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## **Takbo Group Holdings Limited**

**德寶集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8436)**

### **ANNOUNCEMENT OF FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Takbo Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together as the “**Group**”) for the three months ended 31 March 2022. This announcement, containing the full text of the 2022 first quarterly report of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (“**GEM Listing Rules**”) of the Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of first quarterly results. Printed version of the 2022 first quarterly report of the Company containing the information required by the GEM Listing Rules will be dispatched to the shareholders in due course.

The Company’s 2022 first quarterly results announcement is published on the GEM website at <http://www.hkgem.com> and the Company’s website at [www.takbogroup.com](http://www.takbogroup.com).

By Order of the Board  
**Takbo Group Holdings Limited**  
**Or Naam**

*Executive Director and Chief Executive Officer*

Hong Kong, 12 May 2022

*As at the date of this announcement, the executive Directors are Mr. Or Naam, Ms. Chan Hoi Yan Polly and Mr. Or Huen; and the independent non-executive Directors are Mr. Tan Chong Huat, Mr. Sung Chi Keung and Mr. Hui Ha Lam.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with GEM Listing Rules of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. 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.*

*This announcement will remain on the “Latest Company Announcements” page on GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of 7 days from the date of its publication and on the Company’s website at [www.takbogroup.com](http://www.takbogroup.com).*

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*This report, for which the directors (the “**Directors**”) of Takbo 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 (the “**GEM Listing Rules**”) of the Stock Exchange 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 report 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 report misleading.*



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# Corporate Information

## EXECUTIVE DIRECTORS

Mr. Or Naam (*Chief Executive Officer*)  
Ms. Chan Hoi Yan Polly  
Mr. Or Huen

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tan Chong Huat (*Chairman*)  
Mr. Sung Chi Keung  
Mr. Hui Ha Lam

## AUDIT COMMITTEE

Mr. Sung Chi Keung (*Chairman*)  
Mr. Tan Chong Huat  
Mr. Hui Ha Lam

## REMUNERATION COMMITTEE

Mr. Tan Chong Huat (*Chairman*)  
Mr. Sung Chi Keung  
Mr. Or Naam

## NOMINATION COMMITTEE

Mr. Hui Ha Lam (*Chairman*)  
Mr. Sung Chi Keung  
Mr. Or Huen

## COMPANY SECRETARY

Ms. Cho Wing Han

## AUTHORIZED REPRESENTATIVES

Mr. Or Naam  
Ms. Chan Hoi Yan Polly

## COMPLIANCE OFFICER

Ms. Chan Hoi Yan Polly

## REGISTERED OFFICE

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room A, 22/F., EGL Tower  
83 Hung To Road, Kwun Tong  
Kowloon, Hong Kong

## INDEPENDENT AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
22nd Floor, Prince's Building  
Central, Hong Kong

## Corporate Information

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Bank of China Tower  
1 Garden Road, Hong Kong

Nanyang Commercial Bank Limited  
151 Des Voeux Road Central  
Central  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### STOCK CODE

8436

### COMPANY WEBSITE

[www.takbogroup.com](http://www.takbogroup.com)

# Financial Highlights

Revenue of the Group for the three months ended 31 March 2022 (the “**Current Period**”) amounted to approximately HK\$25.3 million, representing a decrease of approximately 23.2% over the three months ended 31 March 2021 (the “**Previous Period**”).

Gross profit of the Group for the Current Period amounted to approximately HK\$8.6 million, representing a decrease of approximately 26.1% over the Previous Period.

Gross profit margin of the Group for the Current Period decreased from approximately 35.4% for the Previous Period to approximately 34.1% for the Current Period.

Loss attributable to equity holders of the Company for the Current Period amounted to approximately HK\$1.6 million (Previous Period: profit of approximately HK\$1.0 million).

Loss per share for the Current Period was approximately HK0.39 cents (Previous Period: earnings per share, HK0.26 cents).

The Board does not recommend the payment of any interim dividend for the Current Period (Previous Period: Nil).

# Unaudited Financial Results

The board (the “**Board**”) of directors (the “**Directors**”) of Takbo Group Holdings Limited (the “**Company**” together with its subsidiaries (the “**Group**”)) is pleased to present the unaudited condensed consolidated financial results of the Group for the three months ended 31 March 2022, which has been reviewed by the audit committee of the Company, together with the comparative unaudited figures for the corresponding period in 2021, as follows:

## Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the three months ended 31 March 2022

|  | Notes | Three months ended 31 March     |                                 |
|--|-------|---------------------------------|---------------------------------|
|  |       | 2022<br>(Unaudited)<br>HK\$'000 | 2021<br>(Unaudited)<br>HK\$'000 |
| <b>Revenue</b>                                     | 3     | <b>25,290</b>                   | 32,923                          |
| Cost of sales                                      |       | <b>(16,678)</b>                 | (21,274)                        |
| <b>Gross profit</b>                                |       | <b>8,612</b>                    | 11,649                          |
| Other income                                       | 4     | <b>100</b>                      | 102                             |
| Other losses, net                                  | 4     | <b>(338)</b>                    | (104)                           |
| Administrative expenses                            |       | <b>(7,328)</b>                  | (7,803)                         |
| Selling and distribution expenses                  |       | <b>(2,789)</b>                  | (2,276)                         |
| Reversal of impairment losses on trade receivables |       | <b>18</b>                       | –                               |
| <b>Operating (loss)/profit</b>                     |       | <b>(1,725)</b>                  | 1,568                           |
| Finance income                                     |       | <b>261</b>                      | 37                              |
| Finance costs                                      |       | <b>(82)</b>                     | (101)                           |

# Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the three months ended 31 March 2022

|   | Notes | Three months ended 31 March     |                                 |
|---|-------|---------------------------------|---------------------------------|
|   |       | 2022<br>(Unaudited)<br>HK\$'000 | 2021<br>(Unaudited)<br>HK\$'000 |
| Finance income/(costs), net   |       | 179                             | (64)                            |
| <b>(Loss)/profit before income tax</b>  | 5     | <b>(1,546)</b>                  | 1,504                           |
| Income tax expense  | 6     | (16)                            | (456)                           |
| <b>(Loss)/profit for the period attributable to owners of the Company</b>                     |       | <b>(1,562)</b>                  | 1,048                           |
| <b>Other comprehensive income for the period</b>  |       |                                 |                                 |
| <i>Item that may be reclassified subsequently to profit or loss:</i>                          |       |                                 |                                 |
| Exchange differences on translation of foreign operations                                     |       | 478                             | –                               |
| <b>Total comprehensive (loss)/income for the period attributable to owners of the Company</b> |       | <b>(1,084)</b>                  | 1,048                           |
| <b>(Loss)/earnings per share</b>  |       |                                 |                                 |
| Basic and diluted (in HK cents)   | 8     | <b>(0.39)</b>                   | 0.26                            |



# Unaudited Condensed Consolidated Statements of Changes in Equity

For the three months ended 31 March 2022

|   | Attributable to owners of the Company |                              |  |                                  |                                 |                                  | Total<br>HK\$'000 |
|---|---------------------------------------|------------------------------|--|----------------------------------|---------------------------------|----------------------------------|-------------------|
|   | Share<br>capital<br>HK\$'000          | Share<br>premium<br>HK\$'000 | Capital<br>and other<br>reserves<br>HK\$'000 | Statutory<br>reserve<br>HK\$'000 | Exchange<br>reserve<br>HK\$'000 | Retained<br>earnings<br>HK\$'000 |                   |
| <b>At 31 December 2021<br/>(audited) and<br/>1 January 2022</b> | <b>4,000</b>                          | <b>56,188</b>                | <b>46</b>                                    | <b>3,146</b>                     | <b>5,924</b>                    | <b>160,582</b>                   | <b>229,886</b>    |
| Loss for the period   | -                                     | -                            | -  | -                                | -                               | (1,562)                          | (1,562)           |
| Other comprehensive<br>income                                   | -                                     | -                            | -  | -                                | 478                             | -                                | 478               |
| <b>Total comprehensive<br/>income for the period</b>            | <b>-</b>                              | <b>-</b>                     | <b>-</b>                                     | <b>-</b>                         | <b>478</b>                      | <b>(1,562)</b>                   | <b>(1,084)</b>    |
| <b>At 31 March 2022<br/>(unaudited)</b>                         | <b>4,000</b>                          | <b>56,188</b>                | <b>46</b>                                    | <b>3,146</b>                     | <b>6,402</b>                    | <b>159,020</b>                   | <b>228,802</b>    |
| <b>At 31 December 2020<br/>(audited) and<br/>1 January 2021</b> | <b>4,000</b>                          | <b>56,188</b>                | <b>46</b>                                    | <b>2,760</b>                     | <b>2,874</b>                    | <b>156,591</b>                   | <b>222,459</b>    |
| Profit for the period   | -                                     | -                            | -  | -                                | -                               | 1,048                            | 1,048             |
| <b>Total comprehensive<br/>income for the period</b>            | <b>-</b>                              | <b>-</b>                     | <b>-</b>                                     | <b>-</b>                         | <b>-</b>                        | <b>1,048</b>                     | <b>1,048</b>      |
| <b>At 31 March 2021<br/>(unaudited)</b>                         | <b>4,000</b>                          | <b>56,188</b>                | <b>46</b>                                    | <b>2,760</b>                     | <b>2,874</b>                    | <b>157,639</b>                   | <b>223,507</b>    |

# Notes to the Unaudited Condensed Consolidated Financial Information

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 8 February 2017 as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in the design, development, manufacture and sale of beauty products, and the design, development and sale of beauty bags.

The ultimate controlling parties of the Company are Mr. Or Naam, Ms. Chu Siu Fong ("**Ms. Chu**") and Ms. Chan Hoi Yan Polly ("**Ms. Chan**") (collectively, the "**Controlling Shareholders**"). The ultimate holding company of the Company is Classic Charm Investments Limited ("**Classic Charm**").

The shares of the Company were listed on GEM of the Stock Exchange on 27 October 2017.

The unaudited condensed consolidated financial information for the three months ended 31 March 2022 has not been audited by the Company's auditor but have been reviewed by the audit committee of the Company ("**Audit Committee**").

# Notes to the Unaudited Condensed Consolidated Financial Information

## 2. BASIS OF PREPARATION

This unaudited condensed consolidated financial statement for the three months ended 31 March 2022 has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which is a collective term for all individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. The unaudited condensed consolidated financial statement does not include all information and disclosures as required in the annual financial statements and should be read in conjunction with the Company’s annual report for the year ended 31 December 2021.

The unaudited condensed consolidated financial information has been prepared under the historical cost basis except for certain financial instruments that are measured at fair values, as appropriate. All amounts are presented in Hong Kong dollar thousand (“**HK\$’000**”) in this unaudited condensed consolidated financial information unless otherwise stated.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial information for the three months ended 31 March 2022 are consistent with those of the previous financial year and corresponding reporting period.

# Notes to the Unaudited Condensed Consolidated Financial Information

## New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

## Impact of standards issued but not yet applied by the Group

The Group has not applied the new HKFRSs that have been issued but are not yet effective, and is in the process of assessing their impact on the Group's results and financial position.

### 3. REVENUE

The Group is principally engaged in the design, development, manufacture and sale of beauty products, and the design, development and sales of beauty bags. Revenue recognized during the Current Period analysed by type of products is as follows:

|                               | Three months ended 31 March     |                                 |
|-------------------------------|---------------------------------|---------------------------------|
|                               | 2022<br>(Unaudited)<br>HK\$'000 | 2021<br>(Unaudited)<br>HK\$'000 |
| <b>Revenue</b>                |                                 |                                 |
| Sales of beauty products      |                                 |                                 |
| – Cosmetic and other products | 15,462                          | 13,880                          |
| – Hand sanitiser              | 5,358                           | 17,322                          |
| Sales of beauty bags          | 4,470                           | 1,721                           |
|                               | <b>25,290</b>                   | <b>32,923</b>                   |

## Notes to the Unaudited Condensed Consolidated Financial Information

### 4. OTHER INCOME AND OTHER LOSSES, NET

|   | Three months ended 31 March     |                                 |
|---|---------------------------------|---------------------------------|
|   | 2022<br>(Unaudited)<br>HK\$'000 | 2021<br>(Unaudited)<br>HK\$'000 |
| <b>Other income</b>   |                                 |                                 |
| Sample income   | 42                              | 34                              |
| Dividend income from financial assets<br>at fair value through profit or loss     | 28                              | 4                               |
| Others  | 30                              | 64                              |
|   | <b>100</b>                      | <b>102</b>                      |
| <b>Other losses, net</b>  |                                 |                                 |
| Foreign exchange losses, net  | (45)                            | (42)                            |
| Net fair value losses on financial assets at<br>fair value through profit or loss | (293)                           | (62)                            |
|   | <b>(338)</b>                    | <b>(104)</b>                    |

### 5. (LOSS)/PROFIT BEFORE INCOME TAX

|  | Three months ended 31 March     |                                 |
|--|---------------------------------|---------------------------------|
|  | 2022<br>(Unaudited)<br>HK\$'000 | 2021<br>(Unaudited)<br>HK\$'000 |
| Profit for the period has been arrived at after<br>charging: |                                 |                                 |
| Depreciation of property, plant and equipment                | 1,596                           | 1,479                           |
| Depreciation of right-of-use assets                          | 1,046                           | 990                             |
| Amortisation of intangible asset                             | 28                              | 27                              |

# Notes to the Unaudited Condensed Consolidated Financial Information

## 6. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Hong Kong profits tax has been provided at the rate of 16.5% (Previous Period: 16.5%) on the estimated assessable profit for the Current Period. Corporate income tax on profits from a subsidiary operating in Mainland China have been calculated at 25% (Previous Period: 25%) in accordance with the relevant Mainland China tax laws and regulations, except that Cosbe Laboratory Inc., a wholly owned subsidiary, was granted the High and New Technology Enterprise status in December 2019, being valid for 3 years, and therefore it is entitled to a preferential tax rate of 15%. No overseas profits tax has been calculated for subsidiaries of the Group that are incorporated in the British Virgin Islands or the Cayman Islands as they have no assessable income (Previous Period: Nil).

## 7. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2022 (2021: Nil).

## 8. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the three months ended 31 March 2022 and 2021.

Diluted (loss)/earnings per share is of the same amount as the basic (loss)/earnings per share as there were no potentially dilutive ordinary share outstanding as at 31 March 2022 and 2021.

# Management Discussion and Analysis

## MARKET AND BUSINESS OVERVIEW

The Group is principally engaged in (i) the design, development, manufacture and sale of beauty products; and (ii) the design, development and sale of beauty bags. The core business and revenue structure of the Group remained unchanged for the period ended 31 March 2022. During the current period, the Group maintained its sales activities under the challenging business environment. Despite not being able to travel, the management and sales teams continued effortlessly communication with overseas customers for their needs and product demand. At the same time, the management conducted review on operational and costs efficiency.

The global market faced continuous challenges throughout the year. At a macro level, political tension, travel restrictions and escalating logistics costs were contributing factors affecting all businesses on the supply chain. At a micro level, delay in shipments, container costs increasing by multiples, retail companies experiencing cash flow problems, unemployment, all added to the pile.

Nevertheless, the beauty and cosmetics industry has proven to be resilient, as evidenced by data from the past. This remains the case as consumers continue to be concerned over health and hygiene, personal appeal, and awareness among people about the benefits of cosmetics for their skin and hair.

## PROSPECT

Looking forward, the Directors consider the global environment remains uncertain and challenging. The Group will continue to focus its efforts in creating innovative products and expanding reach to new geographical locations. The ongoing pandemic of COVID-19 is putting millions at risk in more and more countries, making a serious public health crisis worldwide. Under such circumstances, various e-commerce solutions for generation Z and millennials are emerging as major trends in the recent service industry. In addition, it is expected that sustainability will play an important role for consumers in the beauty and cosmetics industry going forward.

# Management Discussion and Analysis

## FINANCIAL REVIEW

The following table sets out a breakdown of revenue of the Group and the percentage contribution to total revenue by product category for the three months ended 31 March 2022 and 2021:

|                 | Three months ended 31 March |       |          |       |
|-----------------|-----------------------------|-------|----------|-------|
|                 | 2022                        |       | 2021     |       |
|                 | HK\$'000                    | %     | HK\$'000 | %     |
| Beauty products | 20,820                      | 82.3  | 31,202   | 94.8  |
| Beauty bags     | 4,470                       | 17.7  | 1,721    | 5.2   |
| Total           | 25,290                      | 100.0 | 32,923   | 100.0 |

The Group's revenue for the Current Period amounted to approximately HK\$25.3 million, representing a decrease of approximately 23.2% over the Previous Period. The decrease was mainly attributable to the significant reduction in sales orders of hand sanitiser resulting from the keen competition and over-supply of the disinfectant products in the global markets.

The gross profit of the Group for the Current Period amounted to approximately HK\$8.6 million, representing a decrease of approximately 26.1% over the Previous Period. The gross profit margin of the Group decreased slightly from approximately 35.4% for the Previous Period to approximately 34.1% for the Current Period, which was mainly as a result of different product mix.



# Management Discussion and Analysis

The Group recorded a loss attributable to owners of the Company in the amount of approximately HK\$1.6 million for the Current Period from the profit attributable to owners of the Company in the amount of approximately HK\$1.0 million for the Previous Period.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group practiced prudent financial management and maintained a strong and sound financial position during the Current Period. The Group finances its daily operations through a combination of funds generated and received from operations, retained earnings and remaining net proceeds from the share offer. As of 31 March 2022, the Group had cash and cash equivalents of approximately HK\$140.2 million (31 December 2021: approximately HK\$140.5 million).

The current ratio, calculated as the total current assets divided by total current liabilities, was approximately 8.9 times as at 31 March 2022 (31 December 2021: approximately 7.5 times). As at 31 March 2022, the Group did not have any outstanding borrowing and other indebtedness and no gearing ratio is presented.

## ADMINISTRATIVE EXPENSES

The administrative expenses of the Group decreased by approximately HK\$0.5 million or approximately 6.1% from approximately HK\$7.8 million for the Previous Period to approximately HK\$7.3 million for the Current Period. Such decrease was mainly attributable to a decrease in legal and professional fee.

## SELLING AND DISTRIBUTION EXPENSES

The selling and distribution expenses of the Group increased by approximately HK\$0.5 million or approximately 22.5% from approximately HK\$2.3 million for the Previous Period to approximately HK\$2.8 million for the Current Period. The increase was attributable to the increase of shipping and freight cost due to non-stop demand for ocean freight under ongoing COVID-19 pandemic-related delay and closure.

# Management Discussion and Analysis

## FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and the PRC and is exposed to foreign exchange risk, primarily with respect to US\$ and Chinese Renminbi (“**RMB**”) denominated transactions arising from the sales of beauty products and bags to customers in the USA and purchases from suppliers in the PRC. The Directors are of the opinion that the foreign exchange risk arising from US\$ against RMB of the Group is insignificant and manageable.

During the Current Period, the Group has not entered into any agreement or commit to any financial instruments to hedge our exchange rate exposure relating to RMB and will continue to monitor its foreign exchange exposure. The Group will consider hedging significant foreign currency exposure should the need arises and no derivative financial instruments were held by the Group as at 31 March 2022 for speculative and investment purposes.

## CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 March 2022, the Group did not have any material contingent liabilities (31 December 2021: Nil). The Group had capital commitment of approximately HK\$0.5 million in relation to expenditure on our factory expansion (31 December 2021: HK\$0.4 million) and there was no operating leases as 31 March 2022 (31 December 2021: Nil).

## PLEDGE OF ASSETS

The Group did not have pledged assets as at 31 March 2022 (31 December 2021: Nil).

## CAPITAL STRUCTURE

During the Current Period, there has been no change on the shares in issue and capital structure of the Company. The capital of the Company comprises ordinary shares and capital reserves. The Group finances its operations, working capital, capital expenditures and other liquidity requirements through a combination of funds generated and received from operations, retained earnings and net proceeds from the share offer.

# Management Discussion and Analysis

## INTERIM DIVIDEND

The Directors of the Company does not recommend the payment of any interim dividend for the Current Period (Previous Period: Nil).

## FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

The Group did not have any other plans for material investment and capital assets as at 31 March 2022 save for the factory expansion plan, details of which are set out in the Company's prospectus dated 13 October 2017 (the "**Prospectus**").

## SIGNIFICANT INVESTMENTS HELD

As at 31 March 2022, the Group did not have any significant investment in equity interest in any other company and did not own any properties (31 December 2021: Nil).

## SECURITIES INVESTMENTS

The Group did not have any securities investment in any investee company with a value of 5% or more of the total assets of the Group as at 31 March 2022, which is required to be disclosed under Rule 18.41(4A) of the GEM Listing Rules.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Current Period.

## GUARANTEE PERFORMANCE IN RELATION TO THE ACQUISITIONS

The Group did not enter into any acquisition, which is required to be disclosed under the GEM Listing Rules, that the party in contract required to commit or guarantee on the financial performance in any kinds for the Current Period.

# Supplementary Information

## SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme (“**Share Option Scheme**”), which was approved by written resolutions passed by its sole Shareholder on 29 September 2017 and became unconditional on 27 October 2017. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. As of the date of this report, there is only one share option scheme.

The purpose of the Share Option Scheme is to advance the interests of the Company and the shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons, namely directors, employees, consultants, advisers, any provider of goods and/or services to the Group; any customer of the Group and any person, who at the sole discretion of the Board, has contributed to the Group, and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons’ contribution to further advance the interests of the Group.

Pursuant to the Share Option Scheme, the Company may grant options to eligible persons to subscribe shares of the Company until any inside information has been announced, if any.

An offer shall remain open for acceptance by the eligible person concerned for such period as determined by the Board, being a date not later than ten business days after the offer date by which the eligible person must accept the offer or be deemed to have declined it, provided that no such offer shall be open for acceptance after the tenth anniversary of the date of adoption of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions of the Share Option Scheme. The amount payable by the grantee to our Company on acceptance of the offer shall be a nominal amount to be determined by the Board.

## Supplementary Information

Unless the Company obtains a fresh approval from the shareholders pursuant to the conditions set out in the Share Option Scheme, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes shall not in aggregate exceed 10% of the total number of shares in issue as at the effective date of the Share Option Scheme. As at the date of this report, the number of issued Shares of the Company is 400,000,000 Shares and total number of shares issued or to be issued under the Share Option Scheme of the Company is 40,000,000 Shares which represented approximately 10% (2021: 10%) of the issued share capital of the Company, if all the options under the Share Option Scheme have been granted to and duly exercised by eligible persons.

The total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options under the Share Option Scheme) in any twelve-month period must not exceed 1% of the issued share capital of the Company. Where any further grant of options to an eligible person would result in excess of such limit shall be subject to the approval of the shareholders at general meeting with such eligible person and his close associates (or his associates if the eligible person is a connected person) abstaining from voting.

Where options are proposed to be granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the twelve-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of our Company and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such grant of options must be subject to the approval of the Shareholders at general meeting. The grantee involved in such proposed grant of options, his associates and all core connected persons of our Company must abstain from voting in such general meeting (except that any such persons may vote against the proposed grant provided that his intention to do so has been stated in the relevant circular to the Shareholders).

## Supplementary Information

The Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption to 28 September 2027, after which period no further options will be granted or offered.

The share options are exercisable at any time during period of not more than 10 years from the date of grant, subject to the terms and conditions of the Share Option Scheme, or any conditions stipulated by the Board of Directors.

The exercise price of the share option will be not less than the highest of:

- (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date;
- (b) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and
- (c) the nominal value of a Share on the offer date.

As at 31 March 2022, there was no option outstanding, granted, cancelled, exercised or lapsed.

Details of the principal terms of the Share Option Scheme are set out in paragraph headed "13. Share Option Scheme" in section headed "Statutory and General Information" in Appendix IV to the Prospectus of the Company.

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

Apart from the aforesaid Share Option Schemes, at no time during the three months ended 31 March 2022 was the Company or any associated corporation a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Supplementary Information

### DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 31 March 2022, the interests or short positions of Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were 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 they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### Long Position in the Ordinary Shares and Underlying Shares of the Company

##### Interests in the Company

Interests in ordinary shares

| Name of directors                      | Personal interests | Family interests | Corporate interests | Total interests in ordinary shares | Total interests in underlying shares | Aggregate interests | % of the Company's issued voting shares |
|--|--------------------|------------------|---------------------|------------------------------------|--------------------------------------|---------------------|---|
| Mr. Or Naam <sup>note</sup>            | -                  | -                | 300,000,000         | 300,000,000                        | -                                    | 300,000,000         | 75%                                     |
| Ms. Chan Hoi Yan Polly <sup>note</sup> | -                  | -                | 300,000,000         | 300,000,000                        | -                                    | 300,000,000         | 75%                                     |

Note: The 300,000,000 shares are beneficially held by Classic Charm Investments Limited, which is legally and beneficially owned as to 50.8% by Mr. Or Naam, as to 39.7% by Ms. Chu Siu Fong and 9.5% by Ms. Chan Hoi Yan Polly. As Mr. Or Naam, Ms. Chu Siu Fong and Ms. Chan Hoi Yan Polly are parties acting in concert, they are deemed to be interested in 300,000,000 Shares held by Classic Charm Investments Limited by virtue of the SFO.

## Supplementary Information

Save as disclosed above, as at 31 March 2022, none of the directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the standards of dealing by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

### SUBSTANTIAL SHAREHOLDER'S INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2022, the following persons/entities (not being Directors or chief executive of our Company) have an interest or a short position in the Shares or the underlying Shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, were as follows:

#### Long position in the ordinary shares and underlying shares of the Company

| Name of shareholders              | Capacity                           | Number of shares held | % of the Company's issued voting shares |
|-----------------------------------|------------------------------------|-----------------------|---|
| Classic Charm Investments Limited | Beneficial owner                   | 300,000,000           | 75%                                     |
| Ms. Chu Siu Fong <sup>Note</sup>  | Interest in controlled corporation | 300,000,000           | 75%                                     |

Note: The 300,000,000 shares are beneficially held by Classic Charm Investments Limited, which is legally and beneficially owned as to 50.8% by Mr. Or Naam, as to 39.7% by Ms. Chu Siu Fong and 9.5% by Ms. Chan Hoi Yan Polly. As Mr. Or Naam, Ms. Chu Siu Fong and Ms. Chan Hoi Yan Polly are parties acting in concert, they are deemed to be interested in 300,000,000 Shares held by Classic Charm Investments Limited by virtue of the SFO.



## Supplementary Information

Save as disclosed above, as at 31 March 2022, the Company had not been notified by any persons (other than directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### INTERESTS IN COMPETING BUSINESSES

Each of the Mr. Or Naam, Ms. Chan Hoi Yan Polly, Ms. Chu Siu Fong and Classic Charm (the “**Covenantor**”) entered into a deed of non-competition (the “**Deed of Non-competition**”) dated 29 September 2017 in favour of the Company, mainly to the effect that at any time the Covenantor individually or collectively with any other Covenantor(s) are interested, directly or indirectly, in 30% or more of the issued shares of the Company, any Covenantor and his/her/its close associates and any company directly or indirectly controlled by the Covenantor shall not, and shall procure their close associates not to carry on, engage in, invest or be interested or otherwise involved in any business that is similar to or in competition with or is likely to be in competition with any business carried on or contemplated to be carried on by any member of the Group from time to time or in which any member of our Group is engaged or has invested or is otherwise involved in or which any member of our Group has otherwise publicly announced its intention to enter into, engage in or invest in (whether as principal or agent and whether directly or through any body corporate, partnership, joint venture, or other contractual or other arrangement) in any territory that our Group carries on its business from time to time.

# Supplementary Information

## CONFLICT OF INTERESTS

Saved as disclosed above, during the three months ended 31 March 2022, none of the directors, the substantial shareholders or the controlling shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

## CODE ON CORPORATE GOVERNANCE PRACTICES

During the three months ended 31 March 2022, the Board considers that the Company has complied with all the provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules.

## CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the directors, its employees, and the directors and employees of its subsidiaries and holding companies, who may likely possess inside information on the Company or its securities, on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the three months ended 31 March 2022.

## Supplementary Information

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

The Company has not redeemed any of its shares during the three months ended 31 March 2022. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares for the three months ended 31 March 2022.

### **AUDIT COMMITTEE**

The Company established an audit committee on 29 September 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. The latest terms of reference of the audit committee are available on the websites of the Company and the Stock Exchange.

The audit committee comprises three independent non-executive Directors, namely Mr. Sung Chi Keung (Chairman), Mr. Tan Chong Huat and Mr. Hui Ha Lam. Its main responsibilities are to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control principles and procedures, and to make recommendations to the Board on the appointment and dismissal of the external auditor.

The audit committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management regarding the auditing and financial reporting matters. The audit committee has discussed and reviewed the unaudited first quarterly financial information and the first quarterly report for the three months ended 31 March 2022.

## Supplementary Information

### **CHANGES IN CONSTITUTIONAL DOCUMENT**

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published on the websites of the Company and the Stock Exchange its Memorandum and Articles of Association. During the three months ended 31 March 2022, there has been no changes in the constitutional documents of the Company.

### **SIGNIFICANT EVENT AFTER THE REPORTING PERIOD**

Up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the three months ended 31 March 2022.