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Million Hope Industries Holdings Limited
美亨實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1897)

ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2022

SUMMARY OF RESULTS

For the year ended 31 March 2022, Million Hope Industries Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) recorded revenue of HK\$717.7 million, representing an increase of 33.9% as compared to the revenue of HK\$536.0 million for year ended 31 March 2021. The increase in revenue was mainly attributable to revenue generated from residential development projects at N.K.I.L. 6564 Kai Tak, N.K.I.L. 6563 Kai Tak, N.K.I.L. 6565 Kai Tak, TMTL 483 Tuen Mun Siu Hong, Wong Chuk Hang Station property development and Lohas Park Package 10.

The consolidated profit attributable to owners of the Company for the year ended 31 March 2022 amounted to HK\$24.6 million, decreased by 36.8% as compared to HK\$38.9 million last year, mainly attributable to (i) the decrease in gross profit margin from 14.0% last year to 7.6% this year, due to extra costs incurred by the Group to speed up the installation process in some construction sites whose work programmes were delayed as a result of COVID-19 pandemic; and (ii) the decrease in subsidies of HK\$6.4 million from the HKSAR Government’s Employment Support Scheme during the current year.

The basic earnings per share and diluted earnings per share for the year were HK\$0.06, representing decreases of 33.3% when compared with HK\$0.09 last year.

The net asset value of the Group as at 31 March 2022 amounted to HK\$539.3 million (31 March 2021: HK\$545.9 million), decreased by 1.2% as compared to that of last year, mainly due to dividends paid to shareholders and repurchase of shares, netting off profits retained during the current year. Net asset value per share as at 31 March 2022 was HK\$1.29 (31 March 2021: HK\$1.23).

DIVIDEND

The board of directors of the Company (the “**Board**”) has declared a second interim dividend of HK2.1 cents per share (in lieu of a final dividend) for the year ended 31 March 2022 (2021: HK2.6 cents per share) to shareholders whose names appear on the register of members of the Company on 5 July 2022. This, together with the first interim dividend of HK1.6 cents per share (2021: HK1.6 cents per share) distributed during the year, gives a total dividend of HK3.7 cents per share for the year (2021: HK4.2 cents per share). The second interim dividend will be paid on 15 July 2022 and shall be paid out of the Company’s other reserves account.

CLOSURE OF REGISTER OF MEMBERS FOR SECOND INTERIM DIVIDEND

The register of members of the Company will be closed from 30 June 2022 to 5 July 2022, both days inclusive, for the purpose of determining the identity of members who are entitled to the second interim dividend for the year ended 31 March 2022. In order to qualify for the second interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 29 June 2022.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from 18 August 2022 to 23 August 2022, both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the Company’s forthcoming annual general meeting (the “**AGM**”) scheduled to be held on 23 August 2022. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17 August 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>NOTES</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	<i>3</i>	717,652	536,009
Cost of sales		<u>(663,092)</u>	<u>(461,204)</u>
Gross profit		54,560	74,805
Other income	<i>5</i>	7,124	11,679
Other gains and losses	<i>6</i>	2,452	(2,459)
Impairment loss under expected credit loss model, net		(714)	(1,640)
Gain on change in fair value of investment properties		–	12
Administrative expenses		(32,752)	(34,399)
Share of loss of a joint venture		(22)	–
Finance costs		<u>(1,753)</u>	<u>(1,848)</u>
Profit before taxation	<i>7</i>	28,895	46,150
Taxation	<i>8</i>	<u>(4,270)</u>	<u>(7,210)</u>
Profit for the year		<u>24,625</u>	<u>38,940</u>
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		<u>2,639</u>	<u>5,734</u>
Total comprehensive income for the year		<u>27,264</u>	<u>44,674</u>
Earnings per share			
basic (HK\$)	<i>10</i>	<u>0.06</u>	<u>0.09</u>
diluted (HK\$)	<i>10</i>	<u>0.06</u>	<u>0.09</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	NOTES	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Investment properties		30,400	30,400
Property, plant and equipment		124,228	130,220
Right-of-use assets		5,292	5,525
Interest in a joint venture		6,938	–
Loan to a joint venture		65,840	–
Deferred tax assets		1,064	579
		<u>233,762</u>	<u>166,724</u>
Current assets			
Inventories		76,665	41,416
Debtors, deposits and prepayments	11	137,311	148,990
Contract assets		134,664	79,496
Tax receivable		85	–
Amount due from a joint venture		75	–
Bank balances and cash		86,563	236,019
		<u>435,363</u>	<u>505,921</u>
Current liabilities			
Trade and other payables	12	50,408	51,310
Provisions		10,793	9,404
Contract liabilities		877	296
Tax payable		8,063	8,838
Lease liabilities		100	231
Deferred income		50	35
		<u>70,291</u>	<u>70,114</u>
Net current assets		<u>365,072</u>	<u>435,807</u>
Total assets less current liabilities		<u>598,834</u>	<u>602,531</u>
Non-current liabilities			
Provisions		59,378	56,456
Lease liabilities		–	100
Deferred income		123	109
		<u>59,501</u>	<u>56,665</u>
		<u>539,333</u>	<u>545,866</u>
Capital and reserves			
Share capital	13	41,869	44,266
Reserves		497,464	501,600
		<u>539,333</u>	<u>545,866</u>

1. GENERAL

The Company was incorporated and registered in the Cayman Islands as an exempted company with limited liability under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands. Its shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) which is the functional currency of the Company.

The Company is an investment holding company and its subsidiaries are principally engaged in design, supply and installation of aluminium windows and curtain walls.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has 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.

3. REVENUE

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
Provision of design, supply and installation of aluminium windows and curtain walls services	<u>717,652</u>	<u>536,009</u>

The customers of the Group are mainly property developers and main contractors in Hong Kong and Mainland China. All of the Group's provision of design, supply and installation of aluminium windows and curtain walls services are made directly with the customers. Contracts with the Group's customers are mainly fixed-price contracts, except for the variation orders.

Disaggregation of revenue

By contract type

	2022 HK\$'000	2021 <i>HK\$'000</i>
Design, supply and installation for curtain walls, aluminium windows, doors and other products for new buildings (<i>notes i and ii</i>)	612,097	493,290
Design, supply and installation for aluminium windows, doors and other products for new buildings (<i>note ii</i>)	99,053	37,022
Design, supply and installation for renovation works for existing buildings	743	1,262
Repairing, maintenance and others (<i>note iii</i>)	<u>5,759</u>	<u>4,435</u>
Total	<u>717,652</u>	<u>536,009</u>

Notes:

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

Performance obligations for contract with customers

The Group provides design, supply and installation of aluminium windows and curtain walls services under long-term contracts with customers. Such contracts are entered into before the design, supply and installation of aluminium windows and curtain walls services begin. The Group's supply and installation of aluminium windows and curtain walls enhances an asset that the external customers control as the Group performs. Revenue from provision of design, supply and installation of aluminium windows and curtain walls services is therefore recognised over time using output method, i.e. based on units of products installed or based on surveys of supply and installation of aluminium windows and curtain walls services completed by the Group to date as certified by independent surveyors appointed by the customers in relation to the work completed by the Group.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed. The contract assets are transferred to trade debtors when the rights become unconditional.

Retention money, prior to expiration of defect liability period, are classified as contract assets, which ranges from one to three years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade debtors when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

Transaction price allocated to the remaining performance obligations for contracts with customers

Transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of reporting period and the expected timing of recognising revenue are as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	725,513	667,504
More than one year but not more than two years	353,103	472,306
More than two years	–	144,641
	<u>1,078,616</u>	<u>1,284,451</u>

4. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis by contract type. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	702,734	531,057
Mainland China	14,918	4,952
	<u>717,652</u>	<u>536,009</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	149,038	147,309
Mainland China	17,820	18,836
	<u>166,858</u>	<u>166,145</u>

Information about major customers

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer a	136,283	246,150
Customer b	117,186	159,142
Customer c	291,439	54,197
	<u>291,439</u>	<u>54,197</u>

5. OTHER INCOME

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	1,664	3,151
Rental income	1,003	1,248
Sales of scrap materials	4,413	691
Government grants (<i>note</i>)	44	6,479
Others	–	110
	<u>7,124</u>	<u>11,679</u>

Note: During the year ended 31 March 2021, the Group recognised government grants of HK\$6,446,000 in respect of Covid-19-related subsidies relates to Employment Support Scheme provided by the Hong Kong Government.

6. OTHER GAINS AND LOSSES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exchange gains (losses)	<u>2,452</u>	<u>(2,459)</u>

7. PROFIT BEFORE TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments		
Fees	2,103	2,011
Other emoluments	7,512	4,507
Equity-settled share-based payments	—	2,449
	<u>9,615</u>	<u>8,967</u>
Other staff costs		
Salaries and other benefits	80,742	69,650
Retirement benefits scheme contributions for other staff	5,875	4,417
Equity-settled share-based payments	—	1,446
	<u>96,232</u>	<u>84,480</u>
Total staff costs	96,232	84,480
Less: Staff costs capitalised in inventories	<u>(16,777)</u>	<u>(12,511)</u>
	<u>79,455</u>	<u>71,969</u>
Depreciation of right-of-use assets	438	407
Depreciation of property, plant and equipment	7,941	6,655
Less: Depreciation expenses capitalised in inventories	<u>(2,204)</u>	<u>(2,147)</u>
	<u>6,175</u>	<u>4,915</u>
Auditor's remuneration	1,576	1,480
Cost of inventories recognised as expenses	<u>316,577</u>	<u>211,448</u>

8. TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The taxation charge (credit) comprises:		
Current taxation		
Hong Kong Profits Tax		
Current year	5,357	4,652
Overprovision	(602)	–
People's Republic of China (the "PRC")		
Enterprise Income Tax	–	3,182
	<u>4,755</u>	<u>7,834</u>
Deferred taxation	<u>(485)</u>	<u>(624)</u>
	<u><u>4,270</u></u>	<u><u>7,210</u></u>

Hong Kong Profits Tax for both years is calculated at 16.5% of the estimated assessable profits for the year, except for the group entity which is a qualifying corporation under the two-tiered profits tax rates regime. For this group entity, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for taxation in the PRC recognised for the year ended 31 March 2022 as there was no assessable profit for the year ended 31 March 2022.

9. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised at distribution during the year:		
2022 first interim dividend – HK1.6 cents per share (2021: 2021 first interim dividend – HK1.6 cents per share)	6,732	6,981
2021 second interim dividend – HK2.6 cents per share (2021: nil)	11,030	–
Final dividend – nil (2021: 2020 final dividend of HK\$2.0 cents per share)	–	8,727
	<u>17,762</u>	<u>15,708</u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Proposed second interim dividend for the financial year ended 31 March 2022 of HK2.1 cents per share (2021: for the financial year ended 31 March 2021 of HK2.6 cents per share)	<u>8,792</u>	<u>11,023</u>

10. EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<u>Earnings</u>		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>24,625</u>	<u>38,940</u>
	Number of shares	
	2022	2021
<u>Weighted average number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	422,180,364	437,180,162
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share option granted by the Company	<u>2,727,843</u>	<u>660,729</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>424,908,207</u>	<u>437,840,891</u>

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been taken into account the ordinary shares repurchased from the market in March 2021 and 2022 including those cancelled after the respective reporting date.

11. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows a credit period of 30 to 90 days to its customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customers and define appropriate credit limit. Other receivables are unsecured, interest-free and repayable on demand.

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	44,622	40,800
31 – 60 days	21,604	44,068
61 – 90 days	23,626	40,558
Over 90 days	20,735	13,757
	<u>110,587</u>	<u>139,183</u>

12. TRADE AND OTHER PAYABLES

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	3,692	12,527
31 – 60 days	2,760	1,135
61 – 90 days	3,315	228
Over 90 days	1,186	1,406
	<u>10,953</u>	<u>15,296</u>

13. SHARE CAPITAL

	<i>Notes</i>	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each			
Authorised:			
As at 31 March 2021 and 31 March 2022		<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:			
At 1 April 2020		436,332,630	43,633
Issue of shares upon exercise of share options	<i>(i)</i>	9,309,000	931
Repurchased and cancelled	<i>(ii)</i>	<u>(2,984,000)</u>	<u>(298)</u>
As at 31 March 2021		442,657,630	44,266
Issue of shares upon exercise of share options	<i>(i)</i>	2,658,000	266
Repurchased and cancelled	<i>(ii)</i>	<u>(26,634,000)</u>	<u>(2,663)</u>
At 31 March 2022		<u>418,681,630</u>	<u>41,869</u>

Notes:

- (i) The new shares issued rank pari passu in all respects with the existing shares in issue.
- (ii) The Company repurchased 20,836,000 shares (2021: 8,812,000 shares) on the market during the year ended 31 March 2022 for an aggregated consideration paid of approximately HK\$17,464,000 (2021: HK\$7,336,000), in which 20,806,000 shares (2021: 2,984,000 shares) were cancelled during the year ended 31 March 2022 and 30,000 shares (2021: 5,828,000 shares) were cancelled after the reporting date.

OPERATIONS REVIEW

Overview

For the year ended 31 March 2022, the Group's revenue was HK\$717.7 million compared with that of HK\$536.0 million last year.

The total outstanding amount of contracts on hand as at 31 March 2022 for the Group amounted to HK\$1,078.6 million.

Major Projects Completed During the Year

- (1) Residential development at Site C1 of TKOTL 70 RP, Lohas Park Package 7 – Design, supply and installation of tower curtain wall and podium glass wall
- (2) Residential development at Site I of TKOTL 70 RP, Lohas Park Package 10 – Design, supply and installation of curtain wall system and aluminium window and door
- (3) Residential development at N.K.I.L. 6565, Kai Tak, Kowloon – Design, supply and installation of curtain wall, aluminium window system and facade lighting
- (4) Residential development at N.K.I.L. 6565, Kai Tak, Kowloon – Design, supply and installation of glass balustrade
- (5) Residential development at 294-296A Prince Edward Road, Kowloon – Design, supply and installation of curtain wall, aluminium window and door
- (6) Residential development at N.K.I.L. 6564, Kai Tak, Kowloon – Design, supply and installation of curtain wall

Major Projects Undertaken During the Year

- (1) Residential development at Site A and Estate Road of Wong Chuk Hang Station property development, Aberdeen Inland Lot No. 467 – Design, supply and installation of aluminium and glass facade at podium and transfer plate
- (2) Residential development at N.K.I.L. 6563, Kai Tak, Kowloon – Design, supply and installation of curtain wall system, glass and metal works
- (3) Composite development at 34-38 Belcher's Street, Kennedy Town, Hong Kong – Design, supply and installation of curtain wall, sliding door, glass canopy, window wall and glass wall system

- (4) Residential development at TMTL 483, Siu Hong, Tuen Mun, New Territories – Design, supply and installation of curtain wall system
- (5) Residential development at Lot No. 1068 in Survey District, No. 3 Off Anderson Road, Kwun Tong, Kowloon – Design, supply and installation of aluminium window and glass wall
- (6) Residential development at 233-235 Prince Edward Road West, Kowloon – Design, supply and installation of curtain wall and sliding door
- (7) Residential development at TPTL 230, Tai Po Road, Tai Po Kau, New Territories – Design, supply and installation of curtain wall, canopies, windows, doors, claddings, louvres and glass balustrades

Major Projects Awarded During the Year

- (1) Residential development at N.K.I.L. 6579, Lung Cheung Road, Kowloon – Design, supply and installation of curtain wall system, aluminium window/louvre, glass and metal works
- (2) Composite development at No. 11 Ngau Tau Kok Road, Kowloon – Design, supply and installation of curtain wall, glass wall, aluminium metal grille, glass balustrade and metal railing

FINANCIAL REVIEW

Group Liquidity and Financial Resources

The Group mainly financed its operations through internally generated cash flows and utilised the banking facilities for performance bonds for carrying out its projects during the year ended 31 March 2022. In the long term, the directors of the Company believe that the Group's operation will continue to be financed in this way. The Group has accessed to facilities from banks with an aggregate amount of HK\$430.0 million, of which HK\$156.1 million has been utilised for performance bonds as at 31 March 2022. There was no bank loans drawn down by the Group as at 31 March 2022. The performance bonds under these banking facilities bear charges at prevailing market condition.

The Group is prudent in managing its cash balance and maintains sound cash flow generating capability. The total cash and bank balances of the Group amounted to HK\$86.6 million as at 31 March 2022 (31 March 2021: HK\$236.0 million), which accounted for 19.9% of the current assets (31 March 2021: 46.6%).

During the year ended 31 March 2022, the Group has a net cash outflow of HK\$43.1 million in its operating activities (mainly due to increase in inventories and contract assets), a net cash outflow of HK\$72.5 million in its investing activities (mainly due to the loan to a joint venture) and a net cash outflow of HK\$34.0 million in its financing activities (mainly due to dividends paid and amounts paid for share repurchase). As at 31 March 2022, the Group was in a net cash position as there was no bank loans outstanding and the gearing ratio was not applicable. As at 31 March 2022, the Group's net current assets was HK\$365.1 million (31 March 2021: HK\$435.8 million) and the current ratio (current assets divided by current liabilities) was 6.2 times (31 March 2021: 7.2 times).

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

Treasury Policy

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

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

Shareholders' Funds

As at 31 March 2022, the shareholders' funds of the Group were HK\$539.3 million, including reserves of HK\$497.5 million, a decrease of HK\$6.6 million from HK\$545.9 million as at 31 March 2021. The consolidated net asset value of the Group as at 31 March 2022 was HK\$1.29 per share, compared to the consolidated net asset value of HK\$1.23 per share as at 31 March 2021. The decrease in shareholders' funds was mainly attributable to the dividends paid to shareholders and repurchase of shares, netting off profits retained during the current year.

Capital Structure

The capital structure of the Group consists of equity, comprising share capital and reserves. As at 31 March 2022 and 31 March 2021, there was no bank loans.

Major Acquisitions and Disposals

On 16 December 2021, a shareholders deed (the "**Shareholders Deed**") was entered into between Ultra Elite Global Limited ("**Ultra Elite**"), an indirect wholly-owned subsidiary of the Company, KLT II Holdings (BVI) L.P. (the "**JV Partner**") and Wealth King Ventures Limited (the "**JV Company**"), a joint venture of the Group, where Ultra Elite and the JV Partner have agreed on the formation of the JV Company among themselves in relation to, among other things, the operation and management of the JV Company. The JV Company is owned as to 50% each by Ultra Elite and the JV Partner, respectively. Pursuant to the Shareholders Deed, Ultra Elite and the JV Partner agreed to provide a maximum aggregate capital commitment of HK\$344,800,000 based on their pro-rata interest in the JV Company (i.e. HK\$172,400,000 for each of Ultra Elite and the JV Partner). Upon formation of the JV Company, on 16 December 2021, Trillion Wisdom Limited (the "**Project Company**"), which is indirectly wholly-owned by the JV Company entered into a sale and purchase agreement with the vendor for the sale and purchase of the property located at No. 55 Nga Tsin Wai Road, Kowloon (the "**Property**"), for a purchase price of HK\$195,000,000. The acquisition of the Property by the Project Company was completed in January 2022. As at 31 March 2022, Ultra Elite has provided shareholder's loan in an amount of approximately HK\$72,800,000 for covering, among other items, consideration payable for and costs of the acquisition of the Property, costs related to bank financing and reserved funds for construction costs and general working capital of the Project Company.

Save as disclosed above, there was no significant investment, acquisition and disposals that should be notified to the shareholders of the Company during the year ended 31 March 2022.

Details of Charges on Assets

As at 31 March 2022, the Group did not pledge any assets to banks or other financial institutions (31 March 2021: nil).

Performance Bonds and Contingent Liabilities

As at 31 March 2022, the Group had outstanding performance bonds in respect of construction contracts amounting to HK\$156.1 million (31 March 2021: HK\$107.2 million).

A subsidiary of the Company provided a corporate guarantee of proportionate share to a bank for securing a banking facility granted to the JV Company to finance the development in No. 55 Nga Tsin Wai Road. As at 31 March 2022, 50% proportionate share of the bank loan balance is HK\$64.1 million (31 March 2021: nil).

Save as disclosed above, the Group did not have significant contingent liabilities as at 31 March 2022 and 31 March 2021.

Commitment

The Group's share of the commitment made jointly with the JV Partner relating to the JV Company, but not recognised at the end of the reporting period is as follows:

	31.3.2022 <i>HK\$'000</i>
Commitment to provide loans	<u>99,600</u>

Save as disclosed above, the Group had no material commitment as at 31 March 2022 (31 March 2021: nil).

Employees and Remuneration Policy

As at 31 March 2022, the Group had 274 full time employees (of which 124 employees were in the Mainland China). The Group offers competitive remuneration packages, including discretionary bonus and share option scheme, and depending on the position, cash allowances, to its employees. The Group also provides retirement schemes, medical benefits, on-the-job training to its employees and sponsors its employees to attend various external training courses.

BUSINESS REVIEW

During the year under review, the COVID-19 pandemic outbreak continued to affect Hong Kong. Both people and logistics are restricted. All industries, including the construction industry, continued to carry out pandemic prevention and control, taking the protection of employees' health and prevention of the spread of pandemic as the primary consideration. However, in early January this year, the fifth wave of the pandemic still broke out in Hong Kong, and the pandemic continues to spread with over one million Hong Kong people infected. In order to control the raging pandemic, the HKSAR Government introduced a series of strict but necessary pandemic prevention and control measures, citizens also stayed at home, which have greatly affected economic activities. Hong Kong's real GDP contracted by 4% year-on-year in the first quarter of this year, reversing the growth trend of the previous four quarters. For the 3 months ended April this year, the unemployment rate also rose to 5.4%, the highest since June 2021. The progress of construction work has also been severely affected by the pandemic, and the infection of construction workers and the quarantine of related close contacts have also reduced productivity. Moreover, the pandemic also severely disrupted cross-border transportation. The delivery of finished products produced in the Mainland China to Hong Kong construction sites was restricted, which has seriously affected the progress of construction works. As a result, the Group had to use more costly water transportation to deliver finished products to various Hong Kong construction sites.

PROSPECTS

Hong Kong's economy has deteriorated significantly in the first quarter of this year. The HKSAR Government revised down the real GDP growth forecast for 2022 to 1% - 2%, from 2% - 3.5% as announced in the budget. Factors including the evolution of the COVID-19 pandemic, the worsening global economic outlook, the tense situation in Ukraine, and the uncertain development of Sino-US relations have brought uncertainty to the economic development of Hong Kong.

Nonetheless, as the pandemic situation in Hong Kong subsides and social distancing measures gradually relaxed, the poor cross-border transportation between the Mainland China and Hong Kong is expected to ease gradually. The Employment Support Scheme and the Temporary Unemployment Relief Scheme launched by the HKSAR Government can also stabilise domestic demand. It is believed that the economy can develop steadily.

Regarding the industry prospects, the price of raw materials has risen sharply in the past year, the exchange rate of Renminbi has been very volatile, the progress of construction works had also been affected by the pandemic, while price competition within the industry had become more intense, all of which will affect the gross profit margin of the projects and this situation is expected to continue in the foreseeable future. The next HKSAR Government aims to increase land and housing supply by speeding up the construction of land and housing. The HKSAR Government will also improve the city layout through the Northern Metropolis Development Strategy and the Lantau Tomorrow Vision. It is believed that the construction market will still be very prosperous, and the Group's market share will continue to increase in the future.

The Group currently has sufficient outstanding contracts on hand which amounted to HK\$1,078.6 million as at 31 March 2022 and are expected to render solid support to the Group's revenue in the next 2 years. In the future, the Group will undertake new projects with prudent approach and strive to provide customers with quality products and services, establish a good reputation and lay a solid foundation for future development.

CORPORATE GOVERNANCE

The directors of the Company recognise the importance of good corporate governance practices for protection of the interests of the shareholders and are keen on maintaining high standards of corporate governance. This is reflected in terms of a quality Board and the emphasis on transparency and accountability.

During the year ended 31 March 2022, the Company has complied with all the Code Provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") except for the following deviation:

- Code Provision C.1.6 of the CG Code stipulates that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Mr. Cha Mou Daid, Johnson, the non-executive director of the Company, was unable to attend the Company's 2021 annual general meeting due to other important engagements.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the guideline for securities transactions by directors and employees who are likely to be in possession of inside information of the Company.

Specific enquiry has been made to all directors of the Company and all directors have confirmed that they have complied with the Model Code during the year ended 31 March 2022 or the period from the appointment date to 31 March 2022 (for the director appointed during the year). No incident of non-compliance of the Model Code by the employees was noted by the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2022, the Company repurchased 20,836,000 shares of the Company on the market of which 15,776,000 shares and 5,060,000 shares were repurchased pursuant to the general mandate granted by the then shareholders at the annual general meetings held on 25 August 2020 and 24 August 2021 respectively. The aggregate consideration paid (excluding transaction costs) for this repurchase was approximately HK\$17,464,000. 20,806,000 shares of these repurchased shares were cancelled during the year and the remaining 30,000 shares were subsequently cancelled in April 2022.

Month of repurchase	Number of ordinary shares repurchased	Purchase price paid per share		Aggregate consideration paid (excluding transaction costs) HK\$'000
		Highest HK\$	Lowest HK\$	
April 2021	11,832,000	0.86	0.81	10,037
May 2021	1,440,000	0.86	0.84	1,231
June 2021	606,000	0.86	0.83	514
July 2021	1,128,000	0.83	0.82	933
August 2021	770,000	0.83	0.82	635
September 2021	2,270,000	0.85	0.81	1,885
October 2021	518,000	0.84	0.83	435
December 2021	1,062,000	0.78	0.75	815
January 2022	876,000	0.81	0.78	706
February 2022	304,000	0.82	0.80	249
March 2022	30,000	0.80	0.80	24
	<u>20,836,000</u>			<u>17,464</u>

Save as disclosed above, during the year ended 31 March 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF ANNUAL RESULTS

The Group's consolidated financial statements for the year ended 31 March 2022 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements of the Group for the year as approved by the Board on 14 June 2022. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 14 June 2022

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

Non-executive Chairman

Mr. Wong Sue Toa, Stewart

Non-executive Directors

Mr. Cha Mou Daid, Johnson
Mr. Chung Sam Tin Abraham
Mr. Tai Sai Ho
Mr. Chuk Kin Lun

Executive Directors

Mr. Lee Cheuk Hung (*Managing Director*)
Mr. Wong Kin

Independent Non-executive Directors

Mr. Chau On Ta Yuen
Professor Ho Richard Yan Ki
Mr. Poon Kan Young
Mr. Yip Kai Yung

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