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

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Year was approximately HK\$385.6 million, decreased approximately 15% from HK\$453.0 million for the year ended 31 March 2021.

Revenue Breakdown

	Year ended 31 March		Year-on-year change %
	2022	2021	
	HK\$'000	HK\$'000	%
Construction wastes handling services	148,816	234,297	(36)
Foundation, building construction works and ancillary services	207,510	169,913	22
Digital assets related businesses	13,666	1,397	878
Technical services	20,061	28,171	(29)
Other businesses	(4,439)	19,186	N/A
Total Revenue	<u>385,614</u>	<u>452,964</u>	<u>(15)</u>

- Loss attributable to the owners of the Company for the Year amounted to approximately HK\$58.1 million, compared a loss of approximately HK\$93.9 million for the year ended 31 March 2021. The decrease in the loss for the Year was mainly due to the increase of the gross profit and the decrease in the non-cash impairment losses under the expected credit loss model.

- Basic and diluted loss per share for the Year amounted to approximately HK cents 1.08 (Basic and diluted loss per share for the year ended 31 March 2021: approximately HK cents 1.75).
- Equity attributable to the owners of the Company as at 31 March 2022 amounted to approximately HK\$162.1 million (as at 31 March 2021: approximately HK\$219.6 million).
- The Board does not recommend the declaration of a final dividend for the Year (2021: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of OKG Technology Holdings Limited (the “**Company**”, together with subsidiaries of the Company, the “**Group**”) is pleased to announce the audited consolidated financial results of the Group for the year ended 31 March 2022 (the “**Year**”), together with comparative figures for the year ended 31 March 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	385,614	452,964
Cost of sales		<u>(301,339)</u>	<u>(406,399)</u>
Gross profit		84,275	46,565
Other income, gains and losses	4	19,180	16,162
Administrative and other operating expenses		(129,320)	(104,082)
Impairment losses on intangible assets		(50)	(180)
Impairment losses on financial assets and contract assets		<u>(27,353)</u>	<u>(46,892)</u>
Operating loss		(53,268)	(88,427)
Finance costs		<u>(5,435)</u>	<u>(7,933)</u>
Loss before income tax	5	(58,703)	(96,360)
Income tax credit	6	<u>271</u>	<u>2,505</u>
Loss for the year		<u>(58,432)</u>	<u>(93,855)</u>
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		857	1,255
Reclassification of cumulative translation reserve upon disposal of foreign operations		<u>(177)</u>	<u>–</u>
Other comprehensive income for the year, net of tax		<u>680</u>	<u>1,255</u>
Total comprehensive loss for the year		<u>(57,752)</u>	<u>(92,600)</u>

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(58,061)	(93,855)
Non-controlling interests		<u>(371)</u>	<u>–</u>
		<u>(58,432)</u>	<u>(93,855)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(57,505)	(92,600)
Non-controlling interests		<u>(247)</u>	<u>–</u>
		<u>(57,752)</u>	<u>(92,600)</u>
Loss per share attributable to owners of the Company			
Basic and diluted loss per share	7	<u>(1.08) HK cents</u>	<u>(1.75) HK cents</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		17,072	34,569
Right-of-use assets		10,251	2,784
Intangible assets		4,897	4,456
Prepayment	9	–	318
Deferred tax assets		242	–
		<hr/> 32,462	<hr/> 42,127
Current assets			
Trade and other receivables	9	32,769	95,196
Contract assets		67,265	67,029
Digital assets		560,097	68,879
Inventories due from counterparties		–	12,766
Financial assets at fair value through profit or loss		20,856	28,560
Amount due from a related party		–	1,980
Tax recoverable		783	2,741
Trust bank balance held on behalf of customers		147,547	49,128
Bank balances and cash		135,555	236,735
		<hr/> 964,872	<hr/> 563,014
Total assets		<hr/> 997,334	<hr/> 605,141
EQUITY			
Capital and reserves			
Share capital	10	26,853	26,853
Reserves		135,215	192,720
		<hr/> 162,068	<hr/> 219,573
Equity attributable to the owners of the Company		162,068	219,573
Non-controlling interests		4,555	–
		<hr/> 166,623	<hr/> 219,573
Total equity		<hr/> 166,623	<hr/> 219,573

	<i>Note</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities		6,126	–
Deferred tax liabilities		457	1,929
		<u>6,583</u>	<u>1,929</u>
Current liabilities			
Trade and other payables	<i>11</i>	56,212	99,060
Contract liabilities		775	4,726
Liabilities due to customers		147,547	108,151
Amounts due to former subsidiaries		10,791	10,641
Amount due to a related party		18,073	10,244
Loans from related parties		92,135	148,500
Borrowings		494,072	–
Lease liabilities		4,414	2,317
Current income tax liabilities		109	–
		<u>824,128</u>	<u>383,639</u>
Total liabilities		<u>830,711</u>	<u>385,568</u>
Total equity and liabilities		<u>997,334</u>	<u>605,141</u>
Net current assets		<u>140,744</u>	<u>179,375</u>
Total assets less current liabilities		<u>173,206</u>	<u>221,502</u>

For the year ended 31 March 2022

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

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

The Company is an investment holding company. The Group is principally engaged in provision of construction wastes handling services, foundation, building construction works and ancillary services, digital assets related businesses, technical services and other businesses. During the Year, the Group has commenced its proprietary trading in digital assets and blockchain technology services in order to broaden the Group’s source of income.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is also the functional currency of the Company, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 June 2022.

2 BASIS OF PREPARATION

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

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

3 APPLICATION OF AMENDMENTS TO HKFRSs

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

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

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

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

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue		
Construction wastes handling services	148,816	234,297
Foundation, building construction works and ancillary services	207,242	168,444
Technical services	19,813	28,012
Trust and custody services	8,712	1,397
Services income from operation of USDK	248	159
	<u>384,831</u>	<u>432,309</u>
Revenue from contracts with customers	384,831	432,309
Rental income from lease of machinery	268	1,469
Trading in digital assets and net fair value change on digital assets	4,954	–
Interest income from lending business	2,686	4,372
Fair value change on investments in securities	(7,125)	14,814
	<u>268</u>	<u>1,469</u>
Total revenue	385,614	452,964
Other income, gains and losses		
Interest income	143	636
Distribution and interest income from financial assets at fair value through profit or loss	1,089	–
(Losses)/gains on disposal of property, plant and equipment – net	(20)	1,362
Written-off of property, plant and equipment	(1,195)	–
Gain on early termination of lease and modification of lease	–	2,277
Government grants	107	8,512
Gains on disposal of subsidiaries – net	15,724	–
Net (losses)/gains on change in fair value of financial assets at fair value through profit or loss	(13,848)	954
Gain on the amendment and restatement of the warrants	16,484	–
Service income	–	2,047
Others	696	374
	<u>19,180</u>	<u>16,162</u>

Operating segment information

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

- (a) Construction wastes handling services: Provision of management and operation of public fill reception facilities, including public fill banks and temporary construction waste sorting facilities, for construction and demolition materials;
- (b) Foundation, building construction works and ancillary services: Provision of site formation works, excavation and lateral support, piling construction, pile caps or footing construction and reinforced concrete structure works, building construction works and ancillary services mainly included hoarding and demolition works and lease of machinery;
- (c) Digital assets related businesses: Provision of 1) proprietary trading in digital assets; and 2) trust and custody services;
- (d) Technical services: Provision of 1) developing the USDK smart contract, managing the USDK smart contract to effect minting and burning of USDK, 2) technology development and I.T. infrastructure service, and 3) the Group’s blockchain technology services, including the provision of Chaintelligence Pro, blockchain explorers and other related services; and
- (e) Other businesses: 1) Investment in securities and 2) Lending business which includes the Group’s money lending business carried out in Hong Kong and the lending of the Group’s digital assets.

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

In previous period, investment in securities and lending business were reported to CODM as stand-alone business units and constituted separate segments. Following a change in the Group’s operating and reporting structure, starting from the Year, such business activities are combined into a single segment before being reported to the CODM. Accordingly, the CODM now reviews the Group’s internal reporting based on five abovementioned segments. Following the changes of reporting segments, the comparative segment information has been reclassified.

The CODM assesses the performance of the operating segments based on a measure of segment results. Unallocated income, unallocated corporate expenses, finance costs, income tax credit are not included in segment results.

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

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

	Construction wastes handling services HK\$'000	Foundation, building construction works and ancillary services HK\$'000	Digital assets related businesses HK\$'000	Technical services HK\$'000	Other businesses HK\$'000	Total HK\$'000
Year ended 31 March 2022						
Revenue						
External revenue	148,816	207,510	13,666	20,061	(4,439)	385,614
Cost of sales	(106,671)	(173,157)	(8,282)	(12,577)	(652)	(301,339)
Impairment losses on intangible assets	-	-	-	-	(50)	(50)
Impairment losses on financial assets and contract assets	-	(24,639)	-	(289)	(2,425)	(27,353)
Segment results	<u>42,145</u>	<u>9,714</u>	<u>5,384</u>	<u>7,195</u>	<u>(7,566)</u>	<u>56,872</u>
Unallocated income						19,180
Unallocated corporate expenses						(129,320)
Finance costs						(5,435)
Loss before income tax						(58,703)
Income tax credit						271
Loss for the year						<u>(58,432)</u>
Included in segment results are:						
Depreciation of property, plant and equipment	4,936	1,683	32	4,142	156	10,949
Depreciation of right-of-use assets	74	718	135	976	1,923	3,826
Amortisation of intangible assets	-	-	-	4,420	-	4,420
	<u>5,010</u>	<u>2,401</u>	<u>167</u>	<u>9,538</u>	<u>2,079</u>	<u>19,195</u>
At 31 March 2022						
Segment assets	37,791	60,900	709,619	74,585	66,088	948,983
Deferred tax assets						242
Unallocated assets						48,109
Total assets						<u>997,334</u>
Additions to non-current asset:						
Segment assets	1,753	1,515	3,985	6,517	4,869	18,639
Unallocated assets						-
						<u>18,639</u>
Segment liabilities	11,340	36,057	648,176	7,058	3,956	706,587
Unallocated liabilities						2,559
Amounts due to former subsidiaries						10,791
Loans from related parties						92,135
Amount due to a related party						18,073
Current income tax liabilities						109
Deferred tax liabilities						457
Total liabilities						<u>830,711</u>

	Construction wastes handling services <i>HK\$'000</i>	Foundation, building construction works and ancillary services <i>HK\$'000</i>	Digital assets related businesses <i>HK\$'000</i>	Technical services <i>HK\$'000</i>	Other businesses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended						
31 March 2021						
Revenue						
External revenue	234,297	169,913	1,397	28,171	19,186	452,964
Cost of sales	(228,861)	(157,810)	(66)	(18,973)	(689)	(406,399)
Impairment losses on intangible assets	–	–	–	–	(180)	(180)
Impairment losses on financial assets and contract assets	140	(38,658)	–	(150)	(8,224)	(46,892)
Segment results	<u>5,576</u>	<u>(26,555)</u>	<u>1,331</u>	<u>9,048</u>	<u>10,093</u>	<u>(507)</u>
Unallocated income						16,162
Unallocated corporate expenses						(104,082)
Finance costs						(7,933)
Loss before income tax						(96,360)
Income tax credit						2,505
Loss for the year						<u>(93,855)</u>
Included in segment results are:						
Depreciation of property, plant and equipment	6,953	4,055	–	966	–	11,974
Depreciation of right-of-use assets	–	–	–	3,334	–	3,334
Amortisation of intangible assets	–	–	–	2,935	–	2,935
	<u>6,953</u>	<u>4,055</u>	<u>–</u>	<u>7,235</u>	<u>–</u>	<u>18,243</u>
At 31 March 2021						
Segment assets	85,217	105,923	108,151	78,033	103,819	481,143
Unallocated assets						123,998
Total assets						<u>605,141</u>
Additions to non-current asset:						
Segment assets	–	4,165	–	–	–	4,165
Unallocated assets						3,399
						<u>7,564</u>
Segment liabilities	33,860	60,911	108,151	5,872	476	209,270
Unallocated liabilities						2,667
Amount due to a former subsidiary						10,641
Loan from a related party						148,500
Amount due to a related party						10,244
Lease liabilities						2,317
Deferred tax liabilities						1,929
Total liabilities						<u>385,568</u>

Geographical information

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC	19,812	28,012
Hong Kong	365,802	424,952
	385,614	452,964

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC	7,074	12,630
Hong Kong	25,146	29,497
	32,220	42,127

Information about major customers

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A ¹	147,618	234,297
Customer B ²	74,324	N/A ³
Customer C ²	54,688	N/A ³
Customer D ²	N/A³	47,715

1 Revenue from construction wastes handling services.

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

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

5 LOSS BEFORE INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before income tax has been arrived at after charging/(crediting):		
Auditors' remuneration	1,100	1,150
Staff costs including directors' emoluments	132,467	111,870
Depreciation of property, plant and equipment	10,949	16,680
Depreciation of right-of-use assets	3,826	21,548
Amortisation of intangible assets	4,420	2,935
Leasing expenses	872	4,125
Share-based payment expense	–	1,385
Exchange gain, net	<u>(281)</u>	<u>(399)</u>

6 INCOME TAX CREDIT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong profits tax:		
– Current income tax	1,443	–
– Over-provision in prior years	–	(1,629)
Deferred income tax	<u>(1,714)</u>	<u>(876)</u>
Income tax credit	<u>(271)</u>	<u>(2,505)</u>

7 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$58,061,000 (2021: HK\$93,855,000) and the weighted average of approximately 5,370,510,000 ordinary shares (2021: 5,358,951,000 ordinary shares) in issue during the Year.

(b) Diluted loss per share

For the years ended 31 March 2022 and 2021, the diluted loss per share is equal to the basic loss per share as there was no potential ordinary share outstanding.

8 DIVIDENDS

No interim dividend was declared for the Year (2021: Nil).

No final dividend was proposed by the Board for the Year (2021: Nil).

9 TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	11,595	60,845
Less: Provision for impairment losses	<u>(7,699)</u>	<u>(6,502)</u>
	<u>3,896</u>	<u>54,343</u>
Loan receivables	28,802	28,197
Less: Provision for impairment losses	<u>(10,944)</u>	<u>(8,639)</u>
	<u>17,858</u>	<u>19,558</u>
Other receivables, deposits and prepayments	<u>11,015</u>	<u>21,613</u>
	<u>32,769</u>	<u>95,514</u>
Analysed as:		
Non-current	–	318
Current	<u>32,769</u>	<u>95,196</u>
	<u>32,769</u>	<u>95,514</u>

Notes:

- (a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. The credit period granted to customers is 7 to 75 days generally.

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	3,895	47,560
31–60 days	139	621
61–90 days	94	22
Over 90 days	7,467	12,642
	11,595	60,845

As at 31 March 2022, trade receivables of approximately HK\$7,467,000 (2021: HK\$12,642,000) were past due. Out of the past due balances, approximately HK\$240,000 (2021: HK\$4,867,000) has been past due 90 days or more and are not considered as in default by past experience and forward-looking estimates.

10 SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022, ordinary shares of HK\$0.005 each	<u>20,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2020	5,325,870,000	26,629
Issue of ordinary shares upon exercise of share options (<i>Note (a)</i>)	52,710,000	264
Repurchase and cancellation of ordinary shares (<i>Note (b)</i>)	<u>(8,070,000)</u>	<u>(40)</u>
At 31 March 2021, 1 April 2021 and 31 March 2022	<u>5,370,510,000</u>	<u>26,853</u>

Notes:

- (a) During the year ended 31 March 2021, 52,710,000 share options were exercised at a subscription price of HK\$0.205 per share, resulting in the issue of 52,710,000 new shares at par value of HK\$0.005 each for a total consideration of approximately HK\$10,806,000. Approximately HK\$10,542,000 representing the difference between the subscription price and the par value was added to the share premium. In addition, approximately HK\$2,299,000 representing that portion of the share-based payments reserve in relation to the exercise of the share options during the year ended 31 March 2021, was transferred from the share-based payments reserve to share premium account.
- (b) On 19 October 2020, the Company repurchased a total of 8,070,000 shares on the Stock Exchange at an aggregate consideration (excluded expenses) of HK\$1,161,000, and these shares were cancelled on 1 December 2020. Accordingly, the issued share capital of the Company was reduced by HK\$40,000, representing the nominal value of these shares.

11 TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables (<i>Note (a)</i>)	45,436	83,246
Accruals and other payables	<u>10,776</u>	<u>15,814</u>
	<u><u>56,212</u></u>	<u><u>99,060</u></u>

Note:

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

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	7,019	41,559
31 – 60 days	3,377	11,870
61 – 90 days	8,804	7,070
Over 90 days	<u>26,236</u>	<u>22,747</u>
	<u><u>45,436</u></u>	<u><u>83,246</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's major sources of revenue were from construction wastes handling services, foundation, building construction works and ancillary services, digital assets related businesses, technical services and other businesses.

During the Year, the Group has commenced its proprietary trading in digital assets and blockchain technology services. Save for the above, the Group had no material change in its business nature and principal activities.

Construction Wastes Handling Services

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

During the Year, revenue from this segment amounted to approximately HK\$148.8 million, which decreased approximately HK\$85.5 million as compared with approximately HK\$234.3 million for the corresponding period in 2021. Such decrease was mainly due to the decrease in revenue from on-going projects during the Year.

Gross profit of this segment for the Year was approximately HK\$42.1 million, which increased approximately 679.6% as compared with approximately HK\$5.4 million for the year ended 31 March 2021. The increase in gross profit was mainly due to the decrease in the subcontracting costs. Gross profit margin of this segment for the Year was approximately 28.3%, representing an increase of 26.0 percentage points from approximately 2.3% for the year ended 31 March 2021.

Foundation, Building Construction Works and Ancillary Services

The foundation works of the Group mainly include building construction works, site formation works, excavation and lateral support ("ELS") works, piling construction, pile caps or footing construction and reinforced concrete structure works and ancillary services mainly include hoarding and demolition works and lease of machinery.

During the Year, revenue from this segment was approximately HK\$207.5 million, representing an increase of 22.1% as compared with approximately HK\$169.9 million for the year ended 31 March 2021. Such increase was mainly due to some projects started contributing revenue to the Group during the Year.

Gross profit of this segment during the Year was approximately 34.4 million, which increased approximately 184.3% as compared with approximately HK\$12.1 million for the year ended 31 March 2021. Gross profit margin of this segment for the Year was approximately 16.6%, representing an increase of 9.5 percentage points from approximately that of 7.1% for the year ended 31 March 2021.

New Projects Awarded

During the Year, the Group had been awarded 5 new contracts with total contract value of approximately HK\$187.2 million. The details of the new projects are as follows:

Type of Projects	Site Location	Type of Works
Foundation Works and Ancillary Services	Wong Tai Sin District	ELS Works, Soldier Piles and Site Preparation
Foundation Works and Ancillary Services	North District	Hoarding, Drainage Diversion and Associated Works
Foundation Works and Ancillary Services	Yuen Long District	Foundation and ELS Works
Foundation Works and Ancillary Services	Yau Tsim Mong District	Foundation and ELS Works
Foundation Works and Ancillary Services	Tai Po District	Steel Fixing

Projects in Progress

As at 31 March 2022, the Group had 6 projects in progress with total contract value amounted to approximately HK\$890.5 million. The details of projects in progress are as follows:

Type of Projects	Site Location	Type of Works
Foundation Works and Ancillary Services	Wong Tai Sin District	ELS Works, Soldier Piles and Site Preparation
Foundation Works and Ancillary Services	North District	Hoarding, Drainage Diversion and Associated Works
Foundation Works and Ancillary Services	Yau Tsim Mong District	Foundation and ELS Works
Building Construction Works	Yau Tsim Mong District	Carcass Works
Foundation Works and Ancillary Services	Tseung Kwan O District	Foundation and ELS Works
Construction Wastes Handling Services	Tuen Mun District	Fill Bank Operation

Completed Projects

During the Year, the Group completed 6 projects with total contract value amounted to approximately HK\$192.2 million. The details of completed projects are as follows:

Type of Projects	Site Location	Type of Works
Foundation Works and Ancillary Services	Yuen Long District	Foundation and ELS Works
Foundation Works and Ancillary Services	Tai Po District	Steel Fixing
Foundation Works and Ancillary Services	Tuen Mun District	Foundation and ELS Works
Foundation Works and Ancillary Services	Islands District	Piling Works
Building Construction Works	Yuen Long District	Construction of Basement and G/F Slab
Foundation Works and Ancillary Services	Southern District	Foundation, ELS and Pile Cap Works

Digital Assets Related Businesses

(i) *Proprietary Trading in Digital Assets*

During the Year, the Group has commenced its proprietary trading in digital assets, to diversify its business developments and broaden the source of income. The income was generated through the Group's trading activities in leading cryptocurrency exchanges (the "Trading Platform"). As at 31 March 2022, the market value of the Group's digital assets was approximately HK\$560.1 million. The group also borrowed loans from the Trading Platform in forms of digital assets whose fair value were 494.1 million at the end of the Year. During the Year, the revenue from trading in digital assets and net fair value changes on digital assets was approximately HK\$5.0 million.

Set out below were significant digital assets held by the Group as of 31 March 2022:

Name of Digital Assets	Number of Digital Assets Held	Market Value as at 31 March 2022 (HK\$'000)	% to the Group's Total Assets as at 31 March 2022
Stablecoins	32,898,179	257,511	25.8%
Ethereum (ETH)	3,516	92,220	9.2%
Bitcoin (BTC)	171	62,125	6.2%

(ii) *Trust and Custody Services*

The Group's trust and custody services were being carried out through OKLink Trust Limited. OKLink Trust Limited has been registered as a Trust Company under section 78(1) of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) since 17 June 2020. The trust and custody services provided by the Group typically include the safekeeping, settlement and other customised services of its clients' assets. The types of assets custodied under this business include digital assets and fiat currencies. At the end of the Year, the total assets of the Group's custody clients were approximately HK\$280.5 million, increased approximately 159.2% compared with HK\$108.2 million as at 31 March 2021. The clients' digital assets constitute trust assets and are not accounted for as assets of the Group and do not give rise to liabilities to the relevant customers.

During the Year, the revenue generated from the provision of trust and custody services was approximately HK\$8.7 million, which increased approximately 521.4% compared with approximately HK\$1.4 million for the corresponding period in 2021. The increase was mainly due to the increase in the total client assets held by the Group and the related services provided by the Group.

Gross profit of the Group's digital assets related businesses was approximately HK\$5.4 million which increased by approximately HK\$4.1 million or 315.4% as compared with approximately HK\$1.3 million for corresponding period in 2021. The increase in gross profit was mainly attributable to the proprietary trading in digital assets commenced during the Year and increase in the revenue from trust and custody services. Gross profit margin of this segment for the year was approximately 39.4%, respectively an decrease of 53.5 percentage points from approximately 92.9% for the year ended 31 March 2021.

Technical Services

The Group's technical services income mainly includes (i) income generated by developing the USDK smart contract, managing the USDK smart contract to effect minting and burning of USDK; (ii) providing the technology development and I.T. infrastructure services; and (iii) the Group's blockchain technology services, including the provision of Chaintelligence Pro, blockchain explorers and other related services, which commenced to contribute incomes to the Group during the Year.

During the Year, revenue from this segment amounted to approximately HK\$20.1 million which was decreased by approximately HK\$8.1 million or 28.7% as compared with approximately HK\$28.2 million for the corresponding period in 2021. The decrease in revenue was mainly caused by the decrease in the income of providing technology development and I.T. infrastructure services. Gross profit of this segment was approximately HK\$7.5 million which decreased by approximately HK\$1.7 million or 18.5% as compared with approximately HK\$9.2 million for corresponding period in 2021.

Other Businesses

In the previous year, investment in securities and lending business were reported as constituted separate segments, starting from the year, such business are combined into a single segment.

(i) Investment in Securities

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

As at 31 March 2022, the Group managed a portfolio of listed securities with total market value of approximately HK\$3.2 million (2021: approximately HK\$10.3 million). During the Year, the Group recorded a loss on fair value change of approximately HK\$7.1 million, compared with a gain of approximately HK\$14.8 million for the corresponding period in 2021. The Group reviewed the performance of its investment portfolio and evaluated the investment potentials of other investment opportunities available to the Group as part of the routine exercise with a view to optimise the expected return and minimise the risks.

(ii) Lending Business

During the Year, the Group continued to carry out its money lending business, which maintains a money lender's licence in Hong Kong, under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). In addition, the Group also lent its digital assets to the counterparties (the "**Counterparties**") in form of Bitcoin (the "**BTC**") and stablecoins as the loan principal during the Year. For certain loans made in stablecoins, the Counterparties were required to deposit BTC or ETH to the Platforms as collaterals. During the Year, all the digital assets lent were settled, and thus the Group did not have any loan receivables in forms of digital assets as at 31 March 2022. During the Year, revenue from the Group's lending business was approximately HK\$2.7 million, representing a decrease of 38.6% as compared with HK\$4.4 million for the year ended 31 March 2021. The Directors believe that the lending business benefits to the Group in exploring opportunities to widen its revenue base and minimise the risks of the Group overall, so as to enhance the capital use of the Group as well as for the interests of the Company and its shareholders (the "**Shareholders**") overall.

FINANCIAL REVIEW

Revenue

The Group recorded a revenue of approximately HK\$385.6 million for the Year, representing a decrease of approximately 14.9% as compared with approximately HK\$453.0 million for the corresponding period in 2021. The decrease was mainly resulted from the decrease in the revenue of Group's construction handlings services and a fair value loss on investment in securities.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the Year amounted to approximately HK\$84.3 million, representing an increase of approximately 80.9% as compared with approximately HK\$46.6 million for the corresponding period in 2021. The gross profit margin increased by 11.6 percentage points to 21.9% for the Year from 10.3% for the same period of last year. Such increase was mainly due to the increase in the gross profit margin of the Group's construction wastes handling services.

Other Income, Gains and Losses

Other income, gains and losses of the Group amounted to approximately HK\$19.2 million, representing an increase of approximately 18.5% as compared with approximately HK\$16.2 million for the corresponding period in 2021.

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the Year amounted to approximately HK\$129.3 million, representing an increase of approximately 24.2% compared with approximately HK\$104.1 million for the year ended 31 March 2021. Such increase was mainly due to the increase in the staff costs.

Impairment Losses under Expected Credit Loss (“ECL”) Model

Impairment losses under ECL model derived from trade receivables, loan receivables, other receivables and contract assets of the Group. The Group classified them as in default when there was an evidence indicating the assets are credit impaired. The Group recorded an impairment loss of approximately HK\$27.4 million during the Year, decreased approximately HK\$19.5 million compared with HK\$46.9 million for the year ended 31 March 2021. The decrease of impairment loss in the Year was mainly due to the decrease in gross amount of trade receivables on the relevant construction works.

Finance Costs

Finance costs for the Group during the Year amounted to approximately HK\$5.4 million, representing a decrease of approximately 31.6% compared with approximately HK\$7.9 million for the corresponding period in 2021. The decrease is mainly attributed to the decrease of interest on the loans from related parties.

Income Tax Credit

Income tax credit for the Group during the Year amounted to approximately HK\$0.3 million, compared with approximately HK\$2.5 million for the corresponding period in 2021.

Loss for the Year Attributable to the Owners of the Company

The loss for the Year attributable to the owners of the Company was approximately HK\$58.1 million, compared to a loss of approximately HK\$93.9 million for the corresponding period in 2021. The decrease in the loss for the Year was mainly attributable to the increase in the gross profit and the decrease of the non-cash impairment loss under the ECL model.

Capital Structure

The Group's total assets and total liabilities as at 31 March 2022 amounted to approximately HK\$997.3 million (31 March 2021: HK\$605.1 million) and approximately HK\$830.7 million (31 March 2021: HK\$385.6 million), respectively. The Group's debt ratio (which was expressed as a percentage of total liabilities over total assets) was approximately 83.3% as at 31 March 2022 (31 March 2021: 63.7%).

Liquidity, Financial and Capital Resources

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

As at 31 March 2022, the Group had bank balances and cash of approximately HK\$135.6 million (31 March 2021: approximately HK\$236.7 million), and the Group did not have pledged bank deposit (31 March 2021: nil).

Gearing Ratio

The gearing ratio is calculated based on the amount of total interest-bearing debts divided by total equity. The gearing ratio of the Group as at 31 March 2022 was approximately 61.6% (as at 31 March 2021: approximately 68.7%). The decrease was mainly due to the Group settled the loans from related parties with interest for approximately 56.4 million.

Pledge of Assets

During the Year, the Group also commenced its proprietary trading in digital assets in leading Trading Platforms. The Trading Platform provided the Group a credit up to certain times of the Group's own funds in that Trading Platform. The Trading Platform had the right to liquidate the Group's assets with the Trading Platform, if the Group failed to repay the amounts due and payable to them. Consequently, the Group's digital assets constituted a collateral to the Group's borrowing. As of 31 March 2022, these borrowings were secured by Group's digital assets at the fair value of approximately HK\$554.5 million (31 March 2021: Nil) as collateral, interest-free and repayable on demand.

The Group's motor vehicles with an aggregate net book value of approximately Nil and HK\$1.0 million as at 31 March 2022 and 2021, respectively, were pledged under leases liabilities.

As at 31 March 2022, the Group did not have any pledged bank deposit (31 March 2021: Nil) to secure the bank facilities granted to the Group.

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

Contingent Liabilities

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

Risk Disclosures

(i) Foreign Exchange Risk

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

(ii) Credit Risk

The Group's credit risk arises mainly from trade and other receivables, contract assets, bank deposit and bank balances. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets and contract assets is the carrying amount of those assets as stated in the "Consolidated Statement of Financial Position".

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

In respect of trade and other receivables and contract assets, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable and contract assets balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts. During the Year, an impairment loss of HK\$27.4 million was recorded comparing to HK\$46.9 million for the year ended 31 March 2021. The decrease of impairment loss in the Year was mainly due to the decrease in gross amount of trade receivables on the relevant construction works.

From 1 April 2022 to 10 June 2022, the trade receivables, loan receivable and contract assets subsequently settled, totally, was approximately HK\$31.7 million.

(iii) Price Risk of Digital Assets

To facilitate the Group's proprietary trading in digital assets, the Group held approximately HK\$560.1 million digital assets as of 31 March 2022. The majority of the Group's digital asset were stablecoins and other digital assets with higher liquidity, such as Bitcoin (BTC) and Ethereum (ETH). As at 31 March 2022, the fair values of the stablecoins, ETH and BTC held by the Group were HK\$257.5 million, HK\$92.2 million and HK\$62.1 million, representing 46.0%, 16.5% and 11.1% of the Group's total digital assets. In addition, the Group also had borrowings of approximately HK\$352.2 million in form of stablecoins and HK\$141.9 million in forms of other digital assets. Consequently, the Group's risk exposures to the price risk of digital assets were limited to the net balance of each digital asset it held.

Price volatility of digital assets may cause significant impacts to the Group's performance. Although the stablecoins are asset-backed and the market price was approximately US\$1 per unit with minimal fluctuation, the volatility and any unpredictability of the price of such stablecoins relative to fiat currencies could also cause significant impact to the Group's financial performance. Furthermore, compared with stablecoins, ETH, BTC and other digital assets are generally with higher volatility.

(iv) Risks Related to Safekeeping of Digital Assets

The Group mainly deposited its digital assets in the cryptocurrency exchanges to facilitate its proprietary trading in digital assets business. In addition, the Group also held approximately HK\$132.9 million digital assets on behalf of its clients as at 31 March 2022, of which approximately 16.7% were deposited with the Trading Platform and third party sub-custodian, approximately 83.3% were deposited in the Group's own wallets. As the Group had not any insurance policy for its digital assets under custody, although the Group has implemented a series of risk control and safeguarding protocols, any breakdown or closedown of such cryptocurrency exchanges, potential cyber-attacks or thefts could cause significant losses to the Group.

(v) ***Risks Related to Anti-Money Laundering***

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

In addition, on 24 June 2022, the Government of Hong Kong Special Administrative Region published the Gazettal of Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill 2022 (the “**Amendment Bill**”) in an effort to enhance Hong Kong’s regulatory regime for combating money laundering and terrorist financing. The Amendment Bill sought to introduce a licensing regime for virtual asset service providers (VASPs) within the regulatory perimeter of the Securities and Futures Commission. The Group will keep on monitoring the progresses on the amendments of AMLO.

Capital Commitments

The Group did not have any significant capital commitment as at 31 March 2022 (31 March 2021: Nil).

PROSPECTS

The repeated coronavirus disease (COVID-19) pandemic is now in its third year. The fifth wave of local epidemic in Hong Kong and resultant restrictive measures weighed heavily on a wide range of economic activities as well as economic sentiment. The Hong Kong economy deteriorated significantly in the first quarter of 2022, with real GDP contracting by about 4.0% year-on-year. However, economic activity is expected to recover as the local epidemic is receding and social distancing measures are gradually relaxed.

After careful preparation, the Group launched its proprietary investment in digital assets business in January 2022. During the Year, this new business recorded a gain of approximately HK\$5.0 million. The launch of the new business has not only improved the yield of its own funds, but also expanded the Group's sources of revenue. In the coming year, the Group will gradually expand the scale of its digital asset investment business while controlling investment risks, so as to further optimize the Group's business structure and create greater returns for its shareholders.

During the Year, the Group continued to optimize products such as the blockchain explorer and "Chaintelligence" (鏈上天眼), which were independently developed through the oklink.com. In July 2021, the Group launched ChainHub (鏈上大師), the first panoramic on-chain data analysis tool in Greater China Region. ChainHub provides over 10,000 data indicators and seven major thematic data including NFT and GameFi, creating an integrated data solution for the users. In December 2021, oklink.com completed a website upgrade to support 12 languages, furthering its internationalization process. In addition, oklink.com's blockchain explorer launched 7 new public chains during the Year, including Tron and Polygon, and currently supports 15 public chains in total. In January 2022, the Group launched the version 2.0 of Chaintelligence Pro, which established a better address tagging system and realized intelligent data analysis and data mining. The Group's blockchain technology services including the blockchain explorer of oklink.com and the Chaintelligence Pro also contributed a revenue of approximately HK\$0.9 million to the Group during the Year.

Looking ahead, the Group will continue to operate prudently in the Hong Kong market for foundation works and ancillary services and construction waste disposal services in the face of the unpredictable market environment. The Group will also make prudent decisions on further investments in its construction related businesses based on an assessment of investment returns. The blockchain industry has become one of the key industries in the digital economy. Riding on the policy dividend, the development and application of blockchain technology will become the focus of future industry development. As a leading enterprise in blockchain technology, the Group will continue to optimize and upgrade blockchain-related products and actively expand its digital asset-related businesses, including digital asset proprietary investment business, blockchain technology services, trust and custody business, in order to continuously bring returns to the Shareholders.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, the Group employed a total of 141 staff (31 March 2021: 193 staff). Total staff costs, including directors' emoluments and share-based payment expenses for the Year, amounted to approximately HK\$132.5 million (31 March 2021: approximately HK\$113.3 million). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group provides adequate job training to the employees to equip them with practical knowledge and skills.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Disposal of the entire issued shares of Jia Jian Global Limited

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

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

On 30 June 2021, the Board announced that the completion of the Disposal had taken place in accordance with the terms and conditions of the Sale and Purchase Agreement. Upon completion, the Company no longer held any equity interest in the Disposal Company and accordingly all of the companies under the Disposal Group ceased to be subsidiaries of the Group and the financial results of the Disposal Group would no longer be consolidated into the consolidated financial statements of the Group.

For details of the Disposal and completion of the Disposal, please refer to the announcements of the Company dated 7 May 2021 and 30 June 2021, respectively.

Save as disclosed above, the Group did not have any other significant investments held or any material acquisitions or disposals of subsidiaries or associated companies during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 March 2022.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

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

FINAL DIVIDEND

The Board has resolved not to declare any final dividend for the Year (2021: Nil).

EVENTS AFTER THE REPORTING PERIOD

Entering into the Loan Agreement between OKC Holdings Corporation and MetaStar Trading Limited

On 6 June 2022, MetaStar Trading Limited (“**MetaStar**”), a wholly-owned subsidiary of the Company, entered into a loan agreement (the “**Loan Agreement**”) with OKC Holdings Corporation (“**OKC**”), the controlling shareholder of the Company, pursuant to which OKC agreed to make available to MetaStar an unsecured loan facility up to the maximum aggregate amount of US\$10 million (the “**Loan**”, approximately HK\$78 million equivalently). Pursuant to the Loan Agreement, the availability period be the thirty-six (36) months commencing from the date of the Loan Agreement. The interest should be accrued on the outstanding Loan amount at the rate of two per cent (2%) per annum compounded annually. All proceeds of the Loan would be used for the purpose of MetaStar’s business developments.

As OKC is the controlling shareholder of the Company, the Loan constitutes a connected transaction of the Company under the Listing Rules. As the Loan has been conducted on normal commercial terms or better to the Company, and the Loan has not been secured by the assets of the Group, pursuant to Rule 14A.90 of the Listing Rules, the Loan received by MetaStar from OKC is fully exempt from reporting, announcement and independent shareholders’ approvals.

Save as disclosed above, there is no significant event after the reporting period of the Group up to the date of this announcement.

CHANGE OF DIRECTORS

A summary of change of Directors of the Company from 1 April 2021 up to the date of this announcement:–

- (i) Mr. Xu Mingxing has tendered his resignation as non-executive Director on 31 January 2022; and
- (ii) Mr. Zhang Chao has been appointed as an executive Director with effect from 31 January 2022.

CORPORATE GOVERNANCE PRACTICES

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

- (i) The code provision A.2.1 (which has been changed to C.2.1 since 1 January 2022) of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual.

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

- (ii) The code provision A.4.1 (which has been changed to B.2.2 since 1 January 2022) of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive Directors and the independent non-executive Directors have not been appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company’s annual general meeting in accordance with the Articles of Association of the Company. The requirement for non-executive directors to be appointed for a specific term has been deleted following the amendments to the CG Code since 1 January 2022.

- (iii) The code provision A.6.7 (which has been changed to C.1.6 since 1 January 2022) of the CG Code stipulates the independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

In the annual general meeting of the Company held on 25 August 2021, one independent non-executive Director was unable to attend due to his other business engagement.

The Company will adopt the new CG Code with effect from 1 January 2022, the requirements under which shall apply to the Company's corporate governance report in the financial year commencing on or after 1 January 2022. The Board will examine and review, from time to time, the Company's corporate governance practices and operations in order to meet the relevant provisions under the new CG Code and to protect the Shareholders' interests.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

REVIEW BY AUDIT COMMITTEE

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

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

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

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

SCOPE OF WORK OF 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 as set out in the preliminary announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by the Group's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

APPRECIATION

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

By order of the Board

OKG Technology Holdings Limited

Ren Yunan

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 28 June 2022

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