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

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

**ANNOUNCEMENT OF FINAL RESULTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**SUMMARY OF RESULTS**

For the year ended 31 March 2021, Million Hope Industries Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) recorded revenue of HK\$536.0 million, representing an increase of 78.8% as compared to the revenue of HK\$299.8 million for year ended 31 March 2020. The increase in revenue was mainly attributable to revenue generated from various projects, including residential development projects at Lohas Park Package 7, Lohas Park Package 10, N.K.I.L. 6565 Kai Tak and N.K.I.L. 6564 Kai Tak, and commercial development project at No.75-85 Lockhart Road.

The consolidated profit attributable to owners of the Company increased by 60.7% from HK\$24.2 million last year to HK\$38.9 million for the year ended 31 March 2021, mainly attributable to the increase in revenue and gross profit from various projects, and the increase in other income resulting from the receipt of subsidies under the Hong Kong SAR Government’s Employment Support Scheme. Gross profit margin decreased from 16.4% last year to 14.0% this year, as the intense competition within the industry and the rise in materials and production costs led to the decline in gross profit margin of the Group.

The basic earnings per share for the year were HK\$0.09, compared to HK\$0.06 last year, representing an increase of 50.0%. The diluted earnings per share for the year were HK\$0.09, while no diluted earnings per share was presented last year as there was no potential ordinary share for the year ended 31 March 2020.

As at 31 March 2021, the net asset value of the Group amounted to HK\$545.9 million (31 March 2020: HK\$514.9 million), representing an increase of 6.0% over last year. Net asset value per share as at 31 March 2021 was HK\$1.23 (31 March 2020: HK\$1.18).

## **DIVIDEND**

Currently, the Company pays an interim dividend and a final dividend (in September after the annual general meeting).

With effect from the year ended 31 March 2021, the Company intends to pay two interim dividends. Second interim dividend will be in lieu of final dividend.

Shareholders shall receive an earlier payment of the second interim dividend (in lieu of final dividend) (in July instead of September), thus the timing of dividend payments will be more evenly spread over the year (in December and July). The total amount of the dividends paid to shareholders for the year will be the same with two interim dividends as it would have been with interim dividend and final dividend.

The board of directors of the Company (the “**Board**”) has declared a second interim dividend of HK2.6 cents per share (in lieu of a final dividend) for the year ended 31 March 2021 (2020: final dividend HK2.0 cents per share) to shareholders whose names appear on the register of members of the Company on 7 July 2021. This, together with the first interim dividend of HK1.6 cents per share (2020: HK1.2 cents per share) distributed during the year, gives a total dividend of HK4.2 cents per share for the year (2020: HK3.2 cents per share). The second interim dividend will be paid on 19 July 2021.

## **CLOSURE OF REGISTER OF MEMBERS FOR SECOND INTERIM DIVIDEND**

The register of members of the Company will be closed from 5 July 2021 to 7 July 2021, both days inclusive, for the purpose of determining the identity of members who are entitled to the second interim dividend for the year ended 31 March 2021. In order to qualify for the second interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 2 July 2021.

## **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The register of members of the Company will be closed from 19 August 2021 to 24 August 2021, both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the Company's forthcoming annual general meeting (the "AGM") scheduled to be held on 24 August 2021. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 18 August 2021.

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

*For the year ended 31 March 2021*

	<i>NOTES</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3	<b>536,009</b>	299,794
Cost of sales		<u>(461,204)</u>	<u>(250,643)</u>
Gross profit		<b>74,805</b>	49,151
Other income	5	<b>11,679</b>	9,974
Other gains and losses	6	<b>(2,459)</b>	906
Impairment loss under expected credit loss model, net		<b>(1,640)</b>	(1,338)
Gain on change in fair value of investment properties		<b>12</b>	500
Administrative expenses		<b>(34,399)</b>	(29,286)
Finance costs		<u>(1,848)</u>	<u>(1,726)</u>
Profit before taxation	7	<b>46,150</b>	28,181
Taxation	8	<u>(7,210)</u>	<u>(3,941)</u>
Profit for the year		<b>38,940</b>	24,240
Other comprehensive income (expense):			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		<u>5,734</u>	<u>(4,213)</u>
Total comprehensive income for the year		<u><b>44,674</b></u>	<u>20,027</u>
Earnings per share			
basic (HK\$)	10	<u><b>0.09</b></u>	<u>0.06</u>
diluted (HK\$)	10	<u><b>0.09</b></u>	<u>N/A</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	NOTES	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Investment properties		30,400	64,000
Property, plant and equipment		130,220	100,957
Right-of-use assets		5,525	5,096
Deferred tax assets		579	56
		<u>166,724</u>	<u>170,109</u>
Current assets			
Inventories		41,416	30,962
Debtors, deposits and prepayments	11	148,990	80,611
Contract assets		79,496	42,314
Bank balances and cash		236,019	297,691
		<u>505,921</u>	<u>451,578</u>
Current liabilities			
Trade and other payables	12	51,310	36,856
Provisions		9,404	12,383
Contract liabilities		296	–
Tax payable		8,838	1,329
Lease liabilities		231	102
Deferred income		35	33
		<u>70,114</u>	<u>50,703</u>
Net current assets		<u>435,807</u>	<u>400,875</u>
Total assets less current liabilities		<u>602,531</u>	<u>570,984</u>
Non-current liabilities			
Provisions		56,456	55,797
Deferred tax liabilities		–	101
Lease liabilities		100	73
Deferred income		109	131
		<u>56,665</u>	<u>56,102</u>
		<u>545,866</u>	<u>514,882</u>
Capital and reserves			
Share capital	13	44,266	43,633
Reserves		501,600	471,249
		<u>545,866</u>	<u>514,882</u>

## 1. GENERAL

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

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

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

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

### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

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

Except as described below, the application of the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### **Impacts on application of Amendments to HKAS 1 and HKAS 8 “Definition of Material”**

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

### 3. REVENUE

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

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Provision of design, supply and installation of aluminium windows and curtain walls services	<b><u>536,009</u></b>	<u>299,794</u>

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

#### Disaggregation of revenue

##### *By contract type*

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Design, supply and installation for curtain walls, aluminium windows, doors and other products for new buildings ( <i>notes i and ii</i> )	<b>493,290</b>	205,678
Design, supply and installation for aluminium windows, doors and other products for new buildings ( <i>note ii</i> )	<b>37,022</b>	80,139
Design, supply and installation for renovation works for existing buildings	<b>1,262</b>	8,061
Repairing, maintenance and others ( <i>note iii</i> )	<b><u>4,435</u></b>	<u>5,916</u>
Total	<b><u>536,009</u></b>	<u>299,794</u>

##### *Notes:*

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

## Performance obligations for contract with customers

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

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

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

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

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

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within one year	<b>667,504</b>	285,745
More than one year but not more than two years	<b>472,306</b>	277,577
More than two years	<b>144,641</b>	50,452
	<b><u>1,284,451</u></b>	<u>613,774</u>



#### 4. SEGMENT INFORMATION

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

##### Geographical information

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	531,057	288,952
Mainland China	<u>4,952</u>	<u>10,842</u>
	<u><u>536,009</u></u>	<u><u>299,794</u></u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	147,309	150,678
Mainland China	<u>18,836</u>	<u>19,375</u>
	<u><u>166,145</u></u>	<u><u>170,053</u></u>

##### Information about major customers

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer a	246,150	N/A <sup>1</sup>
Customer b	159,142	120,313
Customer c	54,197	N/A <sup>1</sup>
Customer d	N/A <sup>1</sup>	82,490
Customer e	<u>N/A<sup>1</sup></u>	<u>32,843</u>

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## 5. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest income	3,151	7,535
Rental income	1,248	1,555
Sales of scrap materials	691	448
Government grants ( <i>note</i> )	6,479	177
Others	110	259
	<u>11,679</u>	<u>9,974</u>

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

## 6. OTHER GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Exchange (losses) gains	<u>(2,459)</u>	<u>906</u>

## 7. PROFIT BEFORE TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments		
Fees	2,011	1,875
Other emoluments	4,507	4,984
Equity-settled share-based payments	<u>2,449</u>	<u>–</u>
	8,967	6,859
Other staff costs		
Salaries and other benefits	69,650	63,034
Retirement benefits scheme contributions for other staff	4,417	5,536
Equity-settled share-based payments	<u>1,446</u>	<u>–</u>
Total staff costs	84,480	75,429
Less: Staff costs included in cost of inventories	<u>(12,511)</u>	<u>(12,202)</u>
	<u>71,969</u>	<u>63,227</u>
Depreciation of right-of-use assets	407	277
Depreciation of property, plant and equipment	6,655	6,570
Less: Depreciation expenses included in the cost of inventories	<u>(2,147)</u>	<u>(1,849)</u>
	<u>4,915</u>	<u>4,998</u>
Auditor's remuneration	1,450	1,480
Cost of inventories recognised as expenses	<u><u>211,448</u></u>	<u><u>107,013</u></u>

## 8. TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The taxation charge (credit) comprises:		
Current taxation		
Hong Kong Profits Tax	4,652	3,134
People's Republic of China (the "PRC") Enterprise Income Tax	<u>3,182</u>	<u>847</u>
	7,834	3,981
Deferred taxation	<u>(624)</u>	<u>(40)</u>
	<u><u>7,210</u></u>	<u><u>3,941</u></u>

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

## 9. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised at distribution during the year:		
2021 first interim dividend – HK1.6 cents per share (2020: 2020 interim dividend – HK1.2 cents per share)	6,981	5,236
2020 final dividend – HK2.0 cents per share (2020: 2019 final dividend – HK2.0 cents per share)	<u>8,727</u>	<u>8,727</u>
	<u><b>15,708</b></u>	<u><b>13,963</b></u>
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Proposed second interim dividend and final dividend for the financial year ended 31 March 2021 of HK2.6 cents per share and nil, respectively (2020: final dividend for the financial year ended 31 March 2020 of HK2.0 cents per share)	<u><b>11,023</b></u>	<u><b>8,727</b></u>

## 10. EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<u>Earnings</u>		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u><b>38,940</b></u>	<u><b>24,240</b></u>
	<b>Number of shares</b>	
	2021	2020
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	437,180,162	436,332,630
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options granted by the Company	<u>660,729</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>437,840,891</b></u>	<u><b>N/A</b></u>

For the year ended 31 March 2021, the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been taken into account the ordinary shares repurchased from the market in March 2021 and subsequently cancelled in April 2021.

No diluted earnings per share is presented as there was no potential ordinary share for the year ended 31 March 2020.

## 11. DEBTORS, DEPOSITS AND PREPAYMENTS

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

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

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	<b>40,800</b>	26,163
31 – 60 days	<b>44,068</b>	13,777
61 – 90 days	<b>40,558</b>	7,810
Over 90 days	<b>13,757</b>	25,767
	<b><u>139,183</u></b>	<u>73,517</u>

## 12. TRADE AND OTHER PAYABLES

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

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	<b>12,527</b>	1,115
31 – 60 days	<b>1,135</b>	1,559
61 – 90 days	<b>228</b>	71
Over 90 days	<b>1,406</b>	1,501
	<b><u>15,296</u></b>	<u>4,246</u>

### 13. SHARE CAPITAL

	Notes	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each			
Authorised:			
As at 31 March 2020 and 31 March 2021		<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:			
At 1 April 2019 and 31 March 2020		436,332,630	43,633
Issue of shares upon exercise of share options	(i)	9,309,000	931
Repurchased and cancelled	(ii)	<u>(2,984,000)</u>	<u>(298)</u>
At 31 March 2021		<u>442,657,630</u>	<u>44,266</u>

*Notes:*

- (i) The new shares issued rank pari passu in all respects with the existing shares in issue.
- (ii) The Company repurchased 8,812,000 shares on the market in March 2021 at price ranged from HK\$0.67 per share to HK\$0.86 per share for an aggregated consideration paid of approximately HK\$7,336,000, in which 2,984,000 and 5,828,000 shares were cancelled in March 2021 and April 2021, respectively.

## **OPERATIONS REVIEW**

### **Overview**

For the year ended 31 March 2021, the Group's revenue was HK\$536.0 million compared with that of HK\$299.8 million last year.

The total outstanding amount of contracts on hand as at 31 March 2021 for the Group amounted to HK\$1,284.5 million.

### **Major Projects Completed During the Year**

- (1) Residential development at Site N of TKOTL 70 RP, Lohas Park Package 6 – Design, supply and installation of aluminium window and door
- (2) Residential development at Site N of TKOTL 70 RP, Lohas Park Package 6 – Design, supply and installation of aluminium grille and cladding work to AC platform
- (3) Residential development at TSWTL 34, Area 115, Tin Shui Wai, New Territories – Design, supply and installation of curtain wall
- (4) Residential development at TMTL 539, Hoi Wing Road and Hang Fu Street, Area 16, Tuen Mun, New Territories – Design, supply and installation of curtain wall to tower
- (5) House development at No. 1 Plantation Road, Hong Kong – Design, supply and installation of aluminium window, glass door, curtain wall and metal cladding
- (6) Commercial development at No. 75-85 Lockhart Road, Wan Chai, Hong Kong – Design, supply and installation of aluminium unitised curtain wall, glass wall, aluminium cladding, stone cladding, glass canopy and louvre

### **Major Projects Undertaken During the Year**

- (1) Residential development at Site C1 of TKOTL 70 RP, Lohas Park Package 7 – Design, supply and installation of tower curtain wall and podium glass wall
- (2) Residential development at Site I of TKOTL 70 RP, Lohas Park Package 10 – Design, supply and installation of curtain wall system and aluminium window and door



- (3) Residential development at N.K.I.L. 6565, Kai Tak, Kowloon – Design, supply and installation of curtain wall, aluminium window system and façade lighting
- (4) Residential development at N.K.I.L. 6565, Kai Tak, Kowloon – Design, supply and installation of glass Balustrade
- (5) Residential development at 294-296A Prince Edward Road, Kowloon – Design, supply and installation of curtain wall, aluminium window and door
- (6) Residential development at N.K.I.L. 6564, Kai Tak, Kowloon – Design, supply and installation of curtain wall
- (7) Residential development at Site A and Estate Road of Wong Chuk Hang Station Property Development, Aberdeen Inland Lot No. 467 – Design, supply and installation of aluminium and glass facade at podium and transfer plate

### **Major Projects Awarded During the Year**

- (1) Residential development at N.K.I.L. 6563, Kai Tak, Kowloon – Design, supply and installation of curtain wall system, glass and metal works
- (2) Composite development at 34-38 Belcher’s Street, Kennedy Town, Hong Kong – Design, supply and installation of curtain wall, sliding door, glass canopy, window wall and glass wall system
- (3) Residential development at TMTL 483, Siu Hong, Tuen Mun, New Territories – Design, supply and installation of curtain wall system
- (4) 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
- (5) Residential development at 233-235 Prince Edward Road West, Kowloon – Design, supply and installation of curtain wall and sliding door
- (6) Residential development at TPTL230, Tai Po Road, Tai Po Kau, New Territories – Design, supply and installation of curtain wall, canopies, windows, doors, claddings, louvres and glass balustrades

## **FINANCIAL REVIEW**

### **Group Liquidity and Financial Resources**

The Group mainly financed its operations through internally generated cash flows and utilised the banking facilities for performance bonds for carrying out its projects during the year ended 31 March 2021. In the long term, the directors of the Company believe that the Group's operation will continue to be financed in this way. The Group has accessed to facilities from banks with an aggregate amount of HK\$345.0 million, of which HK\$107.2 million has been utilised for performance bonds as at 31 March 2021. There was no bank loans drawn down by the Group as at 31 March 2021. The performance bonds under these banking facilities bear charges at prevailing market condition.

The Group is prudent in managing its cash balance and maintains sound cash flow generating capability. The total cash and bank balances of the Group amounted to HK\$236.0 million as at 31 March 2021 (31 March 2020: HK\$297.7 million), which accounted for 46.6% of the current assets (31 March 2020: 65.9%).

During the year ended 31 March 2021, the Group has a net cash outflow of HK\$47.8 million in its operating activities (mainly due to increase in debtors, deposits and prepayments and contract assets), a net cash inflow of HK\$2.2 million in its investing activities (mainly due to bank interest income received) and a net cash outflow of HK\$17.8 million in its financing activities (mainly due to dividend paid and amount paid for share repurchase). As at 31 March 2021, the Group was in a net cash position as there was no bank loans outstanding. As at 31 March 2021, the Group's net current assets was HK\$435.8 million (31 March 2020: HK\$400.9 million) and the current ratio (current assets divided by current liabilities) was 7.22 times (31 March 2020: 8.91 times).

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

## **Treasury Policy**

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

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

## **Shareholders' Funds**

As at 31 March 2021, the shareholders' funds of the Group were HK\$545.9 million, including reserves of HK\$501.6 million, an increase of HK\$31.0 million from HK\$514.9 million as at 31 March 2020. The consolidated net asset value of the Group as at 31 March 2021 was HK\$1.23 per share, compared to the consolidated net asset value of HK\$1.18 per share as at 31 March 2020. The increase in shareholders' funds was mainly attributable to the accumulated profits.

## **Capital Structure**

The capital structure of the Group consists of equity, comprising share capital and reserves. As at 31 March 2021 and 31 March 2020, there was no bank loans.

## **Major Acquisitions and Disposals**

There was no significant investment, acquisition and disposals that should be notified to the shareholders of the Company during the year ended 31 March 2021.

## **Details of Charges on Assets**

As at 31 March 2021, the Group did not pledge any assets to banks or other financial institutions (31 March 2020: nil).

## **Performance Bonds and Contingent Liabilities**

As at 31 March 2021, the Group had outstanding performance bonds in respect of construction contracts amounting to HK\$107.2 million (31 March 2020: HK\$105.0 million).

The Group did not have significant contingent liabilities as at 31 March 2021 and 31 March 2020.

## **Capital Commitments**

As at 31 March 2021, the Group had no capital commitment (31 March 2020: nil).

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2021, the Group had 253 full time employees (of which 116 employees were in the Mainland China). The Group offers competitive remuneration packages, including discretionary bonus and share option scheme, and depending on the position, cash allowances, to its employees. The Group also provides retirement schemes, medical benefits, on-the-job training to its employees and sponsors its employees to attend various external training courses.

## **BUSINESS REVIEW**

During the year under review, with the impact of the novel coronavirus epidemic and the epidemic prevention measures taken by the governments, economies around the world, including the Mainland China and Hong Kong, have been severely hit. Hong Kong's economy contracted by 6.1% last year, different industries and the daily lives of the citizens have been affected, and there is no exception to the Group. In the early stage of the epidemic, the production and transportation of semi-finished products were delayed or even disrupted, which greatly affected the Group's operations. With the epidemic under control in the Mainland China, domestic economic activities in the Mainland China have gradually returned to normal. The operations of the construction sites in Hong Kong have also gradually resumed following the effective epidemic prevention measures implemented by the Hong Kong SAR Government and social distancing measures executed by the citizens. The Group's operations have thus returned to the right track and caught up the delayed construction progress caused by the epidemic. Accordingly, the Group's revenue for the current year increased by 78.8% over that of last year, reaching HK\$536.0 million, and gross profit amounted to HK\$74.8 million, up by 52.0% over that of last year.

## PROSPECTS

Hong Kong's economy recovered visibly in the first quarter of 2021, the annual GDP of Hong Kong increased by 7.9%, ending six consecutive quarters of contraction and the quarterly GDP also increased by 5.4% for three consecutive quarters of growth. It is believed that as long as there is no material adverse change in the peripheral environment and the local pandemic remains under control, with counter-cyclical measures implemented by the Hong Kong SAR Government, business and consumer confidence will gradually improve and the local economy will continue to recover.

The market demand for local housing regardless of public housings or private buildings remains strong, and the property prices maintain at a high level. Developers are willing to add value to buildings by putting resources in the aluminum window and curtain wall. Even if the intense competition within the industry and the rising costs led to the decrease in gross profit margins, it is believed that the increase in revenue and gross profit could offset the impact of the decline in gross profit margins. Thus, the industry's development prospects are still positive and the Group can continue to develop and expand its business under the current market environment.

Nevertheless, due to the rapid increase in the raw materials prices and the appreciation of Renminbi in the past year, the prices of semi-finished products have risen and accordingly, construction costs have increased and the gross profit margins of projects have been affected. While it is expected that the above situation is likely to persist, the Group will continue to keep a close watch on the raw materials prices and the exchange rate of Renminbi and will take appropriate measures to reduce the risks and impact on the project costs.

The Group currently has sufficient outstanding contracts on hand which amounted to HK\$1,284.5 million as at 31 March 2021 and are expected to render solid support to the Group's revenue in the next 2 to 3 years. Thus, the Group will submit tenders for new construction contracts with prudent approach and strive to provide customers with quality products and services and cater to customers' needs with innovative technology and knowledge, with an aim to foster long-term relationships with customers and achieve steady revenue in the future.

## CORPORATE GOVERNANCE

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

During the year ended 31 March 2021, the Company has complied with all the Code Provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) except for the following deviations:

- Code Provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Mr. Chau On Ta Yuen and Professor Ho Richard Yan Ki, the independent non-executive directors of the Company, the late Mr. Cha Mou Sing, Payson, the former non-executive Chairman of the Board, and Mr. Chung Sam Tin Abraham, the non-executive director of the Company, were unable to attend the Company’s 2020 annual general meeting due to other important engagements.
- Code Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting and he should also invite the chairman of the audit, remuneration and nomination committees to attend the annual general meeting. The late Mr. Cha Mou Sing, Payson, the former Chairman of the Board, and Professor Ho Richard Yan Ki, the Chairman of the Nomination Committee of the Company, were unable to attend the Company’s 2020 annual general meeting due to other important engagements. Mr. Wong Sue Toa, Stewart, the then Deputy Chairman of the Board, took the chair of that meeting in accordance with the articles of association of the Company and other directors present were of sufficient caliber and knowledge for answering questions at that meeting.

### Model Code for Securities Transactions

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

Specific enquiry has been made to all directors of the Company and all directors have confirmed that they have complied with the Model Code during the year ended 31 March 2021 or the period from the appointment date to 31 March 2021 (for the directors appointed during the year). No incident of non-compliance of the Model Code by the employees was noted by the Company.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the year ended 31 March 2021, the Company repurchased 8,812,000 shares of the Company on the market pursuant to the general mandate granted by the shareholders at the annual general meeting held on 25 August 2020. The aggregate consideration paid (excluding transaction costs) for this repurchase was approximately HK\$7,336,000. 2,984,000 shares of these repurchased shares were cancelled during the year and the remaining 5,828,000 shares were subsequently cancelled in April 2021.

Month of repurchase	Number of ordinary shares repurchased	Purchase price paid per share		Aggregate consideration paid (excluding transaction costs) HK\$
		Highest HK\$	Lowest HK\$	
March 2021	8,812,000	0.86	0.67	7,336,000

Save as disclosed above, during the year ended 31 March 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **REVIEW OF ANNUAL RESULTS**

The Group's consolidated financial statements for the year ended 31 March 2021 have been reviewed by the Audit Committee of the Company.

## SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 16 June 2021

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

***Non-executive Chairman***

Mr. Wong Sue Toa, Stewart

***Executive Directors***

Mr. Chuk Kin Lun (*Joint Managing Director*)

Mr. Lee Cheuk Hung (*Joint Managing Director*)

***Non-executive Directors***

Mr. Cha Mou Daid, Johnson

Mr. Chung Sam Tin Abraham

Mr. Tai Sai Ho

***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.*