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**CEC-COILS®**  
**CEC INTERNATIONAL HOLDINGS LIMITED**  
**CEC 國際控股有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
 (Stock Code: 759)

**ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2022**

The board of directors (the “Board”) of CEC International Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 April 2022 as follows:

**CONSOLIDATED INCOME STATEMENT**

*FOR THE YEAR ENDED 30 APRIL 2022*

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Revenue	2	<b>2,008,967</b>	2,103,529
Cost of sales	5	<b>(1,325,999)</b>	(1,470,017)
Gross profit		<b>682,968</b>	633,512
Other income	3	<b>186</b>	41,547
Other gains/(losses), net	4	<b>2,204</b>	(2,373)
Selling and distribution expenses	5	<b>(479,626)</b>	(462,612)
General and administrative expenses	5	<b>(140,199)</b>	(145,746)
Operating profit		<b>65,533</b>	64,328
Finance income		<b>1,695</b>	2,674
Finance costs		<b>(13,543)</b>	(17,316)
Finance costs, net	6	<b>(11,848)</b>	(14,642)
Profit before income tax		<b>53,685</b>	49,686
Income tax expense	7	<b>(13,801)</b>	(17,362)
Profit attributable to equity holders of the Company		<b>39,884</b>	32,324
Earnings per share, basic and diluted, attributable to equity holders of the Company	8	<b>HK5.99 cents</b>	HK4.85 cents

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 30 APRIL 2022*

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the year</b>	<b>39,884</b>	32,324
<b>Other comprehensive income</b>		
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Change in fair value of equity investments at fair value through other comprehensive income	(85)	(30)
<i>Items that have been or may be reclassified subsequently to profit or loss</i>		
Currency translation differences	<u>(2,518)</u>	<u>27,120</u>
<b>Total comprehensive income for the year attributable to equity holders of the Company</b>	<b><u><u>37,281</u></u></b>	<b><u><u>59,414</u></u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2022

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		332,461	344,753
Right-of-use assets		220,170	206,362
Investment properties		21,408	22,493
Financial assets at fair value through other comprehensive income		164	249
Rental deposits		31,719	33,305
Deferred tax assets		5,015	5,765
		610,937	612,927
		610,937	612,927
<b>Current assets</b>			
Inventories		126,064	194,162
Accounts and bills receivable	10	24,800	21,494
Deposits, prepayments and other receivables		57,526	53,058
Tax recoverable		18	25
Pledged bank balances		21,440	31,390
Cash and cash equivalents		78,731	70,362
		308,579	370,491
		308,579	370,491
<b>Total assets</b>		919,516	983,418
<b>EQUITY</b>			
Share capital		66,619	66,619
Reserves		433,034	401,749
<b>Total equity</b>		499,653	468,368
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		85,559	76,574
Deferred tax liabilities		7,360	7,051
Provision for reinstatement cost		9,780	7,526
Borrowings		3,483	–
		106,182	91,151
		106,182	91,151
<b>Current liabilities</b>			
Lease liabilities		123,540	126,075
Borrowings		14,903	129,760
Accounts payable	11	95,695	106,701
Accruals and other payables		59,030	53,568
Taxation payable		20,513	7,795
		313,681	423,899
		313,681	423,899
<b>Total liabilities</b>		419,863	515,050
		419,863	515,050
<b>Total equity and liabilities</b>		919,516	983,418
		919,516	983,418

Notes:

## 1. Basis of preparation and accounting policies

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and disclosure requirements of Hong Kong Companies Ordinance and under historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through other comprehensive income which are carried at fair value.

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

### (a) Amendments to standards adopted by the Group

The following amendments to standards were required to be adopted by the Group effective from 1 May 2021:

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest rate benchmark reform – phase 2
HKFRS 16 (Amendments)	COVID-19-related rent concessions
HKFRS 16 (Amendments)	COVID-19-related rent concessions beyond 2021

The adoption of the above amendments to standards did not have any material impact on the Group’s accounting policies.

**(b) New standard, amendments to standards, accounting guideline and interpretation not yet adopted**

The following new standard, amendments to standards, accounting guideline and interpretation have been issued but are not mandatory for the year ended 30 April 2022:

Annual Improvements project (Amendments)	Annual improvements to HKFRS standards 2018-2020 <sup>(1)</sup>
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope amendments <sup>(1)</sup>
Hong Kong Accounting Guideline 5 (Revised)	Merger accounting for common control combinations <sup>(1)</sup>
HKAS 1 (Amendments)	Classification of liabilities as current or non-current <sup>(2)</sup>
HKAS 1 (Revised) (Amendments)	Disclosure of accounting policies <sup>(2)</sup>
HKFRS 17	Insurance contracts <sup>(2)</sup>
HKFRS 17 (Amendments)	Amendments to HKFRS 17 <sup>(2)</sup>
HK-Interpretation 5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause <sup>(2)</sup>
HKAS 8 (Amendments)	Accounting policies, change in accounting estimates and errors <sup>(2)</sup>
HKFRS 4 (Amendments)	Extension of the temporary exemption from applying HKFRS 9 <sup>(2)</sup>
HKAS 12 (Amendments)	Deferred tax related to assets and liabilities arising from a single transaction <sup>(2)</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture <sup>(3)</sup>

<sup>(1)</sup> Effective for the Group for annual period beginning on 1 May 2022

<sup>(2)</sup> Effective for the Group for annual period beginning on 1 May 2023

<sup>(3)</sup> Effective date to be determined

The Group will apply the above new standard, amendments to standards, accounting guideline and interpretation when they become effective. The Group anticipates that the application of the above new standard, amendments to standards, accounting guideline and interpretation have no material impact on the results and the financial position of the Group.

## 2. Segment information

The Executive Directors of the Group (“Management”) reviews the Group’s internal reports periodically in order to assess performance and allocate resources. Management has determined the operating segments based on these reports and assess the business principally based on natures of products sold.

During the year, the Group has three reporting segments, namely (i) retail business; (ii) electronic components manufacturing; and (iii) investment property holdings. Segment information provided to Management for decision-making is measured in a manner consistent with that in the financial statements.

The segment information provided to the Management for the reportable segments for the years ended 30 April 2022 and 2021 is as follows:

	Retail business		Electronic component manufacturing		Investment property holdings		Eliminations		Total	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Segment revenue										
External sales	1,922,315	2,025,544	85,735	77,131	917	854	-	-	2,008,967	2,103,529
Intersegment sales	-	-	-	-	1,585	1,585	(1,585)	(1,585)	-	-
	<u>1,922,315</u>	<u>2,025,544</u>	<u>85,735</u>	<u>77,131</u>	<u>2,502</u>	<u>2,439</u>	<u>(1,585)</u>	<u>(1,585)</u>	<u>2,008,967</u>	<u>2,103,529</u>
Segment results										
Operating profit/(loss)	<u>98,202</u>	<u>153,891</u>	<u>(13,780)</u>	<u>(76,496)</u>	<u>(1,698)</u>	<u>(2,149)</u>			<u>82,724</u>	<u>75,246</u>
Corporate expenses									(17,191)	(10,918)
Finance costs, net									<u>(11,848)</u>	<u>(14,642)</u>
Profit before income tax									<u>53,685</u>	<u>49,686</u>
Income tax expense									<u>(13,801)</u>	<u>(17,362)</u>
Profit for the year									<u>39,884</u>	<u>32,324</u>
Depreciation and amortization	(185,440)	(182,355)	(2,747)	(3,406)	-	-			(188,187)	(185,761)
Reversal of/(provision for) impairment of property, plant and equipment	138	9	-	(15,837)	-	-			138	(15,828)
(Provision for)/reversal of impairment for right-of-use assets	(152)	245	-	-	-	-			(152)	245
Total distribution cost and administrative expenses	(581,768)	(555,056)	(19,331)	(40,925)	(1,535)	(1,459)			(602,634)	(597,440)
Capital expenditures	<u>18,054</u>	<u>13,487</u>	<u>777</u>	<u>288</u>	<u>-</u>	<u>-</u>			<u>18,831</u>	<u>13,775</u>

	Retail business		Electronic component manufacturing		Investment property holdings		Eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	748,985	800,049	146,234	157,853	21,946	22,973	(2,776)	(3,462)	914,389	977,413
Unallocated assets										
– Deferred tax assets									5,015	5,765
– Corporate assets									94	215
– Tax recoverable									18	25
Total assets									<u>919,516</u>	<u>983,418</u>
Segment liabilities	357,317	357,354	11,567	11,896	2,776	3,268	(2,776)	(3,462)	368,884	369,056
Borrowings									18,386	129,760
Unallocated liabilities										
– Deferred tax liabilities									7,360	7,051
– Taxation payable									20,513	7,795
– Corporate liabilities									4,720	1,388
Total liabilities									<u>419,863</u>	<u>515,050</u>

### Geographical information

	Revenue		Non-current assets	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The PRC (including Hong Kong Special Administrative Region)	1,976,714	2,074,551	610,180	612,597
Other countries/regions	<u>32,253</u>	<u>28,978</u>	<u>757</u>	<u>330</u>
	<u>2,008,967</u>	<u>2,103,529</u>	<u>610,937</u>	<u>612,927</u>

Revenue by geographical location is determined on the basis of the destination of shipment or place of sales to the customers.

Non-current assets by geographical location are determined based on the location of the relevant assets.

The Group has a large number of customers. For the year ended 30 April 2022, no revenue was derived from transactions with a single external customer representing 10% or more of the Group's total revenue (2021: same).

**3. Other income**

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Government subsidies ( <i>Note</i> )	<b>186</b>	41,547

*Note:* In FY2021, these represented government subsidies in relation to the COVID-19 pandemic which included subsidies of HK\$39,773,000 under the Employment Support Scheme (the “ESS Scheme”) and other subsidies of HK\$1,490,000 granted under the Anti-Epidemic Fund of the Government of the Hong Kong Special Administrative Region. No subsidy under the ESS Scheme was received in FY2022.

**4. Other gains/(losses), net**

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Net fair value loss on investment properties	<b>(962)</b>	(1,426)
Net gain/(loss) on disposal of property, plant and equipment	<b>23</b>	(2,879)
Gain on lease modification	<b>3,143</b>	1,932
	<b>2,204</b>	(2,373)

## 5. Expenses by nature

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditors' remuneration		
– audit services	3,156	3,041
– non-audit services	127	125
Cost of inventories recognised as expenses included in cost of sales	1,299,361	1,404,432
Depreciation of property, plant and equipment	30,137	25,887
Direct operating expenses arising from investment properties that generate rental income	118	118
Employee benefit expenses (including directors' emoluments)	290,987	272,748
Net exchange (gains)/losses		
– recognised in cost of sales	(44,883)	(32,721)
– recognised in general and administrative expenses	(1,818)	10,505
Depreciation of right-of-use assets	158,050	159,874
Expenses relating to short-term leases and variable lease payments	9,371	6,134
Provision for/(reversal of) impairment of right-of-use assets	152	(245)
Provision for impairment loss on financial assets	64	311
Provision for impairment of inventories	105	26,334
(Reversal of)/provision for impairment of properties, plant and equipment	(138)	15,828
Utility expenses	65,381	54,564
Freight and transportation	59,894	58,472
Other expenses	75,760	72,968
	<u>1,945,824</u>	<u>2,078,375</u>
Total cost of sales, selling and distribution expenses and general and administrative expenses	<u>1,945,824</u>	<u>2,078,375</u>

## 6. Finance costs, net

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expense on bank borrowings	2,941	5,921
Interest expense on lease liabilities	10,602	11,395
Interest income from bank deposits	(99)	(260)
Net exchange gains	(1,596)	(2,414)
	<u>11,848</u>	<u>14,642</u>

## 7. Income tax expense

The amount of income tax expense charged to the consolidated income statement represents:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong profits tax		
– current tax	12,800	7,795
– over-provision in prior years	(111)	–
Overseas income tax including Mainland China		
– current tax	53	117
– under-provision in prior years	–	3
Deferred income tax	<u>1,059</u>	<u>9,447</u>
Total income tax expense	<u><u>13,801</u></u>	<u><u>17,362</u></u>

The Company is incorporated in Bermuda and is exempted from income tax in Bermuda until 2035. Hong Kong profits tax has been provided at the rate of 8.25% (2021: 8.25%) on the first HK\$2 million of estimated assessable profits and 16.5% (2021: 16.5%) on the estimated assessable profit above HK\$2 million. Subsidiaries of the Group in Mainland China are subject to Mainland China enterprise income tax at the rate of 25% (2021: 25%) on their taxable income determined according to Mainland China tax laws. Other overseas income tax has been calculated on the estimated assessable profits for the year at the rates prevailing in the respective jurisdictions.

## 8. Earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity holder of approximately HK\$39,884,000 (2021: HK\$32,324,000) and the weighted average number of 666,190,798 (2021: 666,190,798) shares in issue during the year.

For the years ended 30 April 2022 and 2021, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

## 9. Dividend

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Proposed final dividend of HK1.00 cent (2021: HK0.90 cent) per share	<u><u>6,662</u></u>	<u><u>5,996</u></u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

## 10. Accounts and Bills Receivable

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accounts receivable	29,910	23,757
Less: loss allowance	<u>(5,110)</u>	<u>(5,046)</u>
Accounts receivable, net	24,800	18,711
Bills receivable	<u>–</u>	<u>2,783</u>
Accounts and bills receivable, net	<u><u>24,800</u></u>	<u><u>21,494</u></u>

The ageing analysis of accounts receivable, based on invoice date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0-30 days	14,397	10,692
31-60 days	5,038	4,629
61-90 days	1,637	2,121
91-120 days	1,890	963
Over 120 days	<u>6,948</u>	<u>5,352</u>
	29,910	23,757
Less: loss allowance	<u>(5,110)</u>	<u>(5,046)</u>
	<u><u>24,800</u></u>	<u><u>18,711</u></u>

As at 30 April 2022 and 2021, the carrying amount of accounts and bills receivable approximated its fair value.

The Group primarily offers an average credit period ranging from 30 to 120 days to its non-retail business customers (2021: 30 to 120 days).

## 11. Accounts Payable

The ageing analysis of accounts payable, based on invoice date, is as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	72,697	74,878
31-60 days	21,756	29,290
61-90 days	1,064	2,306
91-120 days	42	53
Over 120 days	136	174
	<u>95,695</u>	<u>106,701</u>

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 23 September 2022 to Thursday, 29 September 2022 (both dates inclusive), during which period no transfer of shares of the Company will be effected. Shareholders whose names appear on the register of members of the Company on Thursday, 29 September 2022 are entitled to attend and vote at the annual general meeting of the Company to be held on Thursday, 29 September 2022 (the “2022 Annual General Meeting”). In order to qualify to attend and vote at the 2022 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Thursday, 22 September 2022.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the 2022 Annual General Meeting. For the purpose of determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 10 October 2022 to Wednesday, 12 October 2022 (both dates inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by no later than 4:30 p.m. on Friday, 7 October 2022. The payment of final dividend will be made on or about Wednesday, 2 November 2022.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

The Group recorded a consolidated revenue of HK\$2,008,967,000 for the financial year 2021/22 (2021: HK\$2,103,529,000). The consolidated revenue was derived from two major business segments. One was retail business segment that recorded segment revenue of HK\$1,922,315,000 (2021: HK\$2,025,544,000) for the year, accounting for approximately 95.7% (2021: 96.3%) of total revenue. The other one was electronic component manufacturing business segment that recorded segment revenue of HK\$85,735,000 (2021: HK\$77,131,000), accounting for approximately 4.3% (2021: 3.7%) of total revenue.

The management led the Group, successfully into a stage that the Group developed stably with steady growth in its business performance, in which the management persistently put adjustments on business processes for improvement and worked out strategies in response to the changeful market environment. The Group's profit attributable to shareholders for the year was HK\$39,884,000 (2021: HK\$32,324,000), representing an increase of approximately 23% as compared to the previous year.

### **Retail Business**

For a long period in the first 9 months of the year under review (from May 2021 to January 2022), COVID-19 epidemic situation in Hong Kong was in a status that locally acquired cases tested positive for COVID-19 kept remaining approximately zero, in which normal live of Hong Kong people had roughly returned. However, Hong Kong people's daily life and Hong Kong economy took extremely huge impact when strict social distancing measures was enforced again for the fifth wave of COVID-19 pandemic, caused by COVID variants that rapidly spread over Hong Kong in late January of 2022. The management believed that though COVID-19 epidemic situation was too erratic to predict, it eventually would recede in long run. Nonetheless, preparation for contingency was made to deal with any wave of pandemic that might at any time be triggered in all of sudden.

The Group's retail business recorded a segment revenue of HK\$1,922,315,000 (2021: HK\$2,025,544,000) during the period under review, representing a decline of approximately 5.1% as compared to that for the previous year. Segment gross profit and gross profit margin were HK\$676,619,000 (2021: HK\$664,874,000) and 35.2% (2021: 32.8%), both higher than those of the previous year. The improvement in segment gross profit margin was mainly attributable to the market situation that daily life of Hong Kong people came to normal in the first 9 months of the year under review, in which the sales revenue of product categories of higher gross profit margin including leisure foods, beverages and alcohols had gradually increased and to cope with the acute increase in demand, our procurement team also increased accordingly the procurement volume and numbers of product items for related categories. For the product categories such as rice, eggs, food groceries and frozen foods that their demand increased sharply when COVID-19 epidemic raged, the management maintained a higher stock than that of previous years to well prepare for sharp increase of their demand that caused by any sudden rebound of COVID-19 epidemic situation.

759 STORE continued to adopt a model for its procurement that products were mainly “directly imported from their places of origin”, in which over 90% of products were imported through its procurement team on its own, directly from their places of origin including 60 countries and regions (2021: 60). Our procurement team kept on searching for high-quality products around the world for customers’ selection. Most of the products came from Japan and South Korea, Southeast Asia, Europe, Taiwan, Mainland China, America and other regions. In the year, the product mix of 759 STORE developed in good balance, including mainly snack, soft drink, rice, food grocery, frozen food and sanitary paper product. In the period under review, the number of product items regularly carried was about 6,000 (2021: 5,700), of which the increased items were mainly snack and soft drink. In the year, manufacturers of food and non-food products around the globe were in various extents impacted by the pandemic at their respective parts of the world in different periods. In spite of this, 759 STORE was able to diversify and offset the risk for product supply of single region by the extensive coverage of its supply chain. Since this financial year-end date fell on the ending phase of the “fifth wave of the pandemic”, in which mass panic buying occurred in some of the main products that took time to refill, as at 30 April 2022, the total inventories carried by retail business of the Group was HK\$102,212,000 (2021: HK\$174,898,000), decreased by 42% as compared with that of last year.

The shop network of 759 STORE was not undergoing expansion in the period under review, where the management made decisions on whether to renew shop tenancy contract, with reference to the actual operation figures of each shop and rental level of the market. As at 30 April 2022, total number of shops of 759 STORE was 172 (2021: 174), with net decrease of 2 shops, in which 9 shops were newly opened and 11 shops were closed. As at the same date, the total gross floor area of shops in operation was 342,000 square feet (2021: 354,000 square feet) on average of 1,988 square feet per shop (2021: 2,034 square feet), much the same as that of the previous year. The ratio of labour cost in respect of revenue increased slightly to 8.5% (2021: 8.0%). The average number of frontline staff per shop remained at a similar level of 4.0 persons (2021: 4.0 persons). For remuneration, labour cost of the Group’s frontline staff included basic salary, commission and other benefits. Calculation of commission was related to shop sales performance.

In the year, the selling and distribution expenses of the retail business increased by 3.6% to HK\$478,245,000 (2021: HK\$461,350,000). Such increase was mainly attributable to the cost built by the absence of reduction or exemption of rental fee, management fee and electricity tariff which the Group received in year 2020/21. The segment’s general administrative expenses increased by 10.5% to HK\$103,523,000 (2021: HK\$93,706,000), which was mainly attributable to the increase in labour cost. In the year, the Group received a subsidy of approximately HK\$186,000 (2021: HK\$41,547,000) from governments (mainly from the Hong Kong government and a small part from Singapore government) in respect of COVID-19. Segment operating profit for the retail business in the year was HK\$98,202,000 (2021: HK\$153,891,000), representing a decrease of 36.2% as compared with that of last year.

### ***Support from the Customers***

In the year, the patronage frequency of members maintained at a similar level as last year. The number of membership cards that have persistently been used once or more every week was about 550,000 (2021: 550,000) and the number of membership cards that have persistently been used once or more every 5 weeks was about 1,400,000 (2021: 1,400,000) for the year. This figure showed that 759 STORE had received long-standing and persistent support extensively from customers in all walks of life.

### **Electronic Components Manufacturing Business**

Since the Group withdrew completely from the business of power supply type coils to integrate resources to increase the productivity of non-power supply type coils in the year 2020/21, the segment revenue of electronic components manufacturing business increased by 11.2% when compared with that of the previous year, recording HK\$85,735,000 (2021: HK\$77,131,000) that accounted for 4.3% of the Group's consolidated revenue. In the year, segment operating loss of manufacturing business greatly narrowed to HK\$13,780,000 (2021: HK\$76,496,000) that stood for a 82% drop. It was mainly attributable to: i) the absence of significant provision in the year since the one-off provision of approximately HK\$40,393,000 for the power supply type coils manufacturing business that the Group made in the year 2020/21; ii) increased revenue as overall productivity was improved after resources integration; iii) unrealized exchange gain of HK\$1,483,000 (2021: unrealized exchange loss amounted to HK\$10,505,000) for the year as Renminbi exchange rate on 30 April 2022 was lower than that on the same date in 2021 though this unrealized exchange gain or loss would not have any effect on cash flows.

### ***Investment Properties***

Rental income of the Group for the year amounted to HK\$917,000 (2021: HK\$854,000). During the year, the investment properties recorded a fair value loss of approximately HK\$962,000 (2021: HK\$1,426,000) in the consolidated income statement.

## **FINANCIAL REVIEW**

### **Fund Surplus and Liabilities**

As at 30 April 2022, the Group's bank balances and cash (denominated mainly in Hong Kong dollar, United States dollar and Renminbi) was HK\$100,171,000 (2021: HK\$101,752,000). As at 30 April 2022, the Group had aggregate banking facilities of approximately HK\$393,747,000 (2021: HK\$503,300,000) which included overdrafts, loans, trade financing, etc. Unused facilities as at the same date amounted to approximately HK\$375,361,000 (2021: HK\$373,540,000).

The Group's bank loans as at 30 April 2022 amounted to HK\$18,386,000 (2021: HK\$129,760,000), representing a decrease of 85.8% as compared with that of last year. As the Group has been progressively reducing its debt, its debt to equity ratio\* was 0.04 (2021: 0.28) as at 30 April 2022. Moreover, as at the same date, the Group did not have any contingent liabilities (2021: Nil).

(\* The ratio of total borrowings over total equity)

At 30 April 2022, the abovementioned utilized banking facilities were secured by charges on the Group's certain buildings, investment properties, bank deposits and inventories. In addition, the Group is required to comply with certain restrictive financial covenants imposed by the major financing banks. As at 30 April 2022, the Group could comply with such financial covenants.

### *Assets*

As at 30 April 2022, the Group's inventories amounted to HK\$126,064,000 (2021: HK\$194,162,000), representing a decrease of 35% as compared with the last financial year end. Meanwhile, the total prepayments, deposits and other receivables (including rental deposits for retail stores) as at the same date were HK\$89,245,000 (2021: HK\$86,363,000), increased by 3.3% as compared with the last financial year end.

### *Interest Expenses*

The finance cost for the Group in the year was HK\$13,543,000 (2021: HK\$17,316,000), with a great decrease of 22% as compared with that of last year. After deducting the interest of lease obligation, the bank loan interest was HK\$2,941,000 (2021: HK\$5,921,000), with a great decrease of 50%, mainly attributable to the lowered utilization of banking facilities and overdrafts in the period.

### *Financial Resources and Capital Structure*

Net cash inflow of the Group was HK\$8,219,000 (2021: HK\$7,019,000) for the year. Net cash inflow from operating activities was HK\$307,108,000 (2021: HK\$355,915,000), which remained at high level. Net cash outflow for investing activities in the period was HK\$18,689,000 (2021: HK\$12,578,000), which was mainly attributed to the capital expenditure for renovation of new shops and purchase of logistic facilities. Cash outflow for financing activities was HK\$280,200,000 (2021: HK\$336,318,000), reflecting that the Group had greatly reduced the bank borrowings and improved the gearing ratio in the year.

### *Cash Flow Summary*

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Net cash inflow from operating activities	<b>307,108</b>	355,915
Net cash outflow from investing activities	<b>(18,689)</b>	(12,578)
Net cash outflow from financing activities <sup>#</sup>	<b>(280,200)</b>	(336,318)
	<b>8,219</b>	7,019

<sup>#</sup> This net amount included lease payment of HK\$169,548,000 (2021: HK\$169,054,000) for the year.

As the Group continued to improve its cash flow during the year and significantly reduced its debt level, as at 30 April 2022, the net current liabilities of the Group decreased significantly to HK\$5,102,000 (2021: HK\$53,408,000) and the current ratio was 0.98 (2021: 0.87), reflecting that the liquidity of the Group had improved significantly in comparing to that of the past.

### **Charges on Assets**

As at 30 April 2022, certain assets of the Group with an aggregate carrying value of approximately HK\$277,665,000 (2021: HK\$401,583,000) were pledged to secure banking facilities of the Group.

### **Exchange Risks**

The Group's business is mainly conducted in Hong Kong, Mainland China and South-east Asia. The major revenue currencies are denominated in Hong Kong dollar, Renminbi and United States dollars; whilst the major currencies for costs are denominated in Japanese Yen, United States dollars, Euro, Hong Kong dollar and Renminbi. The Group will do its best to pay close attention on price fluctuation in exchange market, actively adjusting the combination of the places of origins for our import products to offset the impact that currency fluctuation brought. At the moment, procurement cost of the Group will be affected when exchange rate of Japanese Yen and Euro rebound sharply. In the light of this, the Group will pay close attention on the fluctuation trends of Japanese Yen and Euro.

### **Employees**

As at 30 April 2022, the Group employed approximately 1,500 staff (2021: 1,600) in total. The remunerations of employees was set with reference to market standard, individual performance, academic qualification and work experience, and reviewed regularly. Other agreed employee benefits included pension scheme, medical insurance, on-job training, education subsidy and other social insurances and paid leaves as required under the laws and regulation at the place of employment.

### **FUTURE PLAN AND OUTLOOK**

Looking into the future, there are still full of uncertainties in the world and Hong Kong. COVID-19 pandemic, interactions in international politics and regional wars bring influence that shocks the world. The Group is now in face of not only the rising globe inflation and the extreme fluctuating international exchange rates, but also the pandemic situations that still being serious in many countries, giving huge impacts on global supply chain, industrial production of foods and commodities, and shipping industry, which greatly increase the risk for retailers on shortage of products and great and sharp increase in cost. The management expects that the retail business will face more unknown challenges. 759 STORE will make good use of its supplier network that has been established for years and covers more than 60 countries and regions around the world, to well diversify the impact brought by product supply problem at single region.

For retail business, though local market has been affected by COVID-19 pandemic for more than 2 years and the risk of sudden outbreak at any moment still exists, Hong Kong society and its people have gradually got used to the daily life with pandemic after getting through several waves of outbreak in these 2 years. The management believes that the pandemic will eventually recedes and the daily life will move back to its normal track. Current shop network of 759 STORE has covered all districts in Hong Kong, which deeply penetrates into residential areas. Since most of the shops locate in residential areas, the potential of searching shop sites in residential area, further for large-scale development is limited. In contrast to the shop rents in residential area that remain high for keen competition in recent years, the shop rents in commercial area somehow goes down under the influence of economic environment. As daily life of Hong Kong people gradually gets back to normal and companies no longer request its staff to work from home, market atmosphere in commercial area will become prosperous again. 759 STORE in future will put effort on searching more suitable shop sites in commercial area, and put the focus of product mix again on snacks and leisure foods to well prepare for the post-pandemic period to come.

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

The Company had not redeemed any of its listed shares during the year ended 30 April 2022. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed shares during the year ended 30 April 2022.

#### **CORPORATE GOVERNANCE PRACTICE**

The board of directors (the "Board") of the Company believes that good corporate governance plays an important role in maintaining and promoting investors' confidence. The Board is responsible for ensuring that the Company maintains a high quality of corporate governance. The Company has adopted the principles and complied with the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 30 April 2022, except for the following deviations:

Under code provision A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Since 29 September 2009, the roles of the Chairman of the Board and the chief executive officer of the Company (the "CEO") were performed by the late Mr. Lam Wai Chun, the founding Chairman of the Company. After the pass away of the late Mr. Lam Wai Chun, Ms. Tang Fung Kwan has been appointed as the Chairman of the Board and the Managing Director of the Company with effect from 19 August 2018 and has carried out the responsibilities of the Chairman and CEO since then. This constitutes a deviation from the code provision A.2.1 of the Code which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Tang Fung Kwan has been the key management of the Group for over 25

years and has devoted herself and contributed greatly to the Group's development. She has been the executive director of the Company since its listing on the Stock Exchange in November 1999 and has engaged in directing the corporate strategies and operations of the Group. She possesses substantial and valuable experience in the industry and in the Group's operation. The Board believes that vesting the roles of the Chairman of the Board and the CEO in the same person will provide the Company with strong and consistent leadership and promote effective and efficient formulation and implementation of business decisions and strategies and considers that such structure is currently in the best interests of the Company and its shareholders at this stage.

### **AUDIT COMMITTEE**

The Audit Committee of the Company, currently comprising three independent non-executive directors, has reviewed the accounting principles and practices adopted by the Group, the risk management and internal control systems of the Group and the annual results of the Company for the year ended 30 April 2022.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Following specific enquiry by the Company, all of the directors of the Company confirmed compliance with the required standard set out in the Model Code for the period from 1 May 2021 to 30 April 2022. The Model Code also applies to the relevant employees of the Group.

Further information on the corporate governance practices of the Company will be set out in 2021/2022 annual report of the Company, which will be sent to the shareholders of the Company by the end of August 2022.

### **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income and the related notes thereto for the year ended 30 April 2022 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

## **ANNUAL GENERAL MEETING**

The 2022 Annual General Meeting of the Company will be held on Thursday, 29 September 2022 and the Notice of Annual General Meeting will be published and despatched in accordance with the Listing Rules' requirement in due course.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the websites of the Company (<http://www.0759.com>) and that of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). The 2021/22 annual report of the Company containing all information required by the Listing Rules will be despatched to the shareholders of the Company and available on the same websites in due course.

By Order of the Board  
**Tang Fung Kwan**  
Chairman

Hong Kong, 27 July 2022

*As at the date of this announcement, the Board of the Company comprises three Executive Directors, namely Ms. Tang Fung Kwan, Mr. Lam Kwok Chung and Mr. Ho Man Lee; and three Independent Non-executive Directors, namely Mr. Goh Gen Cheung, Mr. Chan Chiu Ying and Ms. Tsui Mei Ling, May.*

Websites: <http://www.0759.com>  
<http://www.ceccoils.com>  
<http://www.irasia.com/listco/hk/cecint>

\* *For identification purpose only*