sell of approximately HK\$36,476,000.

The plant and equipment of approximately HK\$433,000 (2021: nil) have been transferred from right-of-use assets since respective lease liabilities have been fully settled during the year ended 31 March 2022.

12. INVENTORIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Raw materials	58,291	30,096
Work in progress	20,335	17,206
Finished goods	33,494	43,500
	<u>112,120</u>	<u>90,802</u>

13. TRADE AND BILLS RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bills receivables (<i>Note (a)</i>)	–	6,119
Trade receivables (<i>Note (b)</i>)		
– third parties	141,121	166,515
– a related company	–	36
	<u>141,121</u>	<u>166,551</u>
	<u>141,121</u>	<u>172,670</u>

As at 31 March 2022, the gross amount of trade receivables and bills receivables arising from contracts with customers amounted to approximately HK\$141,121,000 and nil (2021: HK\$166,551,000 and HK\$6,119,000) respectively.

The Group did not hold any collaterals over these balances.

Notes:

- (a) The ageing analysis of bills receivables presented based on the issue date at the end of the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Up to 3 months	–	6,119

The Group measures the loss allowance for bills receivables at an amount equal to 12-month ECL. As the counterparties are banks with high credit ratings, no additional loss allowance was provided on the Group's bills receivables during the years ended 31 March 2022 and 2021.

- (b) The Group normally grants credit periods of 30 to 120 days (2021: 30 to 90 days). The following is an ageing analysis of trade receivables presented based on the date of delivery, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Up to 3 months	138,470	152,952
3 to 6 months	2,651	9,753
6 months to 1 year	–	3,838
1 to 2 years	–	8
	<u>141,121</u>	<u>166,551</u>

14. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
Ordinary share of HK\$0.1 each				
Authorised				
At 31 March 2021 and 2022	4,500,000,000	450,000		
Issued and fully paid				
At 31 March 2021 and 2022	600,000,000	60,000	26,135	86,135

15. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables (<i>Note (a)</i>)	109,672	74,018
Accruals and other payables (<i>Note (b)</i>)	15,135	31,115
	<u>124,807</u>	<u>105,133</u>

Notes:

- (a) The ageing analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Up to 3 months	109,557	73,168
3 to 6 months	–	658
6 months to 1 year	61	54
1 to 2 years	54	138
	<u>109,672</u>	<u>74,018</u>

The average credit period on purchases of goods is from 30 days to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

- (b) Included in the Group's accruals and other payables as at 31 March 2022 were accrued directors' emoluments of approximately HK\$71,000 and nil (2021: approximately HK\$71,000 and HK\$9,000,000 for accrued directors' emoluments and provision for severance payments in relation to the relocation of factory) respectively.

16. UNSECURED BORROWINGS FROM A RELATED COMPANY

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Due for repayment within 1 year which contains a repayment on demand clause	–	166,000

As at 31 March 2021, unsecured borrowings of HK\$166,000,000 were advanced from Kingdom International Group Limited, a company in which a director of the Company, Mr. Wong Chi Kwok, has beneficial interests in.

As at 31 March 2021, the interest rate of the unsecured borrowings from a related company is at the prime rate of 5.25% per annum.

During the year ended 31 March 2022, unsecured borrowings from a related company of HK\$66,000,000 was repaid and HK\$100,000,000 was derecognised upon the disposal of subsidiaries.

17. COMMITMENTS

Capital commitments

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Authorised or contracted for but not provided:		
– Plant and machinery	7,347	48,486
– Capital investments	–	5,270
	<u>7,347</u>	<u>53,756</u>

FINANCIAL REVIEW

Revenue

During the year ended 31 March 2022 (the “Year”), revenue of the Group from the continuing operation was approximately HK\$612.2 million, representing an increase of approximately HK\$205.9 million or 50.7% from approximately HK\$406.3 million for the corresponding period last year.

The increase was mainly due to an increase in number of orders from customers who engaged in network and data storage industry during the Year. The revenue from these customers recorded an approximately 170% increase as compared to the corresponding period last year.

Geographically, the People’s Republic of China (“PRC”), South East Asia, Europe and North America continued to be the major markets of the Group’s products. Sales to such areas accounted for approximately 47.8%, 36.1%, 9.2% and 5.5% of the Group’s revenue, respectively, for the Year. Details of a breakdown of revenue generated by different geographical locations are set out in Note 4 to this annual results announcement.

Cost of sales

Cost of sales primarily comprises the direct costs associated with the manufacturing of the Group’s products. It consists mainly of direct materials, direct labour, processing fee and other direct overheads. Set out below is the breakdown of the Group’s cost of sales:

	2022		2021	
	HK\$’000	%	HK\$’000 (Restated)	%
Direct materials	364,903	71.2	199,307	61.6
Direct labour	92,496	18.1	55,165	17.0
Processing fee	46,185	9.0	38,593	11.9
Changes in inventory	(24,405)	(4.8)	(2,087)	(0.6)
Other direct overheads	33,091	6.5	32,733	10.1
	<u>512,270</u>	<u>100.0</u>	<u>323,711</u>	<u>100.0</u>

During the Year, cost of sales of the Group increased by approximately HK\$188.6 million or 58.3% as compared to the same of the corresponding period last year. The increase was primarily due to growth in the revenue and inflation of the direct costs, mainly, raw material cost and direct labour cost.

The percentage of cost of sales to the total revenue during the Year was approximately 83.7%, representing an increase of approximately 4.0%, as compared to approximately 79.7% in the corresponding period last year.

Gross profit and gross profit margin

During the Year, the gross profit margin of the Group was approximately 16.3%, with a decrease by approximately 4.0% as compared to approximately 20.3% in the corresponding period last year. The decrease of gross profit margin was mainly due to the change of product mix in which the increase in revenue derived from the customers engaged in network and data storage industry during the Year had relatively lower profit margins.

Other losses, net

During the Year, the Group recorded other losses, net which amounted to approximately HK\$4.0 million. In the corresponding period last year, the Group recorded other losses, net of approximately HK\$9.6 million, mainly comprising a net exchange loss upon RMB appreciation of approximately HK\$10.7 million being offset by government subsidies of approximately HK\$1.4 million. The Group experienced a reduction of a net exchange loss of approximately HK\$5.6 million during the Year as compared to the corresponding period last year.

Distribution and selling expenses

Distribution and selling expenses represented the expenses incurred for the promotion and selling of the Group's products. It mainly comprises, among others, salaries and related costs for the sales and marketing staff, travelling and transportation costs, and marketing expenses. Distribution and selling expenses increased by approximately HK\$1.3 million from approximately HK\$5.7 million for the year ended 31 March 2021 to approximately HK\$7.0 million for the Year, which is mainly in line with the growth of the revenue.

General and administrative expenses

General and administrative expenses comprise primarily salaries and related costs for key management, the Group's finance and administration staff, depreciation and professional costs incurred by the Group. The general and administrative expenses of the Group increased from approximately HK\$56.3 million for the corresponding period last year to approximately HK\$65.9 million for the Year. The increase was mainly in line with the growth in revenue during the Year as compared with the corresponding period last year.

Finance costs

The Group's finance costs represented interest expenses on finance lease, bank borrowings and unsecured borrowings from a related company. During the Year, the Group's finance costs was approximately HK\$5.5 million, as compared to approximately HK\$4.6 million for the corresponding period last year. The increase in finance costs was mainly due to an increase in lease liabilities, as a result of the lease renewal of the production base in Suzhou, despite repayments of unsecured borrowings from a related company during the Year.

Income tax expenses

The Group's income tax expenses amounted to approximately HK\$5.2 million for the Year, while the Group's income tax expenses for the corresponding period last year amounted to approximately HK\$1.8 million. The increase was mainly attributable to the increase in taxable profit during the Year. The details are set out in the note 7 to this annual results announcement.

Profit attributable to owners of the Company

For the Year, profit attributable to owners of the Company from the continuing operations amounted to approximately HK\$13.3 million and loss attributable to owners of the Company from the discontinued operations amounted to approximately HK\$61.5 million upon a loss on remeasurement to fair value less costs to sell of approximately HK\$63.9 million together with a net gain from the disposal of the discontinued operations of approximately HK\$9.3 million, which in aggregate amounted to a net loss of approximately HK\$48.2 million for the Group during the Year. For the corresponding period last year, the profit attributable to owners of the Company amounted to approximately HK\$17.9 million.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Financial resources and liquidity

The Group's current assets comprise mainly cash and cash equivalents, trade and bill receivables, prepayments, deposits and other receivables and inventories. As at 31 March 2022 and 31 March 2021, the Group's total current assets amounted to approximately HK\$567.2 million and HK\$683.6 million respectively, which represented approximately 73.0% and 74.3% of the Group's total assets as at 31 March 2022 and 2021, respectively.

Capital structure

The Group's capital structure is summarised as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank borrowings	36,580	–
Unsecured borrowings from a related company	<u>–</u>	<u>166,000</u>
Total debts	<u>36,580</u>	<u>166,000</u>
Shareholders' equity	<u>504,663</u>	<u>559,631</u>
Gearing ratio		
– Total debts to shareholders' equity [#]	<u>7.2%</u>	<u>29.7%</u>

[#] Total debts to shareholders' equity ratio is calculated based on total debts divided by shareholders' equity at the end of the respective year.

For the Year, the Group generally financed its operation primarily with internal generated cash flows and bank borrowings.

Details of the Group's unsecured borrowings from a related company are set out in note 16 to this annual results announcement.

As at 31 March 2022, the Group's bank borrowings were denominated in Renminbi.

The capital structure of the Group consists of equity attributable to the equity holders of the Company (comprising issued share capital and reserves), bank borrowings and unsecured borrowings from a related company. The Directors will review the capital structure regularly. As part of such review, the Directors consider the cost of capital and the optimal use of debt and equity so as to maximise the return to owners.

Capital expenditure

During the Year, the Group acquired plant and machinery of approximately HK\$33.5 million, as compared to the year ended 31 March 2021 of approximately HK\$22.1 million.

The Group financed its capital expenditure through cash flows generated from operating activities, finance leases and bank borrowings.

Charges on the Group's assets

As at 31 March 2022 and 2021, no bank borrowing of the Group was secured by assets of the Group.

Foreign currency exposure

Each individual group entity has its own functional currency. Foreign exchange risk to each individual group entity arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group operates mainly in Hong Kong and the PRC. The Group's Hong Kong entities are exposed to foreign exchange risk arising from Renminbi, while the Group's PRC entities are exposed to foreign exchange risk arising from the United States dollars.

The Group has been managing its foreign exchange risk by closely monitoring the movement of the foreign currency rates.

Capital commitments

Details of the Group's capital commitments as at 31 March 2022 are set out in note 17 to this annual results announcement.

Contingent liabilities

As at 31 March 2022, the Group had no material contingent liabilities.

Subsequent event

The Group has no material subsequent events up to the date of this consolidated financial statements.

BUSINESS REVIEW

During the Year, the business environment was hampered by global issues such as pandemic coronavirus variants, escalating conflicts between China and the United States, economic sanctions arising from military operations between Russia and Ukraine, as well as fluctuation of currency exchange rates.

The factory shutdowns in Suzhou and economic interruptions of Hong Kong due to the coronavirus infections during the Year had created short-term impacts to the Group's operations. Meanwhile, the Group was still under the pressure from the increasing material, labour and production costs in China. The Group also suffered from the unfavourable impact from Renminbi appreciation. The Group had sought ways to cope with the challenges and reviewed its business and operations for a streamlined structure. During the Year, the Company decided to dispose of its metal lathing segment as a result of the continuous deterioration of revenue over the recent years attributable to the change in demand of the major customers and the worsen business environment arising from the conflicts between China and the United States. In August 2021, the Group entered into an agreement ("**Disposal Agreement**") to dispose of its metal lathing business through the sale of the Group's entire shareholding in Kingdom (Reliance) Precision Parts Manufactory Holdings Limited, at a consideration of HK\$66.0 million to a connected company. Completion of the transactions contemplated under the Disposal Agreement took place on 20 December 2021. Following the disposal, the Group broke away from a major segment of loss-making business and gloomy prospect. It positioned the Group to better cope with the challenging environment and uncertainties ahead.

During the Year, the Group recorded a revenue of approximately HK\$612.2 million, with an increase by approximately HK\$205.9 million or 50.7% as compared to a revenue from the continuing operation of approximately HK\$406.3 million during the corresponding period last year. The increase was mainly due to the growth in the revenue derived from the customers engaged in the network and data storage industry as a result of surging demands arising from an acceleration and wider spread of digitalisation of business processes and higher volume of the internet activities subsequent to the outbreak of the pandemic. The total gross profit of the Group increased by approximately HK\$17.3 million or 20.9% from approximately HK\$82.6 million during the corresponding period last year to approximately HK\$99.9 million during the Year. However, due to the increased production costs and changes in product mix, the overall gross profit margin of the Group decreased from approximately 20.3% during the corresponding period last year to approximately 16.3% during the Year.

The Group recorded an increase of approximately HK\$9.6 million in general and administrative expenses to approximately HK\$65.9 million from approximately HK\$56.3 million in the corresponding period last year. The increase was mainly in line with the increase in the revenue during the Year as compared with the corresponding period last year.

As such, the Group recorded a net profit of approximately HK\$13.3 million from the continuing operations during the Year, as compared with a net profit of approximately HK\$9.1 million from the continuing operations during the corresponding period last year. Meanwhile, the discontinued metal lathing business recorded a loss of approximately HK\$61.4 million during the Year, as compared with a net profit of approximately HK\$9.3 million during the corresponding period last year. As completion of the transaction contemplated under the Disposal Agreement only took place in 20 December 2021, with loss making of the discontinued metal lathing business during the Year, the Group recorded a net loss for the Year of approximately HK\$48.0 million as compared to a net profit of approximately HK\$18.4 million during the corresponding period last year.

OUTLOOK AND STRATEGY

The world is watching the development of Russia-Ukraine conflicts and the ongoing China-US tension. The global economy is threatened by a downturn possibly following the energy crisis in Europe, the sanctions on Russia, and the virus-variant infections in China. In particular, Shanghai began implementing lock-down measures following the recent outbreak of COVID-19 with a new variant of the coronavirus. The local operations of some of the Group's major customers and the major logistic services in Shanghai were suspended during the second quarter of 2022. The Group experienced a slowdown in demand from the customers. There is a possibility for the pneumonia to spread further geographically over a long period of time, notwithstanding the recent decrease in number of infection cases in Shanghai and reopening of the city from June 2022. As there are still uncertainties about the development of the COVID-19 epidemic, the Company will continue to monitor closely the development of the epidemic and the market conditions. In addition, the upcoming interest rate hikes and cancellation of quantitative easing in the United States along with its inflation concerns will pose further risks to the economic environment. The business environment of manufacturing industries in China is still under challenge with high operating costs and low profit margins. It is also expected that a certain number of the Group's customers will continue to relocate their businesses to the Southeast Asia.

The Group has been making its best effort to cope with the challenges by streamlining its operations for optimal efficiency and taking appropriate actions to mitigate those impacts, as necessary. While the pandemic has posed threats, the Group has been grasping the opportunity in the surge of demands from the medial equipment industry as well as the network and data storage industry, which reaps from an acceleration and wider spread of digitalisation of business processes and higher volume of the internet activities. The Group will put efforts in not only maintaining good relationships with existing customers, but also broadening its customer bases to cover more business demand from the mainland as well as foreign countries. Last but not least, the Group will continue to look for new, long term and sustainable business opportunities to enhance the Group's performance, with the aim to creating better value for customers, shareholders and investors.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, the Group had a total number of 1,053 full-time employees (2021: 1,356). The Group determined the remuneration packages of all employees based on factors including individual qualifications, contribution to the Group, performance and years of experience of the respective staff.

The Group provides on-going training to the Group's staff in order to enhance their technical skills and product knowledge and to provide them with updates with regard to industry quality and work safety.

The Group maintains good relationships with the Group's employees. The Group did not have any labour strikes or other labour disturbances that would have interfered with the Group's operations during the Year.

As required by the PRC regulations, the Group participates in the social insurance schemes operated by the relevant local government authorities.

FINAL DIVIDEND

The Board does not recommend payment of any final dividend for the Year (2021: nil).

No interim dividend was paid during the Year (2021: nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' right to attend and vote at the annual general meeting of the Company to be held on 23 August 2022 (the "AGM"), the register of members of the Company will be closed from Thursday, 18 August 2022 to Tuesday, 23 August 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, namely Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 17 August 2022.

CORPORATE GOVERNANCE

The Company and the Directors confirm, to the best of their knowledge, that the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code for securities transactions by the Directors on terms equivalent to the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

The Board confirmed that, having made specific enquiry, the Directors have complied in full with the required standards as set out in the Model Code and its code of conduct during the Year and up to the date of this annual results announcement.

REVIEW OF ACCOUNTS

The Company's audit committee has reviewed the accounting policies adopted by the Group and the consolidated financial statements of the Group for the Year.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this annual result announcement have been agreed by the Company's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by SHINEWING (HK) CPA Limited 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 SHINEWING (HK) CPA Limited on this annual results announcement.

SUBSTANTIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED CORPORATIONS

Save as disclosed in the paragraph headed "Business review" in this announcement, for the Year, the Group did not conduct any disposals or acquisitions for its subsidiaries and associated corporations.

PURCHASE, SALE OR REDEMPTIONS OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.kingdom.com.hk and the Stock Exchange's website at www.hkexnews.hk. The 2022 annual report containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and available on the said websites in due course.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Board proposes to amend the Articles in order to, among other things, (i) bring the constitution of the Company in line with amendments made to applicable laws of the Cayman Islands and the Listing Rules; and (ii) incorporate certain housekeeping amendments for the purpose of clarifying existing practices and making consequential amendments in line with the proposed amendments to the Articles (collectively, the "**Proposed Amendments**").

Major changes entailed by the Proposed Amendments are set out below:

1. to change references to "the Companies Law" to references to "the Companies Act" in light of the fact that all laws of the Cayman Islands are now referred to as "Acts";
2. to include certain defined terms to align with the applicable laws of the Cayman Islands, the Listing Rules and the relevant provisions in the Articles including "clearing house" and "close associate(s)" and to update the relevant provisions of the Articles in this regard;

3. to exclude the application of Section 8 and Section 19 of the Electronic Transactions Act (2003) of the Cayman Islands to the extent it imposes obligations or requirements in addition to those set out in the Articles;
4. to clarify that the Board may accept the surrender for no consideration of any fully paid share;
5. to provide that title to listed shares may be evidenced and transferred in accordance with the Listing Rules that are and shall be applicable to such listed shares, and that the register of members of the Company in respect of its listed shares may be kept by recording the particulars required by the applicable laws of the Cayman Islands in a form otherwise than legible if such recording complies with the Listing Rules;
6. to clarify that any person appointed by the Directors to fill a casual vacancy on, or as an addition to, the Board shall hold office only until the first annual general meeting of the Company after his appointment, and shall be eligible for re-election;
7. to provide that the Company must hold an annual general meeting in each financial year and that such annual general meeting must be held within six months after the end of the Company's financial year;
8. to clarify that an annual general meeting must be called by at least twenty-one (21) days' notice in writing;
9. to clarify that a general meeting other than an annual general meeting must be called by at least fourteen (14) days' notice in writing;
10. to provide that at a general meeting:
 - (i) if there is more than one chairman of the Company, any one of them as may be agreed amongst themselves or failing such agreement, any one of them elected by all the Directors present shall preside as chairman at a general meeting;
 - (ii) if at any meeting no chairman is present within fifteen (15) minutes after the time appointed for holding the meeting, or is willing to act as chairman, the deputy chairman of the Company or if there is more than one deputy chairman, any one of them as may be agreed amongst themselves or failing such agreement, any one of them elected by all the Directors present shall preside as chairman;
 - (iii) if no chairman or deputy chairman is present or is willing to act as chairman of the meeting, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act;
11. to provide that all Shareholders shall have the right to (i) speak at a general meeting of the Company; and (ii) vote at a general meeting of the Company, except where a Shareholder is required, by the Listing Rules, to abstain from voting to approve the matter under consideration;

12. to allow a Shareholder, who is a clearing house, to appoint representative(s) to attend any general meeting of the Company, and that such representative(s) so appointed shall be entitled to exercise the same rights and powers on behalf of the clearing house;
13. to clarify that the removal of Directors may be approved by ordinary resolution before the expiration of his term of office notwithstanding anything in the Articles or in any agreement between the Company and such Director and may elect another person in his stead;
14. to provide that the Board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees of the Company and/or its affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the shareholders at a general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the shareholders at a general meeting;
15. to clarify that the remuneration of the auditor of the Company (the “**Auditor**”) shall be fixed by ordinary resolution at a general meeting; and
16. to clarify that removal of the Auditor shall be approved by ordinary resolution at a general meeting.

Other house-keeping amendments to the Articles are also proposed for the purpose of clarifying existing practices and making consequential amendments in line with the Proposed Amendments, and to better align the wording with that of the relevant Listing Rules and applicable laws of the Cayman Islands.

The Proposed Amendments are subject to the approval of the Shareholders by way of a special resolution at the upcoming AGM, with amendments to take effect when the Proposed Amendments become effective at the AGM.

A circular containing, amongst other things, further information regarding the Proposed Amendments, together with the notice of the AGM will be despatched to the Shareholders in due course.