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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

INTERIM RESULTS

For the six months ended 30 September 2023, Million Hope Industries Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) recorded the unaudited consolidated revenue of HK\$325.1 million for the six months ended 30 September 2023, representing an increment of 6.9% as compared to the revenue of HK\$304.1 million for the six months ended 30 September 2022. The increment in unaudited consolidated revenue was mainly due to the normal progress in work programmes of several major projects undertaken during the current period as there was delay in work programmes in prior period due to the COVID-19 pandemic. Revenue for the current period was mainly contributed by residential development projects at N.K.I.L 6579 Lung Cheung Road, TMTL 483 Tuen Mun Siu Hong and TPTL 244 Pak Shek Kok.

The unaudited consolidated profit attributable to owners of the Company for the six months ended 30 September 2023 was HK\$4.5 million, representing an increase of 136.8% as compared to HK\$1.9 million for the last corresponding period, mainly attributable to the increase in revenue and gross profit margin which rose from 4.4% for the prior period to 9.7% for the current period. The lower gross profit margin in prior period was mainly due to the extra costs incurred by the Group to speed up the installation process in some construction sites whose work programme was delayed as a result of COVID-19 pandemic. The increase in unaudited consolidated profit for the current period was partially netted off by the increase in the share of loss of a joint venture, which increased by HK\$6.8 million in the current period due to the impairment loss recognised on the properties under development in such joint venture.

The basic earnings per share and diluted earnings per share for the six months ended 30 September 2023 were HK1.09 cents, representing increases of 118.0% as compared to HK0.5 cents for the corresponding period last year.

DIVIDEND

The board of directors of the Company (the “**Board**”) has resolved to pay a first interim dividend of HK0.8 cents per share for the six months ended 30 September 2023 (for the six months ended 30 September 2022: HK0.8 cents per share) to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on 27 November 2023. The dividend is expected to be paid to the Shareholders on 8 December 2023.

CLOSURE OF REGISTER OF MEMBERS FOR FIRST INTERIM DIVIDEND

The register of members of the Company will be closed from 23 November 2023 to 27 November 2023, both dates inclusive, for the purpose of determining the identity of members who are entitled to the first interim dividend for the six months ended 30 September 2023. In order to qualify for the first interim dividend for the six months ended 30 September 2023, 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, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 22 November 2023.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	<i>NOTES</i>	For the six months ended	
		30 September	
		2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	325,086	304,061
Cost of sales		<u>(293,598)</u>	<u>(290,591)</u>
Gross profit		31,488	13,470
Other income		3,783	5,992
Other gains and losses		853	(99)
Impairment loss under expected credit loss model, net		(7,919)	(1,202)
Administrative expenses		(14,226)	(14,970)
Share of loss of a joint venture		(6,822)	(8)
Finance costs		<u>(1,189)</u>	<u>(1,103)</u>
Profit before taxation	4	5,968	2,080
Taxation	5	<u>(1,461)</u>	<u>(189)</u>
Profit for the period		4,507	1,891
Other comprehensive expense:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		<u>(4,566)</u>	<u>(8,485)</u>
Total comprehensive expense for the period		<u><u>(59)</u></u>	<u><u>(6,594)</u></u>
Earnings per share			
basic (HK cents)	7	<u><u>1.09</u></u>	<u><u>0.5</u></u>
diluted (HK cents)	7	<u><u>1.09</u></u>	<u><u>0.5</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2023

	<i>NOTES</i>	30.9.2023 HK\$'000 (Unaudited)	31.3.2023 <i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties	8	29,800	29,800
Property, plant and equipment	8	112,248	116,011
Right-of-use assets	8	4,558	4,961
Interest in a joint venture		–	6,714
Loan to a joint venture		76,386	72,715
Deferred tax assets		2,808	1,724
		225,800	231,925
Current assets			
Inventories		48,001	61,290
Debtors, deposits and prepayments	9	133,675	155,564
Contract assets		136,946	132,865
Bank balances and cash		110,580	77,564
		429,202	427,283
Current liabilities			
Trade and other payables	10	51,735	50,442
Provisions		12,316	15,751
Contract liabilities		94	21
Tax payable		8,778	6,940
Lease liabilities		219	184
Deferred income		57	57
		73,199	73,395
Net current assets		356,003	353,888
Total assets less current liabilities		581,803	585,813

	<i>NOTE</i>	30.9.2023 <i>HK\$'000</i> (Unaudited)	31.3.2023 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Provisions		58,453	53,518
Lease liabilities		98	167
Deferred income		56	84
		<u>58,607</u>	<u>53,769</u>
		<u>523,196</u>	<u>532,044</u>
Capital and reserves			
Share capital	<i>11</i>	41,247	41,760
Reserves		481,949	490,284
		<u>523,196</u>	<u>532,044</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRS**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts on application of Amendments to HKAS "Definition of Accounting Estimates"

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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 both periods.

Disaggregation of revenue

By contract type

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Design, supply and installation for curtain walls, aluminium windows, doors and other products for new buildings <i>(notes i and ii)</i>	275,884	215,170
Design, supply and installation for aluminium windows, doors and other products for new buildings <i>(note ii)</i>	29,522	79,842
Repairing, maintenance and others <i>(note iii)</i>	19,680	9,049
	<hr/>	<hr/>
Total	325,086	304,061
	<hr/> <hr/>	<hr/> <hr/>

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.

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:

	For the six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong	324,559	295,327
Mainland China	527	8,734
	325,086	304,061

4. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of right-of-use assets	207	202
Depreciation of property, plant and equipment	3,388	3,913
<i>Less:</i> Depreciation expenses included in the cost of inventories	<u>(867)</u>	<u>(1,115)</u>
	<u>2,728</u>	<u>3,000</u>
Government grants, included in other income (<i>note</i>)	<u><u>(28)</u></u>	<u><u>(3,860)</u></u>

Note: During the six months ended 30 September 2022, the Group recognised government grants of HK\$3,824,000 (six months ended 30 September 2023: nil) in respect of COVID-19-related subsidies relates to Employment Support Scheme provided by the Hong Kong government.

5. TAXATION

For the six months ended
30 September
2023 2022
HK\$'000 **HK\$'000**
(Unaudited) **(Unaudited)**

The taxation charge (credit) comprises:

Current taxation		
Hong Kong Profits Tax	2,545	–
Deferred taxation	(1,084)	189
	1,461	189

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the period, 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 People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiary was 25%. No provision for PRC Enterprise Income Tax was recognised for the periods ended 30 September 2023 and 2022 as there was no assessable profit for both periods.

6. DIVIDENDS

During the six months ended 30 September 2023, a second interim dividend of HK1.7 cents (six months ended 30 September 2022: HK2.1 cents) per share totalling HK\$7,071,000 (six months ended 30 September 2022: HK\$8,792,000) in respect of the year ended 31 March 2023 was paid to shareholders.

Subsequent to the end of the current interim period, the board of directors of the Company has resolved to declare a first interim dividend of HK0.8 cents per share amounting to HK\$3,300,000 in aggregate (six months ended 30 September 2022: a first interim dividend of HK0.8 cents per share amounting to HK\$3,349,000) will be paid to shareholders whose names appear in the Register of Members on 27 November 2023.

7. EARNINGS PER SHARE

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

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>4,507</u>	<u>1,891</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	414,959,007	418,651,630
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options granted by the Company	<u>–</u>	<u>107,967</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>414,959,007</u>	<u>418,759,597</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 during the reporting period and subsequently cancelled after the respective reporting date.

The diluted earnings per share for the six months ended 30 September 2023 has not included the effect from the Company's share options because the exercise prices of the share options were higher than the average market price of the shares of the Company.

8. MOVEMENTS IN INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Investment properties

The fair values of the Group's investment properties at 30 September 2023 and 31 March 2023 have been arrived at on the basis of a valuation carried out on that date by Colliers International (Hong Kong) Limited, an independent property valuer not connected with the Group. Colliers International (Hong Kong) Limited has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

As at 30 September 2023, the valuation of properties amounting to HK\$29,800,000 (31 March 2023: HK\$29,800,000) was arrived at by reference to the income capitalisation method which is based on the capitalisation of the net income potential by adopting an appropriate capitalisation rate, which is derived from analysis of sale transactions and interpretation of prevailing investor requirements or expectations.

Property, plant and equipment

During the six months ended 30 September 2023, the Group acquired property, plant and equipment of HK\$221,000 (six months ended 30 September 2022: HK\$423,000).

Right-of-use assets

During the six months ended 30 September 2023, the Group entered into a new lease agreement for a car parking space for a term of two years (six months ended 30 September 2022: one year). The Group recognised a right-of-use asset of HK\$80,000 (six months ended 30 September 2022: HK\$41,000) and a lease liability of HK\$80,000 (six months ended 30 September 2022: HK\$41,000).

9. DEBTORS, DEPOSITS AND PREPAYMENTS

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:

	30.09.2023 <i>HK\$'000</i> (Unaudited)	31.03.2023 <i>HK\$'000</i> (Audited)
Within 30 days	58,191	58,847
31-60 days	11,678	28,793
61-90 days	8,079	6,958
Over 90 days	37,888	37,868
	<u>115,836</u>	<u>132,466</u>

10. 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:

	30.09.2023 <i>HK\$'000</i> (Unaudited)	31.03.2023 <i>HK\$'000</i> (Audited)
Within 30 days	3,194	5,834
31-60 days	1,885	115
61-90 days	93	412
Over 90 days	1,255	610
	<u>6,427</u>	<u>6,971</u>

11. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 April 2022, 31 March 2023 and 30 September 2023	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 1 April 2022	418,681,630	41,869
Repurchased and cancelled (<i>Note</i>)	<u>(1,080,000)</u>	<u>(109)</u>
At 31 March 2023	417,601,630	41,760
Repurchased and cancelled (<i>Note</i>)	<u>(5,134,000)</u>	<u>(513)</u>
At 30 September 2023	<u>412,467,630</u>	<u>41,247</u>

Note: During the period ended 30 September 2023, the Company repurchased 3,930,000 shares for an aggregate consideration paid of approximately HK\$1,718,000, and all the shares repurchased were cancelled during the period ended 30 September 2023. The Company repurchased 2,254,000 shares on the market during the year ended 31 March 2023 for an aggregated consideration paid of approximately HK\$997,000, in which 1,050,000 shares were cancelled during the year ended 31 March 2023 and 1,204,000 shares were cancelled in April 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

Major Project Completed During the Six Months Ended 30 September 2023

- (1) 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

Major Projects Undertaken During the Six Months Ended 30 September 2023

- (1) Residential development at TMTL 483, Siu Hong, Tuen Mun, New Territories – Design, supply and installation of curtain wall system
- (2) 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
- (3) 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
- (4) 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
- (5) Residential development at Ho Man Tin Station Package One, K.I.L. 11264, Kowloon – Design, supply and installation of window and louvre
- (6) Residential development at Ho Man Tin Station Package One, K.I.L. 11264, Kowloon – Design, supply and installation of external facade works
- (7) Residential development at T6 & T8 for YLTL510, Yuen Long Station, New Territories – Design, supply and installation of acoustic panel
- (8) Residential development at TPTL 244, Pak Shek Kok, Tai Po, New Territories – Design, supply and installation of curtain wall system, phase 2 (T1 to T9, T17A & T17B)

Major Projects Awarded During the Six Months Ended 30 September 2023

- (1) Residential development at TMTL 496, So Kwun Wat, Tuen Mun, New Territories – Design, supply and installation of aluminium windows
- (2) Rectification of aluminium windows for T2 for Dynasty Court

The total amount of contracts on hand of the Group as at 30 September 2023 was HK\$673.1 million.

OUTLOOK

With the end of the pandemic and the launch of series of activities and measures by the Hong Kong government, Hong Kong's economy has begun to recover. In the first half of this year, Hong Kong's real GDP increased by 2.2% year-on-year, and the latest unemployment rate also fell to 2.8%. Hong Kong's overall economy is expected to resume a positive growth this year from a contraction of 3.5% recorded last year.

Although Hong Kong's economy has already shown signs of recovery, the external environment remains challenging. The Israeli-Palestinian conflict, the Russia-Ukraine war, coupled with the persistent interest rate hikes within the US dollar zone and the euro zone have also caused Hong Kong interest rates to continue to rise. The one-month Hong Kong dollar interest settlement rates have risen from about 3% at the beginning of the year to the current level of about 5%, which have posed negative impacts on investment and asset markets.

According to the latest statistics on private housing supply in the primary market released by the Housing Bureau, the number of unsold units in completed projects of private housing is about 17,000 as of June 2023, which remains at a high level. High interest rates have also affected the demand for private housing, and it is expected that property developers will control construction costs and slow down the development pace of buildings under construction. The Group expects that competition will be fierce in the industry.

The Chief Executive pointed out in the latest policy address that interest rates have increased significantly, and the economic growth is slowing down in many regions outside Hong Kong. In addition to this, transaction volumes in Hong Kong property market have dropped, resulting in corrections of property prices. After taking into considerations of the continuing increase in future housing supply in Hong Kong, comprehensive measures to ease property taxes such as lowering stamp duty are being announced immediately. Apart from this, the Hong Kong Monetary Authority has also recently adjusted the maximum Loan-To-Value ratio for residential properties, which is expected to boost housing demand and bring support to the property market.

In this challenging environment that provides generous opportunities, the Group will adhere to its principles and continue to provide customers with high quality products and services to obtain support from different customers and establish long-term partnerships. As at the date of this report, the total amount of contracts on hand of the Group was HK\$673.1 million. Subsequent to the reporting date, it is expected that there will be two new contracts to be awarded in the amount of HK\$381.6 million, it is believed that the business operations of the Group will remain stable over the next 1 to 2 years. The Group is also committed to control its costs so as to bring return to the shareholders.

FINANCIAL REVIEW

Group Liquidity and Financial Resources

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\$110.6 million as at 30 September 2023 (31 March 2023: HK\$77.6 million), which accounted for 25.8% of the current assets (31 March 2023: 18.2%).

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 six months ended 30 September 2023. The Group has access to facilities from banks with an aggregate amount of HK\$450.0 million, of which HK\$126.2 million has been utilised for performance bonds as at 30 September 2023. There was no bank loans drawn down by the Group as at 30 September 2023. The performance bonds under these banking facilities bear charges at prevailing market condition.

As at 30 September 2023, the Group was in a net cash position as there was no bank loans outstanding and the gearing ratio was not applicable. As at 30 September 2023, the Group's net current assets was HK\$356.0 million (31 March 2023: HK\$353.9 million) and the current ratio (current assets divided by current liabilities) was 5.9 times (31 March 2023: 5.8 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.

Capital Structure

The capital structure of the Group consists of equity, comprising share capital and reserves. The Group had no bank loans as at 30 September 2023 (31 March 2023: nil).

Investment in a Joint Venture

The Group's investment in a joint venture as at 30 September 2023 represented its 50% interest in the redevelopment project at No. 55 Nga Tsin Wai Road, Kowloon, Hong Kong, including loan to a joint venture of HK\$76.4 million (31 March 2023: comprised interest in a joint venture of HK\$6.7 million and loan to a joint venture of HK\$72.7 million). The redevelopment project is in the construction stage and the shared loss of the joint venture during the six months ended 30 September 2023 amounted to HK\$6,822,000 (for the six months ended 30 September 2022: HK\$8,000).

Material Acquisitions and Disposals

There was no material acquisitions and disposals that should be notified to the Shareholders during the six months ended 30 September 2023.

Details of Charges on Assets

As at 30 September 2023, the Group did not pledge any assets to banks or other financial institutions (31 March 2023: nil).

Performance Bonds and Contingent Liabilities

As at 30 September 2023, the Group had outstanding performance bonds in respect of construction contracts amounting to HK\$126.2 million (31 March 2023: HK\$145.6 million).

A subsidiary of the Company provided a corporate guarantee of proportionate share to a bank for securing a banking facility granted to a joint venture to finance the redevelopment project in No. 55 Nga Tsin Wai Road, Kowloon, Hong Kong. As at 30 September 2023, 50% proportionate share of the bank loan balance was HK\$63.3 million (31 March 2023: HK\$63.1 million).

Save as disclosed above, the Group did not have significant contingent liabilities as at 30 September 2023 (31 March 2023: nil).

Commitment

The Group's share of the commitment made jointly with a joint venturer relating to a joint venture, but not recognised at the end of the reporting period is as follows:

	30.9.2023	31.3.2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Commitment to provide loan	<u>89,255</u>	<u>93,575</u>

The Group will finance its portion of commitment from its internal resources and available banking facilities.

Save as disclosed above, the Group had no material commitment as at 30 September 2023 (31 March 2023: nil).

CORPORATE GOVERNANCE

The corporate governance principles of the Company emphasise a quality Board and transparency and accountability to all Shareholders.

Throughout the six months ended 30 September 2023, 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 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 the Shareholders. Mr. Cha Mou Daid, Johnson, the non-executive director of the Company, was unable to attend the Company’s 2023 annual general meeting due to other important engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions.

Having made specific enquiry to all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2023, the Company repurchased 3,930,000 shares of the Company on the market, of which 3,804,000 shares and 126,000 shares were repurchased pursuant to the general mandate granted by the then Shareholders at the annual general meetings held on 23 August 2022 and 22 August 2023 respectively. The aggregate consideration paid (excluding transaction costs) for this repurchase was approximately HK\$1,698,000. All these repurchased shares were cancelled during the period.

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 2023	10,000	0.450	0.450	5
June 2023	396,000	0.410	0.380	161
July 2023	1,916,000	0.450	0.425	843
August 2023	<u>1,608,000</u>	0.430	0.425	<u>689</u>
	<u><u>3,930,000</u></u>			<u><u>1,698</u></u>

Save as disclosed above, during the six months ended 30 September 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2023, the Group had 260 full time employees (of which 114 employees were in Mainland China). The Group offers competitive remuneration packages, including discretionary bonus, share options 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.

REVIEW OF INTERIM RESULTS

The Company has engaged Messrs. Deloitte Touche Tohmatsu, the Group's auditor, to assist the audit committee of the Company (the "Audit Committee") to review the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023. The unaudited condensed consolidated financial statements for the six months ended 30 September 2023 has been reviewed by the Audit Committee.

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

Hong Kong, 7 November 2023

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. Chuk Kin Lun

Mr. Chung Sam Tin Abraham

Mr. Tai Sai Ho

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.