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HIFOOD GROUP HOLDINGS CO., LIMITED

海福德集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 442)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK\$162.6 million for the year ended 31 March 2021, representing an increase of approximately 5.6% as compared with the same for the year ended 31 March 2020.
- Gross profit was approximately HK\$7.0 million for the year ended 31 March 2021, representing a decrease of approximately 21.0% as compared with the same for the year ended 31 March 2020.
- Gross profit margin decreased to 4.3% from 5.8% in the last financial year.
- Loss attributable to the equity holders of the Company was approximately HK\$75.0 million for the year ended 31 March 2021, compared to the loss attributable to the equity holders of the Company of approximately HK\$67.7 million for the year ended 31 March 2020.
- Basic loss per share amounted to approximately HK\$0.43 for the year ended 31 March 2021, compared to the basic loss per share of approximately HK\$0.39 for the year ended 31 March 2020.
- The Board does not recommend the payment of final dividend for the year ended 31 March 2021.

The board (the “Board”) of directors (the “Directors”) of Hifood Group Holdings Co., Limited (the “Company”) presents the consolidated financial results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2021 together with the corresponding figures for the prior year.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

Year ended 31 March 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
REVENUE	3	162,644	154,038
Cost of sales		<u>(155,625)</u>	<u>(145,153)</u>
Gross profit		7,019	8,885
Other income	4	713	356
Selling expenses		(4,380)	(4,283)
Administrative expenses		(22,033)	(25,269)
Reversal of impairment losses/(impairment losses) on financial assets, net		1,341	(2,614)
Other gains, net	5	815	3,071
Other losses, net	5	(57,778)	(46,533)
Finance costs	6	(356)	(941)
Share of loss of a joint venture		<u>(13)</u>	<u>(8)</u>
LOSS BEFORE TAX		(74,672)	(67,336)
Income tax expense	8	<u>(326)</u>	<u>(358)</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		<u>(74,998)</u>	<u>(67,694)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<u>2,025</u>	<u>(1,511)</u>
<i>Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</i>		<u>2,025</u>	<u>(1,511)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		<u>(72,973)</u>	<u>(69,205)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic and diluted		<u>HK\$(0.43)</u>	<u>HK\$(0.39)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,273	4,721
Intangible assets		1,324	–
Right-of-use assets		781	1,009
Investment in a joint venture		91	105
Financial assets at fair value through profit or loss		112,596	16,720
Total non-current assets		116,065	22,555
CURRENT ASSETS			
Inventories		21,437	18,664
Trade receivables	<i>11</i>	51,137	78,910
Prepayments, deposits and other receivables		2,654	9,222
Financial assets at fair value through profit or loss		–	152,201
Cash and bank balances		37,213	27,915
Total current assets		112,441	286,912
CURRENT LIABILITIES			
Trade and other payables and accruals	<i>12</i>	21,601	19,725
Borrowings		–	9,924
Lease liabilities		180	254
Tax payables		588	145
Total current liabilities		22,369	30,048
NET CURRENT ASSETS		90,072	256,864
NON-CURRENT LIABILITIES			
Lease liabilities		698	814
Deferred tax liabilities		106	299
Total non-current liabilities		804	1,113
Net assets		205,333	278,306
EQUITY			
Equity attributable to the equity holders of the Company			
Issued capital	<i>13</i>	863	863
Reserves		204,470	277,443
Total equity		205,333	278,306

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. CORPORATE AND GROUP INFORMATION

Hifood Group Holdings Co., Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 6 June 2014. The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 11 March 2015 (the “Listing”).

During the year ended 31 March 2021, the Company and its subsidiaries (collectively the “Group”) were principally involved in the manufacture and sale of jewellery products, trading of precious metals and other raw jewellery materials and luxury watches.

In the opinion of the directors, the immediate holding company of the Company is HNA Aviation Investment Holding Company Ltd., which was incorporated in the Cayman Islands, and the ultimate controlling company is HNA Group Co., Ltd., which was incorporated in Hainan Province, the People’s Republic of China (“PRC”).

Pursuant to a Deed of Appointment of Receivers dated 26 February 2020, Messrs. Lai Kar Yan (Derek) and Ho Kwok Leung Glen of Deloitte Touche Tohmatsu were appointed as joint and several receivers over the 129,372,494 ordinary shares of the Company (the “Charged Shares”) held by HNA Aviation Investment Holding Company Ltd., representing approximately 74.96% of the entire issued share capital of the Company (the “Receivership”). For details of the Receivership and the relevant updates, please refer to the Company’s announcements dated 13 March 2020, 15 April 2020, 15 May 2020, 15 June 2020, 15 July 2020, 18 August 2020, 22 September 2020, 16 October 2020, 16 November 2020, 26 November 2020, 24 December 2020, 31 December 2020, 19 January 2021, 22 February 2021, 1 March 2021, 1 April 2021, 19 April 2021, 14 May 2021, 26 May 2021 and 23 June 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. It has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. This financial information is presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

These financial statements have been prepared on the going concern basis which assumes, inter alia, the realisation of assets and satisfaction of liabilities in the normal course of business, and the directors were not informed by the Receivers over the Charged Shares that formal sale and purchase agreement had been entered into in respect of the possible sale and purchase of the Charged Shares as at the date of approval of these financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated profits/accumulated losses, as appropriate, on the same basis as would be required if the Group has directly disposed of the related assets or liabilities.

2.2 Changes in accounting policies and disclosures

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") and the following revised HKFRSs for the first time for the current year's financial statements:

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

The adoption of the above amendments to HKFRSs did not have material impact on the financial position and performance of the Group.

3. REVENUE AND SEGMENTAL INFORMATION

An analysis of the Group's revenue and disaggregated revenue information are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue recognised at a point in time		
— Sales of jewellery products*	146,981	46,867
— Sales of luxury watches	9,727	5,682
— Sales of precious metals and other raw jewellery materials	5,936	101,489
	<u>162,644</u>	<u>154,038</u>

* During the year ended 31 March 2020, HK\$71,000 of revenue was related to sales of jewellery products to a joint venture.

(i) Operating segment

The Group is primarily engaged in the manufacture and sale of jewellery products, trading of precious metals and other raw jewellery materials and luxury watches. Management has determined the operating segments based on the reports reviewed by the chief operating decision makers, who have been identified as the executive directors of the Company. Information reported to the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated. Accordingly, the Group has identified one reportable operating segment, i.e. manufacture and sale of jewellery products, and no further analysis thereof is presented.

(ii) Geographical segment

(a) Revenue from external customers

Information about the Group's revenue by geographical location is presented based on the jurisdiction or country in which the external customer is operated.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Americas	79,629	12,173
Europe (including Russia)	48,622	17,508
Asia (including Mainland China)	18,158	19,669
Hong Kong	15,914	103,002
Other countries	321	1,686
	<u>162,644</u>	<u>154,038</u>

(b) *Non-current assets excluding financial assets at fair value through profit or loss*

Information about the Group's non-current assets, excluding financial assets at fair value through profit or loss, is presented based on the locations of the assets.

	2021 HK\$'000	2020 HK\$'000
Hong Kong	2,410	4,377
Mainland China	1,059	1,458
	<u>3,469</u>	<u>5,835</u>

The Company is domiciled in the Cayman Islands while the Group operates its business in Hong Kong and Mainland China. During the years ended 31 March 2021 and 2020, no revenue was generated from any customer in the Cayman Islands and no assets were located in the Cayman Islands.

(iii) **Information about major customers**

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year, including sales to a group of entities which are known to be under common control with that customer, is as set out below:

	2021 HK\$'000	2020 HK\$'000
Customer A	61,785	N/A*
Customer B	48,640	18,790
Customer C	16,412	N/A*
Customer D	N/A*	102,930
Customer E	N/A*	19,663

* Less than 10% of revenue

(iv) **Liabilities related to contracts with customers**

Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised in the current reporting period relating to carried-forward contract liabilities:

	2021 HK\$'000	2020 HK\$'000
Revenue recognised that was included in the contract liabilities at the beginning of the year:		
Sales of jewellery products during the year	<u>—</u>	<u>100</u>

4. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Government grants*	144	200
Interest income from bank deposits	44	72
Dividend income	434	–
Others	91	84
	<u>713</u>	<u>356</u>

* Government grants were received by certain subsidiaries of the Company in Mainland China as government subsidies. There are no unfulfilled conditions or contingencies in relation to the grants.

5. OTHER GAINS, NET AND OTHER LOSSES, NET

Other gains, net

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gains on disposal of subsidiaries	815	2,285
Gains on disposal of property, plant and equipment, net	–	786
	<u>815</u>	<u>3,071</u>

Other losses, net

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fair value losses on financial assets at fair value through profit or loss	56,221	45,321
Transaction cost for financial assets at fair value through profit or loss	–	710
Losses on disposal of property, plant and equipment, net	63	–
Foreign exchange differences, net	1,494	502
	<u>57,778</u>	<u>46,533</u>

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on borrowings	276	764
Interest on factoring of trade receivables	–	101
Interest on lease liabilities	80	76
	<u>356</u>	<u>941</u>

7. LOSS BEFORE TAX

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Cost of inventories sold		122,502	134,892
Management consultancy fees	(i)	9,000	9,000
Depreciation of property, plant and equipment		964	2,810
Depreciation of right-of-use assets		293	229
Write-down/(reversal of write-down) of inventories to net realisable value		256	(922)
		<u>256</u>	<u>(922)</u>

- (i) The management consultancy fees paid and payable to directors of the Company's subsidiaries amounted to HK\$9,000,000 (2020: HK\$9,000,000) for the year ended 31 March 2021.

8. INCOME TAX EXPENSE

The income tax of the Group has been provided at the applicable tax rates on estimated assessable profits arising in Hong Kong and Mainland China during the year.

	2021 HK\$'000	2020 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	—	—
Current — Mainland China		
Charge for the year	272	59
Deferred	54	299
	<u>54</u>	<u>299</u>
Total tax charge for the year	<u>326</u>	<u>358</u>

(i) Cayman Islands and British Virgin Islands corporate income tax

The Company is not subject to any taxation in the Cayman Islands.

The Company's subsidiaries incorporated in the British Virgin Islands ("BVI") are not subject to any taxation in the BVI.

(ii) Hong Kong profits tax

The Company's subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% (2020: 16.5%). The operation in Hong Kong has incurred net accumulated operating losses for income tax purposes and no income tax provisions are recorded for the year ended 31 March 2021.

(iii) PRC corporate income tax ("CIT")

CIT provision was made on the estimated assessable profits of entities within the Group established in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate was 25% for the years ended 31 March 2021 and 2020.

9. DIVIDEND

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

10. LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK\$74,998,000 (2020: HK\$67,694,000), and the weighted average number of ordinary shares of 172,600,000 (2020: 172,600,000) in issue during the year. The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2021 and 2020.

11. TRADE RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables	53,239	82,269
Less: Allowance for doubtful accounts	(2,102)	(3,359)
	<u>51,137</u>	<u>78,910</u>

The Group's trading terms with its customers are mainly on credit, except for new customers. Before accepting any new customer, the Group will apply an internal credit assessment policy to assess the potential customer's credit quality and define credit limits for each customer. The credit period is generally for a period of 120 days for major customers. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An ageing analysis of the gross trade receivables at the end of the reporting period, based on the invoice date is as follows:

	2021 HK\$'000	2020 HK\$'000
Within 1 month	8,762	15,782
1 to 2 months	15,054	6,991
2 to 3 months	13,572	3,778
3 to 4 months	10,445	6,310
Over 4 months	5,406	49,408
	53,239	82,269

The Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets.

The movements in the loss allowance for impairment are as follows:

	2021 HK\$'000	2020 HK\$'000
At the beginning of the year	3,359	16,149
(Reversal of impairment losses)/impairment losses, net	(1,341)	2,614
Write-off	–	(15,373)
Exchange realignment	84	(31)
At the end of the year	2,102	3,359

12. TRADE AND OTHER PAYABLES AND ACCRUALS

	2021 HK\$'000	2020 HK\$'000
Trade payables	11,200	6,358
Other payables and accruals:		
Salaries and bonus payables	5,548	6,307
Other taxes payable	2,399	2,399
Auditors' remuneration	1,450	1,475
Interest payable	–	740
Others	1,004	2,446
	21,601	19,725

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021 HK\$'000	2020 HK\$'000
Within 1 month	3,214	2,252
1 to 2 months	723	957
2 to 3 months	2,171	647
Over 3 months	5,092	2,502
	11,200	6,358

The trade payables are non-interest-bearing and the credit period of purchases ranges from 30 to 180 days. Other payables are non-interest-bearing and have an average credit term of 1 to 3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

13. SHARE CAPITAL

	2021 HK\$'000	2020 HK\$'000
Authorised:		
2,000,000,000 ordinary shares at par value of HK\$0.005 each	10,000	10,000
Issued and fully paid:		
172,600,000 ordinary shares at par value of HK\$0.005 each	863	863

14. COMMITMENTS

At 31 March 2021 and 2020, the Group had no capital commitments as at the end of the reporting periods.

15. EVENTS AFTER THE REPORTING PERIOD

(a) Updates on Significant Investments Held

- (i) Based on the announcements of China U-Ton Future Space Industrial Group Holdings Limited (the former name is “China U-Ton Holdings Limited”) (“U-Ton Future”) dated 5 May 2021, 7 May 2021 and 13 May 2021, a petition in the matter of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) was filed in the High Court of The Hong Kong Special Administrative Region (the “High Court”) against U-Ton Future on 4 February 2021, upon which U-Ton Future was ordered to be wound up by the High Court on 5 May 2021 in HCCW 57/2021 and the official receiver was appointed as the provisional liquidator of U-Ton Future. Trading in the shares of U-Ton Future has been suspended since 5 May 2021. On 7 May 2021, the official receiver made an application to the High Court seeking, inter alia, an order to appoint joint and several liquidators of U-Ton Future, which has been heard since 25 June 2021. Please refer to the announcements of U-Ton Future for further details. As at the date of this announcement, the Group held approximately 7.01% of U-Ton Future.

The fair values of the shares of U-Ton Future held by the Group as at 31 March 2021 were HK\$35,897,000. As U-Ton Future is under receivership as at the date of this announcement, it is not practicable to estimate its financial effect to the Group.

- (ii) Based on the announcements of Xiezhong International Holdings Limited (“Xiezhong International”) and the scheme document jointly issued by Brilliance International Holding Limited, Golden Fair Chemical (Holding) Limited and Xiezhong International on 24 May 2021 (the “Scheme Document”), a proposal (the “Proposal”) for the privatisation of Xiezhong International by way of a scheme of arrangement under Section 86 of the Companies Act (the “Scheme”) was made on 26 February 2021. Pursuant to the announcement of Xiezhong International dated 16 June 2021, as at the date thereof, the Proposal remains, and the Scheme will become effective, subject to the fulfilment or waiver (as applicable) of the conditions as set out in the Scheme Document. Please refer to the announcements of Xiezhong International for further details. As at the date of this announcement, the Group held approximately 2.41% of Xiezhong International. Trading in the shares of Xiezhong International has been suspended since 24 June 2021. If the Proposal becomes unconditional and the Scheme becomes effective, Xiezhong International expects to withdraw the listing of the Shares on the Stock Exchange with effect from 7 July 2021.

The fair values of the shares of Xiezhong International held by the Group as at 31 March 2021 were HK\$13,700,000. As the Scheme has not yet been effective as at the date of this announcement, it is not practicable to estimate its financial effect to the Group.

(b) Termination of Negotiations Regarding The Possible Transaction

On 21 June 2021, the Company was informed by Messrs. Lai Kar Yan (Derek) and Ho Kwok Leung Glen of Deloitte Touche Tohmatsu as joint and several receivers (the “Receivers”) over the 129,372,494 ordinary shares of the Company held by HNA Aviation Investment Holding Company Ltd. (the “Charged Shares”) that no formal sale and purchase agreement had been entered into in respect of the possible sale and purchase of the Charged Shares (the “Possible Transaction”), and the memorandum of understanding (the “MOU”) was expired and terminated on 20 June 2021. The Board was further informed by the Receivers that it is still their current intention to sell the Charged Shares and the Receivers are identifying potential third-party purchasers and are in discussion with several of them in relation to the disposal of the Charged Shares, which may trigger a mandatory general offer under the Takeovers Code and hence a change of controlling shareholder of the Company should any purchaser(s) acquire 30% or more of the voting rights of the Company. Please refer to the announcement of the Company dated 23 June 2021 for further details.

Save as disclosed above and the paragraph headed “Event after the Reporting Period” in this announcement, the Group had no other significant event after the reporting period which needs to be disclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Being an integrated fine jewellery provider and an original design manufacturer with a well-established operating history in Hong Kong, the Group is primarily engaged in designing, manufacturing and exporting fine jewelleries to jewellery wholesalers and retailers mainly in Hong Kong, Asia (including Mainland China), the Americas and Europe (including Russia). The Group has been offering a wide range of fine jewellery products in karat gold encompassing rings, earrings, pendants, necklaces, bracelets, bangles, cufflinks, brooches and anklets that are generally targeted at the mass to middle segment, the lowest among the three tiers of the fine jewellery market segments in terms of retail prices. At the same time, in order to enrich the product range, the Group also provides gold products and watches. The Group's customers are mainly wholesalers and retailers of jewellery products.

During the year ended 31 March 2021 under review, global economic situation remained difficult. The uncertainties caused by the escalated trade conflict between Mainland China and the U.S. as well as the U.S. presidential election, all weighted on the global risk sentiment. Coupled with the fact that the COVID-19 pandemic has not been effectively controlled, the continuous quarantine measures implemented for slowing down the spread has brought significant challenges to the jewellery industry, which has further severely and adversely affected the Group's sales performance in most of the regions. Due to the business travel restrictions and the fact that many large-scale international jewelry fairs have been cancelled or postponed, there had been significant reductions in orders, shipments and production during the Period.

The Mainland China market continued to experience a challenging operating environment with the protracted COVID-19 pandemic. The Mainland China has been able to control the pandemic to certain extent, however, the consumer's demand for gold and jewellery has not shown any sign of recovery in the short term. Also, the escalation of Sino-US trade conflict, as well as the uncertainty over the policies towards Mainland China of the new U.S. president Joe Biden, were dampening the business sentiment and significantly curbing consumer confidence and expenditure. In light of this situation, for the financial year ended 31 March 2021, revenue generated from sales to the Asia (including Mainland China) market registered a decrease of approximately 7.7% to approximately HK\$18.2 million as compared with the same period last year. The U.S. announced to end the preferential economic treatment for Hong Kong and imposed sanctions on certain Hong Kong officials, such actions has severely and adversely affected Hong Kong market, and therefore, the revenue generated from Hong Kong market decreased by approximately 84.5% to approximately HK\$15.9 million.

The Americas market, which was severely plagued by the pandemic, has also begun to see signs that its COVID-19 hospitalizations may be slowing down. Coupled with the fact that the U.S. Federal Reserve has taken positive actions to boost the economy, the number of Americans seeking unemployment benefits fell slightly recently, and the U.S. stock market index hit record high. Therefore, for the year ended 31 March 2021, revenue generated from sales in the Americas market increased by 554.1% to approximately HK\$79.6 million. However, the Group remains conservative and prudent about the Americas market outlook, primarily due to the uncertainty over the policies towards Mainland China of the new U.S. president Joe Biden, and taking into account that the business environment has not improved, which increased the potential risk of the Group's business in Americas market.

In Europe (including Russia), the spread of COVID-19 pandemic has slowed down for a while, the restriction measures and border closure implemented by many countries had also been relieved. Coupled with the rebound of international crude oil prices, the declining European countries (including Russia) economy were temporarily rejuvenated despite the COVID-19 crisis, which stimulated the Group's sales to rise. For the year ended 31 March 2021, revenue generated from sales to the Europe (including Russia) market increased 177.7% to approximately HK\$48.6 million. However, with another wave of COVID-19 infections spread in Europe (including Russia) market, many countries have re-implemented lockdown measures to combat the spread of coronavirus. It is expected that the economic plight of Europe (including Russia) market will be exacerbated and the road to recovery is hampered.

To better adapt to uncertain market outlook, the Group has relentlessly applied stringent controls over capital expenditures. For the year ended 31 March 2021, the Group's administrative expenses were approximately HK\$22.0 million, which were approximately 12.8% lower than that of the corresponding period of last year, while selling expenses increased by approximately 2.3% to approximately HK\$4.4 million, which was mainly because the export insurance increased due to the increase in overseas sales.

Building presence in ancillary business line

Since 2019, the Group has set its foot into sales of gold products and watches to cater to the needs of different customers in a better way. These ancillary products come with lower average gross profit margin. Sales generated from luxury watches, precious metals and other raw jewellery materials amounted to approximately 9.6% of the Group's total sales for the year ended 31 March 2021.

Prospects

Looking ahead, under the influence of uncertain factors such as the Sino U.S. trade war, the U.S. presidential election and the global spread of COVID-19, the downward pressure on the global economy is obvious, The Group reckons that the global economy will continue to experience several stages of adjustments and is cautiously prudent about the outlook for the second half of 2021.

In Europe (including Russia), problems such as weak export market and the Brexit issue have exacerbated the recession of the European market. With the outbreak of COVID-19, the restriction measures and border closure implemented by many countries have brought the economy into further trouble. Closure of companies and home quarantine measures have led to an increase of unemployment and a decrease of disposable income. Affected by the epidemic, the international crude oil prices plummeted, which caused the already struggling Russian economy to be worse. There are many uncertainties in those countries, leading to the questions about when and how their economies will restart.

The U.S. has the most serious outbreak of COVID-19. The continuous fermentation of the epidemic and the large-scale “pause” of the economy have continued, resulting in serious economic losses. At the same time, the risk of uncertainty in the U.S.’s trade policy is still increasing, and the Sino U.S. trade war continues, which may hinder Mainland China’s economic growth.

In addition, COVID-19 will promote the rapid enhancement of science and technology, including the next generation of remote work technology, digital transformation and upgrading as well as contactless business models. Consumption habits will also change, and the traditional jewellery industry will face a new business and technological environment.

In order to cope with the probable uncertainties and adverse market environment in the future, the management of the Group will continue to actively optimise resource allocation, improve operating efficiency and seek new business growth areas.

Event after the Reporting Period

A supplemental service agreement dated 10 June 2021 was entered into between the Company and Mr. Su, pursuant to which, inter alia, with effect from 1 April 2021, (a) Mr. Su’s monthly salary has been increased to HK\$157,000 and (b) the Company may terminate the service agreement with Mr. Su by giving to him 7 days’ notice in writing (or payment of salary in lieu of such notice) and a compensation in the amount equivalent to six-month’s monthly salary. Mr. Su’s monthly salary was determined by the Board and the remuneration committee with reference to the prevailing market conditions, qualifications, duties and responsibilities of Mr. Su.

A supplemental service agreement dated 10 June 2021 was entered into between the Company and Mr. Xiong, pursuant to which, inter alia, with effect from 1 April 2021, (a) Mr. Xiong’s monthly salary has been increased to HK\$100,000 and (b) the Company may terminate the service agreement with Mr. Xiong by giving to him 7 days’ notice in writing (or payment of salary in lieu of such notice) and a compensation in the amount equivalent to six-month’s monthly salary. Mr. Xiong’s monthly salary was determined by the Board and the remuneration committee with reference to the prevailing market conditions, qualifications, duties and responsibilities of Mr. Xiong.

Save as disclosed above and in Note 15 of the section headed “Notes to Consolidated Financial Statements” in this announcement, there is no other significant event of the Group after the Reporting Period.

FINANCIAL REVIEW

	For the year ended 31 March	
	2021	2020
Revenue (HK\$'000)	162,644	154,038
Gross profit (HK\$'000)	7,019	8,885
Gross profit margin (%)	4.3	5.8
Loss attributable to the equity holders of the Company (HK\$'000)	(74,998)	(67,694)

Revenue

The Group's revenue for the year ended 31 March 2021 was approximately HK\$162.6 million, representing an increase of approximately HK\$8.6 million or 5.6% compared with the year ended 31 March 2020. The increase in the Group's revenue was primarily due to (i) a significant increase in sales in the Americas of approximately HK\$67.5 million primarily due to the rising vaccination rate in the U.S. and the government's economic stimulus plan to boost consumer confidence; (ii) increase in sales in Europe (including Russia) of approximately HK\$31.1 million, mainly attributable to effective epidemic prevention and control measures accelerate economic recovery; (iii) a decrease in sales in the Asia (including Mainland China) of approximately HK\$1.5 million, mainly because gold products sales decline in the Mainland China; (iv) a decrease in sales in Hong Kong of approximately HK\$87.1 million, is mainly due to the decline in demand for gold raw materials in Hong Kong market; and (v) a decrease in sales in other regions of approximately HK\$1.4 million.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 March 2021 was approximately HK\$7.0 million, representing a decrease of approximately HK\$1.9 million or 21.0% compared with the year ended 31 March 2020. Gross profit margin decreased to approximately 4.3% from approximately 5.8%, which was mainly due to the impact of COVID-19, and increasing competition in the traditional jewellery industry.

Selling expenses

The Group's selling expenses increased by approximately HK\$0.1 million or 2.3% to approximately HK\$4.4 million for the year ended 31 March 2021 from approximately HK\$4.3 million for the year ended 31 March 2020. The increase was primarily attributable to (i) the increase in overseas sales led the export insurance increased approximately HK\$1.0 million; (ii) exhibition costs decreased by approximately HK\$0.4 million; and (iii) a decrease in staff costs of approximately HK\$0.5 million due to the result of the business operation and resources allocation process.

Administrative expenses

The Group's administrative expenses decreased by approximately HK\$3.3 million or 12.8%, to approximately HK\$22.0 million for the year ended 31 March 2021 from approximately HK\$25.3 million for the year ended 31 March 2020. The decrease was primarily due to the combined effects of (i) the decline in business entertainment, motor vehicle fees and membership fees by approximately HK\$1.4 million attributable to strengthening cost controls in business operation; and (ii) energy saving and emission reduction, optimizing resource allocation, reducing depreciation expenses by approximately HK\$1.8 million.

Finance costs

The Group's finance costs decreased by approximately HK\$0.6 million or 62.2%, to approximately HK\$0.3 million for the year ended 31 March 2021 from approximately HK\$0.9 million for the year ended 31 March 2020. The decrease was primarily a result of the decrease in average borrowing balance for the year ended 31 March 2021 compared with the year ended 31 March 2020.

Loss attributable to the equity holders of the Company

The Group recorded a loss attributable to the equity holders of the Company of approximately HK\$75.0 million for the year ended 31 March 2021, compared to a loss of approximately HK\$67.7 million for the year ended 31 March 2020. The loss was mainly attributable to the loss on changes in fair value on the listed equity securities held by the Group for the year ended 31 March 2021.

Property, plant and equipment

The net carrying amount as at 31 March 2021 was approximately HK\$1.3 million, representing a decrease of approximately HK\$3.4 million from that of 2020. This was mainly due to: (i) depreciation amounted to approximately HK\$1.0 million; and (ii) the Group's disposal of a subsidiary in the Hong Kong amounted to approximately HK\$2.3 million.

Financial assets at fair value through profit or loss ("FVPL")

Financial assets at FVPL amounted to approximately HK\$112.6 million including a portfolio of Hong Kong listed companies equity securities in various industries held for long term growth. During the year ended 31 March 2021, the loss on changes in fair value on the listed equity securities of approximately HK\$56.7 million has been recognised in profit or loss. The executive directors did not alter the Group's investment strategy due to short-term market volatilities.

Trade receivables

There was a decrease in trade receivables as at 31 March 2021 of approximately HK\$27.8 million as compared with 31 March 2020, which was mainly due to the effective collection policy.

Liquidity and financial resources

As at 31 March 2021, the Group had current assets of approximately HK\$112.4 million (2020: approximately HK\$286.9 million) which comprised cash and bank balances of approximately HK\$37.2 million (2020: approximately HK\$27.9 million). As at 31 March 2021, the Group had non-current liabilities of approximately HK\$0.8 million (2020: approximately HK\$1.1 million), and the current liabilities amounted to approximately HK\$22.4 million (2020: approximately HK\$30.0 million), consisting mainly of payables arising in the normal course of operation. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was approximately 5.0 as at 31 March 2021 (2020: approximately 9.5).

Gearing ratio

The gearing ratio of the Group as at 31 March 2021 was not applicable as cash and bank balances exceeded interest-bearing borrowings.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year under review. The Group strives to reduce exposure to credit risk by buying credit insurance on certain customers' receivables, performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

BUSINESS STRATEGIES

With continued political, economic and market uncertainties, the existing business of the Group in manufacturing and sale of jewellery products reported a decrease in gross profit. In light of the operations and financial position of the Group, the Group intends to explore other possible business opportunities both locally and abroad while staying on with its jewellery business.

Concurrently, the Group remains committed to maintaining its status as a top fine jewellery manufacturer and exporter in Hong Kong by strengthening its sales and marketing force, solidifying its presence in existing markets and reinforcing market recognition of its brand name globally.

The Group continues to explore opportunities where it believes would benefit the integrated services it is offering, i.e. providing a wider range of styles and designs tailored for individual markets and adjusting its production resources and capacity to better cater for varied product lead time, consumer preferences and festive shopping practices. The Group will also draw on strength of its established corporate brand name and proven design capabilities to increase resources in a bid to further attract jewellery wholesalers or chain stores in the trade. The Group will spend its sales and marketing resources on promoting its brand and products, participating in selected trade exhibitions, and allocate sufficient design and product development resources to offer a wider range of designs that are favourable to consumers in different markets.

The Group believes its abilities to create new product designs and develop innovative production techniques in response to market trends and customers' preferences contribute to the success of its products. The Group has been offering customers with a diverse range of products with appealing designs at affordable prices, made with assorted kinds of precious metals, diamonds and gem stones with various specifications in a bid to cater for a broad bandwidth of market demand. Backed by the "One Belt, One Road" initiative, the Group is devoted to expanding into the new market that will provide the Group with strong momentum for future growth.

Foreign exchange exposure

For the year ended 31 March 2021, the Group had monetary assets and monetary liabilities denominated in foreign currencies, i.e. currency other than the functional currency of the respective group entities, which are mainly trade receivables, other receivables, financial assets at FVPL, cash and bank balances and trade and other payables. Consequently the Group had foreign exchange risk exposure from translation of amount denominated in foreign currencies as at 31 March 2021. Since HK\$ is pegged to US\$, the Group does not expect any significant movements in HK\$/US\$ exchange rate. The Group is exposed to foreign exchange risk primarily with respect to RMB. If HK\$ as at 31 March 2021 had strengthened/weakened by 5% against RMB with all other variables held constant, the loss for the year attributable to the equity holders of the Company would have been decreased/increased by approximately HK\$6,000 for the year ended 31 March 2021 (2020: loss for the year attributable to the equity holders of the Company would have decreased/increased by approximately HK\$6,000).

The Group does not engage in any derivatives activities and does not commit to any financial instruments to hedge its exposure to foreign currency risk.

Capital structure

There has been no change in the capital structure of the Company during the year ended 31 March 2021. As at 31 March 2021, the capital of the Company comprises ordinary shares and capital reserves.

Capital commitments

As at 31 March 2021 and 31 March 2020, the Group had no capital commitments.

Dividend

The Board does not recommend the payment of final dividend for the year ended 31 March 2021.

No dividend has been paid or declared by the Company during the year ended 31 March 2021.

Information on employees

As at 31 March 2021, the Group had 22 employees (2020: 31), including the executive Directors. Total staff costs (including the Directors' emoluments) were approximately HK\$7.9 million, as compared with approximately HK\$7.9 million for the year ended 31 March 2020. Remuneration is determined with reference to market conditions and individual employees' performance, qualification and experience.

Apart from the provident fund scheme (operation in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or social insurance fund (including retirement pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance for the PRC employees), discretionary bonuses and employee share options are also awarded to employees according to the Group's performance as well as assessment of individual performance. Since the adoption of the share option scheme on 10 February 2015 and up to 31 March 2021, no options have been granted by the Company.

The Directors believe that the salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

Share option scheme

The Company has adopted the share option scheme on 10 February 2015 (the "Scheme") under which certain selected classes of participants (including, among others, Directors and full-time employees) may be granted options to subscribe for the shares. Unless otherwise cancelled or amended, the Scheme will remain in force for 10 years from that date. No share option had ever been granted under the Scheme since its adoption, up to 31 March 2021.

Significant Investments Held

During the year end 31 March 2021, the Group held the following significant investments in equity interest of other companies:

Name	Place of incorporation	HK stock code	Date of acquisitions	Number of acquired shares as at 31 March 2021	Proportion of acquired shares in the total issued share capital of investee as at 31 March 2021	Cost HK\$ (exclusive of transaction costs)	Principal activities
China Automobile New Retail (Holdings) Limited (the former name is "Lisi Group (Holdings) Limited") ("China Auto NR")	Bermuda	0526	11 and 16 July 2019	86,672,000	Approximately 1.08%	Approximately 68,789,000	Provision of car trading platform related services, trading of imported cars, manufacturing and trading of household products, operation of supermarkets, wholesale of wine and electrical appliances and investments holding
China U-Ton Future Space Industrial Group Holdings Limited (the former name is "China U-Ton Holdings Limited") ("U-Ton Future") (Note 1)	Cayman Islands	6168	11 July and 14 August 2019	200,540,000	Approximately 7.01%	Approximately 69,658,000	Provision of design, deployment and maintenance of optical fibers services, the provision of other communication networks services, the provision of environmentally intelligent technical products and services and the money lending services
Xiezhong International Holdings Limited ("Xiezhong International") (Note 2)	Cayman Islands	3663	11 July and 14 August 2019	19,296,000	Approximately 2.41%	Approximately 36,390,000	(i) Design, production and sale of automotive heating, ventilation and cooling systems and a range of automotive HVAC components and rendering of services; and (ii) 4S dealership business

For further information, please refer to (i) the announcement dated 17 July 2019 in relation to acquisitions of the shares of China Auto NR; (ii) the announcements dated 16 August and 19 August 2019 in relation to acquisitions of the shares of U-Ton Future and Xiezhong International; and (iii) the circular dated 19 September 2019 in relation to acquisitions of the shares of U-Ton Future.

Note 1: U-Ton Future was ordered to be wound up by the High Court of Hong Kong on 5 May 2021 in HCCW 57/2021 and the official receiver was appointed as the provisional liquidator of the company. Please refer to Note 15 of the section headed "Notes to Consolidated Financial Statement" of this announcement and the announcements of U-Ton Future for further details.

Note 2: Based on the announcements of Xiezhong International, a proposal for the privatisation of Xiezhong International by the Brilliance International Holding Limited and Golden Fair Chemical (Holding) Limited by way of a scheme of arrangement under Section 86 of the Companies Act was made on 26 February 2021. Please refer to Note 15 of the section headed "Notes to Consolidated Financial Statement" of this announcement and the announcements of Xiezhong International for further details.

Future Plans for Material Investments and Capital Assets

There was no definite future plan for material investments or acquisition of material capital assets as at 31 March 2021.

Material Acquisitions and Disposal of Subsidiaries and Affiliated Companies

Save as disclosed in the paragraph headed “Significant Investments Held” in this announcement, the Group did not have any material acquisitions or disposals of subsidiaries or affiliated companies during the year end 31 March 2021.

Charges of assets

As at 31 March 2021, the Group had no short-term secured borrowings (as at 31 March 2020 amounting to approximately HK\$9,924,000, which were secured by the pledge of the Group’s trade receivables with the same amount as that of the outstanding borrowings).

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2021 (2020: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year ended 31 March 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

CLOSURE OF THE REGISTER OF MEMBERS

To determine the eligibility of the shareholders of the Company to attend the annual general meeting to be held on 19 August 2021, the register of members will be closed from 16 August 2021 to 19 August 2021, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrars, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 pm on 13 August 2021.

CORPORATE GOVERNANCE PRACTICES

Adapting and adhering to recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board believes that good corporate governance is one of the areas that lead to the success of the Company and in balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

The Board has adopted the code provisions of the Corporate Governance Code (the “Code Provisions”) set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). During the year ended 31 March 2021, the Company had complied with all provisions of the Code Provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transaction by Director of the Company. Having made specific enquiries to all the Directors, the Directors confirmed that they had complied with the required standard as set out in the Model Code during the year ended 31 March 2021.

Disclosure of Directors’ Information Pursuant to Rules 13.51(2) and 13.51B of the Listing Rules

During the year under review, there were certain changes of the Directors.

Mr. Li Neng resigned as the chairman of the Board (the “Chairman”) and an executive Director, and no longer served as the chairman of the Nomination Committee and a member of the Remuneration Committee with effect from 16 September 2020.

Mr. Zhao Minhao resigned as an executive Director and the chief executive officer of the Company (the “Chief Executive Officer”), and no longer served as a member of the Nomination Committee and the Remuneration Committee and an authorised representative with effect from 16 September 2020.

Mr. Zhao Yeyong resigned as an executive Director with effect from 16 September 2020.

Mr. Su Zhiyi has been appointed as the Chairman, an executive Director, the chairman of the Nomination Committee and a member of the Remuneration Committee with effect from 16 September 2020.

Mr. Xiong Cong has been appointed as an executive Director, the Chief Executive Officer, a member of the Nomination Committee and Remuneration Committee and an authorised representative with effect from 16 September 2020.

Mr. Cai Si has been appointed as an executive Director with effect from 16 September 2020.

Mr. Yau Pak Yue has been appointed as an independent non-executive Director with effect from 11 May 2021.

Mr. Chung Wai Man has been appointed as an independent non-executive Director with effect from 11 May 2021.

Mr. Ning Rui has been appointed as an independent non-executive Director with effect from 11 May 2021.

Details of the above changes of Directors and their biographies have been disclosed in the announcements of the Company dated 16 September 2020 and 11 May 2021 respectively.

Pursuant to Article 112 of the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Mr. Su Zhiyi, Mr. Xiong Cong, Mr. Cai Si, Mr. Yau Pak Yue, Mr. Chung Wai Man and Mr. Ning Rui, who being eligible, will retire from office at the AGM and offer themselves for re-election at the AGM.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company (the “Audit Committee”) consists of three independent non-executive Directors, namely Mr. Chan Chi Kuen (Chairman of the Audit Committee), Mr. Ting Tit Cheung and Mr. Lo Chun Pong. The Company’s annual results for the year ended 31 March 2021 have been reviewed by the Audit Committee, which takes the view that the applicable accounting standards and requirements have been complied with by the Company and that adequate disclosures have been made.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

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 ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by the Company’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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s auditor on the preliminary announcement.

GENERAL

A circular containing, inter alia, the information required by the Listing Rules, together with the notice of the upcoming annual general meeting, will be despatched to the shareholders of the Company in due course.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.ktl.com.hk. The annual report of the Company for the year ended 31 March 2021 containing all the information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

By order of the Board
Hifood Group Holdings Co., Limited
Su Zhiyi
Chairman and Executive Director

Hong Kong, 30 June 2021

As at the date of this announcement, the executive Directors are Mr. Su Zhiyi, Mr. Xiong Cong and Mr. Cai Si; and the independent non-executive Directors are Mr. Ting Tit Cheung, Mr. Chan Chi Kuen, Mr. Lo Chun Pong, Mr. Yau Pak Yue, Mr. Chung Wai Man and Mr. Ning Rui.