



香港通訊

HKC INTERNATIONAL HOLDINGS LIMITED

香港通訊國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock code : 248

Interim Report  
**2022**



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

Chan Chung Yee, Hubert  
(*Chairman & Chief Executive Officer*)  
Chan Chung Yin, Roy  
Chan Ming Him, Denny  
Wu Kwok Lam CPA, FCCA  
Ip Man Hon  
Lam Man Hau

#### *Independent Non-executive Directors*

Chiu Ngar Wing  
FCCA, ACA, CPA (Practising)  
Chu Chor Lup  
Law Ka Hung

### COMPANY SECRETARY

Wu Kwok Lam CPA, FCCA

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands  
British West Indies

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

14/F., Block B, Vita Tower  
29 Wong Chuk Hang Road  
Hong Kong

### CAYMAN ISLANDS PRINCIPAL REGISTRAR

Codan Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands  
British West Indies

### HONG KONG BRANCH REGISTRAR

Pilare Limited  
17/F., Leighton Centre  
77 Leighton Road  
Causeway Bay  
Hong Kong

### AUDITORS

SHINEWING (HK) CPA Limited

### PRINCIPAL BANKERS

China Construction Bank (Asia)  
The Hongkong and Shanghai Banking  
Corporation Limited

### STOCK CODE

248

### WEBSITE ADDRESS

<http://www.hkc.com.hk>



The board of directors (the “Board”) of HKC International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September, 2022 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2022

		<b>Six months ended 30 September,</b>	
	Notes	<b>2022 HK\$'000 (unaudited)</b>	2021 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>97,085</b>	112,786
Cost of sales		<b>(81,504)</b>	(91,980)
<b>Gross profit</b>		<b>15,581</b>	20,806
Other income, gains and losses	4	<b>2,879</b>	26
Fair value loss on financial assets at fair value through profit and loss (“FVTPL”)		<b>(47)</b>	(325)
Reversal of impairment on trade receivables and contract assets, net		<b>215</b>	12
Selling and distribution expenses		<b>(1,653)</b>	(2,081)
Administrative and other operating expenses		<b>(14,898)</b>	(19,977)
Finance costs	5	<b>(1,245)</b>	(1,280)
<b>Profit (loss) before taxation</b>	6	<b>832</b>	(2,819)
<b>Tax expense</b>	7	<b>(38)</b>	(37)
<b>Profit (loss) for the period attributable to equity holders of the Company</b>		<b>794</b>	(2,856)
<b>Other comprehensive income (expense)</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of overseas operations		<b>5,125</b>	(298)
<b>Total comprehensive income (expense) attributable to equity holders of the Company</b>		<b>5,919</b>	(3,154)
<b>Earnings (loss) per share – (HK cents) – basic and diluted</b>	8	<b>0.06 cents</b>	(0.22) cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER, 2022

	Notes	<b>As at 30 September, 2022 HK\$'000 (unaudited)</b>	As at 31 March, 2022 HK\$'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>51,967</b>	51,995
Investment properties		<b>202,420</b>	202,420
Financial assets at FVTPL		<b>9,145</b>	1,947
Financial assets at fair value through other comprehensive income ("FVTOCI")		<b>8,235</b>	8,235
		<b>271,767</b>	264,597
<b>CURRENT ASSETS</b>			
Inventories		<b>18,360</b>	15,874
Contract assets	10	<b>68,489</b>	44,466
Financial assets at FVTPL		<b>395</b>	442
Trade receivables	11	<b>11,292</b>	13,165
Prepayments, deposits and other receivables		<b>10,906</b>	13,548
Tax recoverable		<b>61</b>	210
Pledged bank deposits		<b>2,625</b>	2,620
Cash and bank balances		<b>34,052</b>	25,746
		<b>146,180</b>	116,071
<b>CURRENT LIABILITIES</b>			
Trade payables	12	<b>1,789</b>	3,366
Accruals and other payables	12	<b>5,449</b>	9,071
Contract liabilities		<b>946</b>	1,410
Lease liabilities		<b>181</b>	376
Bank borrowings		<b>122,519</b>	85,161
Tax payable		<b>217</b>	357
		<b>131,101</b>	99,741
<b>NET CURRENT ASSETS</b>			
		<b>15,079</b>	16,330

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 30 SEPTEMBER, 2022

	<b>As at 30 September, 2022 HK\$'000 (unaudited)</b>	As at 31 March, 2022 HK\$'000 (audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>286,846</b>	280,927
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	<b>75</b>	75
Deferred tax liabilities	<b>50</b>	50
	<b>125</b>	125
<b>NET ASSETS</b>	<b>286,721</b>	280,802
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>12,453</b>	12,453
Reserves	<b>274,268</b>	268,349
<b>TOTAL EQUITY</b>	<b>286,721</b>	280,802

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2022

	Attributable to equity holders of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April, 2022	<b>12,453</b>	<b>39,621</b>	<b>28,325</b>	<b>74,640</b>	<b>1,007</b>	<b>4,335</b>	<b>120,421</b>	<b>280,802</b>
Profit for the period	-	-	-	-	-	-	<b>794</b>	<b>794</b>
Other comprehensive income for the period	-	-	-	-	<b>5,125</b>	-	-	<b>5,125</b>
Total comprehensive income for the period	-	-	-	-	<b>5,125</b>	-	<b>794</b>	<b>5,919</b>
At 30 September, 2022 (unaudited)	<b>12,453</b>	<b>39,621</b>	<b>28,325</b>	<b>74,640</b>	<b>6,132</b>	<b>4,335</b>	<b>121,215</b>	<b>286,721</b>
At 1 April, 2021	12,453	39,621	28,325	74,640	843	2,900	122,364	281,146
Loss for the period	-	-	-	-	-	-	(2,856)	(2,856)
Other comprehensive expense for the period	-	-	-	-	(298)	-	-	(298)
Total comprehensive expense for the period	-	-	-	-	(298)	-	(2,856)	(3,154)
At 30 September, 2021 (unaudited)	12,453	39,621	28,325	74,640	545	2,900	119,508	277,992

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2022

	Six months ended	
	30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)
Net cash used in operating activities	(28,373)	(8,699)
Net cash used in investing activities	(412)	(1,006)
Net cash generated from financing activities	37,163	6,353
Net increase (decrease) in cash and cash equivalents	8,378	(3,352)
Cash and cash equivalents at beginning of the period	25,746	21,080
Effect of foreign exchange rates changes	(72)	4
Cash and cash equivalents at end of the period	<u>34,052</u>	<u>17,732</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<u>34,052</u>	<u>17,732</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2022

### 1. BASIS OF PREPARATION

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

### 2. PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 April, 2022:

Amendments to HKFRS 3  
Amendments to HKAS 16

Amendments to HKAS 37  
Amendments to HKFRSs

Reference to the Conceptual Framework  
Property, Plant and Equipment: Proceeds before  
Intended Use

Onerous Contracts: Cost of Fulfilling a Contract  
Annual Improvements to HKFRSs 2018-2020 cycle

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

### 3. REVENUE/SEGMENT INFORMATION

Revenue represents sales of mobile phones, sales of internet of things (“IOT”) solutions and gross rental income.

#### Segment results, assets and liabilities

The reportable segments for the six months ended 30 September, 2022 are as follows:

	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	Total HK\$'000
Revenue from external customers	<b>30,007</b>	<b>60,083</b>	<b>5,961</b>	<b>1,034</b>	<b>97,085</b>
Reportable segment profit (loss)	<b>259</b>	<b>2,369</b>	<b>(1,811)</b>	<b>63</b>	<b>880</b>
Other segment information:					
Amounts included in the measure of segment profit or loss or segment assets					
Interest income from bank deposits	-	4	-	-	4
Finance costs	844	-	120	281	1,245
Depreciation	49	247	224	43	563
Reversal of impairment on trade receivables	-	560	-	-	560
Impairment loss on contract assets	-	345	-	-	345
Additions to non-current assets	405	-	2	-	407
Reportable segment assets	<b>104,223</b>	<b>62,330</b>	<b>12,907</b>	<b>220,712</b>	<b>400,172</b>
Reportable segment liabilities	<b>106,401</b>	<b>2,659</b>	<b>4,300</b>	<b>17,816</b>	<b>131,176</b>

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

The reportable segments for the six months ended 30 September, 2021 are as follows:

	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	Total HK\$'000
Revenue from external customers	85,101	21,949	4,615	1,121	112,786
Reportable segment profit (loss)	1,501	(1,378)	(1,778)	(840)	(2,495)
Other segment information:					
Amounts included in the measure of segment profit or loss or segment assets					
Interest income from bank deposits	1	-	-	-	1
Finance costs	834	-	142	304	1,280
Depreciation	165	94	232	33	524
Reversal of impairment on trade receivables	-	12	-	-	12
Additions to non-current assets	234	111	371	-	716
Reportable segment assets	76,214	54,781	14,138	231,085	376,218
Reportable segment liabilities	70,732	9,078	4,584	23,000	107,394

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) earned by each segment without allocation of fair value loss of financial assets at FVTPL, net exchange (loss) gain and tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

### 3. REVENUE/SEGMENT INFORMATION (Continued)

#### Geographic information

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

	Revenues from external customers		Non-current assets*	
	30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Hong Kong (place of domicile)	91,124	107,997	242,470	242,111
Mainland China	4,042	2,159	205	349
Singapore	1,919	2,419	11,712	11,955
Other countries in South East Asia	-	211	-	-
	5,961	4,789	11,917	12,304
	97,085	112,786	254,387	254,415

\* Non-current assets excluding financial assets at FVTPL and financial assets at FVTOCI

#### Reconciliations of reportable profit or loss before taxation

	Six months ended	
	30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)
<b>PROFIT OR LOSS</b>		
Reportable segment profit (loss)	880	(2,495)
Fair value loss of financial assets at FVTPL	(47)	(325)
Net exchange (loss) gain	(1)	1
Consolidated profit (loss) before taxation	832	(2,819)



**3. REVENUE/SEGMENT INFORMATION (Continued)**  
**Reconciliations of reportable segment assets and liabilities**

	<b>30.9.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2022 HK\$'000 (audited)
<b>ASSETS</b>		
Total reportable segment assets	<b>400,172</b>	370,044
Unallocated corporate assets	<b>17,775</b>	10,624
	<hr/> <b>417,947</b> <hr/>	<hr/> 380,668 <hr/>
<b>LIABILITIES</b>		
Total reportable segment liabilities	<b>131,176</b>	99,816
Deferred tax liabilities	<b>50</b>	50
	<hr/> <b>131,226</b> <hr/>	<hr/> 99,866 <hr/>

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

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

**4. OTHER INCOME, GAINS AND LOSSES**

	<b>Six months ended</b>	
	<b>30.9.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	30.9.2021 HK\$'000 (unaudited)
Government subsidies (Note)	<b>1,498</b>	22
Bank interest income	<b>4</b>	1
Dividend income	<b>1,378</b>	2
Net exchange (loss) gain	<b>(1)</b>	1
	<b>2,879</b>	26

Note:

During the six months ended 30 September, 2022, the Group recognised government subsidies of HK\$1,498,000, of which an amount of HK\$1,490,000 is related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. The remaining HK\$8,000 is related to other subsidy scheme from Singapore government.

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

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

**5. FINANCE COSTS**

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Interest on bank borrowings	<b>1,141</b>	1,148
Interest on lease liabilities	<b>5</b>	8
	<hr/>	<hr/>
Total interest expenses	<b>1,146</b>	1,156
Bank charges	<b>99</b>	124
	<hr/>	<hr/>
	<b>1,245</b>	1,280
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Profit (loss) before taxation has been arrived at after charging:		
Depreciation on		
– property, plant and equipment	<b>447</b>	406
– right-of-use assets	<b>116</b>	118
	<hr/>	<hr/>
	<b>563</b>	524
	<hr/>	<hr/>
Employee benefits expenses (including directors' remuneration)		
– salaries, allowances and benefits in kind	<b>6,844</b>	12,508
– retirement benefit scheme contributions	<b>1,010</b>	1,072
	<hr/>	<hr/>
Total staff costs	<b>7,854</b>	13,580
	<hr/>	<hr/>
Reversal of impairment on trade receivables	<b>(560)</b>	(12)
Impairment loss on contract assets	<b>345</b>	–
	<hr/> <hr/>	<hr/> <hr/>

**7. TAX EXPENSE**

	<b>Six months ended</b>	
	<b>30.9.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	30.9.2021 HK\$'000 (unaudited)
Hong Kong Profits Tax	<b>38</b>	37

Hong Kong Profits Tax is provided under the two-tiered tax rate at 8.25% on the first HK\$2 million and 16.5% of estimated assessable profits above HK\$2 million for the period.

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

The calculation of basic and diluted earnings per share is based on the profit attributable to equity holders of the Company of HK\$794,000 (2021: loss of HK\$2,856,000) and on the number of shares of 1,245,331,256 (2021: 1,245,331,256) in issue during the period.

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

**9. DIVIDEND**

The directors do not recommend the payment of any interim dividend for the six months ended 30 September, 2022 (2021: Nil).

**10. CONTRACT ASSETS**

	<b>30.9.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2022 HK\$'000 (audited)
Smart system construction service	<b>69,190</b>	44,822
Less: Loss allowance	<b>(701)</b>	(356)
	<b>68,489</b>	44,466

**11. TRADE RECEIVABLES**

The Group allows an average credit periods ranging from seven days to one month to its customers. For certain customers with long-established relationship and have good credit worthiness, a longer period may be granted.

	<b>30.9.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2022 HK\$'000 (audited)
Trade debtors	<b>13,585</b>	16,018
Less: Loss allowance	<b>(2,293)</b>	(2,853)
	<b>11,292</b>	13,165



**11. TRADE RECEIVABLES (Continued)**

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

	<b>30.9.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2022 HK\$'000 (audited)
Within 30 days	<b>5,286</b>	6,790
31-60 days	<b>1,156</b>	1,778
61-90 days	<b>483</b>	501
91-180 days	<b>1,230</b>	2,499
181-365 days	<b>1,469</b>	1,537
Over 365 days	<b>3,961</b>	2,913
	<b>13,585</b>	16,018

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

	<b>30.9.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2022 HK\$'000 (audited)
Trade payables	<b>1,789</b>	3,366
Accruals and other payables	<b>5,449</b>	9,071
	<b>7,238</b>	12,437

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

	<b>30.9.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2022 HK\$'000 (audited)
0-30 days	<b>837</b>	2,145
31-60 days	<b>113</b>	327
61-90 days	<b>28</b>	44
Over 90 days	<b>811</b>	850
	<b>1,789</b>	3,366

The trade payables were due according to the terms stated in the relevant contracts. The average credit period ranged from 30 days to 60 days.

### 13. RELATED PARTY TRANSACTIONS

#### Key management personnel compensation

The remuneration of directors of the Company (who are also the key management) during the period were as follows:

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Short-term benefits	<b>2,027</b>	2,829
Post-employment benefits	<b>41</b>	41
	<hr/> <b>2,068</b> <hr/>	<hr/> 2,870 <hr/>

The remuneration of directors of the Company is determined by the remuneration committee having regard to the performance of individual and market trends.

## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 September, 2022, the Group's revenue was HK\$97 million which represented a decrease of approximately 14% as compared with the HK\$113 million recorded for the corresponding period last year. The profit attributable to equity holders of the Company was HK\$0.8 million as compared to the loss of HK\$2.9 million for the six months ended 30 September, 2021. The turnaround from loss to profit was mainly attributable to the receipt of government subsidies of HK\$1.5 million and increase in dividend income of HK\$1.4 million during the period under review.

### Sales of mobile phones

During the period under review, the revenue was HK\$30 million, representing a decrease of 65% compared to the same period last year (2021: HK\$85 million) due to the weak demand. The division recorded profit of HK\$0.3 million (2021: HK\$1.5 million).

### Sales of IOT solutions

During the period under review, the turnover was HK\$66 million (2021: HK\$27 million). The division recorded profit of HK\$0.6 million compared with the loss of HK\$3.2 million for the corresponding period last year.

### Property investment

During the period under review, the rental income decreased by HK\$0.1 million to HK\$1.0 million (2021: HK\$1.1 million). The division recorded profit of HK\$0.1 million (2021: loss of HK\$0.8 million).

## PROSPECTS

Regarding the mobile phone business, we are the authorised distributors of both Nokia and vivo brands. The sales for the second half of the year will largely depend upon the recovery progress of retail environment.

For IOT solutions segment, we expect that the turnover will be increased due to the implementation of new projects.

Regarding the property investment segment, the weak demand of the leasing market will affect both the rental level and occupancy rate.

Amid the uncertain economy and the retail environment, we will continue to strengthen our cost control and develop more products to meet market demand and to mitigate the negative impact upon our business.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September, 2022, the Group's cash and bank balances amounted to approximately HK\$37 million (31 March, 2022: HK\$28 million) while the bank borrowings were HK\$123 million (31 March, 2022: HK\$85 million).

The Board believes that the Group has sufficient cash balances and banking facilities to satisfy its commitment and working capital requirements. The gearing ratio was 43% (31 March, 2022: 30%) which is expressed as a percentage of total borrowings to total equity.

## **EMPLOYEES**

As at 30 September, 2022, the total number of employees of the Group was approximately 96 (31 March, 2022: 92) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK\$6 million (2021: HK\$11 million). The remuneration and bonus packages of the employees are based on the individual merits and performance and are reviewed at least annually. The Group maintains a good relationship with its employees.

## **PLEDGE OF ASSETS**

As at 30 September, 2022, 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\$49,909,000 (31 March, 2022: HK\$49,909,000); (2) first legal charge on certain investment properties with total fair value of HK\$192,000,000 (31 March, 2022: HK\$192,000,000); (3) bank deposits of HK\$2,625,000 (31 March, 2022: HK\$2,620,000) and (4) financial assets at FVTPL with total fair value of HK\$7,592,000 (31 March, 2022: HK\$2,389,000).

## **CONTINGENT LIABILITIES**

As at 30 September, 2022, the Company had provided corporate guarantees of HK\$71 million (31 March, 2022: HK\$71 million) to secure the banking facilities granted to subsidiaries.



## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September, 2022, the interests and short positions of each director and chief executive of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	The Company/ associated corporation	Capacity	Number of shares (long position) (Note 1)	Approximate percentage of interest
Chan Chung Yee, Hubert	The Company	Beneficial owner	659,740,159(L)	52.97%
	The Company	Interest of controlled corporation	22,012,087(L) (Note 2)	1.77%
	Light Emotion Limited	Beneficial owner	1 share of HK\$1.00	50.00%
Chan Chung Yin, Roy	The Company	Beneficial owner	93,795,191(L)	7.53%
Chan Ming Him, Denny	The Company	Beneficial owner	2,616,991(L)	0.21%
Ip Man Hon	The Company	Beneficial owner	1,537,598(L)	0.12%
Lam Man Hau	The Company	Beneficial owner	625,000(L)	0.05%
Wu Kwok Lam	The Company	Beneficial owner	3,000(L)	0.00%

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)**

*Notes:*

1. The Letter "L" represents the director's or the chief executive's interests in the shares and underlying shares of the Company or its associated corporations.
2. These Shares were held by Light Emotion Limited, a company wholly owned by Mr. Chan Chung Yee, Hubert and his wife, Josephine Liu.
3. Save as disclosed above, as at 30 September, 2022, none of the directors and chief executive of the Company had any interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Apart from those disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above at no time during the period under review were there any rights to acquire shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them. None of the Company or any of its subsidiaries was a party to any arrangement to enable the directors or their respective spouse or minor children to acquire such rights in any other body corporate.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 30 September, 2022, the interests and short positions of the substantial shareholders of the Company (other than the directors and the chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

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

Notes:

1. The Letter "L" represents the person's interest in the shares of the Company.
2. Ms. Josephine Liu is the wife of Mr. Chan Chung Yee, Hubert. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Ms. Josephine Liu is deemed to be interested in all the shares in which Mr. Chan Chung Yee, Hubert is interested.
3. Ms. Chan Low Wai Han, Edwina is the wife of Mr. Chan Chung Yin, Roy. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Mrs. Chan Low Wai Han, Edwina is deemed to be interested in all the shares in which Mr. Chan Chung Yin, Roy is interested.

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

During the six months ended 30 September, 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE OF THE LISTING RULES**

In the opinion of the directors, the Company has complied with the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September, 2022, 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 were unable to attend the annual general meeting of the Company held on 26 August, 2022 due to their other commitments.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 September, 2022.



## **AUDIT COMMITTEE**

The audit committee has reviewed with management the accounting policies adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 30 September, 2022.

## **APPRECIATION**

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

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

Hong Kong, 25 November, 2022