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HK Asia Holdings Limited
港亞控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1723)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2021 was approximately HK\$136.0 million, representing a decrease of approximately 32.0% as compared with approximately HK\$200.0 million for the corresponding year in 2020.
- Gross profit of the Group for the year ended 31 March 2021 was approximately HK\$45.7 million, representing a decrease of approximately 31.6% as compared with approximately HK\$66.8 million for the corresponding year in 2020.
- Profit for the year ended 31 March 2021 was approximately HK\$10.8 million, representing a decrease of approximately 59.4% as compared with approximately HK\$26.6 million for the corresponding year in 2020.
- Basic and diluted earnings per share attributable to the owners of the Company was approximately HK2.69 cents for the year ended 31 March 2021 (2020: HK6.64 cents).
- The Board did not recommend the payment of a final dividend for the year ended 31 March 2021.

The board (the “**Board**”) of directors (the “**Directors**”) of HK Asia Holdings Limited (the “**Company**”) is pleased to announce the consolidated audited annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2021, together with the comparative figures for the year ended 31 March 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021 (in HK Dollars)

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	5	136,005	199,994
Cost of sales		<u>(90,281)</u>	<u>(133,215)</u>
Gross profit		45,724	66,779
Other revenue	6	4,415	1,886
Selling and distribution expenses		(21,770)	(23,503)
Administrative expenses		(15,460)	(13,226)
Finance cost	7	<u>(488)</u>	<u>(145)</u>
Profit before taxation	8	12,421	31,791
Taxation	9	<u>(1,663)</u>	<u>(5,214)</u>
Profit and total comprehensive income for the year		<u>10,758</u>	<u>26,577</u>
Profit for the year attributable to owners of the Group		<u>10,758</u>	<u>26,577</u>
Total comprehensive income for the year attributable to the owners of the Group		<u>10,758</u>	<u>26,577</u>
Earnings per share			
Basic and diluted (HK cents)	10	<u>2.69</u>	<u>6.64</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021 (in HK Dollars)

	Notes	2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-Current asset			
Property, plant and equipment		1,337	1,330
Right-of-use assets		7,773	5,034
Financial assets at fair value through profit or loss		<u>2,163</u>	<u>2,070</u>
		<u>11,273</u>	<u>8,434</u>
Current assets			
Inventories		118,949	68,936
Trade receivables	12	857	669
Deposits, prepayments and other receivables		10,757	5,319
Amount due from a related company		1,469	306
Tax receivable		3,007	432
Cash and cash equivalents		<u>36,192</u>	<u>102,003</u>
		<u>171,231</u>	<u>177,665</u>
LIABILITIES			
Current liabilities			
Accrual and other payables		9,398	5,464
Contract liabilities		2	2
Lease liabilities		5,283	3,113
Dividend payables	11	–	40,000
Bank overdrafts		14,864	–
Bank borrowings		<u>4,000</u>	<u>–</u>
		<u>33,547</u>	<u>48,579</u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net current assets	<u>137,684</u>	<u>129,086</u>
Total assets less current liabilities	<u>148,957</u>	<u>137,520</u>
Non-current liabilities		
Lease liabilities	<u>2,658</u>	<u>1,979</u>
Net assets	<u><u>146,299</u></u>	<u><u>135,541</u></u>
Equity		
Share capital	4,000	4,000
Reserves	<u>142,299</u>	<u>131,541</u>
Total equity	<u><u>146,299</u></u>	<u><u>135,541</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 May 2016 as an exempted company with limited liability under the Companies Law, Cap.22 (law 3 of 1961 as consolidated and revised) of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 27 September 2018. The ultimate controlling party of the Company is Mr. Siu Muk Lung (“**Mr. Siu**”).

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the Company’s principal place of business is at 24/F, Chun Wo Commercial Centre, 23-29 Wing Wo Street, Sheung Wan, Hong Kong. The Company is an investment holding company. The Group is principally engaged in wholesale and retail sales of the pre-paid products (i.e. SIM card and top-up voucher) (the “**Pre-paid Products**”) in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company and its principal subsidiaries and all values are rounded to the nearest thousands (HK\$’000) except when otherwise stated.

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

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

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

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

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

New and amendments to HKFRSs in issue but not yet effective

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

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

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

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

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

⁴ Effective for annual periods beginning on or after 1 June 2020.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. OPERATING SEGMENT

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. During the years ended 31 March 2021 and 2020, the information reported to the executive directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, does not contain profit or loss information of each product line or geographical area and the executive directors reviewed the financial results of the Group as a whole reported under HKFRSs.

The Group currently has one operating segment which is revenue from sale of the Pre-paid Products (i.e. SIM Cards and top-up vouchers). Accordingly, the Group does not have separate reportable segments.

Geographical information

As all the Group's operations and non-current assets are located in Hong Kong, no geographical analysis is presented.

Information about major customers

Revenue from major customers, contributing over 10% or more of the total sales of the Group during the years ended 31 March 2021 and 2020 are as follow:

	2021 HK\$'000	2020 <i>HK\$'000</i>
Customer B	17,418	31,109
Retailer A	—*	33,399

* The customer contribute less than 10% of the total revenue of the Group in the corresponding year.

5. REVENUE

Revenue, which is also the Group's turnover, represents the income generated by sale of Pre-paid Products during the year.

All of the Group's revenue from contracts with customers is generated in Hong Kong based on where goods are sold. All revenue contracts are for a period of one year or less. As permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue:		
Sales of Pre-paid Products recognised at point in time	<u>136,005</u>	<u>199,994</u>

6. OTHER REVENUE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Promotion income	780	790
Consignment income	967	1,320
Sundry income	3	81
Government grants (<i>Note</i>)	2,572	–
Fair value gain/(loss) on financial assets at fair value through profit or loss	<u>93</u>	<u>(305)</u>
	<u>4,415</u>	<u>1,886</u>

Note:

During the current year, the Group recognised government grants of approximately HK\$2,572,000 in respect of Covid-19-related subsidies, of which relates to Employment Support Scheme amount to approximately HK\$2,172,000 and Retail Sector Subsidy Scheme amount to approximately HK\$400,000 provided by the Hong Kong Government.

7. FINANCE COST

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on		
– lease liabilities	267	145
– bank borrowing	81	–
– bank overdraft	140	–
	<u>488</u>	<u>145</u>

8. PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditors' remuneration	650	700
Cost of inventories recognised as an expense	90,281	133,215
Depreciation of property, plant and equipment	585	619
Depreciation of right-of-use assets	4,649	2,810
Employee benefit expenses (including Directors' emoluments)	17,403	14,180
Expenses relating to short-term leases	6,240	9,785
Advertising and promotion expenses	2,519	3,344
	<u>134,027</u>	<u>177,653</u>

9. TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The taxation charge comprises:		
Hong Kong Profits Tax		
– Current year	1,680	5,141
– (Over)/under provision in respect of prior year	(17)	73
	<u>1,663</u>	<u>5,214</u>

On 21 March 2019, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2018 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2019 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

10. EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings:		
Earning for the purpose of calculation of basic earnings per share		
– Profit for the year attributable to owners of the Company	<u>10,758</u>	<u>26,577</u>
	2021 '000	2020 '000
Number of shares:		
Weighted average number of ordinary shares in issue	<u>400,000</u>	<u>400,000</u>

Diluted earnings per share for the years ended 31 March 2021 and 2020 were the same as the basic earnings per share as there were no potential dilutive ordinary shares existing during the reporting period.

11. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Special dividend of HK\$0.1 per ordinary share	<u>–</u>	<u>40,000</u>

A special dividend of HK\$0.1 per ordinary share of the Company was declared by the Board on 26 March 2020 and was paid on 27 April 2020.

The Board did not recommend the payment for final dividend for the year ended 31 March 2021 and 2020.

12. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	<u>857</u>	<u>669</u>

The Group's trade receivables are attributable to a number of independent customers with credit terms. The Group normally allows a credit period of 0 days to 21 days to its customers.

The following table sets forth the ageing analysis of trade receivables, based on invoice date, as at the dates indicated:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 10 days	–	458
Over 10 days	<u>857</u>	<u>211</u>
	<u>857</u>	<u>669</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group conducts wholesale and retail sales of pre-paid products (i.e. SIM card and top-up voucher) (the “**Pre-paid Products**”) in Hong Kong targeted at Indonesian and Filipino consumers and Pre-paid Products targeted at mobile users who demand for local and international phone call and/or mobile data services in Hong Kong and overseas (“**Other Users**”). The Group is a long-established and well-recognized distributor in the industry.

During the year ended 31 March 2021, the Group obtained two more products sourced from the suppliers for sales, including a Pre-paid Product with face value of HK\$248 inclusive of 70GB data for use of mobile data services in Hong Kong and a Pre-paid Product with face value of HK\$248 inclusive of 24GB data for use of mobile data services in Hong Kong, Macau, the People’s Republic of China (the “**PRC**”) and Taiwan. Sales made by the Group during the year decreased by 32.0% to approximately HK\$136.0 million (2020: approximately HK\$200.0 million) which was mainly due to the impact of the prevention and control measures for the COVID-19 pandemic, with fewer Indonesian and Filipino consumers travelling to Hong Kong and fewer inbound and outbound tourists in Hong Kong. After the year ended 31 March 2021, the Group obtained thirteen more products sourced from the suppliers for sales, which included four Pre-paid Products with mobile data services in Hong Kong, Macau and PRC and nine Pre-paid Products with overseas mobile data services in various countries. During the year ended 31 March 2021, the Group also rented two new self-managed retail shops located in Mong Kok and Causeway Bay making a total of seven self-managed retail shops operated by the Group.

OUTLOOK AND PROSPECT

The Group is seeking to expand its business and further increase its market share in the sectors of Pre-paid Products targeted at (i) Indonesian and Filipino consumers; and (ii) Other Users. The Group plans to increase the number of retailers in sales network and other alternatives to cope with the impact of the COVID-19 outbreak including by negotiating more discounts on purchases from suppliers. As the COVID-19 vaccinated population in different countries increases, it is expected that there will be more Indonesian and Filipino consumers travelling to Hong Kong and more inbound and outbound tourists in Hong Kong in the future. The Group is negotiating with suppliers to obtain more different types of Pre-paid Products for sales to increase market share.

During the year, the government has proposed a new policy of registration of required information for SIM cards in Hong Kong. It is expected that on 24 February 2023, all SIM cards will be registered. The Group is liaising with suppliers to prepare for the logistics required to process the registration and fully comply with the new policy while providing an efficient and convenient service to the customers.

FINANCIAL REVIEW

Revenue

During the year, the Group's revenue amounted to approximately HK\$136.0 million which represented a decrease of approximately 32.0% as compared to approximately HK\$200.0 million for the year ended 31 March 2020. The decrease in revenue was mainly due to the decrease in sales to the wholesalers and retailers within the Group's sales network by approximately HK\$52.3 million and the decrease in sales made by the Group's own retail shops by approximately HK\$11.7 million since, as affected by the COVID-19 outbreak, there were fewer Indonesian and Filipino consumers travelling to Hong Kong and fewer inbound and outbound tourists in Hong Kong which adversely affected the sales made by the Group's own retail shops and sales to the wholesaler and retailers.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$21.1 million or 31.6% from approximately HK\$66.8 million for the year ended 31 March 2020 to approximately HK\$45.7 million for the year ended 31 March 2021. The decrease in gross profit was generally in line with the decrease in the total revenue. The gross profit margin of approximately 33.6% for the year ended 31 March 2021 was relatively stable compared with that of approximately 33.4% for the six months ended 31 March 2020.

Other revenue

During the year, the Group's other revenue amounted to approximately HK\$4.4 million, representing an increase of approximately 131.6% as compared to approximately HK\$1.9 million for the year ended 31 March 2020. The increase in other revenue was mainly due to the receipt of government subsidies of approximately HK\$2.6 million, the decrease in consignment income of approximately HK\$0.4 million and the decrease in fair value loss on financial assets at fair value through profit or loss of approximately HK\$0.3 million.

Selling and distribution expenses

Selling and distribution expenses mainly comprised (i) depreciation of right-of-use assets; (ii) staff costs; (iii) advertising and promotion expenses; and (iv) other expenses. During the year, selling and distribution expenses amounted to approximately HK\$21.8 million (2020: approximately HK\$23.5 million), representing a decrease of approximately 7.2% as compared to the year ended 31 March 2020. The decrease in selling and distribution expenses was mainly attributable to the decrease in advertising and promotion expenses of approximately HK\$0.5 million and the decrease in short-term leases expenses and depreciation of right-of-use assets of approximately HK\$1.5 million which offset the increase in staff costs of approximately HK\$0.5 million.

Administrative expenses

Administrative expenses mainly represented (i) staff costs; (ii) depreciation of right-of-use assets; and (iii) professional fees. For the year ended 31 March 2021, administrative expenses amounted to approximately HK\$15.5 million (2020: approximately HK\$13.2 million). Administrative expenses for the year represented an increase of approximately 17.4% as compared with the year ended 31 March 2020 which was mainly attributable to the increase in staff costs of approximately HK\$2.8 million which offset the decrease in legal and professional fees of approximately HK\$0.7 million.

Finance cost

Finance cost comprised interest expenses on bank overdrafts and borrowings of approximately HK\$0.2 million (2020: Nil) and interest expenses on lease liabilities of approximately HK\$0.3 million (2020: approximately: HK\$0.1 million). The increase in finance cost was mainly due to the increase in bank overdrafts and borrowings during the year.

Taxation

During the year, the income tax expenses amounted to approximately HK\$1.7 million (2020: approximately HK\$5.2 million) and the effective tax rate for the year ended 31 March 2021 was approximately 13.4% (2020: approximately 16.4%).

Profit for the year

Profit for the year attributable to owners of the Group was approximately HK\$10.8 million, representing a decrease of approximately 59.4% as compared with approximately HK\$26.6 million for the year ended 31 March 2020 which was mainly attributed to the reasons mentioned above.

Inventories

The Group had inventories of approximately HK\$118.9 million as at 31 March 2021, representing an increase of approximately HK\$50.0 million as compared to the inventories of approximately HK\$68.9 million as at 31 March 2020. The increase was resulted from additional quantity of products provided by suppliers through bulk purchase discount during the year ended 31 March 2021.

LIQUIDITY AND CAPITAL RESOURCES

Net current assets

The Group had net current assets of approximately HK\$137.7 million as at 31 March 2021 (31 March 2020: approximately HK\$129.1 million). The current ratio of the Group increased from approximately 3.7 times as at 31 March 2020 to approximately 5.1 times as at 31 March 2021. Such increase was mainly attributable to (i) the decrease in current assets of approximately HK\$6.4 million which was mainly attributable to the decrease in bank balances and cash of approximately HK\$65.8 million which is partly set off by the increase in inventories of approximately HK\$50.0 million and the increase in deposits, prepayments and other receivables and tax receivable of approximately HK\$8.0 million; and (ii) the decrease in current liabilities of approximately HK\$15.0 million which was mainly due to the decrease in dividend payable of HK\$40.0 million which is partly set off by the increase in bank overdrafts and bank loans, lease liabilities, accruals and other payables of approximately HK\$25.0 million.

Borrowings

The Group's bank and other borrowings was approximately HK\$18.9 million as at 31 March 2021 (31 March 2020: nil). The Group's bank and other borrowings comprised bank overdrafts and bank borrowings which are secured by guarantee provided by the Company and carried interests at one-month Hong Kong Interbank Offered Rate plus 2.25% to 3.0% per annum. The bank borrowings were repayable within one year.

Gearing ratio

The Group's gearing ratio was approximately 12.9% as at 31 March 2021 (31 March 2020: nil). The increase in gearing ratio is due to the new bank overdrafts and bank loans raised during the year. The gearing ratio equals total amount of debts divided by total amount of equity and multiplied by 100%.

Share capital structure

As at 31 March 2021 and 31 March 2020, the Company's issued share capital was HK\$4,000,000 and the number of issued shares of the Company was 400,000,000 ordinary shares of HK\$0.01 each (the "Shares").

Foreign Exchange Exposure

Transactions of the Group are mainly denominated in HK\$ and USD and the Group is not exposed to any significant foreign exchange exposure. The Group had not used any financial instruments for hedging purposes and no hedging policy against foreign currency risk was maintained by the Group.

EMPLOYEES AND EMOLUMENTS POLICY

As at 31 March 2021, the Group had 47 employees (31 March 2020: 46 employees) with a total remuneration of approximately HK\$17.4 million during the year ended 31 March 2021 (2020: approximately HK\$14.2 million). The salaries of the employees were determined with reference to individual performance, work experience, qualification and current industry practices. Performance bonuses are offered to qualified employees based on individual and the Group's performance. The Group is dedicated to providing training programs for new employees and regular on-the-job trainings to employees to enhance their sales and marketing skills and know-how. The emoluments of the Directors are recommended by the Remuneration Committee of the Company, with reference to their respective contribution of time, effort and expertise on the Company's matters. The Company has also adopted a share option scheme to grant options to eligible participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants.

PLEDGE OF ASSETS

As at 31 March 2021, the Group did not have any pledged assets (31 March 2020: nil).

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

During the year ended 31 March 2021, there was no material acquisition, disposal or significant investment by the Group (2020: nil).

USE OF PROCEEDS FROM SHARE OFFER

The business objectives and planned use of proceeds as stated in the prospectus dated 11 September 2018 published by the Company (the “**Prospectus**”) were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was based on the actual market development. The net proceeds from the Share Offer (as defined in the Prospectus) received by the Company, after deducting related underwriting fees and estimated expenses payable by the Company in connection with the Share Offer, were approximately HK\$40.6 million. As disclosed in the Company’s announcement dated 25 March 2021 (the “**Change in Use of Proceeds Announcement**”), having carefully considered the latest business environment and development needs of the Group, the Board had resolved to change the proposed use of the unutilised net proceeds in the amount of approximately HK\$34.2 million originally allocated for (i) setting up of five retail shops; (ii) carrying out promotional and marketing activities; and (iii) implementing enterprises resources planning system. Please refer to the Change in Use of Proceeds Announcement for details. The following table sets forth the status of the use of revised allocation of the net proceeds as at the date of the Change in Use of Proceeds Announcement and 31 March 2021:

Business objectives	Planned use of net proceeds as stated in the Prospectus <i>HK\$’ million</i> (approximately)	Actual use of net proceeds from the Listing Date to the date of the Change in Use of Proceeds Announcement <i>HK\$’ million</i> (approximately)	Reallocation as stated in the Change in Use of Proceeds Announcement <i>HK\$’ million</i> (approximately)	Amount utilized after reallocation <i>HK\$’ million</i> (approximately)	Remaining balance as at 31 March 2021 <i>HK\$’ million</i> (approximately)
Set up of five retail shops	27.0	1.6	(25.4)	-	-
Hiring additional sales personnel	1.6	1.6	-	-	-
Carrying out promotional and marketing activities	9.8	2.6	(7.2)	-	-
Implementing enterprises resources planning system	1.9	0.3	(1.6)	-	-
For working capital and other general corporate purposes	0.3	0.3	-	-	-
Bulk purchases of Pre-paid products from suppliers	-	-	34.2	0.9	33.3
Total	<u>40.6</u>	<u>6.4</u>	<u>-</u>	<u>0.9</u>	<u>33.3</u>

The unutilized net proceeds have been placed with licensed banks in Hong Kong as interest bearing deposits in accordance with the intention of the Board as disclosed in the Prospectus and the Change in Use of Proceeds Announcement. The balance of the unutilized proceeds is expected to be utilized during the year ending 31 March 2022.

EVENT AFTER THE REPORTING PERIOD

There were no significant events after the reporting period up to the date of this announcement.

CAPITAL COMMITMENT

As at 31 March 2021, the Group had capital commitments of approximately HK\$300,000 (31 March 2020: approximately HK\$300,000) in respect of acquisition of property, plant and equipment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from strengthening the Group's current business and implementing the future plans as disclosed in the Prospectus, the Group will explore new business opportunities as and when appropriate, in order to enhance Shareholders' value.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2021 (31 March 2020: nil).

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: nil).

CLOSURE OF THE REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING (THE “AGM”)

For the purposes of determining the Shareholders’ eligibility to attend and vote at the forthcoming AGM to be held on Thursday, 26 August 2021, the register of members of the Company will be closed from Monday, 23 August 2021 to Thursday, 26 August 2021, both days inclusive. In order to be eligible to attend and vote at the forthcoming AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. (Hong Kong time) on Friday, 20 August 2021.

CORPORATE GOVERNANCE

The Company has adopted and complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules during the year ended 31 March 2021. The Board has reviewed the Company’s corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the CG Code during the year ended 31 March 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS OF DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code during the year ended 31 March 2021 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2021.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position and the related notes thereto for the year ended 31 March 2021 of the Group as set out in this announcement have been agreed by the Company's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee (the "**Audit Committee**") which consists of one non-executive Director, namely Mr. Lam Kin Lun Davie, and three independent non-executive Directors, namely Mr. Kwok Wai Leung, Stanley, Mr. Fok Kam Chau and Mr. Shiao Hei Lok Herod. Mr. Fok Kam Chau is the chairman of the Audit Committee.

The Audit Committee has discussed with the management of the Group and reviewed the audited consolidated financial results of the Group for year ended 31 March 2021, including accounting principles and practices adopted by the Group, and discussed the financial reporting system and the risk management and internal control systems of the Company.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.hkasiaholdings.com). The annual report of the Company for the year ended 31 March 2021 will be dispatched to shareholders of the Company and will be published on the websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules.

APPRECIATION

The Board would like to express its sincere gratitude to the management team and all the staff of the Group for their continuous support and contribution. The Board also takes this opportunity to thank our shareholders, customers, business partners and professional parties for their unreserved support in the prospects of the Group.

By order of the Board
HK Asia Holdings Limited
Siu Muk Lung
Chairman and Executive Director

Hong Kong, 24 June 2021

As at the date of this announcement, the Board comprises Mr. Siu Muk Lung and Mr. Chung Chi Fai as executive Directors; Mr. Ritchie Ma and Mr. Lam Kin Lun Davie as non-executive Directors; and Mr. Lee Kwan Ho, Vincent Marshall, Mr. Kwok Wai Leung, Stanley, Mr. Shiao Hei Lok Herod and Mr. Fok Kam Chau as independent non-executive Directors.