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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 2022**

### **INTERIM RESULTS**

For the six months ended 30 September 2022, Million Hope Industries Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) recorded the unaudited consolidated revenue of HK\$304.1 million, representing a drop of 20.1% from HK\$380.5 million for the six months ended 30 September 2021. The drop in unaudited consolidated revenue was mainly due to the delay in work programmes of certain projects. Revenue for the current period was mainly contributed by residential development projects at N.K.I.L 6563 Kai Tak, TMTL 483 Tuen Mun Siu Hong, and TPTL 230 Tai Po Kau.

The unaudited consolidated profit attributable to owners of the Company for the six months ended 30 September 2022 was HK\$1.9 million, representing a decrease of 91.3% as compared to HK\$21.8 million for the last corresponding period, mainly attributable to the decrease in gross profit margin from 10.9% for the prior period to 4.4% for the current period, 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 basic earnings per share and diluted earnings per share for the six months ended 30 September 2022 were HK0.5 cents representing decreases of 90.2% as compared to HK5.1 cents for the last corresponding period.

## **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 2022 (for the six months ended 30 September 2021: HK1.6 cents per share) to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on 5 December 2022. The dividend is expected to be paid to the Shareholders on 14 December 2022.

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

The register of members of the Company will be closed from 1 December 2022 to 5 December 2022, 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 2022. In order to qualify for the first interim dividend for the six months ended 30 September 2022, 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 30 November 2022.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022*

		<b>For the six months ended 30 September</b>	
	<i>NOTES</i>	<b>2022</b>	2021
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
Revenue	3	<b>304,061</b>	380,544
Cost of sales		<u><b>(290,591)</b></u>	<u>(339,064)</u>
Gross profit		<b>13,470</b>	41,480
Other income		<b>5,992</b>	4,791
Other gains and losses		<b>(99)</b>	1,218
Impairment loss under expected credit loss model, net		<b>(1,202)</b>	(3,573)
Administrative expenses		<b>(14,970)</b>	(17,411)
Share of loss of a joint venture		<b>(8)</b>	–
Finance costs		<u><b>(1,103)</b></u>	<u>(977)</u>
Profit before taxation	4	<b>2,080</b>	25,528
Taxation	5	<u><b>(189)</b></u>	<u>(3,728)</u>
Profit for the period		<b>1,891</b>	21,800
Other comprehensive (expense) income:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		<u><b>(8,485)</b></u>	<u>865</u>
Total comprehensive (expense) income for the period		<u><b>(6,594)</b></u>	<u>22,665</u>
Earnings per share			
basic (HK cents)	7	<u><b>0.5</b></u>	<u>5.1</u>
diluted (HK cents)	7	<u><b>0.5</b></u>	<u>5.1</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2022

	<i>NOTES</i>	<b>30.9.2022</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2022 <b>HK\$'000</b> <b>(Audited)</b>
<b>Non-current assets</b>			
Investment properties	8	<b>30,400</b>	30,400
Property, plant and equipment	8	<b>119,477</b>	124,228
Right-of-use assets	8	<b>4,603</b>	5,292
Interest in a joint venture		<b>6,488</b>	6,938
Loan to a joint venture		<b>69,407</b>	65,840
Deferred tax assets		<b>875</b>	1,064
		<b>231,250</b>	233,762
<b>Current assets</b>			
Inventories		<b>80,082</b>	76,665
Debtors, deposits and prepayments	9	<b>187,129</b>	137,311
Contract assets		<b>138,401</b>	134,664
Tax recoverable		<b>85</b>	85
Amount due from a joint venture		<b>–</b>	75
Bank balances and cash		<b>27,830</b>	86,563
		<b>433,527</b>	435,363
<b>Current liabilities</b>			
Trade and other payables	10	<b>58,722</b>	50,408
Provisions		<b>9,852</b>	10,793
Contract liabilities		<b>655</b>	877
Tax payable		<b>8,063</b>	8,063
Lease liabilities		<b>43</b>	100
Deferred income		<b>57</b>	50
		<b>77,392</b>	70,291
Net current assets		<b>356,135</b>	365,072
Total assets less current liabilities		<b>587,385</b>	598,834

	<i>NOTE</i>	<b>30.9.2022</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2022 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Provisions		<b>63,326</b>	59,378
Deferred income		<b>112</b>	123
		<u><b>63,438</b></u>	<u>59,501</u>
		<u><b>523,947</b></u>	<u>539,333</u>
Capital and reserves			
Share capital	<i>11</i>	<b>41,865</b>	41,869
Reserves		<b>482,082</b>	497,464
		<u><b>523,947</b></u>	<u>539,333</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

## 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 (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following 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 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

Except as described below, the application of the other 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.

## **2.1 Impacts and changes in accounting policies on application of Amendments to HKFRS 3 “Reference to the Conceptual Framework”**

### *2.1.1 Accounting policies*

For business combinations in which the acquisition date is on or after 1 April 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the “Conceptual Framework for Financial Reporting 2018” issued in June 2018 (the “**Conceptual Framework**”) except for transactions and events within the scope of HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or HK(IFRIC)-Int 21 “Levies”, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

### *2.1.2 Transition and summary of effects*

The Group applies the amendments to business combinations for which the acquisition date is on or after 1 April 2022. The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

## **2.2 Impacts and accounting policies on application of Amendments to HKAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”**

### *2.2.1 Accounting policies*

#### Provisions

##### Onerous contracts

For assessment of outstanding unfulfilled contracts as at 1 April 2022, the unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs (to specify, e.g. direct labour and materials) and an allocation of other costs (to specify, e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract) that relate directly to fulfilling contracts.

### *2.2.2 Transition and summary of effects*

The Group has applied the amendments to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application, 1 April 2022. Specifically, the Group’s assessment of onerous contracts in relation to revenue from contracts with customers.

The application of the amendments has had no material impact on the Group’s financial position and performance.

### 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	
	2022	2021
	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>	215,170	320,841
Design, supply and installation for aluminium windows, doors and other products for new buildings <i>(note ii)</i>	79,842	55,980
Repairing, maintenance and others <i>(note iii)</i>	9,049	3,723
Total	<u>304,061</u>	<u>380,544</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.

## 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 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:

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Hong Kong	<b>295,327</b>	377,723
Mainland China	<b>8,734</b>	2,821
	<b><u>304,061</u></b>	<u>380,544</u>

#### 4. PROFIT BEFORE TAXATION

	For the six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of right-of-use assets	202	222
Depreciation of property, plant and equipment	3,913	3,951
Less: Depreciation expenses included in the cost of inventories	<u>(1,115)</u>	<u>(1,110)</u>
	<u>3,000</u>	<u>3,063</u>
Government grants, included in other income ( <i>note</i> )	<u><u>(3,860)</u></u>	<u><u>(18)</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 2021: 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	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The taxation charge (credit) comprises:		
Current taxation		
Hong Kong Profits Tax	–	4,462
People's Republic of China (the "PRC") Enterprise Income Tax	–	32
	–	4,494
Deferred taxation	189	(766)
	<b>189</b>	<b>3,728</b>

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax was made for the six months ended 30 September 2022 as there was no assessable profits.

Hong Kong Profits Tax for both periods 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 PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiary was 25%.

## 6. DIVIDENDS

During the six months ended 30 September 2022, a second interim dividend of HK2.1 cents (six months ended 30 September 2021: HK2.6 cents) per share totalling HK\$8,792,000 (six months ended 30 September 2021: HK\$11,030,000) in respect of the year ended 31 March 2022 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\$3,349,000 in aggregate (six months ended 30 September 2021: a first interim dividend of HK1.6 cents per share amounting to HK\$6,732,000) will be paid to shareholders whose names appear in the Register of Members on 5 December 2022.

## 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:

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<b><u>1,891</u></b>	<b><u>21,800</u></b>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>418,651,630</b>	424,444,920
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options granted by the Company	<b><u>107,967</u></b>	<u>3,651,723</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b><u>418,759,597</u></b>	<b><u>428,096,643</u></b>

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.

## **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 2022 and 31 March 2022 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 2022, the valuation of properties amounting to HK\$30,400,000 (31 March 2022: HK\$30,400,000) 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 2022, the Group acquired property, plant and equipment of HK\$423,000 (six months ended 30 September 2021: HK\$931,000).

### **Right-of-use assets**

During the six months ended 30 September 2022, the Group entered into a new lease agreement for a car parking space for a year. The Group recognised a right-of-use asset of HK\$41,000 and a lease liability of HK\$41,000 (six months ended 30 September 2021: nil).

## 9. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows a credit period of 30 to 90 days to its customers.

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>30.09.2022</b>	31.03.2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Within 30 days	<b>127,056</b>	44,622
31 – 60 days	<b>9,109</b>	21,604
61 – 90 days	–	23,626
Over 90 days	<b>22,230</b>	20,735
	<b>158,395</b>	110,587

## 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:

	<b>30.09.2022</b>	31.03.2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Within 30 days	<b>10,928</b>	3,692
31 – 60 days	<b>1,666</b>	2,760
61 – 90 days	<b>115</b>	3,315
Over 90 days	<b>741</b>	1,186
	<b>13,450</b>	10,953

## 11. SHARE CAPITAL

	<i>Notes</i>	<b>Number of shares</b>	<b>Share capital <i>HK\$'000</i></b>
Ordinary shares of HK\$0.1 each			
Authorised:			
At 1 April 2021, 31 March 2022 and 30 September 2022		<u>5,000,000</u>	<u>500,000</u>
Issued and fully paid:			
At 1 April 2021		442,657,630	44,266
Issue of shares upon exercise of share options	<i>(i)</i>	2,658,000	266
Repurchased and cancelled	<i>(ii)</i>	<u>(26,634,000)</u>	<u>(2,663)</u>
At 31 March 2022		418,681,630	41,869
Repurchased and cancelled	<i>(ii)</i>	<u>(30,000)</u>	<u>(4)</u>
At 30 September 2022		<u>418,651,630</u>	<u>41,865</u>

### *Notes:*

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OPERATIONS REVIEW**

#### **Major Projects Completed During the Six Months Ended 30 September 2022**

- (1) Residential development at Site A and Estate Road of Wong Chuk Hang Station property development, Aberdeen Inland Lot No. 467 – Design, supply and installation of aluminium and glass facade at podium and transfer plate
- (2) Residential development at 233-235 Prince Edward Road West, Kowloon – Design, supply and installation of curtain wall and sliding door
- (3) Residential development at N.K.I.L. 6563, Kai Tak, Kowloon – Design, supply and installation of curtain wall system, glass and metal works

#### **Major Projects Undertaken During the Six Months Ended 30 September 2022**

- (1) 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
- (2) Residential development at TMTL 483, Siu Hong, Tuen Mun, New Territories – Design, supply and installation of curtain wall system
- (3) 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
- (4) 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
- (5) 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
- (6) 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

## **Major Projects Awarded During the Six Months Ended 30 September 2022**

- (1) Residential development at Ho Man Tin Station Package One, K.I.L. 11264, Kowloon – Design, supply and installation of window and louvre
- (2) Residential development at Ho Man Tin Station Package One, K.I.L. 11264, Kowloon – Design, supply and installation of external facade works
- (3) Residential Development at T6 & T8 for YLTL510, Yuen Long Station, New Territories – Design, supply and installation of acoustic panel

The total amount of contracts on hand of the Group as at 30 September 2022 was HK\$1,139.9 million.

## **OUTLOOK**

The pandemic has been raging since the beginning of the year. Although it has eased recently, thousands of Hong Kong citizens are still being infected every day, and the pandemic is hardly under control. The global economic outlook is also deteriorating rapidly, with high inflation threatening the world and triggering a widespread wave of interest rate hikes and monetary tightening. Coupled with trade disputes and geopolitical tensions, the high inflation has weakened the momentum of global economic growth, and may even lead to a global recession in the future, which will inevitably hit Hong Kong as an externally-oriented economy to a certain extent and the economic recovery of Hong Kong is not promising.

According to the latest figures released by the Census and Statistics Department, GDP fell by 4.5% year-on-year in the third quarter of the year, and fell by 4.0% and 1.3% year-on-year in the first and second quarters of the year respectively, marking the longest sustained economic downturn since the financial crisis in 2008. The rising interest rates in Hong Kong have affected investment in fixed assets, while global economic uncertainty has hindered the pace of local consumption recovery, diluting the effect of the improving labor market and government consumption vouchers.

Nevertheless, Hong Kong has its own strengths as an international financial centre, with its backing to China and its connection to the world, serving as a bridge between China and the world. In the latest Policy Address, the government considers land and housing to be the top priority. It is proposed that the development of the northern metropolitan area and other policies will enhance the quantity, speed, efficiency and quality of housing development, and the government will also build a ladder of home ownership for the Hong Kong citizens. As a housing construction supplier, the Group believes that it will benefit from this growing market share.

The Group is currently suffering from the impact of the COVID-19 pandemic, which has resulted in project delays and increased project costs to catch up with the progress. The intensified price competition among the industry has affected the success rate and gross profit margin of the Group in winning tenders. It is believed that price competition among the industry will be eased when the government releases more land in the future, and the success rate and gross profit margin of winning tenders will increase.

## **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\$27.8 million as at 30 September 2022 (31 March 2022: HK\$86.6 million), which accounted for 6.4% of the current assets (31 March 2022: 19.9%).

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 2022. The Group has access to facilities from banks with an aggregate amount of HK\$430.0 million, of which HK\$132.4 million has been utilised for performance bonds as at 30 September 2022. There was no bank loans drawn down by the Group as at 30 September 2022. The performance bonds under these banking facilities bear charges at prevailing market condition.

As at 30 September 2022, the Group was in a net cash position as there was no bank loans outstanding and the gearing ratio was not applicable. As at 30 September 2022, the Group's net current assets was HK\$356.1 million (31 March 2022: HK\$365.1 million) and the current ratio (current assets divided by current liabilities) was 5.6 times (31 March 2022: 6.2 times).

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

### **Treasury Policy**

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

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

### **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 2022 (31 March 2022: nil).

### **Investment in a Joint Venture**

The Group's investment in a joint venture as at 30 September 2022 represents its 50% interest in the redevelopment project at No. 55 Nga Tsin Wai Road, Kowloon, Hong Kong, comprises interest in a joint venture of HK\$6.5 million (31 March 2022: HK\$6.9 million) and loan to a joint venture of HK\$69.4 million (31 March 2022: HK\$65.8 million). The redevelopment project is in the planning stage and the shared loss of the joint venture during the six months ended 30 September 2022 amounted to HK\$8,000 (for the six months ended 30 September 2021: nil).

### **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 2022.

## Details of Charges on Assets

As at 30 September 2022, the Group did not pledge any assets to banks or other financial institutions (31 March 2022: nil).

## Performance Bonds and Contingent Liabilities

As at 30 September 2022, the Group had outstanding performance bonds in respect of construction contracts amounting to HK\$132.4 million (31 March 2022: HK\$156.1 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 2022, 50% proportionate share of the bank loan balance is HK\$64.1 million (31 March 2022: HK\$64.1 million).

Save as disclosed above, the Group did not have significant contingent liabilities as at 30 September 2022 (31 March 2022: 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:

	<b>30.9.2022</b>	31.3.2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Commitment to provide loan	<b><u>96,475</u></b>	<u>99,600</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 2022 (31 March 2022: 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 2022, the Company has complied with all the Code Provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the 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, Mr. Chung Sam Tin Abraham and Mr. Chuk Kin Lun, the non-executive directors of the Company, were unable to attend the Company’s 2022 annual general meeting due to other important engagements.

## **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 2022.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2022.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2022, the Group had 274 full time employees (of which 125 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 2022. The unaudited condensed consolidated financial statements for the six months ended 30 September 2022 has been reviewed by the Audit Committee.

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

Hong Kong, 15 November 2022

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

***Non-executive Chairman***

Mr. Wong Sue Toa, Stewart

***Non-executive Directors***

Mr. Cha Mou Daid, Johnson

Mr. 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.*