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HONG KONG RESOURCES HOLDINGS COMPANY LIMITED
香港資源控股有限公司

*(Incorporated in Bermuda with limited liability
and carrying on business in Hong Kong as HKRH China Limited)*
(Stock code: 2882)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

The board of directors (the “**Board**”) of Hong Kong Resources Holdings Company Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 30 June 2021 (the “**Year**” or “**Year 2021**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2021

	<i>NOTES</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3(a)	855,820	804,863
Cost of sales		(587,534)	(526,944)
Gross profit		268,286	277,919
Other income		16,601	17,568
Selling expenses		(221,248)	(241,436)
General and administrative expenses		(65,920)	(83,432)
Other gains and losses		29,505	(21,951)
Change in fair value of derivatives embedded in convertible bonds		8,971	19,681
Gain on conversion of convertible bonds		–	14,239
Gain on disposal of subsidiaries		1,692	–
Reversal of impairment loss on loan receivables and relevant interest receivables recognised under expected credit loss model		–	291
Reversal of impairment loss on trade receivables recognised under expected credit loss model		97	6,370
Finance costs	4	(46,612)	(81,660)

	<i>NOTES</i>	2021 HK\$'000	2020 HK\$'000
Loss before taxation	5	(8,628)	(92,411)
Income tax expense	6	(5,349)	(26,655)
Loss for the year		<u>(13,977)</u>	<u>(119,066)</u>
Other comprehensive (expense)/income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange difference arising on translation		(40,055)	12,686
Fair value loss of equity instruments at fair value through other comprehensive income (“FVTOCI”)		<u>479</u>	<u>(1,577)</u>
		<u>(39,576)</u>	<u>11,109</u>
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		<u>51,380</u>	<u>(23,342)</u>
		<u>51,380</u>	<u>(23,342)</u>
Other comprehensive income/(expense) for the year		<u>11,804</u>	<u>(12,233)</u>
Total comprehensive expense for the year		<u>(2,173)</u>	<u>(131,299)</u>
(Loss)/income for the year attributable to			
Owners of the Company		(15,112)	(62,721)
Non-controlling interests		<u>1,135</u>	<u>(56,345)</u>
		<u>(13,977)</u>	<u>(119,066)</u>
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		(14,997)	(66,660)
Non-controlling interests		<u>12,824</u>	<u>(64,639)</u>
		<u>(2,173)</u>	<u>(131,299)</u>
			(Restated)
Loss per ordinary share			
Basic	8	<u>(HK\$0.098)</u>	<u>(HK\$0.490)</u>
Diluted	8	<u>(HK\$0.098)</u>	<u>(HK\$0.551)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>NOTES</i>	2021 HK\$'000	2020 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		19,706	29,943
Right-of-use assets		7,794	24,561
Deposits paid		275	1,844
Intangible assets		168,066	169,144
Equity instruments at FVTOCI		–	2,007
Deferred tax assets		13,585	7,379
		<u>209,426</u>	<u>234,878</u>
Current assets			
Inventories		674,132	635,536
Right to returned goods asset		2,312	951
Trade and other receivables and deposits paid	9	79,703	109,298
Loan receivables		–	–
Income tax recoverable		–	4,490
Pledged bank deposits		766,348	767,778
Bank balances and cash		96,158	110,810
		<u>1,618,653</u>	<u>1,628,863</u>
Current liabilities			
Trade and other payables, accruals and deposits received	10	163,959	161,206
Bank and other borrowings		1,504,000	1,535,400
Contract liabilities		20,206	14,516
Refund liabilities		6,906	2,834
Lease liabilities		5,205	20,653
Loan from a non-controlling shareholder of a subsidiary		27,000	27,000
Derivative component of convertible bonds		3,239	11,314
Income tax liabilities		2,155	1,795
		<u>1,732,670</u>	<u>1,774,718</u>
Net current liabilities		<u>(114,017)</u>	<u>(145,855)</u>
Total assets less current liabilities		<u>95,409</u>	<u>89,023</u>

	2021 HK\$'000	2020 HK\$'000
Non-current liabilities		
Convertible bonds	71,917	59,134
Lease liabilities	3,095	4,068
Loan from a non-controlling shareholder of a subsidiary	100,000	100,000
Deferred tax liabilities	42,016	45,267
	<u>217,028</u>	<u>208,469</u>
NET LIABILITIES	<u>(121,619)</u>	<u>(119,446)</u>
Capital and reserves		
Share capital	61,868	61,868
Reserves	(128,660)	(113,663)
	<u>(66,792)</u>	<u>(51,795)</u>
Deficit attributable to owners of the Company	(66,792)	(51,795)
Non-controlling interest	(54,827)	(67,651)
	<u>(121,619)</u>	<u>(119,446)</u>
TOTAL DEFICIT	<u>(121,619)</u>	<u>(119,446)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. GOING CONCERN BASIS

The Group incurred a net loss of approximately HK\$13,977,000 during the year ended 30 June 2021 and as at that date, the Group had net current liabilities and net liabilities of approximately HK\$114,017,000 and HK\$121,619,000 respectively, indicating the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 30 June 2021 after taking into consideration of the following:

- i) On 31 May 2021, the Company and a company incorporated in the British Virgin Islands ("BVI") which is wholly owned by Mr. Wang Chaoguang, the co-Chairman and an executive director of the Company (the "First Subscriber"), entered into a subscription agreement (the "First Subscription Agreement"), pursuant to which the First Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to (i) allot and issue the subscription shares (the "First Subscription Shares"), being 65,000,000 new shares after the effect of the capital reorganisation (the "New Shares"), at the subscription price of HK\$0.5 per share as adjusted for the effect of the capital reorganisation, whereas the details of the capital reorganisation are mentioned in note 42 to the consolidated financial statements; (ii) issue the convertible bonds in the principal amount of HK\$52,000,000 which may be converted into 80,000,000 New Shares at the initial conversion price of HK\$0.65 per share as adjusted for the effect of the capital reorganisation.

On the same date, the Company and a company incorporated in BVI which is an independent third party to the Group (the "Second Subscriber"), entered into a subscription agreement (the "Second Subscription Agreement"), pursuant to which the Second Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to (i) allot and issue the subscription shares (the "Second Subscription Shares"), being 50,000,000 New Shares, at the subscription price of HK\$0.5 per share as adjusted for the effect of the capital reorganisation; and (ii) issue the convertible bonds in the principal amount of HK\$32,500,000 which may be converted into 50,000,000 New Shares at the initial conversion price of HK\$0.65 per share as adjusted for the effect of the capital reorganisation.

The directors of the Company estimated that the gross proceeds from the above events will be approximately HK\$142,000,000, of which (i) approximately HK\$57,500,000 will be from the First Subscription Shares and the Second Subscription Shares; and (ii) HK\$84,500,000 will be from the subscription of convertible bonds by the First Subscriber and the Second Subscriber. After deducting the estimated expenses of approximately HK\$1,000,000, the net proceeds from the abovementioned events will be approximately HK\$141,000,000.

Further on 31 August 2021, the Company was informed by the First Subscriber and the Second Subscriber, that they are in the course of setting up bank accounts for the payment of the abovementioned subscriptions. Since additional time is required for the First Subscriber and the Second Subscriber to fulfill the conditions as set out in the First Subscription Agreement and the Second Subscription Agreement, the Company, the First Subscriber and the Second Subscriber agreed to extend the long stop date of the abovementioned subscriptions to 29 October 2021.

The directors of the Company assessed all the information available and considered that the abovementioned subscriptions will be completed before 29 October 2021.

- ii) As at 30 June 2021, the Group had an outstanding loan of HK\$27,000,000 payable to Luk Fook 3D Management Company Limited (“Luk Fook 3D”), a non-controlling shareholder of a subsidiary, which was unsecured, interest bearing at 18% per annum and repayable on 22 July 2021. In July 2021, the Group repaid a sum of approximately HK\$18,464,000 to Luk Fook 3D, which included outstanding interest payables of approximately HK\$4,964,000 and partial loan principal of HK\$13,500,000. Subsequent to 30 June 2021, the Group successfully reached an agreement with Luk Fook 3D to extend the repayment date of the remaining loan principal amount of HK\$13,500,000 to 22 November 2021. The associated loan interests shall be repaid on respective pre-agreed dates.
- iii) Internal funds shall be generated from the Group’s operations and external financing will be available to the Group.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2020 for the preparation of the consolidated financial statements.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs that have been issued but not yet effective

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

HKFRS 17	Insurance Contracts and the Related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021 ⁵
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure 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
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts-Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

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

² Effective for annual periods beginning on or after 1 January 2022.

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

⁴ Effective for annual periods beginning on or after 1 January 2021.

⁵ Effective for annual periods beginning on or after 1 April 2021.

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

a) Revenue

An analysis of the Group's revenue for the year is as follows:

	Retail sales and franchising operations for selling gold and jewellery products in Mainland China		Retail sales operations for selling gold and jewellery products in Hong Kong and Macau		Wholesales and sub-contracting operations for gold and jewellery products in Mainland China		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Retail sales of goods	692,170	529,228	91,060	213,248	-	-	-	-	783,230	742,476
Franchising and licensing income	56,239	53,648	-	-	-	-	-	-	56,239	53,648
Trading of computer products	-	-	-	-	-	-	16,351	8,739	16,351	8,739
Goods and services	<u>748,409</u>	<u>582,876</u>	<u>91,060</u>	<u>213,248</u>	<u>-</u>	<u>-</u>	<u>16,351</u>	<u>8,739</u>	<u>855,820</u>	<u>804,863</u>

Disaggregation of revenue for the year ended 30 June 2021

	Retail sales and franchising operations for selling gold and jewellery products in Mainland China HK\$'000	Retail sales operations for selling gold and jewellery products in Hong Kong and Macau HK\$'000	Wholesales and sub-contracting operations for gold and jewellery products in Mainland China HK\$'000	Others HK\$'000	Total HK\$'000
Geographical markets					
– Mainland China	748,409	-	-	16,351	764,760
– Hong Kong and Macau	-	91,060	-	-	91,060
	<u>748,409</u>	<u>91,060</u>	<u>-</u>	<u>16,351</u>	<u>855,820</u>
Timing of revenue recognition					
– A point in time	692,170	91,060	-	16,351	799,581
– Over time	56,239	-	-	-	56,239
	<u>748,409</u>	<u>91,060</u>	<u>-</u>	<u>16,351</u>	<u>855,820</u>

Disaggregation of revenue for the year ended 30 June 2020

	Retail sales and franchising operations for selling gold and jewellery products in Mainland China <i>HK\$'000</i>	Retail sales operations for selling gold and jewellery products in Hong Kong and Macau <i>HK\$'000</i>	Wholesales and sub- contracting operations for gold and jewellery products in Mainland China <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographical markets					
– Mainland China	582,876	–	–	8,739	591,615
– Hong Kong and Macau	–	213,248	–	–	213,248
	<u>582,876</u>	<u>213,248</u>	<u>–</u>	<u>8,739</u>	<u>804,863</u>
Timing of revenue recognition					
– A point in time	529,228	213,248	–	8,739	751,215
– Over time	53,648	–	–	–	53,648
	<u>582,876</u>	<u>213,248</u>	<u>–</u>	<u>8,739</u>	<u>804,863</u>

b) Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods and geographical location. This is the basis upon which the Group is organised.

Specifically, the Group's operating and reportable segments under HKFRS 8 Operating Segments are as follows:

- i) Retail sales and franchising operations for gold and jewellery products in Mainland China;
- ii) Retail sales operations for gold and jewellery products in Hong Kong and Macau; and
- iii) Wholesales and sub-contracting operations for gold and jewellery products in Mainland China.

Major products of the Group include gold products and jewellery products.

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

Segment revenues and results

For the year ended 30 June 2021

	Reportable segments			Total HK\$'000	Others (Note) HK\$'000	Consolidated HK\$'000
	Retail sales and franchising operations for gold and jewellery products in Mainland China HK\$'000	Retail sales operations for gold and jewellery products in Hong Kong and Macau HK\$'000	Wholesales and sub-contracting operations for gold and jewellery products in Mainland China HK\$'000			
REVENUE						
External sales	<u>748,409</u>	<u>91,060</u>	<u>–</u>	<u>839,469</u>	<u>16,351</u>	<u>855,820</u>
RESULT						
Segment results	<u>61,998</u>	<u>(15,483)</u>	<u>–</u>	<u>46,515</u>	<u>(1,019)</u>	<u>45,496</u>
Unallocated other income						6,225
Unallocated corporate staff and directors' salaries						(25,412)
Other unallocated corporate expenses						(17,627)
Advertising, promotion and business development expenses						(18,153)
Gain on disposal of subsidiaries						1,692
Change in fair value of derivatives embedded in convertible bonds						8,971
Exchange gain, net						35,612
Unallocated finance costs						<u>(45,432)</u>
Loss before taxation						(8,628)
Income tax expense						<u>(5,349)</u>
Loss for the year						<u><u>(13,977)</u></u>

For the year ended 30 June 2020

	Reportable segments					Consolidated HK\$'000
	Retail sales and franchising operations for gold and jewellery products in Mainland China HK\$'000	Retail sales operations for gold and jewellery products in Hong Kong and Macau HK\$'000	Wholesales and sub-contracting operations for gold and jewellery products in Mainland China HK\$'000	Total HK\$'000	Others (Note) HK\$'000	
REVENUE						
External sales	<u>582,876</u>	<u>213,248</u>	<u>–</u>	<u>796,124</u>	<u>8,739</u>	<u>804,863</u>
RESULT						
Segment results	<u>60,141</u>	<u>(24,366)</u>	<u>1,736</u>	<u>37,511</u>	<u>(829)</u>	36,682
Unallocated other income						9,874
Unallocated corporate staff and directors' salaries						(29,788)
Other unallocated corporate expenses						(21,047)
Advertising, promotion and business development expenses						(22,926)
Gain on conversion of convertible bonds						14,239
Change in fair value of derivatives embedded in convertible bonds						19,681
Exchange loss, net						(20,223)
Unallocated finance costs						<u>(78,903)</u>
Loss before taxation						(92,411)
Income tax expense						<u>(26,655)</u>
Loss for the year						<u>(119,066)</u>

Note: Others represent other operating segment that is not reportable, which includes money lending business and computer products trading business.

Segment profit/(loss) represents the profit/(loss) of each segment without allocation of unallocated other income, advertising, promotion and business development expenses, unallocated corporate staff and directors' salaries, gain on disposal of subsidiaries, change in fair value of derivatives embedded in convertible bonds, gain on conversion of convertible bonds, exchange gain/(loss), other unallocated corporate expenses, unallocated finance costs and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

4. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interests on:		
Bank and other borrowings	30,486	68,745
Loans from a non-controlling shareholder of a subsidiary	4,709	3,550
Lease liabilities	1,241	3,027
Effective interest on convertible bonds	<u>10,176</u>	<u>6,338</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u><u>46,612</u></u>	<u><u>81,660</u></u>

5. LOSS BEFORE TAXATION

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration	2,150	1,950
Cost of inventories recognised as an expense	586,915	527,427
Depreciation of property, plant and equipment	14,699	21,111
Depreciation of right-of-use assets	21,727	30,621
Allowance/(reversal of allowance) of inventories, net (included in cost of sales)	<u>619</u>	<u>(483)</u>

6. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	14,200	2,268
PRC Withholding Tax	<u>606</u>	<u>16,658</u>
	14,806	18,926
Deferred taxation	<u>(9,457)</u>	<u>7,729</u>
	<u><u>5,349</u></u>	<u><u>26,655</u></u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. 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 taxation in Hong Kong has been made for both years as the Group incurred tax losses in Hong Kong.

Pursuant to rules and regulations of Bermuda and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in Bermuda and the BVI.

Pursuant to the Enterprise Income Tax Law and Implementation Rules of the PRC, subsidiaries of the Company established in the PRC are subject to an income tax rate of 25% for both years. Certain subsidiaries established in Chongqing (the “Relevant Subsidiaries”), a municipality in Western China, were engaged in a specific state-encouraged industry as defined under the new “Catalogue of Encouraged Industries in the Western Region” (effective from 1 October 2014) pursuant to《財政部、海關總署、國家稅務總局關於深入實施西部大開發戰略有關稅收政策問題的通知》(Caishui [2011] No. 58) issued in 2011 and were subject to a preferential tax rate of 15% when the annual revenue from the encouraged business exceeded 70% of each subsidiary’s total revenue in a fiscal year. Pursuant to《關於延續西部大開發企業所得稅政策的公告》(Announcement No. 23 of the Ministry of Finance in 2020) issued in April 2020, the Relevant Subsidiaries were subject to a preferential tax rate of 15% from 1 January 2021 to 31 December 2030, when the annual revenue from the encouraged business exceeded 60% of each subsidiary’s total revenue in a fiscal year.

No provision for the Macau Complementary Tax has been made as the Group has no assessable profits in Macau for both years.

PRC withholding income tax of 10% (or 5% to certain subsidiaries of the Company) shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008.

7. DIVIDENDS

No dividend was paid or proposed for both years ended 30 June 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER ORDINARY SHARE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss:		
Loss for the year attributable to owners of the Company for the purpose of basic loss per ordinary share	(15,112)	(62,721)
Effect of dilutive potential ordinary shares		
– Effective interest on convertible bonds due in 2023 (“CB 2023”)	N/A	6,338
– Change in fair value of derivatives embedded in CB 2023	N/A	(19,681)
– Gain on conversion of CB 2023	–	(14,239)
	<hr/>	<hr/>
Loss for the year attributable to owners of the Company for the purpose of diluted loss per ordinary share (<i>Note (ii)</i>)	(15,112)	(90,303)

	2021 '000	2020 '000 (Restated)
Number of shares (<i>Note (i)</i>)		
Weighted average number of ordinary shares for the purpose of basic loss per ordinary share	154,672	127,896
Effect of dilutive potential ordinary shares – CB 2023	<u>N/A</u>	<u>35,872</u>
Weighted average number of ordinary shares for the purpose of diluted loss per ordinary share (<i>Notes (ii) & (iii)</i>)	<u><u>154,672</u></u>	<u><u>163,768</u></u>

Notes:

- i) The weighted average number of ordinary shares for the year ended 30 June 2020 had been adjusted for the effect of share consolidation completed on 27 July 2021.
- ii) The calculation of diluted loss per ordinary share for the year ended 30 June 2021 did not assume the conversion of CB 2023, since the conversion would result in an anti-dilutive effect on loss per share.
- iii) For the years ended 30 June 2021 and 2020, the computation of diluted loss per ordinary share did not assume the exercise of share options because their exercise price is higher than the average share price.

9. TRADE AND OTHER RECEIVABLES AND DEPOSITS PAID

The Group generally allows a credit period up to 90 days (2020: up to 90 days) to its debtors.

Included in trade and other receivables and deposits paid are trade receivables, net of allowance for credit losses, of HK\$49,637,000 (2020: HK\$36,354,000) and an aged analysis based on invoice date at the end of the reporting period, is as follows:

	2021 HK\$'000	2020 HK\$'000
0-30 days	43,199	34,891
31-60 days	3,741	1,244
61-90 days	456	15
Over 90 days	<u>2,241</u>	<u>204</u>
	<u><u>49,637</u></u>	<u><u>36,354</u></u>

10. TRADE AND OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

Included in trade and other payables, accruals and deposits received are trade payables of HK\$23,199,000 (2020: HK\$14,211,000) and an aged analysis based on the invoice date at the end of the reporting period is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-30 days	22,850	13,981
31-60 days	148	107
61-90 days	51	–
Over 90 days	150	123
	<u>23,199</u>	<u>14,211</u>

11. CAPITAL COMMITMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the consolidated financial statements	1,133	–

12. PLEDGE OF ASSETS

As at 30 June 2021, the Group's bank deposits with carrying amounts of HK\$766,348,000 (2020: HK\$767,778,000) were pledged to banks as securities to obtain the banking facilities granted to subsidiaries of the Group.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the Independent auditor's report on the consolidated financial statements of the Group for the year ended 30 June 2021.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Opening balances and corresponding figures

As disclosed in note 21 to the consolidated financial statements, the predecessor auditor (the “**Predecessor Auditor**”) expressed a qualified opinion due to various limitations in evidence available to it regarding the loan receivables amounting to HK\$74,400,000 and the respective interest receivables amounting to HK\$11,558,000 (the “**Loans**”) as at 30 June 2019. The Loans were advanced by Prosten Finance Limited, a wholly-owned subsidiary of the Company as at 30 June 2019 and 2020 and Prosten Finance Limited was disposed of by the Group during the year ended 30 June 2021. Details of the limitations and disposal of Prosten Finance Limited are described in notes 21 and 32 to the consolidated financial statements.

Since opening balances of assets and liabilities of the Group entered into the determination of the financial performance and cash flows of the Group for the year ended 30 June 2020, we were unable to determine whether adjustments might have been necessary in respect of the financial performance of the Group for the year ended 30 June 2020 reported in the consolidated statement of profit or loss and other comprehensive income and the net cash flows from or used in operating activities for the year ended 30 June 2020 reported in the consolidated statement of cash flows. Any adjustments found to be necessary would have a consequential impact on the Group's net liabilities as at 30 June 2020 and the Group's loss for the year then ended. These circumstances caused us to qualify our opinion on the consolidated financial statements in respect of the year ended 30 June 2020.

As a result, in performing our audit of the consolidated financial statements of the Group for the year ended 30 June 2021, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the balances of assets, liabilities and reserves as at 1 July 2020 and the corresponding figures were fairly stated. Any adjustments that might have been found to be necessary in respect of the above had we obtained sufficient appropriate audit evidence would have a consequential effect on the net liabilities of the Group as at 1 July 2020, and of its financial performance and cash flows for the current and prior years, and the related disclosures thereof in the consolidated financial statements.

Disposal of Prosten Wealth Investment Limited

As disclosed in note 32 to the consolidated financial statements, the Group completed the disposal of the entire issued shares of Prosten Wealth Investment Limited during the year (the “**Disposal**”), and Prosten Finance Limited is a wholly-owned subsidiary of Prosten Wealth Investment Limited. As mentioned above, due to various limitations as disclosed in note 21 to the consolidated financial statements, there were no alternative audit procedures we could perform to satisfy ourselves as to the various assertions the Predecessor Auditor concerned regarding the Loans as at the date of the Disposal. As a result, we were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the accuracy in respect of the gain from the Disposal during the year ended 30 June 2021.

Any adjustments that might have been found to be necessary in respect of the above had we obtained sufficient appropriate audit evidence would have a consequential effect on the Group’s financial performance and cash flows for the year ended 30 June 2021, and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is principally engaged in trademark licensing and retailing for gold and jewellery products in Hong Kong, Macau and Mainland China.

During the Year, the ever-evolving COVID-19 pandemic continued to challenge the world. Many countries imposed severe entry restrictions and quarantine rules and enacted a large range of social distancing measures all of which have severely dampened consumer sentiment. The Group has encountered unprecedented challenges to its business. Fortunately, life slowly returned to normal in Mainland China in the second half of 2020, while outbound travel was still restricted, domestic consumption has gradually regained momentum. The sales rebound in Mainland China offset the decline in sales in Hong Kong and Macau. Amid this tough business environment, the Group recorded an increase in overall same-store growth of 14%.

FINANCIAL REVIEW

The Group recorded a total turnover of approximately HK\$856 million for the Year, representing an increase of 6% as compared to the turnover of approximately HK\$805 million for the same period last year (“Last Year”). The loss for the Year attributable to the owners was approximately HK\$15 million compared to approximately HK\$63 million Last Year, representing a decrease of 76%. This was mainly attributable to (i) implementation of cost saving measures; (ii) decrease in finance costs; and (iii) exchange gain arising from the appreciation of the Renminbi.

Retailing of gold and jewellery products accounted for 92% (2020: 92%) of total turnover. The retail revenue was approximately HK\$783 million for the Year, representing an increase of 6% from approximately HK\$742 million Last Year. Mainland China continued to be the Group’s major market, contributing 88% (2020: 71%) of retail sales for the Year. The retail revenue from Mainland China increased by 31% to approximately HK\$692 million for the Year from approximately HK\$529 million Last Year. The Group’s retail revenue from Hong Kong and Macau market was approximately HK\$91 million for the Year, representing a decrease of 57% from approximately HK\$213 million Last Year. The Group recorded an increase in overall same-store growth of 14% (2020: decline of 32%), of which same-store growth in Mainland China was a growth of 24% (2020: decline of 28%) and in Hong Kong and Macau was a decline of 11% (2020: decline of 42%).

The Group’s selling and distribution expenses decreased to HK\$221 million (2020: HK\$241 million), whereas the percentage to total turnover decreased to 26% (2020: 30%) this Year. Payment of lease liabilities amounted to HK\$68 million (2020: HK\$72 million). The percentage to turnover remained at a relatively low level. The Group has negotiated with landlords for rental relief or reductions in this difficult economic environment.

The Group has successfully implemented various cost control measures. General and administrative expenses have decreased by HK\$17 million to HK\$66 million (2020: HK\$83 million).

The Group’s other gains and losses have turned to a positive of HK\$30 million for the Year, compared to a negative of HK\$22 million Last Year. Included in other gains and losses are exchange gain of HK\$36 million for the Year.

FINAL DIVIDENDS

The Board has resolved not to declare any final dividend in respect of the year ended 30 June 2021 to the holders of ordinary shares of the Company.

BUSINESS REVIEW

Retail business

Overall revenue from the retail business was approximately HK\$91 million (2020: HK\$213 million) for Hong Kong and Macau and HK\$692 million (2020: HK\$529 million) for Mainland China.

As at 30 June 2021, the Group had 3 points-of-sale in Hong Kong and 342 points-of-sale in Mainland China under the brand name “3D-GOLD.” Of the points-of-sale in Mainland China, 61 are self-operated points-of-sale and 281 are licensee points-of-sale.

The Group’s self-operated points-of-sale are located at department stores or shopping malls within prime shopping districts in Mainland China and most of them are subject to turnover-based rent. The Hong Kong and Macau operations are, on the other hand, subject to fixed rentals. Management is currently engaged in negotiations with individual landlords to maintain the effective rentals at a reasonable level.

The Group’s strategy in Mainland China is to continue to focus on the growth of licensee stores. This model gives the Group the option to leverage the capital, local knowledge and premises of its licensees, a flexible and fast roll out strategy that requires minimal capital outlay from the Group. This model enables the management to make critical decisions at times of market changes with minimal adverse impact on the Group.

With an aim to improve the profitability, the management has focused on the following areas through implementing various measures: (i) adjusting the sales network by focusing on profit-making stores and closing down non-performing stores, (ii) introducing a new regional franchisee system to strengthen the retail operations, (iii) continuing to develop and promote new product series, (iv) persistent costs control including requesting landlords to provide rental reduction or relief; and (v) improving cash flow. The opening, renewal and closing of the Group’s points-of-sales in Hong Kong, Macau, and Mainland China will be reviewed continually to ensure consistence with its overall business plan and strategies. The Group’s growth plans will be continuously adjusted, based on the financial returns, marketing benefits and strategic advantages. Prospectively, the Mainland China market will remain the key growth driver in the future.

Wholesale and sub-contracting business

The wholesale and sub-contracting of gold and jewellery business had been suspended since July 2019. Considering that the Group had to incur costs and expenses for the maintenance of this business despite it having ceased operations, from a cost saving perspective, the Group has disposed of the relevant dormant subsidiaries during the Year under review.

Products and Design

The Group has continued to advance its product designs and innovations. Through continuous enhancement in product quality, the Group is committed to offer product series which are able to meet with our customers’ preferences.

During the Year, the Group has enlarged its product portfolio to capture different market segments. Newly launched products include:

- “Peter Rabbit™” Collection
- Pure Gold Chinese Zodiac Collection
- “PT Starry Shimmer” Collection
- “Golden Allure GA” Collection
- “Cool Love” Collection
- “K•LOVE” Collection
- “Love Rhythm” Collection
- “Love Lane” Collection
- Classic Gold Collection
- Wedding Collection
- “Starry Shimmer” Collection

Marketing and Promotion

The Group strongly believes in the value of a quality brand. The Group continues to promote the “3DG Jewellery 金至尊” brand through a comprehensive marketing programme. Some of Group’s marketing programme include:

- Organized a “Brand Licensee Business Webinar (2nd quarter 2020)”
- Organized a “Brand Licensee Business Webinar (3rd quarter 2020)”
- Organized a “2021 Spring Product Launch and Opening Ceremony of the Headquarters’ Showroom”
- Organized a “Brand Licensee Business Webinar (1st quarter 2021)”
- Organized a “Brand Licensee Business Webinar (2nd quarter 2021)”

Awards and Achievements

The Group has also achieved industry awards as recognition for brand excellence and for its efforts in promoting service excellence in the jewellery retail sector.

- “JESSICA-OL Favorite Brand Award 2019/2020 (Best Jewellery)”
- “2019 Hong Kong Awards for Environmental Excellence (HKAEE)-Certificate of Merit (Shops and Retailers Sector)”
- “Capital Weekly Services Awards 2020 – Jewellery”
- “BOCHK Corporate Environmental Leadership Awards Programme 2019 – Eco Partner”
- “Certificate of Outlet Anti-Epidemic Measures Recognition”
- “Marie Claire-Best Label Award 2019/2020 (Best Jewelry)”
- “Social Capital Builder Logo Award (2020-2022)”
- “CAPITAL Corporate Social Responsibility Awards 2020”
- “TVB Weekly Brand Award 2020” by TVB Weekly
- “10 Years Plus Caring Company”
- “Q-Mark Service Elite 2020” by Hong Kong Q-Mark Council
- “Elite Jewellery Brand Awards 2020” by Ming Pao Weekly
- “HK Top Service Brand Ten Year Achievement Award” by Hong Kong Brand Development Council

OUTLOOK

The COVID-19 pandemic is unlikely to subside in the near future as mass vaccination takes time and travel restrictions will remain in place to a certain extent while China-US conflict will continue to affect the recovery of the world's economy. However, Mainland China was one of the first to start to emerge from the pandemic since the second half of 2020 resulting in a rebound in its economy. The Group believes that China's significant market advantages and potentials for domestic demand, the long-term positive fundamentals of China's economy remain unchanged. The Group will leverage on the stable economic environment in Mainland China to enhance its strategic coverage in the Mainland China market.

Going forward, the Group will continue to swiftly responded to the turbulent retail market by adopting various measure to save costs and minimize expenditures in order to enhance cost effectiveness and business efficiency and continuously explore new business opportunities to diversify its revenue base, in order to create greater value for its investors and stakeholders.

FUNDS RAISING AND USE OF PROCEEDS

As at 30 June 2021, the Company has fully utilized the remaining balance of HK\$29.2 million of the net proceeds raised from subscription of convertible bonds, completed on 16 January 2020. A summary of the utilization of the net proceeds as at 30 June 2021 is set forth below.

	Unutilized amount as of 30 June 2020 <i>HK\$ million</i> <i>(approximately)</i>	Utilized net proceeds up to 30 June 2021 <i>HK\$ million</i> <i>(approximately)</i>	Unutilized net proceeds up to 30 June 2021 <i>HK\$ million</i> <i>(approximately)</i>
Intended use disclosed in the Company's announcement dated 29 May 2019, 27 April 2020 and circular dated 17 July 2019			
Repayment of convertible bonds	27.0	(27.0)	0.0
Repayment of other indebtedness	2.2	(2.2)	0.0
	<u>29.2</u>	<u>(29.2)</u>	<u>0.0</u>

INVESTOR RELATIONS

The Group highly values its relationships with investors. Committed to maintaining close ties to professionals from the asset management community, the Group has heightened the transparency of its operations, and has through open and effective communication, enabled investors and the investment community to better understand its management philosophy and long-term development plans.

The Group welcomes and treasures investors' comments as they can provide a means to strengthen its value to shareholders. The Group resolves to continue its efforts to create value for investors.

OTHERS

Liquidity and Financial Resources

The Group centralises funding for all its operations through the corporate treasury based in Hong Kong. As at 30 June 2021, the Group had total cash and cash equivalents amounting to HK\$863 million (2020: HK\$879 million). The Group's net borrowing as at 30 June 2021 was 840 million (2020: 843 million), being total borrowing of HK\$1,703 million (2020: HK\$1,722 million) less pledged bank deposits and bank balances and cash of HK\$863 million (2020: HK\$879 million). After taking into account the gold inventories of HK\$266 million (2020: HK\$258 million), the Group's net borrowing as at 30 June 2021 was HK\$574 million (2020: HK\$585 million), being total borrowing less pledged bank deposits, bank balances and cash and gold inventories. As at 30 June 2021, the Group has available unutilized revolving banking facilities of HK\$664 million (2020: HK\$640 million).

The current ratio of the Group as at 30 June 2021 was 93% (2020: 92%), calculated on the basis of current assets of HK\$1,619 million (2020: HK\$1,629 million) over current liabilities of HK\$1,733 million (2020: HK\$1,775 million). The gearing ratio was 107% (2020: 106%), calculated on the basis of the total liabilities of HK\$1,950 million (2020: HK\$1,983 million) over total assets of HK\$1,828 million (2020: HK\$1,864 million).

Capital Commitments

Capital commitments of the Group as at 30 June 2021 are set out in note 11.

Pledged Assets

Pledged assets of the Group as at 30 June 2021 are set out in note 12.

Contingent Liabilities and Guarantee

As at 30 June 2021, the Company had corporate financial guarantee amounting to HK\$1,075,000,000 (2020: HK\$1,075,000,000) to banks in respect of 50% of the aggregated amount of banking facilities granted to its subsidiary. As at 30 June 2021, the banking facilities utilised by the subsidiary was HK\$1,486,000,000 (2020: HK\$1,510,000,000). As at 30 June 2021, a loss allowance of HK\$12,435,000 estimated under the expected credit loss model in respect of such corporate financial guarantee in the Company's statement of financial position was recognised (2020: Nil) whereas no financial impact on the consolidated financial statements. As at 30 June 2021 and 2020, save as disclosed above, the Group and the Company did not have any material contingent liabilities.

Litigation

The Company received a winding-up petition filed by Luk Fook 3D, a non-controlling shareholder of a subsidiary, against the Company in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region on 24 October 2019 (the “Hong Kong Petition”) and a winding-up petition filed by Luk Fook 3D against the Company in the Supreme Court of Bermuda on 28 November 2019 (the “Bermuda Petition”). In July 2020, the Company repaid the loan principal of HK\$27,000,000 and the relevant accrued interest to Luk Fook 3D. Luk Fook 3D signed a deed of release in favour of the Company, pursuant to which Luk Fook 3D has released and discharged the Company from all its liabilities and obligations owing to Luk Fook 3D under CB 2019. As at 30 June 2021, both the Bermuda and Hong Kong Petition have been withdrawn.

Significant Investments, Material Acquisitions and Disposals

On 16 March 2021, Brand New Management Limited (“Brand New”, a wholly-owned subsidiary of the Company) and Asian Meet Limited (“Asian Meet”, an independent third party), entered into the sale and purchase Agreement, pursuant to which Brand New agreed to sell and Asian Meet agreed to acquire the entire issued share capital of Joyrise Ventures Limited (“Joyrise”, a wholly-owned subsidiary of the Company), at the cash consideration of HK\$10,000. The disposal transaction was completed on 17 March 2021 and Joyrise ceased to be a subsidiary of the Company. Further details are set out in the announcement dated 16 March 2021.

On 22 June 2021, Brand New and Mr. Li Ning (“Mr. Li”, the chairman and an executive Director), entered into the sale and purchase Agreement, pursuant to which Brand New agreed to sell and Mr. Li agreed to acquire the entire issued share capital of Prosten Wealth Investment Limited (“Prosten”, a wholly-owned subsidiary of the Company), at the cash consideration of HK\$1,458,000. The disposal transaction was completed on 23 June 2021 and Prosten ceased to be a subsidiary of the Company. Further details are set out in the announcement dated 22 June 2021.

On 22 June 2021, Brand New and an independent third party entered into the sale and purchase Agreement, pursuant to which Brand New agreed to sell and the independent third party agreed to acquire the entire issued share capital of Century Height Limited (“Century Height”, a wholly-owned subsidiary of the Company), at the cash consideration of HK\$3,160,000. The disposal transaction was completed on 25 June 2021 and Century Height ceased to be a subsidiary of the Company.

Save as disclosed above, the Group did not have any significant investments, material acquisitions or disposals of assets, subsidiaries, associates or joint ventures during the year ended 30 June 2021.

Event after the reporting period

The Group had the following events after the end of the reporting period:

- a) On 23 July 2021, special resolutions were passed at a special general meeting as follows:
 - i) To consolidate every 10 issued and unissued existing ordinary shares of par value of HK\$0.04 each (the “Existing Share”) in the share capital of the Company into 1 consolidated share of par value of HK\$0.4 each (the “Consolidated Share”); and every 10 issued and unissued preference shares of par value of HK\$0.04 each in the share capital of the Company into 1 consolidated preference share of par value of HK\$0.4 each (the “Consolidated Preference Share” and collectively the “Share Consolidation”).
 - ii) To reduce the share capital of the Company through a cancellation of (a) any fractional Consolidated Share in the share capital of the Company that may arise as a result of the Share Consolidation; and (b) the paid-up capital of the Company to the extent of HK\$0.399 on each of the issued Consolidated Share such that the par value of each issued Consolidated Share shall be reduced from HK\$0.4 each to HK\$0.001 each, resulting a new share of par value of HK\$0.001 each (the “New Share” and collectively the “Capital Reduction”).
 - iii) To sub-divide (a) each of the authorised but unissued Consolidated Share into 400 New Share, so that the par value of each unissued Consolidated Share is reduced from HK\$0.4 each to HK\$0.001 each; and (b) each of the authorised but unissued Consolidated Preference Share into 400 new preference shares, so that the par value of each unissued Consolidated Preference Share shall be reduced from HK\$0.4 each to HK\$0.001 each (collectively the “Share Sub-division”).

The Share Consolidation, the Capital Reduction and the Share Sub-division (collectively the “Capital Reorganisation”) were completed and effective on 27 July 2021. Upon the Capital Reorganisation become effective, the exercise prices of share options granted under the 2009 Share Option Scheme are adjusted from HK\$0.9152 to HK\$9.152 per share option and from HK\$0.3232 to HK\$3.232 per share option respectively, and the conversion price of CB 2023 is also adjusted from HK\$0.15 to HK\$1.5 per convertible bond.

- b) As at 30 June 2021, the Group had an outstanding loan of HK\$27,000,000 payable to Luk Fook 3D, a non-controlling shareholder of a subsidiary, which was unsecured, interest bearing at 18% per annum and repayable on 22 July 2021. In July 2021, the Group repaid a sum of approximately HK\$18,464,000 to Luk Fook 3D, which included outstanding interest payables of approximately HK\$4,964,000 and partial loan principal of HK\$13,500,000. Subsequent to 30 June 2021, the Group successfully reached an agreement with Luk Fook 3D to extend the repayment date of the remaining loan principal amount of HK\$13,500,000 to 22 November 2021. The associated loan interests shall be repaid on respective pre-agreed dates.

Financial Risk and Exposure

The Group did not have any outstanding material foreign exchange contracts, interest or currency swaps, or other financial derivatives as at 30 June 2021.

Employees and Remuneration Policy

As at 30 June 2021, the Group had 982 employees (2020: 1,061). The Group's remuneration policy is periodically reviewed by the Remuneration Committee and the Board. Remuneration is determined by reference to market conditions, company performance, and individual qualifications and performance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE PROVISIONS ON CORPORATE GOVERNANCE CODE

The Company's code on corporate governance practices was adopted with reference to the code provisions on Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company principally complied with the CG Code throughout the Year, except for the following deviations:

CG Code A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. On 12 June 2019, Mr. Li Ning is appointed as an executive Director and chairman of the Board to provide strong leadership and ensure the execution of the Group's strategies and policies. On 4 October 2019, Mr. Li Ning has been assuming the role of chief executive officer. The Board is of the view that currently vesting the roles of chairman and chief executive in Mr. Li Ning provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

CG Code A.4.1 stipulates that the non-executive directors should be appointed for a specific term, subject to re-election. The Company has not fixed the term of appointment for the non-executive director, Mr. Hu Hongwei and the independent non-executive directors, Dr. Loke Yu alias Loke Hoi Lam and Mr. Fan, Anthony Ren Da. However, all the non-executive director and independent non-executive directors are subject to retirement by rotation at least every three years and re-election at the annual general meeting of the Company pursuant to the Company's bye-laws. As such, the Board considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code.

The current corporate governance practices of the Company will be reviewed and updated in a timely manner in order to comply with the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the Year.

APPOINTMENT OF NEW EXTERNAL AUDITOR

The Group’s consolidated financial statements for the years ended 30 June 2018 and 30 June 2019 were audited by Deloitte Touche Tohmatsu. Crowe (HK) CPA Limited was appointed as the external auditor of the Company to fill the vacancy following the retirement of Deloitte Touche Tohmatsu as the independent auditor of the Company at the annual general meeting of the Company held on 23 June 2020. The Group’s consolidated financial statements for the year ended 30 June 2020 were audited by Crowe (HK) CPA Limited. Save as disclosed, there were no other changes in the Company’s independent auditor in the past three years. The Group’s consolidated financial statements for the year ended 30 June 2021 were audited by Crowe (HK) CPA Limited. A resolution will be proposed at the 2021 annual general meeting to re-appoint Crowe (HK) CPA Limited as the external auditor of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters. The Group’s consolidated financial statements for the year ended 30 June 2021 have been reviewed by the Audit Committee and audited by the Company’s independent auditor Crowe (HK) CPA Limited. As at the date of this announcement, the Audit Committee comprises three independent non-executive directors, namely, Dr. Loke Yu alias Loke Hoi Lam, Mr. Fan, Anthony Ren Da and Mr. Chan Kim Sun.

PUBLICATION OF ANNUAL RESULTS AND DESPATCH OF ANNUAL REPORT

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.hkrh.hk). The annual report 2021 containing all the information required by the Listing Rules will be despatched to the Company’s shareholders and available on the above websites in due course.

By order of the Board of
Hong Kong Resources Holdings Company Limited
Mr. Li Ning
Chairman

Hong Kong, 29 September 2021

As at the date of this announcement, the Board comprises Mr. Li Ning (Chairman), Mr. Wang Chaoguang (Co-chairman) and Ms. Dai Wei as executive Directors; Mr. Hu Hongwei as non-executive Director; and Dr. Loke Yu alias Loke Hoi Lam, Mr. Fan, Anthony Ren Da and Mr. Chan Kim Sun as independent non-executive Directors.