Hyfusin Group Holdings Limited
凱富善集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8512)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of Hyfusin Group Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company and its subsidiaries (together, the "**Group**"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the three months ended 31 March 2021, together with the comparative unaudited figures for the corresponding period in 2020 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2021

		Three months ended	
		31.3.2021	31.3.2020
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**139,533**	78,811
Cost of sales		**(91,991)**	(54,096)
Gross profit		**47,542**	24,715
Other income	*4*	**220**	168
Other gains and losses	*5*	**(773)**	(2,146)
Selling and distribution expenses		**(7,388)**	(3,881)
Administrative expenses		**(16,704)**	(10,618)
Finance costs	*6*	**(1,168)**	(823)
Profit before income tax expense	*8*	**21,729**	7,415
Income tax expense	*7*	**(3,694)**	(1,437)
Profit for the period attributable to the owners of the Company		**18,035**	5,978
Other comprehensive expense for the period			
Item that may be reclassified subsequently to profit or loss:			
Fair value loss on debt instruments measured at fair value through other comprehensive income		**(23)**	(4)
Disposal of debt instruments at fair value through other comprehensive income		**–**	(32)
		(23)	(36)
Total comprehensive income for the period attributable to the owners of the Company		**18,012**	5,942
Earnings per share			
Basic and diluted (HK cents)	*11*	**1.64**	0.54

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	Attributable to owners of the Company					
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Fair value through other comprehensive income reserve** *HK$'000*	**Other reserves** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*
At 1 January 2020 (audited)	11,000	54,954	54	20,605	47,175	133,788
Profit for the period	–	–	–	–	5,978	5,978
Fair value loss on debt instruments through other comprehensive income	–	–	(4)	–	–	(4)
Disposal of debt instruments at fair value through other comprehensive income	–	–	(32)	–	–	(32)
Profit and total comprehensive (expense) income for the period	–	–	(36)	–	5,978	5,942
As at 31 March 2020 (unaudited)	11,000	54,954	18	20,605	53,153	139,730
At 1 January 2021 (audited)	**11,000**	**54,954**	**44**	**20,605**	**137,657**	**224,260**
Profit for the period	**–**	**–**	**–**	**–**	**18,035**	**18,035**
Fair value loss on debt instruments through other comprehensive income	**–**	**–**	**(23)**	**–**	**–**	**(23)**
Profit and total comprehensive (expense) income for the period	**–**	**–**	**(23)**	**–**	**18,035**	**18,012**
As at 31 March 2021 (unaudited)	**11,000**	**54,954**	**21**	**20,605**	**155,692**	**242,272**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2021

1. GENERAL AND BASIS OF PREPARATION

Hyfusin Group Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as amended, supplemented or otherwise modified from time to time) of the Cayman Islands on 5 July 2017. The shares of the Company (the "**Shares**") have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 July 2018 (the "**Listing**"). Its registered office is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and principal place of business is located at Unit Nos. 4–8, 2/F, Aberdeen Marina Tower, 8 Shum Wan Road, Aberdeen, Hong Kong.

The Company is an investment holding company and its subsidiaries (the "**Group**") are principally engaged in manufacturing and sale of candle products. Its parent and ultimate holding company is AVW International Limited ("**AVW**"), a private company incorporated in the British Virgin Islands (the "**BVI**"). Its ultimate controlling shareholders are Mr. Wong Man Chit and Mr. Wong Wai Chit, who are brothers and act in concert over AVW and the companies now comprising the Group (the "**Controlling Shareholders**").

The functional currency of the Company and its subsidiaries is United States dollars ("**US$**") while the presentation currency of the consolidated financial statements is Hong Kong dollars ("**HK$**") as the directors of the Company (the "**Directors**") consider that HK$ is preferable in presenting the operating results and financial position of the Group, which is more beneficial to the users of the consolidated financial statements.

The condensed consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the GEM Listing Rules.

The condensed consolidated financial statements of the Group have been prepared under the historical cost basis, except for certain financial instrument which have been measured at fair values.

2. PRINCIPAL ACCOUNTING POLICIES

Application of new and amendments to HKFRSs

The principal accounting policies used in the condensed consolidated financial statements for the three months ended 31 March 2021 are the same as those followed in the preparation of the Group's annual report for the year ended 31 December 2020, except for the following new and amendments to HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19 – Related Rented Concessions[1]

The application of the new and amendments to HKFRSs has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 16	Property, Plant and Equipment : Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these new or revised HKFRSs is expected to be in the period of initial application. So far the Directors concluded that the adoption of the new HKFRSs will have no material impact on the amounts reported in the Group's condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregated revenue information

	Three months ended	
	31.3.2021	31.3.2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Sale of candle products		
Daily-use candles	**30,708**	19,008
Scented candles	**91,936**	41,565
Decorative candles	**241**	1,090
Others (including Diffusers)	**16,648**	17,148
Total	**139,533**	78,811
Timing of revenue recognition		
A point in time	**139,533**	78,811

The Group's market were department stores and buying agents headquartered in United States of America and United Kingdom.

The contracts for sales of goods to external customers are short-term and the contract prices are fixed and agreed with the customers.

(ii) Performance obligations

Sale of candle products (revenue recognised at one point in time)

The Group sells candle products to external customers in which the revenue is recognised when the control of the goods has transferred to the customers, being when the goods have been shipped to the external customers' specific location.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All performance obligations for sale of candle products are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

Information reported to the executive directors of the Company, being the chief operating decision maker ("**CODM**"), regularly review revenue analysis by product type as set out in the revenue analysis above for the purpose of resource allocation and assessment of performance. However, other than revenue analysis, no operating results and other discrete financial information is regularly reviewed by the CODM for the purpose of resource allocation and assessment of performance of respective businesses. The CODM reviews the operating results (excluding listing expenses) of the Group as a whole to make decisions about resource allocation and for assessment of performance. The operation of the Group constitutes one single operating and reportable segment under HKFRS 8 Operating Segments and accordingly no separate segment information is presented.

Geographical information

The Group's operations are located in Hong Kong and Vietnam.

Information about the Group's revenue from external customers is presented based on the location of the destination points of the customers.

Revenue from external customers

	Three months ended	
	31.3.2021	31.3.2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
United States of America	**132,085**	71,391
United Kingdom	**4,959**	5,763
Others	**2,489**	1,657
Total	**139,533**	78,811

4. OTHER INCOME

	Three months ended	
	31.3.2021	31.3.2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Bank interest income	**3**	66
Sample income	**–**	72
Sundry income	**16**	30
Others	**201**	–
	220	168

5. OTHER GAINS AND LOSSES

	Three months ended	
	31.3.2021	31.3.2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net foreign exchange (losses)/gains	**(124)**	175
Loss from changes in fair value of financial assets at fair value through profit or loss	**–**	(5)
Gain on disposal of debt instruments at fair value through other comprehensive income	**–**	43
Write-off of trade receivables	**–**	(2,359)
Impairment loss on trade receivables	**(649)**	–
	(773)	(2,146)

6. FINANCE COSTS

	Three months ended	
	31.3.2021	31.3.2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on bank borrowings	**1,121**	778
Interest on lease liabilities	**47**	45
	1,168	823

7. INCOME TAX EXPENSE

	Three months ended	
	31.3.2021	31.3.2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax:		
– Hong Kong Profits Tax	**3,138**	1,002
– Vietnam Corporate Income Tax	**627**	441
	3,765	1,443
Deferred taxation:		
Current period	**(71)**	(6)
	3,694	1,437

Under the two-tier profits tax regime, Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million for Fleming International Limited, the subsidiary of the Company incorporated in Hong Kong, for the three months ended 31 March 2021 and 2020.

For Fleming International Vietnam Limited, the subsidiary of the Company incorporated in Vietnam, the statutory corporate tax rates are 20% for the three months ended 31 March 2021 and 2020.

8. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting):

	Three months ended	
	31.3.2021	31.3.2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Auditor's remuneration	**225**	200
Cost of inventories recognised as an expense	**91,991**	54,096
Allowance of inventories (included in cost of sales)	**231**	46
Write-off of trade receivables	**–**	(2,359)
Donations	**28**	30
Depreciation of right-of-use assets	**910**	902
Less: capitalised in inventories	**(187)**	(187)
	723	715
Depreciation of property, plant and equipment	**773**	770
Less: capitalised in inventories	**(569)**	(594)
	204	176
Employee benefit expense (excluding directors' remuneration):		
– Salaries and allowances	**14,569**	10,353
– Discretionary bonus	**1,064**	372
– Retirement benefit scheme contribution	**2,621**	1,609
Total staff costs	**18,254**	12,334
Less: capitalised in inventories	**(12,486)**	(7,021)
	5,768	5,313

9. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the three months ended 31 March 2021 and 2020, disclosed pursuant to the applicable GEM Listing Rules and Hong Kong Companies Ordinance (Cap. 622), is as follows:

	Three months ended	
	31.3.2021	31.3.2020
	HK\$'000	*HK\$'000*
	(unaudited)	(unaudited)
Fees	**180**	180
Salaries and other allowances	**1,800**	1,800
Retirement benefits scheme contributions	**11**	11
Other benefits	**731**	442
Discretionary bonus	**5,000**	250
Total	**7,722**	2,683

10. DIVIDENDS

No dividends were paid, declared or proposed for the three months ended 31 March 2021 and 2020.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Three months ended	
	31.3.2021	31.3.2020
	HK\$'000	*HK\$'000*
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to the owners of the Company for the purpose of basic earnings per share	**18,035**	5,978

	Three months ended	
	31.3.2021	31.3.2020
	(unaudited)	(unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,100,000,000**	1,100,000,000

No diluted earnings per share for the both periods was presented as there were no potential ordinary shares in issue during both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally engages in the manufacturing and sale of candle products with headquarters in Hong Kong and operations in Vietnam. The Group mainly manufactures and sells daily-use candles, scented candles, decorative candles and other products such as diffusers. The major customers of the Group are mostly U.S. and U.K. department store operators and buying agents.

The Group mainly manufactures candle products based on the requirements and specifications from its customers. The Group would also assess the design and specifications and put forward our suggestions to its customers. The Group offers a wide variety of services to its customers from product design, raw material selection and procurement, provision of sample candle before mass production, laboratory testing to recommendation to improve the product quality.

According to an industry overview report prepared by Frost & Sullivan International Limited (the "**F&S Report**"), an independent market research and consulting firm, the Group ranked the third, the fourth and the fourth among the candle manufacturers in Vietnam in terms of estimated export value, estimated revenue and estimated production capacity in 2017, respectively. According to the F&S Report, the import value and share of candle products in U.S. and U.K. from Vietnam expected to reach approximately US$195.6 million and approximately US$15.6 million, respectively.

The F&S Report also mentioned that as the economy in the U.S. and other developed countries continue to recover, the consumption of mid-to-high end candle products is expected to increase. The candle market also has an increasing preference over candle products which are scented and with colour additives. With the preference for candle products with scent and coloured additives for use in rooms and households, increasing demand for scented and decorative candle products has provided the impetus for the whole market.

The analysis of product segment of the Group for the three months ended 31 March 2021 is set out in Note 3 to the condensed consolidated financial statements. The scented candles are still the best selling product of the Group for the three months ended 31 March 2021 which the sales of scented candles increased by approximately HK$50.4 million or 121.2% as compared with the same period in 2020. It reflects the trend of preference for candle products with scent and coloured additives is increasing recently in the U.S. market.

Simultaneously, the demand of daily-use candles is also increasing during the period, the sales of daily-use candles increased by approximately HK$11.7 million or 61.6% as compared with the same period in 2020.

In order to catch up the rapid growth of candle products especially in the U.S. market, since 2018, the Group entered into the contracts with sales representatives for the sales incentive which encourages them to introduce new customer orders. The management of the Group gladly cooperates with sales representatives and expects that more new orders will be introduced by sales representatives in future.

During the year ended 31 December 2020, the Group was awarded as one of the winners of "2020 Business Partner Award Winner for Differentiate Owned Brands" from our customer as we helped our customer to evolve their category of candle products and increase their sales in candle products. The Group consistently offers compelling designs, competitive price while ensuring product quality, responsible sourcing, sustainability, and a commitment to business partners.

Based on our well established and long-term relationships with the customers and with the support from our experienced management team of the Group in the industry, the Group is confidence on capturing business opportunities and growth in future.

The outbreak of the novel coronavirus ("**COVID-19**") has brought about additional uncertainties in the Group's operating environment and may affect the Group's operations and financial position. Fortunately, the main businesses of the Group located in Vietnam and Hong Kong have not been affected, mainly attributable to (i) the effective management in stable supply of raw materials for production; (ii) the Group's enhanced protection against the COVID-19 to ensure smooth production; and (iii) the good performance of the Vietnamese government in controlling the epidemic without large-scale outbreak during the period ended 31 March 2021.

The Group has been closely monitoring the impact from the COVID-19 on the Group's businesses. Based on the information currently available, the Directors confirmed that there has no material adverse change in the financial or trading position of the Group up to the date of this announcement. However, the actual impacts may differ from these estimates as the situation continues evolving and is subject to further information becomes available.

FINANCIAL REVIEW

Revenue

Revenue for the three months ended 31 March 2021 amounted to approximately HK$139.5 million, representing an increase of approximately HK$60.7 million or 77.0% as compared with that of approximately HK$78.8 million for the same period in 2020. The increase in revenue was mainly due to an increase in sales of scented candles of approximately HK$50.4 million and daily-use candles of approximately HK$11.7 million.

Gross profit and gross profit margin

Gross profit for the three months ended 31 March 2021 amounted to approximately HK$47.5 million, representing an increase of approximately HK$22.8 million or 92.3% as compared with that of approximately HK$24.7 million for the same period in 2020. The gross profit margin increased to approximately 34.1% for the three months ended 31 March 2021 as compared with that of approximately 31.4% for the same period in 2020. The increase was mainly due to the increase in gross profit margin of scented candles and other products from approximately 32.6% and 34.1%, respectively, for the period ended 31 March 2020 to approximately 33.2% and 46.4%, respectively, for the period ended 31 March 2021.

Other gains and losses

Other losses for the three months ended 31 March 2021 amounted to approximately HK$773,000, representing a decrease of approximately HK$1.3 million or 61.9% as compared with other losses of approximately HK$2.1 million for the same period in 2020. The decrease was mainly due to the decrease in write off of trade receivables for approximately HK$2.4 million.

Selling and distribution expenses

Selling and distribution expenses for the three months ended 31 March 2021 amounted to approximately HK$7.4 million, representing an increase of approximately HK$3.5 million or 89.7% as compared with that of approximately HK$3.9 million for the same period in 2020.

The increase was mainly due to (i) increase in transportation and declarations expenses of approximately HK$1.0 million which was in line with the increase in sales; and (ii) increase in marketing and promotion expenses for approximately HK$2.5 million which mainly included the increase of approximately HK$1.8 million for the commission to sales representatives in relation to the introduction of new customer orders and increase of approximately HK$0.5 million in design consultation fee for the new products from new orders.

Administrative expenses

Administrative expenses for the three months ended 31 March 2021 amounted to approximately HK$16.7 million, representing an increase of approximately HK$6.1 million or 57.5% as compared with that of approximately HK$10.6 million for the same period in 2020. The increase in administrative expenses was mainly due to the increase in salary and allowance of approximately HK$6.0 million.

Finance costs

Finance costs for the three months ended 31 March 2021 amounted to approximately HK$1.2 million, representing an increase of approximately HK$377,000 or 45.8% as compared to that of approximately HK$823,000 for the same period in 2020. The increase was mainly due to the increase in using bank borrowings to cope with revenue growth.

Profit for the period

The Group incurred net profit of approximately HK$18.0 million for the period ended 31 March 2021, representing an increase of approximately HK$12.0 million or 200.0% as compared with net profit of approximately HK$6.0 million for the same period in 2020.

Such increase was the combined effect of (i) increase in gross profit for approximately HK$22.8 million; (ii) increase in other income for approximately HK$52,000; and (iii) decrease in other losses for approximately HK$1.3 million and offset by (a) increase in selling and distribution expenses for approximately HK$3.5 million; (b) increase in administrative expenses for approximately HK$6.1 million; (c) increase in finance costs for approximately HK$377,000; and (d) increase in income tax expenses for approximately HK$2.2 million.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets

As disclosed in the announcement of the Company dated 2 November 2020 and the circular of the Company dated 8 December 2020, Fleming International Vietnam Limited, an indirect wholly-owned subsidiary of the Company, entered into the construction contract with the independent contractor in relation to the construction of the new factory on the land located at plot no. 236 (formerly known as plot no. 51), Amata Road, Amata Industrial Park, Long Binh Park, Bien Hoa City, Dong Nai Province, Vietnam which acquired in 2018 at the contract price of VND83,279,000,000 (equivalent to approximately HK$28,000,000).

The building construction work of the new factory commenced in December 2020 with the completion of approximately 7.2% of total construction work as at 31 March 2021. The building construction work of the new factory is expected to complete by 10 August 2021 subject to any extension of time for completion.

The Directors consider that the terms of the construction contract and the contract price are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save as disclosed above, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets during the three months ended 31 March 2021.

EVENT AFTER THE END OF REPORTING PERIOD

There are no significant events affecting the Group after the reporting period and up to the date of this announcement.

DIVIDEND

The board of Directors (the "**Board**") does not declare the payment of an interim dividend for the three months ended 31 March 2021.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings (the "**Required Standard of Dealing**") set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all the Directors, each of them have confirmed that they have complied with the Required Standard of Dealings for the three months ended 31 March 2021. No incident of non-compliance was noted by the Company for the three months ended 31 March 2021.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the reporting period and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieve high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "**CG Code**"). During the three months ended 31 March 2021, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Chan Cheong Tat. The other members are Mr. Yu Pui Hang and Mr. Ho Chi Wai. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process, the internal control systems of the Group and the monitoring of continuing connected transactions. All members of the Audit Committee are appointed by the Board.

The Audit Committee had reviewed the unaudited consolidated results of the Group for the three months ended 31 March 2021 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

As at the date of this announcement, the Directors are:

EXECUTIVE DIRECTORS

Mr. Wong Wai Chit *(Chairman)*
Mr. Wong Man Chit *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTOR

Ms. Wong Fong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Cheong Tat
Mr. Yu Pui Hang
Mr. Ho Chi Wai

Hong Kong, 7 May 2021

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and will also be published on the Company's website at www.hyfusingroup.com.