

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 2024**

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 2024 together with audited comparative figures for the year ended 31 March 2023 as follows:

#### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 March 2024*

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>176,302</b>	169,524
Cost of sales		<u>(130,929)</u>	<u>(140,883)</u>
<b>Gross profit</b>		<b>45,373</b>	28,641
Other income, gains and losses	4	<b>1,818</b>	3,423
Fair value loss on investment properties		<b>(18,090)</b>	(9,621)
Fair value (loss) gain on financial assets at fair value through profit and loss (“FVTPL”)		<b>(332)</b>	154
Impairment loss on trade receivables and contract assets, net of reversal		<b>(2,392)</b>	(451)
Selling and distribution expenses		<b>(6,377)</b>	(6,918)
Administrative and other operating expenses		<b>(32,302)</b>	(29,932)
Finance costs	5	<u><b>(9,690)</b></u>	<u>(4,864)</u>

\* *For identification purpose only*

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Loss before taxation</b>	6	<b>(21,992)</b>	(19,568)
Taxation	7	<u>24</u>	<u>–</u>
<b>Loss for the year attributable to equity holders of the Company</b>		<u><b>(21,968)</b></u>	<u>(19,568)</u>
<b>Other comprehensive (expense) income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of overseas operations		(553)	(355)
Realisation of exchange reserve upon deregistration of a subsidiary		<u>50</u>	<u>–</u>
		<b>(503)</b>	(355)
<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>447</u>	<u>1,619</u>
Other comprehensive (expense) income for the year		<u>(56)</u>	<u>1,264</u>
<b>Total comprehensive expense attributable to equity holders of the Company</b>		<u><b>(22,024)</b></u>	<u>(18,304)</u>
<b>LOSS PER SHARE – (HK CENTS)</b>			
– basic and diluted	8	<u><b>(1.76)</b></u>	<u>(1.57)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2024*

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>49,690</b>	50,426
Investment properties		<b>165,200</b>	193,000
Financial assets at FVTPL		<b>9,442</b>	9,145
Financial assets at FVTOCI		<b>–</b>	9,854
		<hr/> <b>224,332</b>	<hr/> 262,425
<b>CURRENT ASSETS</b>			
Inventories		<b>12,592</b>	15,906
Contract assets	10	<b>119,553</b>	78,344
Financial assets at FVTPL		<b>398</b>	596
Trade receivables	11	<b>23,796</b>	19,275
Prepayments, deposits and other receivables		<b>8,917</b>	12,644
Tax recoverable		<b>133</b>	176
Pledged bank deposits		<b>2,765</b>	2,667
Cash and bank balances		<b>22,699</b>	35,463
		<hr/> <b>190,853</b>	<hr/> 165,071
<b>CURRENT LIABILITIES</b>			
Trade payables	12	<b>2,160</b>	4,164
Accruals and other payables	12	<b>5,481</b>	7,237
Contract liabilities		<b>2,600</b>	2,137
Amounts due to directors		<b>3,000</b>	10,000
Lease liabilities		<b>383</b>	72
Bank borrowings		<b>159,031</b>	140,478
Tax payable		<b>30</b>	30
		<hr/> <b>172,685</b>	<hr/> 164,118

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>NET CURRENT ASSETS</b>	<u>18,168</u>	<u>953</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>242,500</u>	<u>263,378</u>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	90	–
Deferred tax liabilities	<u>49</u>	<u>50</u>
	<u>139</u>	<u>50</u>
<b>NET ASSETS</b>	<u><u>242,361</u></u>	<u><u>263,328</u></u>
<b>CAPITAL AND RESERVES</b>		
Share capital	12,453	12,453
Reserves	<u>229,908</u>	<u>250,875</u>
<b>TOTAL EQUITY</b>	<u><u>242,361</u></u>	<u><u>263,328</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 HKFRSs AND CHANGE IN ACCOUNTING POLICIES

#### Application of new and amendments to HKFRSs

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs issued by HKICPA which are effective for the Group’s financial year beginning on 1 April 2023.

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules

The application of the new and 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.

#### Change in accounting policy

##### *New HKICPA guidance on the accounting implications of the abolition of the mandatory provident fund (“MPF”) – long service payment (“LSP”) offsetting mechanism*

In June 2022, the Hong Kong SAR Government (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1 May 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to MPF scheme to reduce the LSP in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date. In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

The Group has considered the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. Based on the HKICPA guidance, upon the enactment of the Amendment Ordinance in June 2022, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying HKAS19.93(a).

The Group has determined that the Amendment Ordinance has no material impact on the Group's results and financial position for the current or prior periods.

#### **Amendments to HKFRSs issued but not yet effective**

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
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 <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, the application of the 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 2024

	Sales of mobile phones in Hong Kong HK\$'000	Sales of IOT solutions in Hong Kong HK\$'000	Sales of IOT solutions in Mainland China and other countries in South East Asia HK\$'000	Property investment HK\$'000	Inter-segment elimination HK\$'000	Total HK\$'000
<b>REVENUES</b>						
Revenue	29,047	142,859	32,315	1,444	(29,363)	176,302
Less: inter-segment revenue	–	–	(29,147)	(216)	29,363	–
Reportable segment revenue-external	<u>29,047</u>	<u>142,859</u>	<u>3,168</u>	<u>1,228</u>	<u>–</u>	<u>176,302</u>
Reportable segment (loss) profit	<u>(5,670)</u>	<u>1,039</u>	<u>3,688</u>	<u>(2,627)</u>	<u>–</u>	<u>(3,570)</u>
<b>Segment assets and liabilities:</b>						
Reportable segment assets	8,669	197,526	18,713	180,437	–	405,345
Reportable segment liabilities	<u>30,175</u>	<u>138,898</u>	<u>3,194</u>	<u>508</u>	<u>–</u>	<u>172,775</u>
<b>Other segment information:</b>						
Amounts included in the measure of segment profit or loss or segment assets						
Interest income from bank deposits	491	–	–	–	–	491
Finance costs	1,220	8,309	23	138	–	9,690
Depreciation	103	1,530	267	31	–	1,931
Write-off of inventories	18	–	–	–	–	18
(Reversal of) provision for impairment of trade receivables	(20)	369	91	–	–	440
Provision for (reversal of) impairment of contract assets	–	1,956	(4)	–	–	1,952
Additions to non-current assets	<u>2</u>	<u>606</u>	<u>635</u>	<u>23</u>	<u>–</u>	<u>1,266</u>



For the year ended 31 March 2023

	Sales of mobile phones in Hong Kong HK\$'000	Sales of IOT solutions in Hong Kong HK\$'000	Sales of IOT solutions in Mainland China and other countries in South East Asia HK\$'000	Property investment HK\$'000	Inter-segment elimination HK\$'000	Total HK\$'000
<b>REVENUES</b>						
Revenue	75,039	82,617	14,937	2,082	(5,151)	169,524
Less: inter-segment revenue	(77)	-	(4,858)	(216)	5,151	-
Reportable segment revenue-external	<u>74,962</u>	<u>82,617</u>	<u>10,079</u>	<u>1,866</u>	<u>-</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>-</u>	<u>(10,101)</u>
<b>Segment assets and liabilities:</b>						
Reportable segment assets	80,595	116,940	9,581	200,785	-	407,901
Reportable segment liabilities	<u>65,020</u>	<u>79,924</u>	<u>3,404</u>	<u>15,770</u>	<u>-</u>	<u>164,118</u>
<b>Other segment information:</b>						
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
(Reversal of) provision for impairment of trade receivables	(147)	199	16	-	-	68
Provision for impairment of contract assets	-	376	7	-	-	383
Additions to non-current assets	<u>438</u>	<u>141</u>	<u>51</u>	<u>2</u>	<u>-</u>	<u>632</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies. 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 loss 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*	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong (place of domicile)	<u>173,023</u>	<u>159,007</u>	<u>214,191</u>	<u>231,196</u>
Mainland China	581	6,463	199	257
Singapore	<u>2,698</u>	<u>4,054</u>	<u>500</u>	<u>11,973</u>
	<u>3,279</u>	<u>10,517</u>	<u>699</u>	<u>12,230</u>
	<u><u>176,302</u></u>	<u><u>169,524</u></u>	<u><u>214,890</u></u>	<u><u>243,426</u></u>

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

## Reconciliations of reportable segment profit or loss before taxation

	2024 HK\$'000	2023 HK\$'000
<b>PROFIT OR LOSS</b>		
Total reportable segment loss	(3,570)	(10,101)
Fair value loss on investment properties	(18,090)	(9,621)
Fair value (loss) gain on financial assets at FVTPL	<u>(332)</u>	<u>154</u>
Consolidated loss before taxation	<u><u>(21,992)</u></u>	<u><u>(19,568)</u></u>

## Reconciliations of reportable segment assets and liabilities

	2024 HK\$'000	2023 HK\$'000
<b>ASSETS</b>		
Total reportable segment assets	405,345	407,901
Unallocated corporate assets	<u>9,840</u>	<u>19,595</u>
Consolidated total assets	<u><u>415,185</u></u>	<u><u>427,496</u></u>
<b>LIABILITIES</b>		
Total reportable segment liabilities	172,775	164,118
Deferred tax liabilities	<u>49</u>	<u>50</u>
Consolidated total liabilities	<u><u>172,824</u></u>	<u><u>164,168</u></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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A <sup>#</sup>	<u>106,442</u>	<u>47,524</u>

<sup>#</sup> Revenue from sale of IOT solutions in Hong Kong segment.

### 4. OTHER INCOME, GAINS AND LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	491	270
Dividend income	1,378	1,378
Gain on deregistration of a subsidiary	50	–
Loss on disposal of the property, plant and equipment	(54)	–
Exchange loss	(80)	(22)
Government grant <sup>1</sup>	31	1,756
Others	<u>2</u>	<u>41</u>
	<u>1,818</u>	<u>3,423</u>

*Note:*

<sup>1</sup> During the year ended 31 March 2024, the Group recognised government grants of HK\$31,000 (2023: HK\$13,000) relating to the subsidy from the Singapore government. There are no unfulfilled conditions and other contingencies attached to the receipts of the subsidy. During the year ended 31 March 2023, the Group recognised government grants of HK\$1,743,000 relating to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund.

## 5. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank borrowings	9,373	4,651
Interest on lease liabilities	<u>12</u>	<u>13</u>
Total interest expenses	9,385	4,664
Bank charges	<u>305</u>	<u>200</u>
	<u><u>9,690</u></u>	<u><u>4,864</u></u>

## 6. LOSS BEFORE TAXATION

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration	703	703
Depreciation on:		
– Property, plant and equipment	1,697	1,764
– Right-of-use assets	<u>234</u>	<u>365</u>
	<u>1,931</u>	<u>2,129</u>
Employee benefits expenses (including directors' emoluments)		
– Salaries, allowances and benefits in kind	20,035	19,004
– Retirement benefit scheme contributions ( <i>Note (i)</i> )	1,666	1,572
– Share-based payment	<u>1,057</u>	<u>830</u>
Total staff costs	<u>22,758</u>	<u>21,406</u>
Impairment loss on trade receivables	440	68
Impairment loss on contract assets	1,952	383
Write-off of inventories (included in cost of sales) ( <i>Note (ii)</i> )	18	297
Donations	250	–
Gross rental income from investment properties under operating leases less outgoings of HK\$745,000 (2023: HK\$466,000)	<u>(483)</u>	<u>(1,400)</u>

*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 2024, the Group wrote off certain inventories of HK\$18,000 (2023: HK\$297,000) 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 2024 and 2023 as there were no assessable profits generated during both years.

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 and Thailand are subject to Singapore Corporate Tax rate and Thailand Corporate Tax rate of 17% and 20% respectively.

No provision for Enterprise Income Tax of the PRC, Singapore Corporate Tax and Thailand Corporate Tax has been made as the Group did not have any assessable profits subject to tax in the PRC, Singapore and Thailand respectively for the years ended 31 March 2024 and 2023.

## 8. LOSS PER SHARE

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

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss attributable to equity holders of the Company	<u><b>(21,968)</b></u>	<u>(19,568)</u>
	<b>Number</b> <b>of shares</b>	Number of shares
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><b>1,245,331,256</b></u>	<u>1,245,331,256</u>

As a result of the Group's net loss for the years ended 31 March 2024 and 2023, share options outstanding were excluded from the calculation of diluted loss per share as their inclusion would have been anti-dilutive.

## 9. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

## 10. CONTRACT ASSETS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Smart systems construction service	121,735	79,083
Less: Loss allowance	<u>(2,182)</u>	<u>(739)</u>
	<u><b>119,553</b></u>	<u>78,344</u>

## 11. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade debtors	25,056	22,196
Less: Loss allowance	<u>(1,260)</u>	<u>(2,921)</u>
	<u><b>23,796</b></u>	<u>19,275</u>

The Group does not hold any collateral over these receivables.

At as 31 March 2024, the gross amount of trade receivable arising from contracts with customers amounted to approximately HK\$25,056,000 (2023: HK\$22,196,000).

### 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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	19,085	11,497
31 to 60 days	670	4,857
61 to 90 days	2,560	435
91 to 180 days	1,057	1,024
181 to 365 days	400	525
Over 365 days	<u>1,284</u>	<u>3,858</u>
	<u><b>25,056</b></u>	<u>22,196</u>

## 12. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	2,160	4,164
Accruals and deposit received	<u>5,481</u>	<u>7,237</u>
	<u><u>7,641</u></u>	<u><u>11,401</u></u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 30 days	943	3,360
31 – 60 days	187	3
61 – 90 days	155	32
Over 90 days	<u>875</u>	<u>769</u>
	<u><u>2,160</u></u>	<u><u>4,164</u></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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

For the year ended 31 March 2024, the Group's turnover increased by 4% to HK\$176 million (2023: HK\$170 million) and loss attributable to equity holders of the Company was HK\$22 million as compared with the loss of HK\$20 million for the year ended 31 March 2023.

### **SALES OF MOBILE PHONES**

The turnover decreased from HK\$75 million to HK\$29 million during the year under review due to weak demand and the division recorded loss of HK\$6 million (2023: HK\$3 million).

### **SALES OF IOT SOLUTIONS**

During the year under review, the turnover increased from HK\$93 million to HK\$146 million and the division recorded profit of HK\$5 million (2023: loss of HK\$7 million).

### **PROPERTY INVESTMENT**

During the year under review, the rental income decreased from HK\$1.9 million to HK\$1.2 million and the division recorded loss of HK\$3 million (2023: HK\$0.1 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. We expect that the sales will be stable.

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 2024, the Group's cash and bank balances amounted to approximately HK\$25 million (2023: HK\$38 million) while the bank borrowings were HK\$159 million (2023: HK\$140 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 66% (2023: 53%) 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 2024.

## **CAPITAL EXPENDITURE**

During the year, the Group spent HK\$1.3 million on property, plant and equipment.

## **EMPLOYEES**

As at 31 March 2024, the total number of employees of the Group was 100 (2023: 99) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK\$18 million (2023: HK\$17 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 2024, 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\$47,783,000 (2023: HK\$48,846,000), (2) first legal charge on certain investment properties with total fair value of HK\$165,200,000 (2023: HK\$182,400,000), (3) bank deposits of HK\$2,765,000 (2023: HK\$2,667,000) and (4) financial assets at FVTPL with total fair value of HK\$9,206,000 (2023: HK\$9,145,000).

## **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 2024, the Company had provided corporate guarantees of HK\$138 million (2023: HK\$118 million) to secure general banking facilities granted to the subsidiaries.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 21 August 2024 to Friday, 23 August 2024 (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, 20 August 2024.

## **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, 2024 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 25 August 2023 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 2024 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 2024.

## **AUDIT COMMITTEE**

During the year, the audit committee reviewed the unaudited condensed interim financial statements for the six months ended 30 September 2023 and the audited consolidated financial statements for the year ended 31 March 2024 with recommendations to the Board for approval, reviewed reports on internal control system of the Group, and discussed with the management and the external auditor 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, 23 August 2024. The annual report of the Company for the year ended 31 March 2024 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, Dr. Law Ka Hung and Mr. Wong Kwok Leung as independent non-executive directors.

On behalf of the Board  
**Chan Chung Yee, Hubert**  
*Chairman*

Hong Kong, 28 June 2024