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## **Million Hope Industries Holdings Limited**

**美亨實業控股有限公司**

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

**(Stock Code: 1897)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

#### **INTERIM RESULTS**

The unaudited consolidated revenue of Million Hope Industries Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) amounted to HK\$237.2 million for the six months ended 30 September 2020, representing a 54.1% increase as compared to the recorded revenue of HK\$153.9 million for the six months ended 30 September 2019. Such increase in unaudited consolidated revenue was mainly attributable to revenue generated from various projects at execution-peak stage, including residential development projects at Lohas Park Package 7, Lohas Park Package 10 and N.K.I.L. 6565 Kai Tak, and commercial development project at No.75-85 Lockhart Road.

The unaudited consolidated profit attributable to owners of the Company for the six months ended 30 September 2020 was HK\$20.1 million, representing a slight decrease of 2.4%, as compared with that of HK\$20.6 million for the six months ended 30 September 2019. Despite the significant increase in unaudited consolidated revenue, the unaudited consolidated profit of the Group for the current period dropped as a result of (i) the decrease in gross profit margin from 21.3% for the prior period to 15.5% for the current period which was mainly attributable to projects with lower gross profit margin recognised during the current period; (ii) the absence of the gain on change in fair value of the investment properties held by the Group in the current period as compared to the gain of HK\$1.8 million recorded in the prior period; and (iii) the exchange loss of HK\$2.1 million recognised in the current period due to appreciation of Renminbi for purchase of raw materials in the Mainland China as compared to the exchange gain of HK\$1.2 million recognised in the prior period.

The basic earnings per share for the six months ended 30 September 2020 was HK\$0.05, same as that for the six months ended 30 September 2019.

## **DIVIDEND**

The board of directors of the Company (the “**Board**”) has resolved to pay an interim dividend of HK1.6 cents per share for the six months ended 30 September 2020 (for the six months ended 30 September 2019: HK1.2 cents per share) to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on 10 December 2020. The dividend is expected to be paid to the Shareholders on 18 December 2020.

## **CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND**

The register of members of the Company will be closed from 8 December 2020 to 10 December 2020, both dates inclusive, for the purpose of determining the identity of members who are entitled to the interim dividend for the six months ended 30 September 2020. In order to qualify for the interim dividend for the six months ended 30 September 2020, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 7 December 2020.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 September 2020*

	<i>NOTES</i>	<b>For the six months ended 30 September</b>	
		<b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2019 <i>HK\$'000</i> <b>(Unaudited)</b>
Revenue	3	<b>237,220</b>	153,915
Cost of sales		<b>(200,488)</b>	<u>(121,152)</u>
Gross profit		<b>36,732</b>	32,763
Other income		<b>7,613</b>	4,801
Other gains and losses		<b>(2,092)</b>	1,161
(Impairment loss) reversal of impairment loss under expected credit loss model, net		<b>(914)</b>	360
Gain on change in fair value of investment properties		–	1,800
Administrative expenses		<b>(16,858)</b>	(15,919)
Finance costs		<b>(840)</b>	<u>(953)</u>
Profit before taxation	4	<b>23,641</b>	24,013
Taxation	5	<b>(3,591)</b>	<u>(3,441)</u>
Profit for the period		<b>20,050</b>	20,572
Other comprehensive income (expense):			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		<b>3,271</b>	<u>(3,518)</u>
Total comprehensive income for the period		<b>23,321</b>	<u>17,054</u>
Earnings per share			
basic (HK\$)	7	<b>0.05</b>	<u>0.05</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2020

	<i>NOTES</i>	<b>30.9.2020</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2020 <i>HK\$'000</i> <b>(Audited)</b>
Non-current assets			
Investment properties	8	<b>64,000</b>	64,000
Property, plant and equipment	8	<b>98,520</b>	100,957
Right-of-use assets	8	<b>5,415</b>	5,096
Deferred tax assets		<b>144</b>	56
		<b>168,079</b>	170,109
Current assets			
Inventories		<b>38,129</b>	30,962
Debtors, deposits and prepayments	9	<b>124,204</b>	80,611
Contract assets		<b>60,060</b>	42,314
Bank balances and cash		<b>263,542</b>	297,691
		<b>485,935</b>	451,578
Current liabilities			
Trade and other payables	10	<b>46,712</b>	36,856
Provisions		<b>10,024</b>	12,383
Contract liabilities		<b>391</b>	–
Tax payable		<b>5,109</b>	1,329
Lease liabilities		<b>200</b>	102
Deferred income		<b>2,181</b>	33
		<b>64,617</b>	50,703
Net current assets		<b>421,318</b>	400,875
Total assets less current liabilities		<b>589,397</b>	570,984

	<i>NOTE</i>	<b>30.9.2020</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2020 <i>HK\$'000</i> <i>(Audited)</i>
Non-current liabilities			
Provisions		<b>59,672</b>	55,797
Deferred tax liabilities		–	101
Lease liabilities		<b>134</b>	73
Deferred income		<b>115</b>	131
		<u><b>59,921</b></u>	<u>56,102</u>
		<u><b>529,476</b></u>	<u>514,882</u>
Capital and reserves			
Share capital	<i>11</i>	<b>43,633</b>	43,633
Reserves		<b>485,843</b>	471,249
		<u><b>529,476</b></u>	<u>514,882</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2020.

#### Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group’s condensed 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

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### ***Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”***

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

### **3. REVENUE AND SEGMENT INFORMATION**

Revenue represents the fair value of amounts received and receivable from the provision of design, supply and installation of aluminium windows and curtain walls services by the Group to external customers which is recognised over time as the Group’s contract work enhances an asset that the external customers control as the Group performs. The Group’s revenue is derived from long-term contracts in relation to provision of design, supply and installation of aluminium windows and curtain walls services in Hong Kong and Mainland China during both periods.

#### **Disaggregation of revenue**

##### ***By contract type***

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Design, supply and installation for curtain walls, aluminium windows, doors and other products for new buildings ( <i>notes i and ii</i> )	<b>223,603</b>	88,556
Design, supply and installation for aluminium windows, doors and other products for new buildings ( <i>note ii</i> )	<b>10,044</b>	57,969
Design, supply and installation for renovation works for existing buildings	<b>1,106</b>	3,373
Repairing, maintenance and others ( <i>note iii</i> )	<b>2,467</b>	4,017
Total	<b>237,220</b>	<b>153,915</b>

*Notes:*

- (i) The contract type involves aluminium windows, doors and other products in addition to curtain walls. The curtain walls are the principal products for the contract type and the principal revenue from this contract type is also from curtain walls.
- (ii) Other products represent balustrade, louvre, cladding, window wall, canopy and grille.
- (iii) Others mainly represent mock up and window testing (six months ended 30 September 2019: mock up).

**Segment information**

The Group is engaged in a single operating segment focusing on the provision of design, supply and installation of aluminium windows and curtain walls services. This operating segment has been identified on the basis of internal management reports that are regularly reviewed by the directors of the Company, being the chief operating decision makers, for the purpose of result allocation and performance assessment. Therefore, no further analysis of segment information is presented.

**Geographical information**

Information about the Group's revenue from external customers is presented based on the geographical location of the projects:

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Hong Kong	<b>234,731</b>	145,516
Mainland China	<b>2,489</b>	8,399
	<b><u>237,220</u></b>	<u>153,915</u>



#### 4. PROFIT BEFORE TAXATION

	For the six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of right-of-use assets	193	127
Depreciation of property, plant and equipment	3,258	3,323
Less: Depreciation expenses included in the cost of inventories	<u>(906)</u>	<u>(1,035)</u>
	2,545	2,415
Government grants, included in other income (note)	<u>4,324</u>	<u>–</u>

*Note:* During the current interim period, the Group mainly received government grants in form of cash of HK\$6,456,000 in respect of COVID-19-related subsidies of which HK\$6,446,000 relates to Employment Support Scheme provided by the Hong Kong government, and has recognised government grants of HK\$4,297,000 in profit or loss. The government grants of HK\$2,149,000 have been recognised as deferred income and to be credited to profit or loss on a systematic basis over the period in which the Group recognises staff costs for which the grants are intended to compensate.

## 5. TAXATION

	For the six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The taxation charge (credit) comprises:		
Current taxation		
Hong Kong Profits Tax	916	3,528
People's Republic of China (the "PRC") Enterprise Income Tax	2,864	–
	<u>3,780</u>	<u>3,528</u>
Deferred taxation	<u>(189)</u>	<u>(87)</u>
	<u><u>3,591</u></u>	<u><u>3,441</u></u>

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 which introduces the two-tiered profits tax rate applies to years of assessment commencing on or after 1 April 2018. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime are taxed at the flat rate of 16.5% (six months ended 30 September 2019: 16.5%).

Accordingly, the Hong Kong Profits Tax of the elected Hong Kong subsidiary is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiary was 25% for both periods. No provision for taxation in the PRC had been made as there is no assessable profits for the six months ended 30 September 2019.

## 6. DIVIDENDS

During the six months ended 30 September 2020, a final dividend of HK2.0 cents per share totaling HK\$8,727,000 in respect of the year ended 31 March 2020 (six months ended 30 September 2019: a final dividend of HK2.0 cents per share totaling HK\$8,727,000 in respect of the year ended 31 March 2019) was paid to shareholders.

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK1.6 cents per share amounting to HK\$6,981,000 in aggregate (six months ended 30 September 2019: an interim dividend of HK1.2 cents per share amounting to HK\$5,236,000) will be paid to the owners of the Company whose names appear in the Register of Members on 10 December 2020.

## 7. EARNINGS PER SHARE

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

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<b><u>20,050</u></b>	<b><u>20,572</u></b>
Weighted average number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b><u>436,332,630</u></b>	<b><u>436,332,630</u></b>

No diluted earnings per share is presented as there was no potential ordinary shares for both periods.

## 8. MOVEMENTS IN INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

### Investment properties

	<b>1.4.2020 to 30.9.2020 HK\$'000 (Unaudited)</b>	1.4.2019 to 30.9.2019 HK\$'000 (Unaudited)
FAIR VALUE		
At the beginning of the period	<b>64,000</b>	63,500
Gain on change in fair value	<u>—</u>	<u>1,800</u>
At the end of the period	<b><u>64,000</u></b>	<b><u>65,300</u></b>

The fair values of the Group's investment properties at 30 September 2020 and 31 March 2020 have been arrived at on the basis of a valuation carried out on that date by Colliers International (Hong Kong) Limited, an independent property valuer not connected with the Group. Colliers International (Hong Kong) Limited has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

As at 30 September 2020, the valuation of properties amounting to HK\$64,000,000 (31 March 2020: HK\$64,000,000) was arrived at by reference to the income capitalisation method which is based on the capitalisation of the net income potential by adopting an appropriate capitalisation rate, which is derived from analysis of sale transactions and interpretation of prevailing investor requirements or expectations.

### Property, plant and equipment

During the six months ended 30 September 2020, the Group acquired property, plant and equipment of HK\$72,000 (six months ended 30 September 2019: HK\$195,000).

## Right-of-use assets

During the six months ended 30 September 2020, the Group entered into a new lease agreement for the use of an office for 2 years (six months ended 30 September 2019: a car parking space for 3 years). The Group recognised a right-of-use asset of HK\$251,000 (six months ended 30 September 2019: HK\$150,000) and a lease liability of HK\$251,000 (six months ended 30 September 2019: HK\$150,000).

## 9. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows a credit period of 30 to 90 days to its customers.

The following is an aged analysis of the trade debtors presented based on the right to consideration became unconditional/invoice date at the end of the reporting period:

	<b>30.09.2020</b> <i>HK\$'000</i> (Unaudited)	31.03.2020 <i>HK\$'000</i> (Audited)
Within 30 days	39,666	26,163
31 – 60 days	59,176	13,777
61 – 90 days	2,647	7,810
Over 90 days	12,129	25,767
	<u>113,618</u>	<u>73,517</u>

## 10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	<b>30.09.2020</b> <i>HK\$'000</i> (Unaudited)	31.03.2020 <i>HK\$'000</i> (Audited)
Within 30 days	10,365	1,115
31 – 60 days	1,634	1,559
61 – 90 days	834	71
Over 90 days	1,744	1,501
	<u>14,577</u>	<u>4,246</u>

## 11. SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital <i>HK\$'000</i></b>
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 April 2019, 31 March 2020 and 30 September 2020	<u><u>5,000,000,000</u></u>	<u><u>500,000</u></u>
Issued and fully paid:		
At 1 April 2019, 31 March 2020 and 30 September 2020	<u><u>436,332,630</u></u>	<u><u>43,633</u></u>

## **OPERATIONS REVIEW**

### **Major Projects Completed During the Six Months Ended 30 September 2020**

- (1) Residential development at Site N of TKOTL 70 RP, Lohas Park Package 6 – Design, supply and installation of aluminium window and door
- (2) Residential development at Site N of TKOTL 70 RP, Lohas Park Package 6 – Design, supply and installation of aluminium grille and cladding work to AC platform
- (3) Residential development at TSWTL 34, Area 115, Tin Shui Wai, New Territories – Design, supply and installation of curtain wall
- (4) Residential development at TMTL 539, Hoi Wing Road and Hang Fu Street, Area 16, Tuen Mun, New Territories – Design, supply and installation of curtain wall to tower

### **Major Projects Untaken During the Six Months Ended 30 September 2020**

- (1) Residential development at Site C1 of TKOTL 70 RP, Lohas Park Package 7 – Design, supply and installation of tower curtain wall and podium glass wall
- (2) Residential development at Site I of TKOTL 70 RP, Lohas Park Package 10 – Design, supply and installation of curtain wall system and aluminium window and door
- (3) House development at No. 1 Plantation Road, Hong Kong – Design, supply and installation of aluminium window, glass door, curtain wall and metal cladding
- (4) Commercial development at No. 75-85 Lockhart Road, Wan Chai, Hong Kong – Design, supply and installation of aluminium unitised curtain wall, glass wall, aluminium cladding, stone cladding, glass canopy and louvre
- (5) Residential development at N.K.I.L. 6565, Kai Tak, Kowloon – Design, supply and installation of curtain wall, aluminium window system and façade lighting

- (6) Residential development at N.K.I.L. 6565, Kai Tak, Kowloon – Design, supply and installation of glass Balustrade
- (7) Residential development at 294-296A Prince Edward Road, Kowloon – Design, supply and installation of curtain wall, aluminium window and door
- (8) Residential development at N.K.I.L. 6564, Kai Tak, Kowloon – Design, supply and installation of curtain wall
- (9) Residential development at Site A and Estate Road of Wong Chuk Hang Station Property Development, Aberdeen Inland Lot No. 467 – Design, Supply and Installation of Aluminum and glass facade at podium and transfer plate

### **Major Projects Awarded During the Six Months Ended 30 September 2020**

- (1) Residential development at N.K.I.L. 6563, Kai Tak, Kowloon – Design, supply and installation of curtain wall system, glass and metal works
- (2) Composite Development at 34-38 Belcher's Street, Kennedy Town, Hong Kong – Design, supply and installation of curtain wall, sliding door, glass canopy, window wall and glass wall system
- (3) Residential development at TMTL 483, Siu Hong, Tuen Mun, New Territories – Design, supply and installation of curtain wall system
- (4) Residential development at Lot No. 1068 in Survey District, No. 3 Off Anderson Road, Kwun Tong, Kowloon – Design, supply and installation of aluminium window and glass wall
- (5) Residential development at 233-235 Prince Edward Road West, Kowloon – Design, supply and installation of curtain wall and sliding door

The total amount of contracts on hand of the Group as at 30 September 2020 was HK\$1,395.1 million.



## OUTLOOK

Hong Kong's economic activities have been severely hit by the 2019 Novel Coronavirus pandemic. According to the latest announcement by the Hong Kong Census and Statistics Department, the gross domestic product in the third quarter of 2020 fell by 3.5% in real terms from a year earlier, compared with the decrease of 9.0% in the second quarter. The unemployment rate from August to October of 2020 was 6.4%, remained at a record high in the past 16 years.

Nonetheless, according to the government's latest estimates in the "Long Term Housing Strategy Annual Progress Report 2019", the housing demand in the next 10 years will range from 399,600 to 446,600 units, with a total housing supply target of 430,000 units for the next 10 years. The government will meet future housing demand through reclamation, opening up new development areas, rezoning existing land, developing railway projects, and activating the Urban Renewal Authority projects and private redevelopment projects. It is expected that the demand for construction projects from the government and private organizations will continue to increase and bring business opportunities to the Group.

With intensifying competition and rising labor and material costs in the current construction industry, the gross profit margin of projects will be affected. Given that the Group currently has sufficient contracts on hand which amounted to HK\$1,395.1 million as at 30 September 2020, the Group will submit tenders for new construction contracts with prudent approach and strive to provide customers with the best products and services through its existing excellent design, procurement, production and project teams and cater to customers' needs with innovative knowledge and technology.

Last but not least, despite the continuous downside pressure on the economy, the Group maintains the business stability and a net cash position. We have every confidence that the Group will survive the severe economic environment and capture business opportunities in a timely manner to move forward steadily, thus maximizing benefits for the Shareholders.

## **FINANCIAL REVIEW**

### **Group Liquidity and Financial Resources**

The Group is prudent in managing its cash balance and maintains sound cash flow generating capability. The total cash and bank balances of the Group amounted to HK\$263.5 million as at 30 September 2020 (31 March 2020: HK\$297.7 million), which accounted for 54.2% of the current assets (31 March 2020: 65.9%).

The Group mainly financed its operations through internally generated cash flows and utilised the banking facilities for performance bonds for carrying out its projects during the six months ended 30 September 2020. The Group has access to facilities from banks with an aggregate amount of HK\$345.0 million, of which HK\$110.1 million has been utilised for performance bonds as at 30 September 2020. There was no bank loans drawn down by the Group as at 30 September 2020. The performance bonds under these banking facilities bear charges at prevailing market condition.

As at 30 September 2020, the Group was in a net cash position as there was no bank loans outstanding. As at 30 September 2020, the Group's net current assets was HK\$421.3 million (31 March 2020: HK\$400.9 million) and the current ratio (current assets divided by current liabilities) was 7.52 times (31 March 2020: 8.91 times).

With its sufficient cash balances and banking facilities available, the Group's liquidity position will remain healthy in the coming year, with sufficient financial resources to meet its obligations, operation and future development requirements.

### **Treasury Policy**

The Group's treasury policy aims to minimise its exposure to fluctuations in the exchange rate and not to engage in any highly leveraged or speculative derivative products. Foreign currency exposures of the Group arise mainly from the purchase of raw materials using Renminbi in the Mainland China. The Group currently does not have any hedging arrangements to control the risks related to fluctuations in exchange rates, and will determine if any hedging is required, depending upon the size and nature of the exposure, and the prevailing market circumstances.

The Group does not have significant exposure to gains or losses arising from the movement of foreign currency exchange rate against the Hong Kong dollar as most of the income, expenses, assets and liabilities of the Group are denominated in Hong Kong dollar.

## **Capital Structure**

The capital structure of the Group consists of equity, comprising share capital and reserves. There was no change to the authorised and issued share capital of the Company for the six months ended 30 September 2020. As at 30 September 2020, the total number of issued shares of the Company was 436,332,630 with par value of HK\$0.1 each (31 March 2020: 436,332,630 shares with par value of HK\$0.1 each).

## **Major Acquisitions and Disposals**

There was no significant investment, acquisition and disposals that should be notified to the Shareholders during the six months ended 30 September 2020.

## **Details of Charges on Assets**

As at 30 September 2020, the Group did not pledge any assets to banks or other financial institutions (31 March 2020: nil).

## **Performance Bonds and Contingent Liabilities**

As at 30 September 2020, the Group had outstanding performance bonds in respect of construction contracts amounting to HK\$110.1 million (31 March 2020: HK\$105.0 million).

## **Capital Commitments**

As at 30 September 2020, the Group has no capital commitment (31 March 2020: nil).

## **CORPORATE GOVERNANCE**

The corporate governance principles of the Company emphasise a quality Board and transparency and accountability to all Shareholders.

Throughout the six months ended 30 September 2020, the Company has complied with all the Code Provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules, except for the following deviations:

- Code Provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of the Shareholders. Mr. Chau On Ta Yuen and Professor Ho Richard Yan Ki, the independent non-executive directors of the Company, Mr. Cha Mou Sing, Payson, the late non-executive Chairman of the Board, and Mr. Chung Sam Tin Abraham, the non-executive director of the Company, were unable to attend the Company’s 2020 annual general meeting due to other important engagements.
- Code Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting and he should also invite the chairman of the audit, remuneration and nomination committees to attend the annual general meeting. Mr. Cha Mou Sing, Payson, the late Chairman of the Board, and Professor Ho Richard Yan Ki, the Chairman of the nomination committee of the Company, were unable to attend the Company’s 2020 annual general meeting due to their other important engagements. Mr. Wong Sue Toa, Stewart, the then Deputy Chairman of the Board, took the chair of that meeting in accordance with the articles of association of the Company and other directors were of sufficient caliber and knowledge for answering questions at that meeting.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions.

Having made specific enquiry to all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2020 or the period from the date of his appointment to 30 September 2020 (as for the director appointed during the six months ended 30 September 2020).

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

During the six months ended 30 September 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2020, the Group had 238 full time employees (of which 111 employees were in Mainland China). The Group offers competitive remuneration packages, including discretionary bonus, share options and depending on the position, cash allowances, to its employees. The Group also provides retirement schemes, medical benefits, on-the-job training to its employees and sponsors its employees to attend various external training courses.

## **REVIEW OF INTERIM RESULTS**

The Company has engaged Messrs. Deloitte Touche Tohmatsu, the Group's auditor, to assist the audit committee of the Company (the "Audit Committee") to review the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020. The unaudited condensed consolidated financial statements for the six months ended 30 September 2020 has been reviewed by the Audit Committee.

By order of the Board  
**Million Hope Industries Holdings Limited**  
**Wong Sue Toa, Stewart**  
*Chairman*

Hong Kong, 23 November 2020

*As at the date of this announcement, the Board comprises:*

***Non-executive Chairman***

Mr. Wong Sue Toa, Stewart

***Executive Directors***

Mr. Chuk Kin Lun (*Joint Managing Director*)

Mr. Lee Cheuk Hung (*Joint Managing Director*)

***Non-executive Directors***

Mr. Cha Mou Daid, Johnson

Mr. Chung Sam Tin Abraham

Mr. Tai Sai Ho

***Independent Non-executive Directors***

Mr. Chau On Ta Yuen

Professor Ho Richard Yan Ki

Mr. Poon Kan Young

Mr. Yip Kai Yung

*In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*