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HKC INTERNATIONAL HOLDINGS LIMITED

香港通訊國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 248)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board of directors (the “Board”) of HKC International Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2023 together with audited comparative figures for the year ended 31 March 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	2023 HK\$’000	2022 HK\$’000
Revenue	3	169,524	199,096
Cost of sales		<u>(140,883)</u>	<u>(156,280)</u>
Gross profit		28,641	42,816
Other income, gains and losses	4	3,423	381
Fair value (loss) gain on investment properties		(9,621)	1,952
Fair value gain (loss) on financial assets at fair value through profit and loss (“FVTPL”)		154	(354)
Impairment loss on trade receivables and contract assets, net of reversal		(451)	(785)
Selling and distribution expenses		(6,918)	(7,078)
Administrative and other operating expenses		(29,932)	(36,194)
Finance costs	5	<u>(4,864)</u>	<u>(2,681)</u>

* *For identification purpose only*

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Loss before taxation	6	(19,568)	(1,943)
Taxation	7	<u>—</u>	<u>—</u>
Loss for the year attributable to equity holders of the Company		<u>(19,568)</u>	<u>(1,943)</u>
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of overseas operations		(355)	164
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Change in fair value of financial assets at fair value through other comprehensive income (“FVTOCI”)		<u>1,619</u>	<u>1,435</u>
Other comprehensive income for the year		<u>1,264</u>	<u>1,599</u>
Total comprehensive expense attributable to equity holders of the Company		<u>(18,304)</u>	<u>(344)</u>
LOSS PER SHARE – (HK CENTS)			
– basic and diluted	8	<u>(1.57)</u>	<u>(0.16)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		50,426	51,995
Investment properties		193,000	202,420
Financial assets at FVTPL		9,145	1,947
Financial assets at FVTOCI		9,854	8,235
		<hr/> 262,425	<hr/> 264,597
CURRENT ASSETS			
Inventories		15,906	15,874
Contract assets	<i>9</i>	78,344	44,466
Financial assets at FVTPL		596	442
Trade receivables	<i>10</i>	19,275	13,165
Prepayments, deposits and other receivables		12,644	13,548
Tax recoverable		176	210
Pledged bank deposits		2,667	2,620
Cash and bank balances		35,463	25,746
		<hr/> 165,071	<hr/> 116,071
CURRENT LIABILITIES			
Trade payables	<i>11</i>	4,164	3,366
Accruals and other payables	<i>11</i>	7,237	9,071
Contract liabilities		2,137	1,410
Amounts due to directors		10,000	–
Lease liabilities		72	376
Bank borrowings		140,478	85,161
Tax payable		30	357
		<hr/> 164,118	<hr/> 99,741

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
NET CURRENT ASSETS	<u>953</u>	<u>16,330</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>263,378</u>	<u>280,927</u>
NON-CURRENT LIABILITIES		
Lease liabilities	–	75
Deferred tax liabilities	<u>50</u>	<u>50</u>
	<u>50</u>	<u>125</u>
NET ASSETS	<u><u>263,328</u></u>	<u><u>280,802</u></u>
CAPITAL AND RESERVES		
Share capital	12,453	12,453
Reserves	<u>250,875</u>	<u>268,349</u>
TOTAL EQUITY	<u><u>263,328</u></u>	<u><u>280,802</u></u>

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for its first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2022.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts: Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these 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 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
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	Non-current Liabilities with Covenants ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Definition of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after 1 January 2024.

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

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

3. SEGMENTAL INFORMATION

Information reported to the executive directors as chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The directors of the Company have chosen to organise the Group around differences in products and services. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

1. Sales of mobile phones in Hong Kong
2. Sales of IOT solutions in Hong Kong
3. Sales of IOT solutions in Mainland China and other countries in South East Asia
4. Property investment

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

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

The following is an analysis of the Group's revenue and results by reportable and operating segments.

Segment revenues and results

For the year ended 31 March 2023

	Sales of mobile phones in Hong Kong <i>HK\$'000</i>	Sales of IOT solutions in Hong Kong <i>HK\$'000</i>	Sales of IOT solutions in Mainland China and other countries in South East Asia <i>HK\$'000</i>	Property Investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUES					
Reportable segment revenue-external	<u>74,962</u>	<u>82,617</u>	<u>10,079</u>	<u>1,866</u>	<u>169,524</u>
Reportable segment (loss) profit	<u>(3,325)</u>	<u>2,193</u>	<u>(8,930)</u>	<u>(39)</u>	<u>(10,101)</u>
Segment assets and liabilities:					
Reportable segment assets	<u>80,595</u>	<u>116,940</u>	<u>9,581</u>	<u>200,785</u>	<u>407,901</u>
Reportable segment liabilities	<u>65,020</u>	<u>79,924</u>	<u>3,404</u>	<u>15,770</u>	<u>164,118</u>
Other segment information:					
Amounts included in the measure of segment profit or loss or segment assets					
Interest income from bank deposits	270	-	-	-	270
Finance costs	2,182	2,089	13	580	4,864
Depreciation	1,374	253	420	82	2,129
Write-off of inventories	297	-	-	-	297
Impairment (reversal) of trade receivables	(147)	199	16	-	68
Impairment loss on contract assets	-	376	7	-	383
Additions to non-current assets	<u>438</u>	<u>141</u>	<u>51</u>	<u>2</u>	<u>632</u>

For the year ended 31 March 2022

	Sale of mobile phones in Hong Kong <i>HK\$'000</i>	Sales of IOT solutions in Hong Kong <i>HK\$'000</i>	Sales of IOT solutions in Mainland China and other countries in South East Asia <i>HK\$'000</i>	Property Investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUES					
Reportable segment revenue-external	134,366	53,778	8,497	2,455	199,096
Reportable segment profit (loss)	2,551	316	(5,538)	(870)	(3,541)
Segment assets and liabilities:					
Reportable segment assets	94,399	53,128	12,198	210,319	370,044
Reportable segment liabilities	69,388	4,477	5,280	20,671	99,816
Other segment information:					
Amounts included in the measure of segment profit or loss or segment assets					
Interest income from bank deposits	1	–	–	–	1
Gain on disposal of property, plant and equipment	–	–	13	–	13
Finance costs	2,034	6	60	581	2,681
Depreciation	1,404	175	469	84	2,132
Write-off of inventories	–	–	299	–	299
Impairment loss of trade receivables	45	448	220	–	713
Impairment loss on contract assets	–	67	5	–	72
Additions to non-current assets	442	37	569	89	1,137

Segment (loss) profit represents the (loss) profit earned by each segment without allocation of fair value change in financial assets at FVTPL and fair value gain on investment properties. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the Group's operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenues from external customers		Non-current assets*	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong (place of domicile)	<u>159,007</u>	<u>190,258</u>	<u>231,196</u>	<u>242,111</u>
Mainland China	6,463	3,593	257	349
Singapore	4,054	4,856	11,973	11,955
Other countries in South East Asia	<u>–</u>	<u>389</u>	<u>–</u>	<u>–</u>
	<u>10,517</u>	<u>8,838</u>	<u>12,230</u>	<u>12,304</u>
	<u>169,524</u>	<u>199,096</u>	<u>243,426</u>	<u>254,415</u>

* Non-current assets exclude financial assets at FVTPL and FVTOCI.

Reconciliations of reportable segment profit or loss before taxation

	2023 HK\$'000	2022 HK\$'000
PROFIT OR LOSS		
Total reportable segment loss	(10,101)	(3,541)
Fair value (loss) gain on investment properties	(9,621)	1,952
Fair value gain (loss) on financial assets at FVTPL	<u>154</u>	<u>(354)</u>
Consolidated loss before taxation	<u>(19,568)</u>	<u>(1,943)</u>

Reconciliations of reportable segment assets and liabilities

	2023 HK\$'000	2022 HK\$'000
ASSETS		
Total reportable segment assets	407,901	370,044
Unallocated corporate assets	<u>19,595</u>	<u>10,624</u>
Consolidated total assets	<u>427,496</u>	<u>380,668</u>
LIABILITIES		
Total reportable segment liabilities	164,118	99,816
Deferred tax liabilities	<u>50</u>	<u>50</u>
Consolidated total liabilities	<u>164,168</u>	<u>99,866</u>

Information about major customers

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A [#]	<u>47,524</u>	<u>N/A*</u>

[#] Revenue from sale of IOT solutions segment

^{*} The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME, GAINS AND LOSSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	270	1
Dividend income	1,378	2
Gain on disposal of property, plant and equipment	–	13
Exchange loss	(22)	(2)
Government grant ¹	1,756	137
Others	<u>41</u>	<u>230</u>
	<u>3,423</u>	<u>381</u>

¹ During the year ended 31 March 2023, the Group recognised government grants of HK\$1,756,000, of which an amount of HK\$1,743,000 (2022: nil) is related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. The remaining HK\$13,000 (2022: HK\$137,000) is related to subsidy from the Singapore government. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidiaries.

5. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank borrowings	4,651	2,378
Interest on lease liabilities	13	23
	<hr/>	<hr/>
Total interest expenses	4,664	2,401
Bank charges	200	280
	<hr/>	<hr/>
	4,864	2,681
	<hr/> <hr/>	<hr/> <hr/>

6. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting):

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration	703	707
Depreciation on:		
– Property, plant and equipment	1,764	1,767
– Right-of-use assets	365	365
	<hr/>	<hr/>
	2,129	2,132
	<hr/>	<hr/>
Employee benefits expenses (including directors' emoluments)		
– Salaries, allowances and benefits in kind	19,004	23,512
– Retirement benefit scheme contributions (<i>Note (i)</i>)	1,572	1,878
– Share-based payment	830	–
	<hr/>	<hr/>
Total staff costs	21,406	25,390
	<hr/>	<hr/>
Impairment loss on trade receivables	68	713
Impairment loss on contract assets	383	72
Write-off of inventories (included in cost of sales) (<i>Note (ii)</i>)	297	299
Donations	–	150
Gross rental income from investment properties under operating leases less outgoings of HK\$466,000 (2022: HK\$622,000)	(1,400)	(1,833)
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (i) Forfeited contributions in respect of unvested benefits of employees leaving the Group's employment cannot be used to reduce ongoing contributions.
- (ii) During the year ended 31 March 2023, the Group wrote off certain inventories of HK\$297,000 (2022: HK\$299,000) as they are no longer suitable for use.

7. TAXATION

The Group's subsidiaries operating in Hong Kong are subject to Hong Kong Profits Tax. Under the two tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax was made for the years ended 31 March 2023 and 2022 as there were no assessable profits generated during the year.

Taxes on profits assessable in elsewhere have been calculated at the rates of tax prevailing in those places in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. In general, the Group's subsidiaries operating in the PRC are subject to the Enterprise Income Tax rate of 25% and those operating in Singapore are subject to Singapore Corporate Tax rate of 17%.

No provision for Enterprise Income Tax of the PRC and Singapore Corporate Tax has been made as the Group did not have any assessable profits subject to tax in the PRC and Singapore respectively for the years ended 31 March 2023 and 2022.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss attributable to equity holders of the Company	<u>(19,568)</u>	<u>(1,943)</u>
	Number of shares	Number of shares
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,245,331,256</u>	<u>1,245,331,256</u>

As a result of the Group's net loss for the year ended 31 March 2023, share options outstanding were excluded from the calculation of diluted loss per share as their inclusion would have been anti-dilutive.

For the year ended 31 March 2022, the number of shares for the purpose of basic and diluted loss per share is the same as the Company has no potential ordinary shares in issue during the year.

9. CONTRACT ASSETS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Smart systems construction service	79,083	44,822
Less: Loss allowance	<u>(739)</u>	<u>(356)</u>
	<u>78,344</u>	<u>44,466</u>

10. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade debtors	22,196	16,018
Less: Loss allowance	<u>(2,921)</u>	<u>(2,853)</u>
	<u>19,275</u>	<u>13,165</u>

The Group does not hold any collateral over these receivables.

At as 31 March 2023, the gross amount of trade receivable arising from contracts with customers amounted to approximately HK\$22,196,000 (2022: HK\$16,018,000).

Ageing analysis

The Group allows average credit period ranging from seven days to one month to its customers. The following is an aged analysis of trade receivables presented based on the invoice date, at the end of the reporting period. In addition, for certain customers with long-established relationship and have good credit worthiness, a longer credit period may be granted.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	11,497	6,790
31 to 60 days	4,857	1,778
61 to 90 days	435	501
91 to 180 days	1,024	2,499
181 to 365 days	525	1,537
Over 365 days	<u>3,858</u>	<u>2,913</u>
	<u>22,196</u>	<u>16,018</u>

11. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	4,164	3,366
Accruals and deposit received	7,237	9,071
	<u>11,401</u>	<u>12,437</u>

The following is an aged analysis of accounts payable presented based on the invoice date at the end of the reporting period.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	3,360	2,145
31 – 60 days	3	327
61 – 90 days	32	44
Over 90 days	769	850
	<u>4,164</u>	<u>3,366</u>

The trade payables were due according to the terms stated in the relevant contracts. The average credit period on purchase of goods is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

12. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 March 2023 on 4 May 2023, the Group disposed of one of the investment properties with carrying amount as at 31 March 2023 of HK\$10,600,000 for a consideration of SGD1,700,000 (equivalent to approximately HK\$9,979,000) and financial assets at FVTOCI with carrying amount as at 31 March 2023 of HK\$9,854,000 for a consideration of US\$1,320,000 (equivalent to approximately HK\$10,362,000). Details refer to the Company's announcements dated 4 May 2023 and 5 May 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 March 2023, the Group's turnover decreased by 15% to HK\$170 million (2022: HK\$199 million) and loss attributable to equity holders of the Company was HK\$20 million as compared with the loss of HK\$2 million for the year ended 31 March 2022. The increase in loss was mainly attributable to (i) the decrease in revenue and gross profit and (ii) the fair value loss in investment properties amounting to approximately HK\$10 million while there was fair value gain amounting to approximately HK\$2 million for the year ended 31 March 2022.

SALES OF MOBILE PHONES

The turnover decreased from HK\$134 million to HK\$75 million during the year under review and the division recorded loss of HK\$3 million (2022: profit of HK\$3 million).

SALES OF IOT SOLUTIONS

During the year under review, the turnover increased from HK\$62 million to HK\$93 million due to launch of new projects and the loss was HK\$7 million (2022: HK\$5 million).

PROPERTY INVESTMENT

During the year under review, the rental income decreased from HK\$2.5 million to HK\$1.9 million and the division recorded loss of HK\$0.1 million (2022: HK\$0.9 million).

PROSPECTS

Regarding the mobile phone business, we are the authorised distributors of both Nokia and vivo brands. We expect that the sales for the coming year will be weak due to the decrease in overall demand of the mobile phones.

For IOT solutions segment, we will develop new and innovative products to meet market demand. Due to the implementation of new projects, we expect that the sales will increase.

Regarding the property investment segment, the weak demand of the leasing market still affects the occupancy rate. The rental income for the coming year will depend upon the success to lease our vacant properties.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group's cash and bank balances amounted to approximately HK\$38 million (2022: HK\$28 million) while the bank borrowings were HK\$140 million (2022: HK\$85 million). Additional bank loans were obtained to finance new projects which will be implemented in the coming two years. The Board believes that the Group has sufficient cash balances and banking facilities to satisfy its commitments and working capital requirements.

GEARING RATIO

The gearing ratio was 53% (2022: 30%) which is expressed as a percentage of total borrowings to shareholders' equity.

CAPITAL STRUCTURE

There was no change to the Group's capital structure for the year ended 31 March 2023.

CAPITAL EXPENDITURE

During the year, the Group spent HK\$0.6 million on property, plant and equipment.

EMPLOYEES

As at 31 March 2023, the total number of employees of the Group was 99 (2022: 92) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK\$17 million (2022: HK\$20 million). The remuneration and bonus packages of the employees are based on the individual merits and performance and are reviewed at least annually. The Group maintains a good relationship with its employees.

PLEDGE OF ASSETS

As at 31 March 2023, the Group's general banking facilities were secured by (1) first legal charge on certain leasehold land and buildings with total carrying value of HK\$48,846,000 (2022: HK\$49,909,000), (2) first legal charge on certain investment properties with total fair value of HK\$182,400,000 (2022: HK\$192,000,000), (3) bank deposits of HK\$2,667,000 (2022: HK\$2,620,000) and (4) financial assets at FVTPL with total fair value of HK\$9,145,000 (2022: HK\$1,947,000).

FOREIGN EXCHANGE FLUCTUATIONS

The Group's assets and liabilities are mainly denominated in Hong Kong Dollars, Chinese Renminbi and Singapore Dollars. Income and expenses derived from operations in PRC and Singapore are mainly denominated in Chinese Renminbi and Singapore Dollars respectively. There is no significant exposure to the fluctuations of foreign exchange rates, but the Group is closely monitoring the financial market and would consider appropriate measures if required. The Group has no hedging arrangement for foreign currencies and has not involved in the financial derivatives.

CONTINGENT LIABILITIES

As at 31 March 2023, the Company had provided corporate guarantees of HK\$118 million (2022: HK\$71 million) to secure general banking facilities granted to the subsidiaries.

DIVIDEND

No dividend was proposed by the directors of the Company for the years ended 31 March 2023 and 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 23 August 2023 to Friday, 25 August 2023 (both days inclusive) during which period no transfers of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Pilare Limited, at 17th Floor, Leighton Center, 77 Leighton Road, Causeway Bay, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 22 August 2023.

CORPORATE GOVERNANCE

The Board considers that good corporate governance is central to safeguarding the interests of the shareholders, customers, employees and other stakeholders of the Group. The Company had complied throughout the year ended 31 March, 2023 with the code provisions of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules, except the following provisions:

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

Code provision A.6.7 stipulates, among other things, that the independent non-executive directors and other non-executive directors should attend general meetings. Mr. Chiu Ngar Wing and Dr. Chu Chor Lup did not attend the annual general meeting of the Company held on 26 August 2022 due to their other commitments.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Group'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 HKICPA and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the preliminary announcement.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all directors, each of the directors confirmed that he had complied with the required standard set out in the Model Code during the year ended 31 March 2023.

AUDIT COMMITTEE

During the year, the audit committee reviewed the unaudited condensed interim financial statements for the six months ended 30 September 2022 and the audited financial statements for the year ended 31 March 2023 with recommendations to the Board for approval, reviewed reports on internal control system of the Group, and discussed with the management and the external auditors the audit plans, the accounting policies and practices which may affect the Group and financial reporting matters.

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

There was no purchase, sale or redemption of the Company’s listed shares by the Company or any of its subsidiaries during the year.

APPRECIATION

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

ANNUAL GENERAL MEETING AND DESPATCH OF ANNUAL REPORT

The annual general meeting (“AGM”) of the Company will be held on Friday, 25 August 2023. The annual report of the Company for the year ended 31 March 2023 together with the notice of the AGM will be dispatched to shareholders of the Company and will be published on the Company’s website at “www.hkc.com.hk” and the website of The Hong Kong Exchange and Clearing Limited at “www.hkexnews.hk” in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Chan Chung Yee, Hubert, Mr. Chan Chung Yin, Roy, Mr. Chan Ming Him, Denny, Mr. Wu Kwok Lam, Mr. Ip Man Hon and Mr. Lam Man Hau as executive directors and Mr. Chiu Ngar Wing, Dr. Chu Chor Lup and Dr. Law Ka Hung as independent non-executive directors.

On behalf of the Board
Chan Chung Yee, Hubert
Chairman

Hong Kong, 28 June 2023.