



Hong Kong Johnson Holdings Co., Ltd.

香港莊臣控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

Stock Code : 1955



2020/21 Interim Report



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Corporate Information

Board of Directors

Executive Directors

Mr. CHEUNG Kam Chiu (*Co-chief executive officer*)

Mr. SZETO Wing Tak (*Co-chief executive officer*)

Non-executive Directors

Ms. XU Jili (*Chairman*)

Ms. LI Yanmei

Mr. XIE Hui

Mr. YE Ning

Ms. LEE Wing Yee Loretta

Ms. WONG Ling Fong Lisa

Mr. ZHOU Wenjie

Independent non-executive Directors

Mr. FAN Chiu Tat Martin

Dr. GUAN Yuyan

Mr. HONG Kam Le

Mr. LEUNG Siu Hong

Ms. RU Tingting

Audit Committee

Mr. FAN Chiu Tat Martin (*Chairman*)

Ms. RU Tingting

Mr. LEUNG Siu Hong

Remuneration Committee

Mr. LEUNG Siu Hong (*Chairman*)

Dr. GUAN Yuyan

Ms. RU Tingting

Nomination Committee

Ms. RU Tingting (*Chairman*)

Dr. GUAN Yuyan

Mr. HONG Kam Le

Authorised Representatives under Listing Rules

Mr. CHEUNG Kam Chiu

Ms. LEE Mei Yi (*FCIS, FCS(PE)*)

Joint Company Secretaries

Mr. LI Zhuang

Ms. LEE Mei Yi (*FCIS, FCS(PE)*)

Legal Advisers

As to Hong Kong law

Bird & Bird

As to Cayman Islands law

Harney Westwood & Riegels

Compliance Adviser

WAG Worldsec Corporate Finance Limited

Independent Auditor

RSM Hong Kong

Certified Public Accountants, Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

DBS Bank (Hong Kong) Limited

Registered Office

Harneys Fiduciary (Cayman) Limited

4th Floor, Harbour Place

103 South Church Street

P.O. Box 10240

Grand Cayman KY1-1002

Cayman Islands

Corporate Information (Continued)

Principal Place of Business in Hong Kong

11/F China Aerospace Centre
No. 143 Hoi Bun Road
Kwun Tong
Kowloon, Hong Kong

Cayman Islands Principal Registrar Office

Harneys Fiduciary (Cayman) Limited
3rd Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Stock Code

1955

Investor Relations Consultant

Kredito PR Consultancy Limited
Unit 3007, 30/F.,
Laws Commercial Plaza,
788 Cheung Sha Wan Road,
Kowloon, Hong Kong
Phone : +852 2248 1188
Fax : +852 2248 1199

Website

www.johnsonholdings.com

Management Discussion and Analysis

Result

The Group is a leading environmental hygiene service provider which provides a wide range of environmental hygiene services to all major districts throughout Hong Kong, including provision of building cleaning service, park and recreation center cleaning service, street cleaning service, institutional cleaning service and other cleaning services.

The Group recorded a revenue of approximately HK\$1,303.5 million for the six months ended 30 September 2020 (the "Period"), representing an increase of 52.7% compared with the same period last year. The Group's overall gross profit margin increased from approximately 6.9% to 9.5%, which was mainly due to the successful cost control measures implemented by the Group and the changing of its tendering approach to focus on more profitable contracts.

Profit for the Period increased by approximately HK\$67.0 million or 433.9% from approximately HK\$15.4 million for the six months ended 30 September 2019 to approximately HK\$82.4 million for the six months ended 30 September 2020. The increase was mainly due to the increase in gross profit by approximately HK\$65.4 million from our services and the receipt of wage subsidies from the government's anti-epidemic fund scheme of HK\$24.3 million, partly offset by increase in administrative expenses and income tax expenses.

Business Review and Prospects

The Group provides a wide range of environmental hygiene services to all major districts throughout Hong Kong. We have been recognised as a registered supplier for providing environmental hygiene service for the Government of the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong Government") since 1990 and have become a leading environmental hygiene service provider. In addition to providing environmental hygiene services to various departments of the Hong Kong Government, we have also provided services to numerous private sector customers, such as property management companies and educational institutions.

Since the global outbreak of Coronavirus Disease (COVID-19) in early 2020, all sectors of society have strengthened their preventative measurements in response to the pandemic. Relying on the rich experience of the Group's management team, we provided high-quality environmental hygiene services that meet the needs of customers with our rapid deployment of operating resources and the cooperation of frontline employees, in order to fulfill the increasing demands from various customers. Furthermore, to address the threat of infectious diseases and ensure the safety of our frontline employees, the Group has made further risk assessments on daily operations and taken actions, including educating frontline employees on how they shall protect themselves and strengthen the promotion on epidemic prevention by providing safety work guidelines. We also strive to provide frontline employees with adequate personal protective equipment, disinfection tools and supplies for routine cleaning and disinfection. Therefore, with the efforts of our excellent team and the long established goodwill, the Group has successfully obtained an increasing number of service contracts during the Period, especially government service contracts, which promoted the business growth of the Group during the Period.

Management Discussion and Analysis (Continued)

Along with the incorporation of Johnson Environmental Company Limited and i-CLEAN LIMITED, the Group was actively developing logistic business of garbage collection and agent services for sourcing advanced environmental hygiene service-related technology products and equipment. In terms of the logistic business of garbage collection, the Group believes that it is well-equipped to undertake new projects of garbage collection service from various departments of the Hong Kong Government and private sectors with our experienced team, fleet of multiple dedicated specialized vehicles and advanced equipment. In terms of the agent services, the Group is providing advanced environmental hygiene services technology products and equipment to our customers which has positive effect on securing business contracts as well as our services quality.

Apart from the aforesaid newly startup businesses, the Group is exploring the possibility to merge, acquire, establish and strategically cooperate with some vertical businesses in relation to environmental protection and environmental hygiene services. We aim to bring into full play of our edges in the industry and create long-term value for the Group. In addition to deepening and consolidating the local market, we will actively consider exploring the development of China market to seize business opportunities as and when appropriate for the growth of our business.

Looking ahead, the global and domestic economy will be expected to continuously fluctuate caused by the outbreak of COVID-19. The Group will keep vigilance and react to the impact of COVID-19 on the Group's operation and financial position actively. Despite the challenging environment and uncertainties in the future, we remain confident and positive about the prospects of the environmental hygiene services industry due to the raising awareness of environmental hygiene and public health.

Financial Review

Revenue

The Group's revenue for the six months ended 30 September 2020 and 2019 were approximately HK\$1,303.5 million and HK\$853.4 million respectively, representing an increase of approximately HK\$450.1 million or 52.7%. The increase was mainly due to the increase in revenue generated from our government sector customers.

Cost of services

The cost of services primarily comprised of labour costs, cleaning materials costs and motor vehicles expenses. For the six months ended 30 September 2020 and 2019, the cost of services amounted to approximately HK\$1,179.6 million and HK\$794.9 million respectively, representing approximately 90.5% and 93.1% of the Group's revenue for the corresponding periods respectively. The percentage of cost of services to the Group's revenue decreased by approximately 2.6% as the Group was successful in implementing cost control measures and changing its tendering approach to focus on more profitable contracts.

Gross profit and gross profit margin

The Group's gross profit for the six months ended 30 September 2020 was approximately HK\$123.9 million, representing an increase of approximately HK\$65.4 million or 111.8% from approximately HK\$58.5 million for the corresponding period in 2019. The increase was mainly due to the increase in revenue and gross profit margin.

Management Discussion and Analysis (Continued)

The gross profit margins of the Group for the six months ended 30 September 2020 and 2019 were approximately 9.5% and 6.9% respectively. As mentioned above, the increase in gross profit margin was mainly attributable to better cost control measures implemented by the Group and the changing of its tendering approach to focus on more profitable contracts. Therefore, the increment in revenue was higher than that in cost of services which resulted in the increase of gross profit margin.

Government subsidies from Employment Support Scheme

During the six months ended 30 September 2020, the Group received wage subsidies from the government's anti-epidemic fund scheme of HK\$24.3 million (2019: Nil).

Administrative expenses

The administrative expenses of the Group for the six months ended 30 September 2020 and 2019 were approximately HK\$53.6 million and HK\$34.6 million respectively, representing an increase of HK\$19.0 million or 55.0%. The increase was mainly due to the increase of directors' bonus together with the increase of headcounts, administrative expenses and professional fees after the Company's successful listing on the Main Board of The Stock Exchange of Hong Kong Limited on 16 October 2019, partly offset by the absence of listing expenses during the Period. The Group continued to implement its budget cost control measures for administrative expenses during the Period.

Finance costs

The finance costs represented primarily the interest expenses on bank borrowings with floating interest rates. The finance costs amounted to approximately HK\$4.8 million and HK\$5.1 million for the six months ended 30 September 2020 and 2019 respectively, representing approximately 0.4% and 0.6% of the Group's total revenue respectively. The decrease was mainly due to the decrease of average interest rate together with enhanced treasury management efficiency.

Profit for the period attributable to equity shareholders of the Company

The Group's profit for the Period attributable to equity shareholders of the Company for the six months ended 30 September 2020 and 2019 were approximately HK\$82.4 million and HK\$15.4 million respectively, representing an increase of approximately 433.9%. The increase was mainly due to factors described above.

Excluding the receipt of wage subsidies from the government's Employment Support Scheme under the anti-epidemic fund scheme for the period ended 30 September 2020 and adding listing expenses for the period ended 30 September 2019, the adjusted profit attributable to the equity shareholders of the Company for the Period and the six months ended 30 September 2019 amounted to approximately HK\$58.2 million and HK\$20.7 million respectively, representing an increase of HK\$37.5 million or 180.3%. The increase was mainly due to factors described above.

Liquidity and financial resources

The Group has funded the liquidity and capital requirements primarily through cash inflows from financing activities. As at 30 September 2020, the capital structure of the Group consisted of equity of approximately HK\$382.7 million (31 March 2020: HK\$300.2 million), bank and other borrowings of approximately HK\$422.8 million (31 March 2020: HK\$116.9 million), lease liabilities of approximately HK\$19.4 million (31 March 2020: HK\$23.1 million).

Management Discussion and Analysis (Continued)

Account receivables

As at 30 September 2020, the Group had total account receivables of approximately HK\$757.8 million (31 March 2020: HK\$334.9 million). The increase was mainly due to the increase in revenue and the delay in settlement of account receivables by government sector customers. The slow settlement from our government sector customers for the Period was in line with their historical settlement pattern of which they generally settle their invoices faster near fiscal year end of the Hong Kong Government falling in March than other periods of a year. The Group does not expect any material difficulty in collecting payment from such customers.

Cash position and fund available

During the Period, the Group maintained a healthy liquidity position, with working capital being financed by our financing cash flows and bank borrowings. As at 30 September 2020, our cash and cash equivalents were approximately HK\$223.1 million (31 March 2020: HK\$169.0 million). The Group pledged bank deposits of approximately HK\$24.4 million (31 March 2020: HK\$16.3 million) to secure the Group's banking facilities. As at 30 September 2020, the current ratio of the Group was approximately 1.4 times (31 March 2020: 1.6 times).

Accruals, other payables and provisions

As at 30 September 2020, the Group had total accruals, other payables and provisions of approximately HK\$301.0 million (31 March 2020: HK\$216.0 million). The increase was mainly due to the increase in accrued staff costs. This is generally in line with the increase in revenue for the month of September 2020 when compared with that for the month of March 2020.

Bank and other borrowings

As at 30 September 2020, the Group had total bank and other borrowings of approximately HK\$422.8 million (31 March 2020: HK\$116.9 million). The increase was mainly due to the increased demand of fund from our operating activities, especially owing to the slow settlement from our government sector customers for the Period as described above. As at 30 September 2020, the Group had aggregate banking facilities, which comprised of overdraft and revolving loan facilities, factoring facility and guarantee line facility, of approximately HK\$1,331.9 million, of which approximately HK\$502.7 million was unutilised.

Gearing ratio

As at 30 September 2020, the Group's gearing ratio was approximately 115.6% (31 March 2020: 46.6%), calculated by dividing total debts by total equity and multiplying the resulting value by 100%. The Group's total debts include interest-bearing bank and other borrowings and lease liabilities.

Foreign currency exposure

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currency of the Group's entities located in Hong Kong. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Management Discussion and Analysis (Continued)

Capital expenditure

The Group incurred total capital expenditures of approximately HK\$22.7 million for the six months ended 30 September 2020 (2019: HK\$34.5 million) for additions of property, plant and equipment. The increase in capital expenditure was principally due to the acquisition of motor vehicles for rendering environmental hygiene service. It was mainly funded by bank borrowings and cash generated from operating activities.

Capital Commitment

As at 30 September 2020, the Group had a total capital commitment of approximately HK\$33.4 million (31 March 2020: HK\$1.1 million), mainly comprising the related contracts for acquisition of motor vehicles for rendering environmental hygiene service.

Charges on the Group's Assets

As at 30 September 2020, the Group pledged certain property, plant and equipment, bank deposits, account receivables, buildings, right-of-use assets and financial assets at fair value through profit or loss ("FVTPL") with an aggregate amount of approximately HK\$462.8 million (31 March 2020: HK\$147.8 million) to secure bank and other borrowings, performance bonds relating to deposits for cleaning, janitorial and other related service projects, and lease liabilities.

Contingent Liabilities

(a) Performance bonds

At 31 March 2020 and 30 September 2020, there were contingent liabilities in respect of performance bonds relating to deposits for cleaning, janitorial and other related service projects and an employment compensation insurance contract issued by banks for the Group amounting to HK\$285,358,000 and HK\$426,551,000 respectively. The performance bonds were secured by pledged bank deposits, account receivables, buildings, right-of-use assets and financial assets at FVTPL.

At 31 March 2020 and 30 September 2020, the performance bonds were guaranteed by the Company.

(b) Litigation

As at 31 March 2020 and 30 September 2020, the Group has been involved in several on-going litigations and claims concerning personal injuries of its existing or former employees with estimated claim amounts, net of estimated insurance deductibles, of approximately HK\$1,116,000 and HK\$705,000 respectively. In the opinion of the directors of the Company, the provision of insurance deductibles had been provided based on insurance policies. The estimated costs and expenses above the insurance deductibles are expected to be adequately covered by the Group's insurance policies.

Human Resources

As at 30 September 2020, the Group had around 13,000 employees (30 September 2019: over 8,000 employees). Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of individual employee. Discretionary bonuses, based on individual's performance, are paid to employees as recognition and in reward for their contributions. In addition, the Group conducted various training activities, such as training on operational safety, office and management skills, to improve the front-end quality of services and office support during the six months ended 30 September 2020.

Independent Review Report



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To the Board of Directors of Hong Kong Johnson Holdings Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 11 to 30 which comprises the condensed consolidated statement of financial position of the Company as at 30 September 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independent Review Report (Continued)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

RSM Hong Kong
Certified Public Accountants
Hong Kong
27 November 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2020

	Note	Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	6	1,303,498	853,395
Cost of services		(1,179,588)	(794,889)
Gross profit		123,910	58,506
Government subsidies from Employment Support Scheme		24,271	–
Other income	7	5,309	728
Other gains	8	401	138
(Allowance for)/reversal of allowance for account receivables		(1,808)	7
Administrative expenses		(53,565)	(34,558)
Profit from operations		98,518	24,821
Finance costs	9	(4,763)	(5,076)
Profit before tax		93,755	19,745
Income tax expense	10	(11,315)	(4,303)
Profit for the period	11	82,440	15,442
Other comprehensive income for the period, net of tax		–	–
Total comprehensive income for the period attributable to the equity shareholders of the Company		82,440	15,442
Earnings per share			
Basic and diluted (HK cents per share)	13	16.5	4.1

Condensed Consolidated Statement of Financial Position

As at 30 September 2020

	Note	At 30 September 2020 HK\$'000 (Unaudited)	At 31 March 2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	14	96,459	84,167
Right-of-use assets		39,145	43,179
Financial assets at fair value through profit or loss ("FVTPL")		11,613	19,284
Total non-current assets		147,217	146,630
Current assets			
Account receivables	15	757,764	334,853
Prepayments, deposits and other receivables		17,328	16,578
Current tax assets		–	2,228
Pledged bank deposits		24,415	16,322
Bank and cash balances		223,093	169,010
Total current assets		1,022,600	538,991
Current liabilities			
Account payables	16	25,818	19,216
Accruals, other payables and provisions		294,828	211,757
Bank and other borrowings	17	407,440	106,269
Lease liabilities		7,070	7,013
Current tax liabilities		6,545	–
Total current liabilities		741,701	344,255
Net current assets		280,899	194,736
Total assets less current liabilities		428,116	341,366

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 September 2020

	Note	At 30 September 2020 HK\$'000 (Unaudited)	At 31 March 2020 HK\$'000 (Audited)
Non-current liabilities			
Provisions		6,201	4,261
Bank and other borrowings	17	15,405	10,678
Lease liabilities		12,372	16,097
Deferred tax liabilities		11,460	10,092
Total non-current liabilities		45,438	41,128
NET ASSETS		382,678	300,238
EQUITY			
Share capital	18	5,000	5,000
Reserves		377,678	295,238
TOTAL EQUITY		382,678	300,238

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	Attributed to the equity shareholders of the Company				Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Retained earnings HK\$'000	
At 31 March 2019 (audited)	3,750	–	6,450	150,829	161,029
Adjustment on initial application of – HKFRS 16	–	–	–	3	3
Restated balance at 1 April 2019	3,750	–	6,450	150,832	161,032
Total comprehensive income for the period	–	–	–	15,442	15,442
Changes in equity for the period	–	–	–	15,442	15,442
At 30 September 2019 (unaudited)	3,750	–	6,450	166,274	176,474
At 1 April 2020 (audited)	5,000	109,499	6,450	179,289	300,238
Total comprehensive income for the period	–	–	–	82,440	82,440
Changes in equity for the period	–	–	–	82,440	82,440
At 30 September 2020 (unaudited)	5,000	109,499	6,450	261,729	382,678

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(221,313)	(121,782)
(Increase)/decrease in pledged bank deposits	(8,093)	121
Interest received	97	96
Dividend received from financial assets at FVTPL	45	50
Purchases of property, plant and equipment	(22,681)	(34,501)
Proceeds from redemption of financial assets at FVTPL	8,072	–
Proceeds from disposals/written off of property, plant and equipment	–	73
NET CASH USED IN INVESTING ACTIVITIES	(22,560)	(34,161)
Drawdown of bank and other borrowings	63,947	90,254
Repayment of bank and other borrowings	(37,372)	(56,554)
Increase in factoring loans	279,323	138,317
Principal elements of lease payments	(3,668)	(1,486)
Interest paid	(4,274)	(4,862)
NET CASH GENERATED FROM FINANCING ACTIVITIES	297,956	165,669
NET INCREASE IN CASH AND CASH EQUIVALENTS	54,083	9,726
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	169,010	87,297
CASH AND CASH EQUIVALENTS AT END OF PERIOD	223,093	97,023
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	223,093	97,023

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 9 July 2018. The address of its registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The address of its principal place of business is 11/F, China Aerospace Centre, 143 Hoi Bun Road, Kwun Tong, Hong Kong.

The Company is an investment holding company. The Group is engaged in provision of cleaning, janitorial and other related services.

2. BASIS OF PREPARATION

These 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 (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These condensed consolidated financial statements do not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, they should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2020. The accounting policies (including the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2020 except for the adoption of new and revised standards as set out below.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in these financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 March 2020. A number of new or amended standards are effective from 1 April 2020 but they do not have a material effect on the Group’s condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

4. FAIR VALUE MEASUREMENTS

Except as disclosed below, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value of the carrying amount is a reasonable approximation of fair value. Further, for the current year the fair value disclosure of lease liabilities is also not required.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

4. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy:

Description	Fair value measurements as at 30 September 2020		
	Level 2 HK\$'000 (unaudited)	Level 3 HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Recurring fair value measurements:			
Financial assets at FVTPL			
Investments in unlisted unit trusts	1,853	–	1,853
Investment in life insurance	–	9,760	9,760
	1,853	9,760	11,613

Description	Fair value measurements as at 31 March 2020		
	Level 2 HK\$'000 (audited)	Level 3 HK\$'000 (audited)	Total HK\$'000 (audited)
Recurring fair value measurements:			
Financial assets at FVTPL			
Investments in unlisted unit trusts	1,638	–	1,638
Investment in life insurance	–	17,646	17,646
	1,638	17,646	19,284

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

4. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of financial assets measured at fair value based on level 3:

	Financial assets at FVTPL 30 September 2020 HK\$'000
Financial assets at FVTPL:	
Investments in life insurance	
At 1 April 2020	17,646
Redemption	(8,072)
Total gains recognised in profit or loss	186
At 30 September 2020 (unaudited)	9,760

	Financial assets at FVTPL 31 March 2020 HK\$'000 (audited)
Financial assets at FVTPL	
Investments in life insurance	
At 1 April 2019	16,589
Additions	465
	17,054
Total gains recognised in profit or loss	592
At 31 March 2020	17,646

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in other gains in the condensed consolidated statements of profit or loss and other comprehensive income.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

4. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's Chief Financial Controller is responsible for the fair value measurements of financial assets and financial liabilities required for financial reporting purposes, including level 3 fair value measurements. The Chief Financial Controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the Chief Financial Controller and the Board of Directors at least twice a year.

Level 2 fair value measurements

Description	Valuation technique	Assets fair value as at	
		30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Investments in unlisted unit trusts	Derived from quoted unit prices	1,853	1,638

Level 3 fair value measurements

The investments in life insurance in level 3 represents life insurance policies for key management. The fair value of key management life insurance policies is determined by reference to the cash surrender value of the insurance policies.

If the cash surrender value increased/decreased by 6%, the Group's consolidated profit for the period and retained earnings would be increased/decreased by HK\$586,000 (unaudited) and HK\$1,059,000 (audited) for the six months ended 30 September 2020 and year ended 31 March 2020 respectively.

There were no changes in the valuation techniques used.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

5. SEGMENT INFORMATION

The Group has carried on a single business, which is provision of cleaning, janitorial and other related services in Hong Kong. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the chief operating decision maker.

Geographical information:

No geographical information is presented as all of the Group's business is carried out in Hong Kong and the Group's revenue from external customers is generated and non-current assets are located in Hong Kong during the period.

6. REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from cleaning, janitorial and other services income.

Disaggregation of revenue:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue from contract with customers within the scope of HKFRS 15		
Cleaning, janitorial and other services income	1,303,498	853,395
Timing of revenue recognition		
Services transferred over time	1,303,498	853,395

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

7. OTHER INCOME

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest income	97	96
Dividend income from financial assets at FVTPL	45	50
Government subsidies (<i>note</i>)	5,167	562
Sundry income	–	20
	5,309	728

Note: The amounts represent government grants for eligible goods vehicles under One-off Subsidy, the ex-gratia payments for the retirement of certain motor vehicles and other subsidies received from the Government of the Hong Kong Special Administrative Region.

8. OTHER GAINS

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Gain on disposals/written off of property, plant and equipment, net	–	48
Fair value gain on financial assets at FVTPL	401	90
	401	138

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

9. FINANCE COSTS

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on lease liabilities	489	214
Interest on bank and other borrowings	4,274	4,862
	4,763	5,076

10. INCOME TAX EXPENSE

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax – Hong Kong profits tax Provision for the period	9,947	370
	9,947	370
Deferred tax	1,368	3,933
	11,315	4,303

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in these jurisdictions.

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the six months ended 30 September 2020 and 2019.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

11. PROFIT FOR THE PERIOD

The Group's profit for the period is stated at after charging/(crediting) the following:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	10,389	4,953
Depreciation of right-of-use assets	4,034	1,843
Gain on disposals/written off of property, plant and equipment, net	–	(48)
Listing expenses	–	5,307
Allowance for/(reversal of allowance for) account receivables	1,808	(7)
Short term lease rentals	135	166

12. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2020 and 2019.

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Earnings		
Earnings for the purpose of calculating basic earnings per share	82,440	15,442
	2020 '000	2019 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	500,000	375,000

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue for the periods ended 30 September 2020 and 2019.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired property, plant and equipment of approximately HK\$22,681,000 (six months ended 30 September 2019: HK\$34,501,000).

15. ACCOUNT RECEIVABLES

	At 30 September 2020 HK\$'000 (Unaudited)	At 31 March 2020 HK\$'000 (Audited)
Account receivables	761,579	336,860
Allowance for account receivables	(3,815)	(2,007)
	757,764	334,853

The aging analysis of account receivables, based on invoice date, is as follow:

	At 30 September 2020 HK\$'000 (Unaudited)	At 31 March 2020 HK\$'000 (Audited)
Up to 90 days	719,245	303,299
91 to 180 days	32,645	24,615
181 days to 1 year	4,957	7,439
Over 1 year	4,732	1,507
	761,579	336,860

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

16. ACCOUNT PAYABLES

The aging analysis of account payables, based on the date of receipt of goods or services, is as follow:

	At 30 September 2020 HK\$'000 (Unaudited)	At 31 March 2020 HK\$'000 (Audited)
Up to 30 days	22,580	18,693
31 to 60 days	1,688	493
61 to 90 days	1,520	–
Over 90 days	30	30
	25,818	19,216

17. BANK AND OTHER BORROWINGS

	At 30 September 2020 HK\$'000 (Unaudited)	At 31 March 2020 HK\$'000 (Audited)
Bank loans	79,691	53,417
Factoring loans	329,230	49,907
Other borrowings	13,924	13,623
	422,845	116,947

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

17. BANK AND OTHER BORROWINGS (Continued)

The bank and other borrowings are repayable as follows:

	At 30 September 2020 HK\$'000 (Unaudited)	At 31 March 2020 HK\$'000 (Audited)
Within one year	396,599	94,963
More than one year, but not exceeding two years	5,056	3,103
More than two years, but not more than five years	10,349	7,575
Portion of bank loans that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	10,841	11,306
	422,845	116,947
Less: Amount due for settlement within 12 months (shown under current liabilities)	(407,440)	(106,269)
Amount due for settlement after 12 months	15,405	10,678

The interest rates per annum were as follows:

	At 30 September 2020 (Unaudited)	At 31 March 2020 (Audited)
Bank loans	HIBOR +1.18% to HIBOR +2.50%	HIBOR +1.18% to HIBOR +3.00%
Factoring loans	3.14%-3.50%	3.50%-3.93%
Other borrowings	4.23%-4.91%	4.91%

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

18. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised: Ordinary shares of HK\$0.01 each		
At 31 March 2020 (audited) and 30 September 2020 (unaudited)	3,000,000,000	30,000
Issued and fully paid: Ordinary shares of HK\$0.01 each		
At 31 March 2020 (audited) and 30 September 2020 (unaudited)	500,000,000	5,000

19. CONTINGENT LIABILITIES

(a) Performance bonds

At 31 March 2020 and 30 September 2020, there were contingent liabilities in respect of performance bonds relating to deposits for cleaning, janitorial and other related service projects and an employment compensation insurance contract issued by banks for the Group totaling HK\$285,358,000 (audited) and HK\$426,551,000 (unaudited) respectively. The performance bonds were secured by pledged bank deposits, account receivables, buildings, right-of-use assets and financial assets at FVTPL.

At 31 March 2020 and 30 September 2020, the performance bonds were guaranteed by the Company.

(b) Litigation

As at 31 March 2020 and 30 September 2020, the Group has been involved in several on-going litigations and claims concerning personal injuries of its existing or former employees with estimated claim amounts, net of estimated insurance deductibles, of approximately HK\$1,116,000 (audited) and HK\$705,000 (unaudited) respectively. In the opinion of the directors of the Company, the provision of insurance deductibles had been provided based on insurance policies. The estimated costs and expenses above the insurance deductibles are expected to be adequately covered by the Group's insurance policies.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

20. CAPITAL COMMITMENTS

	At 30 September 2020 HK\$'000 (Unaudited)	At 31 March 2020 HK\$'000 (Audited)
Contracted but not provided for:		
Consideration paid for purchase of property, plant and equipment	33,360	1,103

21. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the period:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Compliance advisor fee to a related company (<i>note</i>)	420	–
Listing expenses paid to related companies (<i>note</i>)	–	1,656

Note: The related companies have the common shareholder – Zhuhai Huafa Group Company Limited.

- (b) The remuneration of directors and other members of key management during the period:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Basic salaries and allowances	6,602	5,441
Bonuses	12,496	3,586
Retirement benefit scheme contribution	687	671
	19,785	9,698



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

22. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors on 27 November 2020.

Other Information

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 September 2020, the interests and short positions of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares and underlying Shares

Name of Director	Capacity/Nature of interest	Number of Shares held ^(Note 1)	Approximate percentage of shareholding in issue
LEE Wing Yee Loretta	Founder of a discretionary trust who can influence how the trustee exercises his discretion	153,750,000 (L) ^(Note 2)	30.75%

Notes:

1. The letter "L" denotes the entity/person's long positions in the Shares.
2. Canvest Environmental Protection Group Company Limited ("Canvest Environmental") is owned as to 54.75% by Best Approach Developments Limited ("Best Approach") (which is in turn directly held as to 55% by Harvest Vista Company Limited ("Harvest Vista") and indirectly held as to 45% by Harvest Vista through Century Rise Development Limited ("Century Rise")). The entire issued share capital of Harvest Vista is held by HSBC International Trustee Limited as trustee of Harvest VISTA Trust, a trust which Ms. LEE Wing Yee Loretta and Mr. LAI Kin Man are founders and established in accordance with the laws of the British Virgin Islands, and Mr. LAI Chun Tung, spouse of Ms. LEE Wing Yee Loretta, is the beneficiary of Harvest VISTA Trust. The discretionary beneficiaries of Harvest VISTA Trust include Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man and the personal trust of Ms. LEE Wing Yee Loretta (the beneficiaries of which are Ms. LEE Wing Yee Loretta and her immediate family members). Canvest Environmental (China) Company Limited ("Canvest (China)") is an investment holding company indirectly wholly owned by Canvest Environmental through Yi Feng Development Limited ("Yi Feng") for the purpose of holding Shares. Under the SFO, Best Approach, Harvest Vista, Century Rise, Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man, Mr. LAI Chun Tung and HSBC International Trustee Limited are deemed to be interested in all the Shares held by Canvest (China).

Save as disclosed above, as at 30 September 2020, none of the Directors or chief executives of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information (Continued)

Interests and Short Positions in Shares and Underlying Shares of Substantial Shareholders and Other Persons

As at 30 September 2020, so far as the Directors are aware, the interests or short positions of the entities/persons, other than a Director or chief executives of the Company, in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name of substantial shareholder	Capacity/Nature of interest	Number of Shares held ^(Note 1)	Approximate percentage of shareholding in issue
Hong Kong Huafa Investment Holdings Limited (“ Hong Kong Huafa ”)	Beneficial interest and interest in controlled corporation	221,250,000 (L) ^(Note 2)	44.25%
Zhuhai Huafa Group Company Limited (“ Zhuhai Huafa ”)	Interest in controlled corporation	221,250,000 (L) ^(Note 2)	44.25%
Canvest (China)	Beneficial interest	153,750,000 (L)	30.75%
Yi Feng	Interest in controlled corporation	153,750,000 (L) ^(Note 3)	30.75%
Canvest Environmental	Interest in controlled corporation	153,750,000 (L) ^(Note 4)	30.75%
Best Approach	Interest in controlled corporation	153,750,000 (L) ^(Note 5)	30.75%
Century Rise	Interest in controlled corporation	153,750,000 (L) ^(Note 5)	30.75%

Other Information (Continued)

Name of substantial shareholder	Capacity/Nature of interest	Number of Shares held ^(Note 1)	Approximate percentage of shareholding in issue
Harvest Vista	Interest in controlled corporation	153,750,000 (L) ^(Note 5)	30.75%
LAI Kin Man	Founder of a discretionary trust who can influence how the trustee exercises his discretion	153,750,000 (L) ^(Note 5)	30.75%
LAI Chun Tung	Beneficiary of a trust (other than a discretionary interest)	153,750,000 (L) ^(Note 5)	30.75%
LEE Wing Yee Loretta	Founder of a discretionary trust who can influence how the trustee exercises his discretion	153,750,000 (L) ^(Note 5)	30.75%
HSBC International Trustee Limited	Trustee	153,750,000 (L) ^(Note 5)	30.75%
South Pacific International Trading Limited (“ South Pacific ”)	Beneficial interest	45,000,000 (L)	9.00%
SIIC Estate Company Limited	Interest in controlled corporation	45,000,000 (L) ^(Note 6)	9.00%
SIIC Investment Company Limited	Interest in controlled corporation	45,000,000 (L) ^(Note 6)	9.00%

Other Information (Continued)

Name of substantial shareholder	Capacity/Nature of interest	Number of Shares held ^(Note 1)	Approximate percentage of shareholding in issue
SIIC International (BVI) Company Limited	Interest in controlled corporation	45,000,000 (L) ^(Note 6)	9.00%
Shanghai Industrial Investment (Holdings) Company Limited (“SIIC”)	Interest in controlled corporation	45,000,000 (L) ^(Note 6)	9.00%

Notes:

- The letter “L” denotes the entity/person’s long position in the Shares.
- 210,000,000 Shares are registered in the name of Hong Kong Huafa and 11,250,000 Shares are registered in the name of HJ Capital (International) Holdings Company Limited (“HJ Capital (International)”). Since HJ Capital (International) is owned as to 36.88% by Hong Kong Huafa through Huajin Investment Company Limited, Hong Kong Huafa is deemed to be interested in 11,250,000 Shares held by HJ Capital (International) under the SFO. Since the entire share capital of Hong Kong Huafa is wholly owned by Zhuhai Huafa, under the SFO, Zhuhai Huafa is deemed to be interested in all the Shares held by Hong Kong Huafa and HJ Capital (International). Zhuhai Huafa is a PRC state-owned conglomerate based in Zhuhai, the People’s Republic of China.
- The Shares are registered in the name of Canvest (China), the entire share capital of which is wholly owned by Yi Feng. Under the SFO, Yi Feng is deemed to be interested in all the Shares held by Canvest (China).
- Yi Feng is wholly owned by Canvest Environmental. Under the SFO, Canvest Environmental is deemed to be interested in all the Shares held by Canvest (China) (through its shareholding in Yi Feng).
- Canvest Environmental is owned as to 54.75% by Best Approach (which is in turn directly held as to 55% by Harvest Vista and indirectly held as to 45% by Harvest Vista through Century Rise). The entire issued share capital of Harvest Vista is held by HSBC International Trustee Limited as trustee of Harvest VISTA Trust, a trust which Ms. LEE Wing Yee Loretta and Mr. LAI Kin Man are founders and established in accordance with the laws of the British Virgin Islands, and Mr. LAI Chun Tung, spouse of Ms. LEE Wing Yee Loretta is the beneficiary of Harvest VISTA Trust. The discretionary beneficiaries of Harvest VISTA Trust include Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man and the personal trust of Ms. LEE Wing Yee Loretta (the beneficiaries of which are Ms. LEE Wing Yee Loretta and her immediate family members). Canvest (China) is an investment holding company indirectly wholly owned by Canvest Environmental through Yi Feng for the purpose of holding Shares. Under the SFO, Best Approach, Harvest Vista, Century Rise, Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man, Mr. LAI Chun Tung and HSBC International Trustee Limited are deemed to be interested in all the Shares held by Canvest (China).
- South Pacific is a direct wholly-owned subsidiary of SIIC Estate Company Limited and an indirect wholly-owned subsidiary of SIIC Investment Company Limited, SIIC International (BVI) Company Limited and SIIC. SIIC is a company incorporated in Hong Kong with limited liability and an overseas conglomerate controlled by the Shanghai municipal government. As at 30 September 2020, SIIC was the controlling shareholder of Shanghai Industrial Holdings Limited (“SIHL”), a limited liability company incorporated in Hong Kong whose shares are listed on the Stock Exchange (stock code: 0363). As at 30 September 2020, SIHL, through its indirect wholly-owned subsidiary, True Victor Holdings Limited, was interested in approximately 19.48% of Canvest Environmental. South Pacific is principally engaged in securities investment.

Save as disclosed above, as at 30 September 2020, the Company had not been notified of any entities/persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Other Information (Continued)

Interim Dividend

The Board does not declare any interim dividend for the Period (2019: Nil).

Purchase, Sale or Redemption of the Company's Listed Securities

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions in the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

Throughout the Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

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 the code of conduct for the Directors and the relevant employees who are likely to possess inside information of the Group in their dealings in the securities of the Company.

Specific enquiry has been made to all the Directors and the Directors have confirmed that during the Period, they have complied with the Model Code and there is no event of non-compliance.

Review of Unaudited Interim Condensed Consolidated Financial Information

The Company's unaudited interim condensed consolidated financial information for the Period has been reviewed by the audit committee of the Company, which currently comprises three independent non-executive Directors, namely Mr. FAN Chiu Tat Martin, Ms. RU Tingting and Mr. LEUNG Siu Hong, and by the Company's independent auditor RSM Hong Kong, certified public accountants in Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.



Other Information (Continued)

Appreciation

On behalf of the Board, I would like to take this opportunity to thank all our shareholders, business partners, the Group's management team and staff for their dedication.

For and on behalf of the Board

XU Jili

Chairman

Hong Kong, 27 November 2020