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OKG Technology Holdings Limited **歐科雲鏈控股有限公司**

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1499)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Year was approximately HK\$453.0 million, decreased approximately 20.6% from HK\$570.3 million for the year ended 31 March 2020.

Revenue Breakdown

	Year ended 31 March		Year-on-year change
	2021	2020	
	HK\$'000	HK\$'000	%
Construction wastes handling services	234,297	224,687	4.3
Foundation, building construction works and ancillary services	169,913	325,384	(47.8)
Technology services	28,171	24,528	14.9
Investment in securities	14,814	(10,044)	N/A
Lending business	4,372	5,765	(24.2)
Trust and custody services	1,397	–	N/A
Total Revenue	<u>452,964</u>	<u>570,320</u>	<u>(20.6)</u>

- Loss attributable to the owners of the Company for the Year amounted to approximately HK\$93.9 million, compared a loss of approximately HK\$61.6 million for the year ended 31 March 2020. The increase in the loss for the Year was mainly due to the increase of the non-cash impairment losses under the expected credit loss model.

- Basic and diluted loss per share for the Year amounted to approximately HK cents 1.75 (Basic and diluted loss per share for the year ended 31 March 2020: approximately HK cents 1.17).
- The Group's bank balances and cash as at 31 March 2021 totaled approximately HK\$236.7 million (as at 31 March 2020: approximately HK\$239.6 million).
- Equity attributable to the owners of the Company as at 31 March 2021 amounted to approximately HK\$219.6 million (as at 31 March 2020: approximately HK\$301.1 million).
- The Board does not recommend the declaration of a final dividend for the Year (2020: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of OKG Technology Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2021 (the “**Year**”) together with 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	2020
	Note	HK\$'000	HK\$'000
Revenue	4	452,964	570,320
Cost of sales		<u>(406,399)</u>	<u>(527,728)</u>
Gross profit		46,565	42,592
Other income, gains and losses	4	16,162	4,978
Administrative and other operating expenses		(104,082)	(91,407)
Impairment losses on intangible assets		(180)	–
Impairment losses on financial assets and contract assets		<u>(46,892)</u>	<u>(5,375)</u>
Operating loss		(88,427)	(49,212)
Finance costs		<u>(7,933)</u>	<u>(9,131)</u>
Loss before income tax	5	(96,360)	(58,343)
Income tax credit/(expense)	6	<u>2,505</u>	<u>(3,259)</u>
Loss for the year attributable to owners of the Company		(93,855)	(61,602)
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		<u>1,255</u>	<u>(2,120)</u>
Total comprehensive loss for the year attributable to owners of the Company		<u>(92,600)</u>	<u>(63,722)</u>
Basic and diluted loss per share	7	<u>(1.75) HK cents</u>	<u>(1.17) HK cents</u>

Details of dividends are disclosed in Note 8 to this announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2021	2020
	<i>Note</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		34,569	48,822
Right-of-use assets		2,784	36,158
Intangible assets		4,456	7,571
Prepayment	9	318	1,050
Deferred tax assets		–	450
		42,127	94,051
Current assets			
Trade and other receivables	9	95,196	127,385
Contract assets		67,029	104,429
Inventories		68,879	–
Inventories due from counterparties		12,766	–
Financial assets at fair value through profit or loss		28,560	27,645
Amount due from a related party		1,980	2,980
Tax recoverable		2,741	401
Pledged bank deposit		–	6,753
Trust bank balance held on behalf of customers		49,128	–
Bank balances and cash		236,735	239,571
		563,014	509,164
Total assets		605,141	603,215
EQUITY			
Capital and reserves			
Share capital	10	26,853	26,629
Reserves		192,720	274,514
Total equity		219,573	301,143

		As at 31 March	
		2021	2020
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		–	12,047
Deferred tax liabilities		1,929	3,255
		<u>1,929</u>	<u>15,302</u>
Current liabilities			
Trade and other payables	<i>11</i>	99,060	90,806
Contract liabilities		4,726	1,610
Liabilities due to customers		108,151	–
Amount due to a former subsidiary		10,641	10,641
Amount due to a related party		10,244	14,776
Loan from a related party		148,500	141,750
Lease liabilities		2,317	23,931
Current income tax liabilities		–	3,256
		<u>383,639</u>	<u>286,770</u>
Total liabilities		<u>385,568</u>	<u>302,072</u>
Total equity and liabilities		<u>605,141</u>	<u>603,215</u>
Net current assets		<u>179,375</u>	<u>222,394</u>
Total assets less current liabilities		<u>221,502</u>	<u>316,445</u>

For the year ended 31 March 2021

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company is a limited liability company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 2 September 2015. Its parent company is OKC Holdings Corporation, a company incorporated in the Cayman Islands with limited liability and controlled by Mr. Xu Mingxing. The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The address of the Company’s principal place of business in Hong Kong is Unit 902-903, 9th Floor, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in provision of construction wastes handling services, foundation, building construction works and ancillary services, technology services, investment in securities, lending business and trust and custody services. During the Year, the Group has commenced the business in provision of building construction works, trust and custody services in order to broaden the Group’s source of income.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is also the functional currency of the Company, unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

3 APPLICATION OF AMENDMENTS TO HKFRSs

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 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 HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

4 REVENUE, OTHER INCOME, GAINS AND LOSSES AND SEGMENT INFORMATION

Revenue and other income, gains and losses recognised during the Year are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
Construction wastes handling services	234,297	224,687
Foundation, building construction works and ancillary services	168,444	322,828
Technology services	28,012	22,963
Trust and custody services	1,397	–
Services income from operation of USDK	159	1,565
	<hr/>	<hr/>
Revenue from contracts with customers	432,309	572,043
Rental income from lease of machinery	1,469	2,556
Interest income from lending business	4,372	5,765
Fair value change on investment in securities		
– Realised change	4,233	162
– Unrealised change	10,581	(10,206)
	<hr/>	<hr/>
Total revenue	452,964	570,320
	<hr/> <hr/>	<hr/> <hr/>
Other income, gains and losses		
Interest income	636	3,009
Gain on disposal of property, plant and equipment	1,362	797
Written off of property, plant and equipment	–	(44)
Gain on early termination of lease and modification of lease	2,277	–
Government grants	8,512	449
Loss on disposal of a subsidiary	–	(7)
Net gains/(losses) on change in fair value of financial assets		
at fair value through profit or loss	954	(429)
Service income	2,047	1,117
Others	374	86
	<hr/>	<hr/>
	16,162	4,978
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Operating segment information

Management has determined the operating segments based on the reports reviewed by the directors, the chief operating decision-maker, that are used to make strategic decisions. The directors consider the business from a product/service perspective. Principal activities of the segments are as follows:

- (a) Construction wastes handling services: Provision of management and operation of public fill reception facilities, including public fill banks and temporary construction waste sorting facilities, for construction and demolition materials;
- (b) Foundation, building construction works and ancillary services: Provision of site formation works, excavation and lateral support works, piling construction, pile caps or footing construction and reinforced concrete structure works, building construction works and ancillary services mainly included hoarding and demolition works and lease of machinery;
- (c) Technology services: Provision of 1) developing the USDK smart contract, managing the USDK smart contract to effect minting and burning of USDK, and 2) technology development and I.T. infrastructure services;
- (d) Investment in securities;
- (e) Lending business which includes the Group's money lending business carried out in Hong Kong and the lending of the Group's digital assets; and
- (f) Trust and custody services.

Segment revenue is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

The directors assess the performance of the operating segments based on a measure of segment results. Unallocated income, unallocated corporate expenses, finance costs and income tax credit/expense are not included in segment results. In the current year, the presentation of reportable segments of the Group are revised as detailed below as the directors believe the current reportable segments could provide better summary to them in reviewing the Group's operating performance and making decision in resource allocation. Accordingly, the comparative figures of the reportable segments have been re-presented for the purpose of presenting segment information.

Segment assets mainly consist of current assets and non-current assets as disclosed in the consolidated statement of financial position except unallocated bank balances and cash and other unallocated assets.

Segment liabilities mainly consist of current liabilities and non-current liabilities as disclosed in the consolidated statement of financial position except current income tax liabilities, deferred tax liabilities, amount due to a former subsidiary, loan from a related party, amount due to a related party, lease liabilities and other unallocated liabilities.

	Construction wastes handling services HK\$'000	Foundation, building construction works and ancillary services HK\$'000	Technology services HK\$'000	Investment in securities HK\$'000	Lending business HK\$'000	Trust and custody services HK\$'000	Total HK\$'000
Year ended 31 March 2021							
Revenue							
External Revenue	234,297	169,913	28,171	14,814	4,372	1,397	452,964
Cost of sales	(228,861)	(157,810)	(18,973)	(67)	(622)	(66)	(406,399)
Impairment losses on intangible assets	-	-	-	-	(180)	-	(180)
Impairment losses on financial assets and contract assets	140	(38,658)	(150)	-	(8,224)	-	(46,892)
Segment results	5,576	(26,555)	9,048	14,747	(4,654)	1,331	(507)
Unallocated income							16,162
Unallocated corporate expenses							(104,082)
Finance costs							(7,933)
Loss before income tax							(96,360)
Income tax credit							2,505
Loss for the year							(93,855)
Included in segment results are:							
Depreciation of property, plant and equipment	6,953	4,055	966	-	-	-	11,974
Depreciation of right- of-use assets	-	-	3,334	-	-	-	3,334
Amortisation of intangible assets	-	-	2,935	-	-	-	2,935
	6,953	4,055	7,235	-	-	-	18,243
At 31 March 2021							
Segment assets	85,217	105,923	78,033	31,872	71,947	108,151	481,143
Unallocated assets							123,998
Total assets							605,141
Additions to non- current asset:							
Segment assets	-	4,165	-	-	-	-	4,165
Unallocated assets							3,399
							7,564
Segment liabilities	33,860	60,911	5,872	393	83	108,151	209,270
Unallocated liabilities							2,667
Amount due to a former subsidiary							10,641
Loan from a related party							148,500
Amount due to a related party							10,244
Lease liabilities							2,317
Deferred tax liabilities							1,929
Total liabilities							385,568

	Construction wastes handling services <i>HK\$'000</i>	Foundation, building construction works and ancillary services <i>HK\$'000</i>	Technology services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Lending business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2020						
Revenue						
External Revenue	224,687	325,384	24,528	(10,044)	5,765	570,320
Cost of sales	(201,728)	(309,436)	(15,483)	(157)	(924)	(527,728)
Impairment losses on financial assets and contract assets	(597)	(4,651)	(9)	–	(118)	(5,375)
Segment results	<u>22,362</u>	<u>11,297</u>	<u>9,036</u>	<u>(10,201)</u>	<u>4,723</u>	37,217
Unallocated income						4,978
Unallocated corporate expenses						(91,407)
Finance costs						(9,131)
Loss before income tax						(58,343)
Income tax expense						(3,259)
Loss for the year						<u>(61,602)</u>
Included in segment results are:						
Depreciation of property, plant and equipment	4,048	6,542	948	–	–	11,538
Depreciation of right-of-use assets	–	–	4,241	–	–	4,241
Amortisation of intangible assets	–	–	1,663	–	–	1,663
	<u>4,048</u>	<u>6,542</u>	<u>6,852</u>	<u>–</u>	<u>–</u>	<u>17,442</u>
At 31 March 2020						
Segment assets	65,001	173,528	123,315	31,549	102,283	495,676
Unallocated assets						107,539
Total assets						<u>603,215</u>
Additions to non-current asset:						
Segment assets	16,632	15,603	18,740	95	–	51,070
Unallocated assets						99
						<u>51,169</u>
Segment liabilities	24,621	53,076	10,062	723	–	88,482
Unallocated liabilities						3,934
Amount due to a former subsidiary						10,641
Loan from a related party						141,750
Amount due to a related party						14,776
Lease liabilities						35,978
Current income tax liabilities						3,256
Deferred tax liabilities						3,255
Total liabilities						<u>302,072</u>

Geographical information

Information about the Group's revenue from external customers is presented based on location of operation is as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
People's Republic of China ("PRC")	28,012	22,963
Hong Kong	424,952	547,357
	452,964	570,320

Information about the Group's non-current assets (excluding deferred tax assets) is presented based on the geographical location of the assets:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC	12,630	49,891
Hong Kong	29,497	43,710
	42,127	93,601

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A ²	N/A ³	79,966
Customer B ¹	234,297	198,380
Customer C ²	N/A ³	94,295
Customer D ²	47,715	70,164

¹ Revenue from construction wastes handling services.

² Revenue from foundation, building construction works and ancillary services.

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5 LOSS BEFORE INCOME TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before income tax has been arrived at after charging/(crediting):		
Auditors' remuneration	1,150	1,150
Staff costs	111,870	92,656
Depreciation of property, plant and equipment	16,680	15,121
Depreciation of right-of-use assets	21,548	22,610
Amortisation of intangible assets	2,935	1,663
Leasing expenses	4,125	7,594
Share-based payment expense	1,385	10,090
Exchange gain, net	<u>(399)</u>	<u>(214)</u>

6 INCOME TAX (CREDIT)/EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong profits tax:		
– Current income tax	–	2,004
– Over-provision in prior years	(1,629)	(8)
Deferred income tax	<u>(876)</u>	<u>1,263</u>
Income tax (credit)/expense	<u>(2,505)</u>	<u>3,259</u>

7 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$93,855,000 (2020: HK\$61,602,000) and the weighted average of approximately 5,358,951,000 ordinary shares (2020: 5,273,150,000 ordinary shares) in issue during the Year.

(b) Diluted loss per share

For the year ended 31 March 2021 and 2020, the diluted loss per share is equal to the basic loss per share. There is no share option as at 31 March 2021 and the share options are not included in the calculation of diluted loss per share as they are anti-dilutive during the year ended 31 March 2021 and 2020.

8 DIVIDENDS

No interim dividend was declared for the year ended 31 March 2021 (2020: Nil).

No final dividend was proposed by the Board for the year ended 31 March 2021 (2020: Nil).

9 TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	60,845	65,097
Less: Provision for impairment losses	<u>(6,502)</u>	<u>(3,878)</u>
	<u>54,343</u>	<u>61,219</u>
Loan receivables	28,197	42,066
Less: Provision for impairment losses	<u>(8,639)</u>	<u>(1,267)</u>
	<u>19,558</u>	<u>40,799</u>
Other receivables, deposits and prepayments	<u>21,613</u>	<u>26,417</u>
	<u>95,514</u>	<u>128,435</u>
Analysed as:		
Non-current	318	1,050
Current	<u>95,196</u>	<u>127,385</u>
	<u>95,514</u>	<u>128,435</u>

The credit period granted to customers is 7 to 75 days generally.

The ageing analysis of the trade receivables based on the date of payment certificate issued by customers or invoice date is as follows:

	2021	2020
	HK\$'000	HK\$'000
0–30 days	47,560	57,470
31–60 days	621	1,801
61–90 days	22	547
Over 90 days	12,642	5,279
	<u>60,845</u>	<u>65,097</u>

The Group's loan receivables of approximately HK\$20,422,000 (2020: HK\$42,066,000), which arise from the lending business, are not overdue based on contractual maturity date as at 31 March 2021.

10 SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Authorised:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021, ordinary shares of HK\$0.005 each	<u>20,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2019	5,262,000,000	26,310
Issue of ordinary shares upon exercise of share options (Note a)	<u>63,870,000</u>	<u>319</u>
At 31 March 2020	<u>5,325,870,000</u>	<u>26,629</u>
At 1 April 2020	5,325,870,000	26,629
Issue of ordinary shares upon exercise of share options (Note b)	52,710,000	264
Repurchase and cancellation of ordinary shares (Note c)	<u>(8,070,000)</u>	<u>(40)</u>
At 31 March 2021	<u>5,370,510,000</u>	<u>26,853</u>

Notes:

- (a) During the year ended 31 March 2020, 63,870,000 share options were exercised at a subscription price of HK\$0.205 per share, resulting in the issue of 63,870,000 new shares at par value of HK\$0.005 each for a total cash consideration of approximately HK\$13,093,000. Approximately HK\$12,774,000 representing the difference between the subscription price and the par value was added to share premium. In addition, approximately HK\$2,811,000 representing that portion of the share-based payments reserve in relation to the exercise of the share options during the year ended 31 March 2020, was transferred from the share-based payments reserve to share premium account.

- (b) During the year ended 31 March 2021, 52,710,000 share options were exercised at a subscription price of HK\$0.205 per share, resulting in the issue of 52,710,000 new shares at par value of HK\$0.005 each for a total consideration of approximately HK\$10,806,000. Approximately HK\$10,542,000 representing the difference between the subscription price and the par value was added to the share premium. In addition, approximately HK\$2,299,000 representing that portion of the share-based payments reserve in relation to the exercise of the share options during the Year, was transferred from the share-based payments reserve to share premium account.

- (c) On 19 October 2020, the Company repurchased a total of 8,070,000 shares on the Stock Exchange at an aggregate consideration (excluded expenses) of HK\$1,162,620, and these shares were cancelled on 1 December 2020. Accordingly, the issued share capital of the Company was reduced by HK\$40,000, representing the nominal value of these shares.

11 TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	83,246	55,714
Accruals and other payables	<u>15,814</u>	<u>35,092</u>
	<u>99,060</u>	<u>90,806</u>

Payment terms granted by suppliers are generally 15 to 80 days from the invoice date of the relevant purchases.

The ageing analysis of trade payables based on the invoice date is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	41,559	28,750
31 – 60 days	11,870	2,072
61 – 90 days	7,070	1,276
Over 90 days	<u>22,747</u>	<u>23,616</u>
	<u>83,246</u>	<u>55,714</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's major sources of revenue were from construction wastes handling services, foundation, building construction works and ancillary services, technology services, investment in securities, lending business and trust and custody services.

During the Year, the Group has commenced to provide trust and custody services through OKLink Trust Limited (“**OKLink Trust**”). In addition, the Group has also provided building construction works services in the Year. Save for the above, the Group had no material change in its business nature and principal activities.

Construction Wastes Handling Services

The Group's construction wastes handling services mainly include the management and operation of public fill reception facilities such as public fill banks and temporary construction waste sorting facilities, for construction and demolition materials.

During the Year, revenue from this segment amounted to approximately HK\$234.3 million, which increased approximately HK\$9.6 million as compared with approximately HK\$224.7 million for the corresponding period in 2020. The increase was mainly due to the increase in revenue from on-going projects during the Year.

Gross profit of this segment for the Year was approximately HK\$5.4 million, which decreased approximately 76.5% as compared with approximately HK\$23.0 million for the year ended 31 March 2020. The decrease in gross profit was mainly due to the increase in the subcontracting costs. Gross profit margin of this segment for the Year was approximately 2.3%, representing a decrease of 7.9 percentage points from approximately 10.2% for the year ended 31 March 2020.

Foundation, Building Construction Works and Ancillary Services

The foundation works of the Group mainly include site formation works, excavation and lateral support (“**ELS**”) works, piling construction, pile caps or footing construction and reinforced concrete structure works and ancillary services mainly include hoarding and demolition works and lease of machinery. After Progressive Building & Foundation Company Limited, an indirectly-owned subsidiary of the Company, has been registered as a general building contractor under section 8A of Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), the Group has also participated in some residential development projects and provided building construction works services during the Year.

During the Year, revenue from this segment was approximately HK\$170.0 million, representing a decrease of 47.8% as compared with approximately HK\$325.4 million for the year ended 31 March 2020. The decrease was mainly due to the decrease in the number of projects undertaken and the newly awarded projects during the Year were still in the initial stages.

Gross profit of this segment during the Year was approximately HK\$12.1 million, which decreased approximately 23.9% as compared with approximately HK\$15.9 million for the year ended 31 March 2020. Gross profit margin of this segment for the Year was approximately 7.1%, representing an increase of 2.2 percentage points from approximately that of 4.9% for the year ended 31 March 2020.

New Projects Awarded

During the Year, the Group had been awarded 6 new contracts with total contract value of approximately HK\$236.5 million. The details of the new projects are as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Southern District	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Tseung Kwan O District	Foundation and ELS Works
Building Construction Works	Yau Tsim Mong District	Carcass Works
Building Construction Works	Yuen Long District	Construction of Basement and G/F Slab
Foundation and Ancillary Works	Islands District	Piling Works
Foundation and Ancillary Works	Tuen Mun District	Foundation and ELS Works

Projects in Progress

As at 31 March 2021, the Group had 7 projects in progress with total contract value amounted to approximately HK\$795.5 million. The details of projects in progress are as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Southern District	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Tseung Kwan O District	Foundation and ELS Works
Building Construction Works	Yau Tsim Mong District	Carcass Works
Building Construction Works	Yuen Long District	Construction of Basement and G/F Slab
Foundation and Ancillary Works	Islands District	Piling Works
Foundation and Ancillary Works	Tuen Mun District	Foundation and ELS Works
Construction Wastes Handling Services	Tuen Mun District	Fill Bank Operation

Completed Projects

During the Year, the Group completed 10 projects with total contract value amounted to approximately HK\$403.5 million. The details of completed projects are as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Yau Tsim Mong District	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Kowloon City District	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Kwun Tong District	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Yuen Long District	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Kwun Tong District	Demolition Works and Construction of the Hoarding Works
Foundation and Ancillary Works	Sha Tin District	Piling and ELS Works
Foundation and Ancillary Works	Kwai Tsing District	Piling and ELS Works
Foundation and Ancillary Works	Sai Kung District	Site Formation and Foundation, ELS, Pile Caps and Tie Beam Works
Foundation and Ancillary Works	Sha Tin District	Foundation, ELS, Pile Cap, Slope and Drainage Works
Foundation and Ancillary Works	Kowloon City District	Foundation, ELS, Pile Cap and Tree Works

Technology Services

The Group's technology services income mainly includes (i) income generated by developing the USDK smart contract, managing the USDK smart contract to effect minting and burning of USDK; and (ii) providing the technology development and I.T. infrastructure services.

During the Year, revenue from this segment amounted to approximately HK\$28.2 million which was increased by approximately HK\$3.7 million or 14.9% as compared with approximately HK\$24.5 million for the corresponding period in 2020. The increase in revenue was mainly attributable from the income of providing technology development and I.T. infrastructure services. Gross profit of this segment was approximately HK\$9.2 million which increased by approximately HK\$0.2 million or 2.2% as compared with approximately HK\$9.0 million for corresponding period in 2020.

Investment in Securities

During the Year, the Group maintained the business segment of investment in securities in order to diversify the Group's business. The Group invested in a portfolio of listed securities in Hong Kong and overseas.

The Group has made several investments in the securities of the blockchain industry. As at 31 March 2021, the Group managed a portfolio of listed securities with total market value of approximately HK\$10.3 million (2020: approximately HK\$4.6 million). During the Year, revenue from investment in securities was approximately HK\$14.8 million, including a realized gain of approximately HK\$4.2 million and a gain on fair value change of approximately HK\$10.6 million, compared with a loss on fair value change of approximately HK\$10.2 million for the corresponding period in 2020. The Group reviews the performance of its investment portfolio and evaluates the investment potentials of other investment opportunities available to the Group as part of the routine exercise with a view to optimise the expected return and minimise the risks.

Lending Business

During the Year, the Group continued to carry out its money lending business, which maintains a money lender's licence in Hong Kong, under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). In addition, the Group has also lent its digital assets to the counterparties (the “**Counterparties**”) in form of stablecoins as the loan principal through other parties' platforms (the “**Platforms**”) in the Year. The Counterparties were required to deposit Bitcoin (the “**BTC**”) to the Platforms as collaterals.

During the Year, revenue and gross profit from this segment was approximately HK\$4.4 million (2020: approximately HK\$5.8 million) and approximately HK\$3.8 million (2020: approximately HK\$4.8 million), respectively. The Directors believe that the lending business benefits to the Group in exploring opportunities to widen its revenue base and minimise the risks of the Group overall, so as to enhance the capital use of the Group as well as for the interests of the Company and its shareholders overall.

Trust and Custody Services

The Group's trust and custody services were being carried out through OKLink Trust. OKLink Trust has been registered as a Trust Company under section 78(1) of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) on 17 June 2020. The trust and custody services provided by the Group typically include the safekeeping, settlement and other customised services of its clients' assets. The types of assets custodied under this business include digital assets and fiat currencies. At the end of the Year, the total assets of the Group's custody clients were approximately HK\$108.2 million.

During the Year, the revenue generated from the provision of trust and custody services was approximately HK\$1.4 million.

The impact of the COVID-19 pandemic

The outbreak of the coronavirus disease (COVID-19) brought challenges to the global business's environment. The Governments of Hong Kong Special Administrative Region (“HKSAR”) and PRC have implemented various contingency measures during the Year. The Group also has taken a series of precautionary and risk mitigation measures, including but not limited to, remote work arrangements, online meetings, reduction of unnecessary contacts and body temperature measurements. In addition, construction workers in Hong Kong were required to hold negative COVID-19 test results before getting back to work starting on 22 February 2021, as required by the Construction Industry Council and Hong Kong Construction Association. Accordingly, the Group has asked the site staffs to take a regular COVID-19 test every 14 days.

The interruption of business activities and border crossing restrictions slowed down the Group's business developments, deteriorated market conditions and inevitably caused delay of construction works. The Group will continuously review the latest health and regulatory protocols and reschedule site activities, to manage the impacts to its business operations. Moreover, the Group will continue to take timely and necessary actions to mitigate any COVID-19 related risks, to ensure adequate resources for its business developments.

FINANCIAL REVIEW

Revenue

The Group recorded a revenue of approximately HK\$453.0 million for the Year, representing a decrease of approximately 20.6% as compared with approximately HK\$570.3 million for the corresponding period in 2020. The decrease was mainly resulted from the decrease in the revenues of the Group's foundation, building construction works and ancillary services.

Gross profit and gross profit margin

The gross profit of the Group for the Year amounted to approximately HK\$46.6 million, representing an increase of approximately 9.4% as compared with approximately HK\$42.6 million for the corresponding period in 2020. The gross profit margin increased by 2.8 percentage points to 10.3% for the Year from 7.5% for the same period of last year. Such increase was mainly due to the increase in the revenues from investment in securities, which has a higher gross profit margin.

Other income, gains and losses

Other income, gains and losses of the Group amounted to approximately HK\$16.2 million, representing an increase of approximately 224.0% as compared with approximately HK\$5.0 million for the corresponding period in 2020. The increase was mainly due to the government subsidy received from the Employment Support Scheme under the Anti-epidemic Fund of HKSAR Government.

Administrative and other operating expenses

The administrative and other operating expenses of the Group for the Year amounted to approximately HK\$104.1 million, representing an increase of approximately 13.9% compared with approximately HK\$91.4 million for the year ended 31 March 2020. Such increase was mainly due to the increase in the staff costs.

Impairment losses under Expected Credit Loss (“ECL”) model

Impairment losses under ECL model derived from trade receivables, loan receivables and contract assets of the Group. The Group classified them as in default when there was an evidence indicating the assets are credit impaired. The Group recorded an impairment loss of approximately HK\$46.9 million during the Year, increased approximately HK\$41.5 million compared with HK\$5.4 million for the year ended 31 March 2020. The increase of impairment loss in the Year was mainly due to the increase in credit risks on the relevant foundation works in certain projects.

Finance costs

Finance costs for the Group during the Year amounted to approximately HK\$7.9 million, representing a decrease of approximately 13.2% compared with approximately HK\$9.1 million for the corresponding period in 2020. The decrease is mainly attributed to the decrease of interest on lease liabilities.

Income tax credit/(expense)

Income tax credit for the Group during the Year amounted to approximately HK\$2.5 million, compared to income tax expense of approximately HK\$3.3 million for the corresponding period in 2020.

Loss for the Year

The Group recorded a net loss of approximately HK\$93.9 million for the Year, compared to a loss of approximately HK\$61.6 million for the corresponding period in 2020. The increase in the loss for the Year was mainly attributable to the increase of the non-cash impairment loss under the ECL model as mentioned on “Impairment losses under ECL model”.

Capital structure and Share Options

During the Year, the Company had the following changes in its share capital:

(i) Exercise of Share Options

During the Year, 52,710,000 share options were exercised at a subscription price of HK\$0.205 per share, resulting in the issue of 52,710,000 new shares at par value of HK\$0.005 each for a total cash consideration of approximately HK\$10,806,000. Details and movements of the share options during the Year are set out in the paragraph headed “SHARE OPTION SCHEME” on pages 35 to 37 of this announcement.

(ii) Repurchase and Cancellation of Shares

On 19 October 2020, the Company repurchased a total of 8,070,000 shares (the “**Repurchased Shares**”) on the Stock Exchange at an aggregate consideration (excluded expenses) of HK\$1,162,620, and the Repurchased Shares were cancelled on 1 December 2020. Accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. Details of the repurchase are set out in the paragraph headed “PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S LISTED SECURITIES” on page 35 of this announcement.

As at 31 March 2021 and 2020, the Company’s issued share capitals were approximately HK\$26,853,000 and approximately HK\$26,629,000 respectively, and the numbers of its issued ordinary shares were 5,370,510,000 shares of HK\$0.005 each and 5,325,870,000 shares of HK\$0.005 each respectively.

Liquidity, Financial and Capital Resources

The Group has funded the liquidity and capital requirements primarily through capital contributions from the Shareholders, bank borrowings, internally generated cash flow and proceeds received from the placing of the Company’s shares (the “**Share(s)**”).

As at 31 March 2021, the Group had bank balances and cash of approximately HK\$236.7 million (31 March 2020: approximately HK\$239.6 million), and the Group did not have pledged bank deposit (31 March 2020: approximately HK\$6.8 million).

Gearing Ratio

The gearing ratio is calculated based on the amount of total interest-bearing debts divided by total equity. The gearing ratio of the Group as at 31 March 2021 was approximately 68.7% (as at 31 March 2020: approximately 59.0%). The increase was mainly due to the decrease in the Group's total equity of approximately HK\$81.6 million.

Pledge of Assets

The Group's motor vehicles with an aggregate net book value of approximately HK\$1.0 million and HK\$1.3 million as at 31 March 2021 and 2020, respectively, were pledged under leases liabilities.

As at 31 March 2021, the Group did not have any pledged bank deposit (31 March 2020: approximately HK\$6.8 million) to secure the bank facilities granted to the Group.

Save as disclosed above, the Group did not have any charge on its assets during the Year.

Contingent Liabilities

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

Risk Disclosures

(i) Foreign Exchange Risk

The Group mainly operates in Hong Kong and PRC and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars and Renminbi (“**RMB**”). The Directors are of the view that the Group’s risk in foreign exchange is insignificant and that the Group should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the Year.

(ii) Interest Rate Risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets with variable interest rate. The Group’s total interest income during the Year decreased about approximately HK\$2.4 million, as a result of the decrease in bank deposit interest rate. Other than that, the Group does not have any significant interest rate risk exposures. The Group has not used any financial instruments to hedge its exposure to interest rate risk.

(iii) Credit Risk

The Group's credit risk arises mainly from trade and other receivables, contract assets, amount due from a related party and bank balances and cash. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets and contract assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

In respect of cash at banks, the credit risk is considered to be low as the counterparties are reputable banks. Therefore, expected credit loss rate of cash at banks are assessed to be close to zero and no provision was made.

The Group also lend its digital assets to Counterparties in form of stablecoins being the loan principal through the Platforms. The counterparties are required to deliver BTC, another type of digital assets, to the Platforms as collateral to maintain the loan-to-value (the "LTV") ratio at a level of ranging from 55% to 65% at inception. Additional collaterals are required to deposited to the Platforms at any time if the LTV ratio is increased to 80%. The collateral will be liquidated when the LTV ratio is increased to 90%. Considering the collateral arrangements, the credit risk of the Group's inventories due from counterparties is considered to be low.

In respect of trade and other receivables and contract assets, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable and contract assets balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts. During the Year, an impairment loss of HK\$46.9 million was recorded comparing to HK\$5.4 million for the year ended 31 March 2020. The increase of impairment loss in the Year was mainly due to the increase in credit risks on the relevant construction works in certain projects. The details about the impairment losses from ECL model are set out in the paragraph headed "Impairment losses under Expected Credit Loss ("ECL") Model" on page 27 of this announcement.

(iv) Price Risk of Digital Assets Inventories

To facilitate the loans made in terms of stablecoins, the Group held approximately HK\$9.9 million digital assets as inventories as of 31 March 2021. In addition, the Group also had inventories due from counterparties of approximately HK\$12.8 million. Although most of the Group's digital assets are stablecoins and the relevant stablecoins are asset-backed and the market value is approximately US\$1 per unit with minimal fluctuation, the volatility and any unpredictability of the price of digital assets relative to fiat currencies could cause significant impact to the Group's performance.

(v) Risks Related to Safekeeping of Digital Assets

The Group mainly maintains its stablecoins in the Platforms to facilitate the digital assets loans. In addition, the Group also held approximately HK\$59.0 million digital assets on behalf of its clients as of 31 March 2021. The Group mainly maintains the digital assets in "hot" wallets. Hot wallets are more susceptible to cyber-attacks or potential theft as it is connected to the public internet. Although the Group has implemented a series of risk control and safeguarding protocols, any breakdown or closedown of the Platforms, potential cyber-attacks or thefts could cause significant losses to the Group.

(vi) Risks Related to Anti-Money Laundering

In the Year, the Group has commenced to provide trust and custody services to its clients. Any person who carries on a trust business in Hong Kong has to comply with the relevant requirements of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) and the guideline issued by the Companies Registry of Hong Kong. To mitigate such risks, the Group has implemented policies and procedures for Anti-Money-Laundering (AML) and Know-Your-Client (KYC) that are initiated during the client onboarding process and are applied by way of continuous monitoring and reporting. In enhancing these policies and procedures, we have also considered industry best-practice and the recommendations of the Financial Action Task Force (FATF).

Capital Commitments

The Group did not have any significant capital commitment as at 31 March 2021 (31 March 2020: Nil).

PROSPECTS

With the continuous impacts of the COVID-19 pandemic worldwide, the overall economic recovery remains uncertain. It is expected that the business of the Group will still face certain challenges in the short term. Due to the market fluctuations, the investments in the construction industry have been adversely affected. The weakened market risk appetite has led to a plunge in the number of projects available for bidding.

In response to the uncertain market conditions, the Group is prudently carrying out the construction related businesses, and also actively exploring various business opportunities and sustainable development related to the technology related services.

The Group continues cultivating the blockchain industry, upgrading products, exploring scenarios and improving services, especially the blockchain explorer and the “Chaintelligence” (鏈上天眼, renamed from “**Tracker**”), making outstanding contributions to the safeguarding of assets on the blockchain, the law enforcements’ fight against crimes as well as the promotion of the industry self-discipline, among others.

On 27 March, 2021, OKLink Fintech Limited, an indirectly-owned subsidiary of the Company, won the “2020 Financial Technology Pioneer Award” at the 14th Golden Cicada Awards organized by China Times.

Blockchain big data and the “Chaintelligence (鏈上天眼)” are at the core of the Group’s strategy at this stage, and have quickly gained popularity among authorities, financial institutions, developers and investors in the industry. In the Year, oklink.com has also launched theme data services for financial institutions and individual investors. All the on-chain data of major DeFi (Decentralized Finance) and NFT (Non-fungible Token) protocols, and the digital assets positions of leading institutions are also available on oklink.com.

During the Year, OKLink Trust, an indirect wholly-owned subsidiary of the Company, has begun to provide trust and custody services, and has recorded a revenue of HK\$1.4 million. In addition, the Group’s previous investments in the blockchain industry has also generated approximately HK\$14.8 million gain this year. The Group’s revenue from technology services has also increased by approximately 14.9% year-over-year and contributed 6.2% of our total revenues in the Year. The Company believes that industries such as trust services and technology services have huge growth potential, and will continue contributing to the Company’s business development.

Looking ahead, the Group will continue to optimize and upgrade our blockchain related products such as the “Chaintelligence (鏈上天眼)”, to provide asset security and anti-money laundering services to law enforcement as well as regulatory agencies. With the enhanced regulatory clarity, the blockchain related industries will continue to expand. While actively developing our own products and business, the Group will actively apply for relevant licenses and permits, actively explore other new business models and broaden the source of income of the Group, and provide better investment returns to the Shareholders.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group employed a total of 193 staff (31 March 2020: 225 staff). Total staff costs, including directors’ emoluments and share-based payment expenses for the Year, amounted to approximately HK\$113.3 million (31 March 2020: approximately HK\$102.7 million). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group’s salary and bonus system. The Group provides adequate job training to the employees to equip them with practical knowledge and skills.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the Year, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at the date of this announcement, the Company does not have any future plan for material investments or capital assets.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

On 19 October 2020, the Company repurchased a total of 8,070,000 shares (the “**Repurchased Shares**”) on the Stock Exchange at an aggregate consideration (excluded expenses) of HK\$1,162,620, and the Repurchased Shares were subsequently cancelled during the Year. Accordingly, the issued share capital of the Company was reduced by the nominal value of these shares.

Details of the shares repurchase during the Year were as follows:

Date of repurchase	Number of shares repurchased	Purchase Price paid per Share		Aggregate consideration paid (excluded expenses)
		Highest	Lowest	
		HK\$	HK\$	HK\$
19 October 2020	<u>8,070,000</u>	0.150	0.138	<u>1,162,620</u>

The repurchase was made for the benefit of the Company and the Shareholders as a whole with a view to enhancing the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 12 August 2015. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The main purpose of the Share Option Scheme is to motivate employees to optimize their performance efficiency for the benefit of the Company.

The Share Option Scheme shall be valid and effective for a period of ten (10) years from the date of the adoption unless otherwise terminated in accordance with the terms stipulated therein.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed the maximum number of shares permissible under the Listing Rules, currently being 10% of the total number of shares in issue as at the date of the 12 August 2015 (being 5,262,000,000 ordinary shares).

The maximum entitlement of each participant under the Share Option Scheme must not, during any 12-month period, exceed the maximum number of shares permissible under the Listing Rules (which 1% of the total number of shares in issue as at the date of the 12 August 2015, being 526,200,000 ordinary shares).

The exercise price shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the date of grant. The exercise period of share option granted under the Share Option Scheme is determined by the Board at its absolute discretion, and shall expire no later than the 10th anniversary of date on which the share option is granted.

Movement of share options

The following table summarised movements of the Company's issued share options during the Year:

Date of Grant	Owners/Grantees	Number of Share Options					Balance as 31 March 2021	Exercise period of Share Options	Exercise price of Share Options HK\$	Share price immediately before the grant date
		Balance as 1 April 2020	Granted	Exercised	Lapsed	Cancelled				
18/10/2019	Cheng Yuk	6,500,000	-	(3,100,000)	(3,400,000)	-	-	18/10/2019-17/10/2020	0.205	0.200
18/10/2019	Current employees of the Group	192,130,000	-	(49,610,000)	(142,520,000)	-	-	18/10/2019-17/10/2020	0.205	0.200
		<u>198,630,000</u>	<u>-</u>	<u>(52,710,000)</u>	<u>(145,920,000)</u>	<u>-</u>	<u>-</u>			

As at the date of this announcement: –

- all the share options granted on 18 October 2019 (the “**Share Options**”) were vested, including 116,580,000 share options which were exercised and the remaining 145,920,000 share options were lapsed;
- there are no exercisable share options under the Share Option Scheme; and
- the weighted average closing price for share options exercised during the Year immediately before the dates of exercise was HK\$0.215 per share.

Notes:

- (a) Consideration for grant of Share Options: HK\$1 to be paid by each of grantees upon acceptance of the Share Options granted.
- (b) Validity period: From 18 October 2019 to 17 October 2020 (both days inclusive).
- (c) Vesting schedule: (i) 25% of the Share Options shall be vested on 18 October 2019; (ii) 25% of the Share Options shall be vested on 18 January 2020; (iii) 25% of the Share Options shall be vested on 18 April 2020; and (iv) 25% of the Share Options shall be vested on 18 July 2020.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

During the Year and up to the date of this announcement, none of the Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

During the Year, the Group did not have any pledge of shares by controlling shareholder.

FINAL DIVIDEND

The Board has resolved not to declare any final dividend for the Year (2020: Nil).

CORPORATE GOVERNANCE CODE

During the Year, the Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out Appendix 14 (the “**CG Code**”) to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange contained therein except for the following deviations:

- (1) Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual.

Mr. Ren Yunan serves as an executive director, the Chairman as well as the chief executive officer (the “**Chief Executive Officer**”) of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership, allows for effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of the Group. Although Mr. Ren performs both the roles of Chairman and Chief Executive Officer, the division of responsibilities between the Chairman and Chief Executive Officer is clearly established. These two roles are performed by Mr. Ren distinctly.

- (2) Code provision A.4.1 of the CG Code requires that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors and the independent non-executive directors of the Company have not been appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company’s annual general meeting in accordance with the Company’s articles of association.

The Company periodically reviews its corporate governance practices to ensure that they continue to meet the requirements of the CG Code.

EVENTS AFTER THE REPORTING DATE

Disposal of the entire issued shares of Jia Jian Global Limited

On 7 May 2021 (after the trading hours), the Board was announced that Glory Port International Limited (悅港國際有限公司), a company incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of the Company, as a vendor (the “**Vendor**”), and Mr. Ip Ying Chau as the purchaser (the “**Purchaser**”) entered into the sale and purchase agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the three (3) ordinary shares of Jia Jian Global Limited (the “**Disposal Company**”), being the entire issue share capital of the Disposal Company (the “**Sale Shares**”), for the consideration of HK\$8.0 million (the “**Disposal**”).

Upon the completion of the Disposal, the Disposal Company would cease to be a subsidiary of the Company and its assets, liabilities and financial results will no longer be consolidated into the financial statements of the Group.

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but all relevant percentage ratios are less than 25%, the Disposal constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements. As at 7 May 2021 (after the trading hours), the Purchaser was a director of the Vendor, Disposal Company and its subsidiary, Bright Access (HK) Limited, (collectively, the “**Disposal Group companies**”) and some other subsidiaries of the Group. Therefore, the Purchaser was a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. For details of the Disposal, please refer to the announcement of the Company dated 7 May 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors’ securities transactions with terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors and all those Directors have confirmed that they have complied with the required standard set out in the Model Code during the Year and up to the date of this announcement.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in accordance with the requirements of among Listing Rules with terms of reference aligned with the provision of the CG Code as set out in Appendix 14 to the Listing Rules.

The Audit Committee is to serve as a focal point for communication among other Directors, the external auditors, and the management as their duties relate to financial and other reporting, internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, be satisfying themselves as to the effectiveness of the Company’s internal controls and as to the efficiency of the audits.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Zhouxin (the Chairman of the Audit Committee), Mr. Lee Man Chiu and Mr. Jiang Guoliang.

The Group’s consolidated annual financial statements for the Year have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group’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 the Group’s auditor 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 HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the sufficient public float as required under the Listing Rules during the Year.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.okg.com.hk. The annual report of the Company for the Year containing all information as required by the Listing Rules will be dispatched by the Company to its shareholders and published on aforesaid websites of the Stock Exchange and the Company in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication and contribution to the Group. In addition, I would like to thank all of our shareholders and investors for their support and our customers for their patronage.

By order of the Board

OKG Technology Holdings Limited

Ren Yunan

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 28 June 2021

As at the date of this announcement, the non-executive Directors are Mr. Xu Mingxing, Mr. Tang Yue and Mr. Pu Xiaojiang; the executive Director is Mr. Ren Yunan, and the independent non-executive Directors are Mr. Li Zhouxin, Mr. Lee Man Chiu and Mr. Jiang Guoliang.