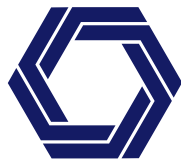


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沪港联合

## HONG KONG SHANGHAI ALLIANCE HOLDINGS LIMITED

滬港聯合控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1001)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH 2022

The board of directors (the “Board”) of Hong Kong Shanghai Alliance Holdings Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31st March 2022 (the “Year”).

#### FINANCIAL HIGHLIGHTS

For the year ended 31st March

	2022	2021	Change
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Revenue	<b>2,807.9</b>	2,073.6	+35.4%
Gross profit	<b>339.7</b>	253.0	+34.3%
Operating profit	<b>157.0</b>	96.0	+63.5%
Profit for the year	<b>63.4</b>	3.8	+1,559.4%
Profit attributable to owners of the Company	<b>65.5</b>	1.7	+3,815.3%
Basic earnings per ordinary share (HK cent(s))	<b>10.22</b>	0.26	+3,830.8%
Interim dividend per ordinary share (HK cents)	<b>1.50</b>	—	N/A
Proposed final dividend per ordinary share (HK cents)	<b>1.50</b>	—	N/A
Special dividend per ordinary share (HK cent)	—	1.00	N/A
Gross profit margin	<b>12.1%</b>	12.2%	-0.1 p.p.
Operating profit margin	<b>5.6%</b>	4.6%	+1.0 p.p.
Net profit margin	<b>2.3%</b>	0.2%	+2.1 p.p.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2022

		2022	2021
	<i>Note</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Revenue	3	<b>2,807,900</b>	2,073,632
Cost of sales	5	<b>(2,468,207)</b>	(1,820,613)
<b>Gross profit</b>		<b>339,693</b>	253,019
Selling and distribution expenses	5	<b>(14,776)</b>	(15,728)
Impairment loss on financial assets - net	5	<b>(601)</b>	(293)
General and administrative expenses	5	<b>(173,880)</b>	(140,703)
Other gains - net	4	<b>5,724</b>	8,067
Net fair value gain/(loss) on investment properties		<b>832</b>	(8,362)
<b>Operating profit</b>		<b>156,992</b>	96,000
Finance income	6	<b>1,066</b>	1,110
Finance costs	6	<b>(62,502)</b>	(64,024)
Share of results of investments accounted for using the equity method		<b>(12,550)</b>	(19,724)
<b>Profit before income tax</b>		<b>83,006</b>	13,362
Income tax expense	7	<b>(19,567)</b>	(9,539)
<b>Profit for the year</b>		<b>63,439</b>	3,823
Profit/(loss) attributable to:			
– Owners of the Company		<b>65,503</b>	1,673
– Non-controlling interests		<b>(2,064)</b>	2,150
		<b>63,439</b>	3,823
<b>Earnings per ordinary share attributable to owners of the Company for the year</b>			
Basic earnings per ordinary share	9	<b>HK10.22 cents</b>	HK0.26 cent
Diluted earnings per ordinary share	9	<b>HK10.22 cents</b>	HK0.26 cent

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>63,439</b>	3,823
<b>Other comprehensive income/(loss):</b>		
<b><u>Items that may be reclassified subsequently to profit or loss:</u></b>		
– Net fair value change of cash flow hedge	2,268	(1,084)
– Release of exchange reserve upon deregistration of subsidiaries	(1,131)	—
– Currency translation differences	60,117	111,847
<b><u>Item that will not be reclassified to profit or loss:</u></b>		
– Change in fair value of financial asset at fair value through other comprehensive income	(1,454)	996
<b>Other comprehensive income for the year</b>	<b>59,800</b>	111,759
<b>Total comprehensive income for the year</b>	<b>123,239</b>	115,582
<b>Total comprehensive income attributable to:</b>		
– Owners of the Company	119,454	102,594
– Non-controlling interests	3,785	12,988
	<b>123,239</b>	115,582

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2022

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		44,141	41,682
Investment properties		1,482,738	1,422,582
Right-of-use assets		28,389	13,253
Intangible assets		—	710
Investments accounted for using the equity method	10	347,775	337,430
Prepayments, deposits and other receivables		14,499	12,540
Deferred income tax assets		42,550	49,326
Financial asset at fair value through profit or loss		3,908	—
Financial asset at fair value through other comprehensive income		2,749	4,203
		<hr/>	<hr/>
Total non-current assets		1,966,749	1,881,726
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current assets</b>			
Prepayments, deposits and other receivables		111,204	99,052
Inventories		547,466	443,072
Trade and bill receivables	11	509,598	363,814
Derivative financial instruments		1,202	—
Pledged bank deposits		43,071	54,008
Cash and cash equivalents		188,931	119,098
		<hr/>	<hr/>
Total current assets		1,401,472	1,079,044
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total assets</b>		<b>3,368,221</b>	<b>2,960,770</b>
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>64,041</b>	64,123
Reserves		<b>926,794</b>	823,598
		<b>990,835</b>	887,721
<b>Non-controlling interests</b>		<b>123,393</b>	120,787
<b>Total equity</b>		<b>1,114,228</b>	1,008,508
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Accrued liabilities and other payables		<b>10,403</b>	11,147
Deferred income tax liabilities		<b>102,587</b>	94,081
Borrowings	<i>13</i>	<b>762,239</b>	779,749
Lease liabilities		<b>4,642</b>	1,991
<b>Total non-current liabilities</b>		<b>879,871</b>	886,968
<b>Current liabilities</b>			
Trade and bill payables	<i>12</i>	<b>433,562</b>	245,354
Receipts in advance and deferred revenue		<b>78,080</b>	53,537
Accrued liabilities and other payables		<b>61,613</b>	39,220
Provisions		<b>34,362</b>	35,298
Derivative financial instruments		<b>18</b>	1,084
Current income tax liabilities		<b>11,996</b>	11,380
Borrowings	<i>13</i>	<b>736,719</b>	674,893
Lease liabilities		<b>17,772</b>	4,528
<b>Total current liabilities</b>		<b>1,374,122</b>	1,065,294
<b>Total liabilities</b>		<b>2,253,993</b>	1,952,262
<b>Total equity and liabilities</b>		<b>3,368,221</b>	2,960,770

## NOTES:

### 1 General information

The Company is a limited liability company incorporated in Bermuda on 12th January 1994 as an exempted company under the Companies Act 1981 of Bermuda. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 18th February 1994. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is located at Rooms 1103-05, 11th Floor, East Town Building, 41 Lockhart Road, Wanchai, Hong Kong.

The Group is principally engaged in distribution and processing of construction materials such as steel products; trading of sanitary wares and kitchen cabinets; and property investment and fund management businesses.

These consolidated financial statements are presented in Hong Kong dollar (“HK\$”), unless otherwise stated. These consolidated financial statements have been approved for issue on 29th June 2022 by the Board.

### 2 Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). They have been prepared under the historical cost convention, as modified by financial assets/liabilities (including derivative financial instruments) at fair value through profit or loss and other comprehensive income and investment properties, which are carried at fair values.

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

#### 2.1 Amended standards adopted by the Group

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing 1st April 2021:

HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2

The newly adopted amendments to existing standards listed above did not have material impact on the results and financial position of the Group.

## 2.2 New and amended standards, improvement, interpretation and accounting guideline not yet adopted

The following new standard, amendments to existing standards, improvement, interpretation and accounting guideline have been issued but are not effective for the financial year beginning on 1st April 2021 and have not been early adopted by the Group:

		<b>Effective for accounting periods beginning on or after</b>
Annual Improvements Project	Annual Improvements to HKFRSs Standards 2018 - 2020	1st January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use	1st January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1st January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1st January 2022
Hong Kong Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations	1st January 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1st January 2023
HKFRS 17	Insurance Contracts	1st January 2023
HK (IFRIC) – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1st January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1st January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1st January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1st January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The Group will adopt the above new standards, amendments to existing standards, improvement, interpretation and accounting guideline when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new standards, amendments, improvement, interpretation and accounting guideline, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

### 3 Revenue and segment information

The Group's revenue consists of the following:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Sales of goods	<b>2,710,794</b>	1,979,423
Service income	<b>47,096</b>	56,563
Rental income	<b>50,010</b>	37,646
	<hr/>	<hr/>
Total revenue	<b><u>2,807,900</u></b>	<u>2,073,632</u>

The Group's businesses are managed according to the nature of their operations and the products and services they provide.

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used to making strategic decisions. The CODM is identified as the Executive Directors of the Company. The Executive Directors consider the business from a customer perspective and assess the performance of the operating segments based on the segment revenue and segment results for the purposes of allocating resources and assessing performance. These reports are prepared on the same basis as these consolidated financial statements. During the Year, management has renamed the operating segments to reiterate the business focuses. The CODM considers the Group operates predominantly in three operating segments:

- (i) Steels Distribution and Processing Business (formerly known as Construction Materials Business);
- (ii) Building Products Distribution Business (formerly known as Building and Design Solutions Business); and
- (iii) Property Investment and Fund Management Business (formerly known as Property Investment and Project Management Business).

The CODM assesses the performance of operating segments based on a measure of profit before income tax.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Segment assets by geographical market consist primarily of property, plant and equipment, investment properties, right-of-use assets, intangible assets, investments accounted for using the equity method, prepayments, deposits and other receivables. They exclude financial instruments and deferred income tax assets.

Capital expenditure comprises additions to investment properties and property, plant and equipment for the Year.



Analysis of the Group's results by business segment for the year ended 31st March 2022 is as follows:

	<b>Steels Distribution and Processing Business HK\$'000</b>	<b>Building Products Distribution Business HK\$'000</b>	<b>Property Investment and Fund Management Business HK\$'000</b>	<b>Unallocated HK\$'000</b>	<b>Total HK\$'000</b>
Revenue from contracts with customers					
– Recognised at a point in time	<b>2,317,125</b>	<b>393,669</b>	<b>—</b>	<b>—</b>	<b>2,710,794</b>
– Recognised over time	<b>—</b>	<b>—</b>	<b>47,096</b>	<b>—</b>	<b>47,096</b>
– Rental income	<b>29</b>	<b>—</b>	<b>49,981</b>	<b>—</b>	<b>50,010</b>
	<b><u>2,317,154</u></b>	<b><u>393,669</u></b>	<b><u>97,077</u></b>	<b><u>—</u></b>	<b><u>2,807,900</u></b>
Operating profit/(loss)	<b>107,177</b>	<b>48,217</b>	<b>57,523</b>	<b>(55,925)</b>	<b>156,992</b>
Finance income	<b>830</b>	<b>71</b>	<b>160</b>	<b>5</b>	<b>1,066</b>
Finance costs	<b>(19,649)</b>	<b>(5,192)</b>	<b>(35,151)</b>	<b>(2,510)</b>	<b>(62,502)</b>
Share of results of investments accounted for using the equity method	<b>—</b>	<b>—</b>	<b>(12,550)</b>	<b>—</b>	<b>(12,550)</b>
Profit/(loss) before income tax	<b><u>88,358</u></b>	<b><u>43,096</u></b>	<b><u>9,982</u></b>	<b><u>(58,430)</u></b>	<b><u>83,006</u></b>
Other (loss)/gains - net	<b><u>(1,588)</u></b>	<b><u>1,792</u></b>	<b><u>3,057</u></b>	<b><u>2,463</u></b>	<b><u>5,724</u></b>
Fair value gain on investment properties	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>832</u></b>	<b><u>—</u></b>	<b><u>832</u></b>
Capital expenditure	<b><u>7,263</u></b>	<b><u>303</u></b>	<b><u>574</u></b>	<b><u>959</u></b>	<b><u>9,099</u></b>
Depreciation and amortisation	<b><u>(4,061)</u></b>	<b><u>(4,885)</u></b>	<b><u>(1,417)</u></b>	<b><u>(6,617)</u></b>	<b><u>(16,980)</u></b>

Analysis of the Group's results by business segment for the year ended 31st March 2021 is as follows:

	Steels Distribution and Processing Business <i>HK\$'000</i>	Building Products Distribution Business <i>HK\$'000</i>	Property Investment and Fund Management Business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from contracts with customers					
– Recognised at a point in time	1,660,669	313,867	—	4,887	1,979,423
– Recognised over time	—	—	56,563	—	56,563
– Rental income	93	—	37,553	—	37,646
	<u>1,660,762</u>	<u>313,867</u>	<u>94,116</u>	<u>4,887</u>	<u>2,073,632</u>
Operating profit/(loss)	55,722	38,854	51,473	(50,049)	96,000
Finance income	917	41	105	47	1,110
Finance costs	(15,931)	(4,663)	(39,432)	(3,998)	(64,024)
Share of results of investments accounted for using the equity method	—	—	(19,724)	—	(19,724)
Profit/(loss) before income tax	<u>40,708</u>	<u>34,232</u>	<u>(7,578)</u>	<u>(54,000)</u>	<u>13,362</u>
Other gains - net	<u>276</u>	<u>955</u>	<u>2,352</u>	<u>4,484</u>	<u>8,067</u>
Fair value loss on investment properties	<u>—</u>	<u>—</u>	<u>(8,362)</u>	<u>—</u>	<u>(8,362)</u>
Capital expenditure	<u>275</u>	<u>316</u>	<u>1,595</u>	<u>8</u>	<u>2,194</u>
Depreciation and amortisation	<u>(5,089)</u>	<u>(5,786)</u>	<u>(1,630)</u>	<u>(13,632)</u>	<u>(26,137)</u>

The Group's main business is domiciled in Hong Kong and Mainland China. Analysis of the Group's revenue by geographical market is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	2,078,884	1,393,815
Mainland China	<u>729,016</u>	<u>679,817</u>
	<u>2,807,900</u>	<u>2,073,632</u>

Non-current assets, other than financial instruments and deferred income tax assets, by geographical market is as follows:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Hong Kong	<b>423,543</b>	394,128
Mainland China	<b>1,493,999</b>	1,434,069
	<b><u>1,917,542</u></b>	<u>1,828,197</u>

**(a) Revenue recognition in relation to contract liabilities**

As at 31st March 2022, contract liabilities included receipts in advance and deferred revenue amounting to HK\$78,080,000 (2021: HK\$53,537,000). The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward receipts in advance and deferred revenue:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Revenue recognised that was included in the receipts in advance and deferred revenue at the beginning of the year	<b><u>53,537</u></b>	<u>57,258</u>

**(b) Unsatisfied long-term contract**

The following table shows unsatisfied performance obligations resulting from fixed-price long-term sales contracts recognised at a point in time:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Aggregate amount of the transaction price allocated to long-term sales contracts that are partially or fully unsatisfied as at 31st March	<b><u>671,568</u></b>	<u>409,094</u>

Management expects that 65.9% (2021: 93.4%) of the transaction price, totalling HK\$442,690,000 (2021: HK\$382,297,000) allocated to unsatisfied performance obligations as of 31st March 2022 will be recognised as revenue during the next reporting period. The remaining 34.1% of approximately HK\$228,878,000 (2021: 6.6% of approximately HK\$26,797,000) will be recognised in the 2023/24 financial year (2021: 2022/23 financial year).

All other contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

#### 4 Other gains - net

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividend income	657	—
Net exchange (losses)/gains	(1,466)	277
Impairment loss on property, plant and equipment	—	(572)
Gain on modification of lease	1,141	2,865
Penalty income from tenants in relation to early termination of rental agreements	2,671	2,402
Release of exchange reserve upon deregistration of subsidiaries	1,131	—
Sundry income	1,590	3,095
	<u>5,724</u>	<u>8,067</u>

#### 5 Expenses by nature

Expenses included in “cost of sales”, “selling and distribution expenses”, “impairment loss on financial assets - net” and “general and administrative expenses” are analysed as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of finished goods sold	2,362,219	1,703,668
Reversal of impairment of inventories	(1,051)	(1,825)
(Reversal of)/provision for onerous contracts	(213)	33,280
Depreciation of property, plant and equipment	6,470	13,046
Depreciation of right-of-use assets	9,800	12,308
Loss on disposals of property, plant and equipment	96	145
Amortisation of intangible assets	710	783
Employee benefit expenses (Note)	133,802	98,603
Expenses relating to short-term or low-value leases	3,153	946
Property tax for investment properties	7,996	7,160
Provision for impairment of trade and bill receivables - net	601	293
Auditor's remuneration		
– Audit services	2,667	2,650
– Non-audit services	125	116
Legal and professional fees	5,639	3,393
Freight charges	79,556	63,654
Storage and handling charges	8,373	7,487
Others	37,521	31,630
Total	<u>2,657,464</u>	<u>1,977,337</u>

Note:

During the year ended 31st March 2021, wage subsidies of HK\$3,632,000 and HK\$5,596,000 granted from the Employment Support Scheme under Anti-Epidemic Fund was recognised in “cost of sales” and “general and administrative expenses” respectively and had been offset with the employee benefit expenses. No wages subsidies were received by the Group for the year ended 31st March 2022.

## 6 Finance income and costs

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Finance income		
Interest income:		
– short-term bank deposits	<b>1,066</b>	1,110
Finance costs		
Interest expenses:		
– borrowings and hire purchase liabilities	<b>(56,921)</b>	(59,719)
– transfer from hedging reserve		
– interest rate swaps designated as cash flow hedges	<b>(794)</b>	(144)
– lease liabilities	<b>(477)</b>	(824)
Bank charges	<b>(4,310)</b>	(3,337)
	<b>(62,502)</b>	(64,024)
Net finance costs	<b>(61,436)</b>	(62,914)

## 7 Income tax expenses

Taxation on overseas profits has been calculated on the estimated assessable profit for the Year at the rates of taxation prevailing in the countries in which the Group operates.

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) except for one of the Hong Kong incorporated subsidiaries which is subject to 8.25% for its first HK\$2,000,000 of assessable profits under the two-tiered profits tax regime during the Year (2021: Same). Subsidiaries established in Mainland China are subject to China corporate income tax at 25% (2021: 25%).

The amount of income tax expense recorded in the consolidated income statement represents:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	<b>5,068</b>	4,129
– China corporate income tax	<b>2,913</b>	3,138
Deferred income tax	<b>11,415</b>	1,010
Under-provision in prior years	<b>171</b>	1,262
	<b>19,567</b>	9,539

## 8 Dividends

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend of HK1.50 cents (2021: Nil) per ordinary share ( <i>Note (a)</i> )	9,606	—
Proposed final dividend of HK1.50 cents (2021: Nil) per ordinary share ( <i>Note (b)</i> )	9,606	—
Special dividend of HK1.00 cent per ordinary share ( <i>Note (c)</i> )	—	6,412

### Notes:

- (a) An interim dividend in respect of the six months ended 30th September 2021 of HK1.50 cents per ordinary share (six months ended 30th September 2020: Nil) was paid in cash on 4th January 2022 to shareholders whose names appeared on the Register of Members of the Company on 17th December 2021.
- (b) A final dividend in respect of the year ended 31st March 2022 of HK1.50 cents per ordinary share (2021: Nil), amounting to approximately HK\$9,606,000, is to be proposed for shareholders' approval at the forthcoming annual general meeting of the Company. The amount of the proposed final dividend is based on 640,414,315 ordinary shares in issue as at 31st March 2022. These consolidated financial statements do not reflect this proposed final dividend payable for the year ended 31st March 2022.
- (c) A special dividend in respect of the year ended 31st March 2021 of HK1.00 cent per ordinary share, amounting to approximately HK\$6,412,000 was approved at the annual general meeting of the Company held on 11th August 2021. The special dividend yet to pay out by the Company as at 31st March 2021 was approximately HK\$6,412,000 which was paid on 27th August 2021.

## 9 Earnings per ordinary share

### (a) Basic

Basic earnings per ordinary share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Profit attributable to owners of the Company (HK\$'000)	<u>65,503</u>	<u>1,673</u>
Weighted average number of ordinary shares in issue ('000)	<u>640,889</u>	<u>641,232</u>
Basic earnings per ordinary share (HK cent(s))	<u>10.22</u>	<u>0.26</u>

**(b) Diluted**

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares arising from share options, for which a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Diluted earnings per ordinary share for the years ended 31st March 2022 and 2021 equal to basic earnings per ordinary share as there were no potentially dilutive ordinary shares for both years end.

**10 Investments accounted for using the equity method**

The movements of interests in associates and joint ventures are as follows:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
At beginning of year	<b>337,430</b>	313,823
Share of loss of investments accounted for using the equity method	<b>(12,550)</b>	(19,724)
Investment in an associate	<b>7,201</b>	12,500
Currency translation differences	<b>15,694</b>	30,831
At end of year	<b><u>347,775</u></b>	<u>337,430</u>

**11 Trade and bill receivables**

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade receivables	<b>499,352</b>	365,806
Bill receivables	<b>26,782</b>	18,799
Less: Provision for impairment	<b>(16,536)</b>	(20,791)
Trade and bill receivables - net	<b><u>509,598</u></b>	<u>363,814</u>

Sales are either covered by letters of credit or open account with credit terms of 0 to 90 days.

Ageing analysis of trade and bill receivables by invoice date is as follows:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 60 days	<b>338,506</b>	282,560
61 to 120 days	<b>101,857</b>	45,458
121 to 180 days	<b>35,368</b>	14,490
181 to 365 days	<b>23,729</b>	16,762
Over 365 days	<b>26,674</b>	25,335
	<b>526,134</b>	384,605
Less: Provision for impairment	<b>(16,536)</b>	(20,791)
	<b>509,598</b>	363,814

The carrying amounts of net trade and bill receivables approximated their fair values as at 31st March 2022.

## 12 Trade and bill payables

Payment terms with suppliers are either on letters of credit or open account with credit period of 30 to 180 days.

Ageing analysis of trade and bill payables by invoice date is as follows:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 60 days	<b>358,632</b>	244,911
61 to 120 days	<b>5,273</b>	196
121 to 180 days	<b>68,900</b>	30
181 to 365 days	<b>498</b>	33
Over 365 days	<b>259</b>	184
	<b>433,562</b>	245,354

The carrying amounts of trade and bill payables approximated their fair values as at 31st March 2022.



### 13 Borrowings

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current		
– Trust receipts bank loans	593,598	546,798
– Short-term bank loans	86,099	62,699
– Current portion of long-term bank loans, secured	49,856	48,834
– Current portion of a hire purchase liability, secured	862	—
– Other loan	6,304	16,562
	<u>736,719</u>	<u>674,893</u>
Non-current		
– Long-term bank loans, secured	746,444	779,749
– Hire purchase liability, secured	3,320	—
– Other loan	12,475	—
	<u>762,239</u>	<u>779,749</u>
Total borrowings	<u><u>1,498,958</u></u>	<u><u>1,454,642</u></u>

### 14 Commitments

#### (a) Commitments under operating leases

##### (i) Lessor

The Group leases investment properties under non-cancellable operating lease agreements. The lease agreements are renewable at the end of the lease period at market rate. As at 31st March 2022, the Group had total commitments receivable under various non-cancellable operating lease agreements in respect of rented premises of HK\$29,800,000 (2021: HK\$25,235,000).

##### (ii) Lessee

As at 31st March 2022, the Group had total commitments payable under various non-cancellable operating lease agreements in respect of short-term and low-value leases of HK\$638,000 (2021: HK\$781,000) which will be recognised as an expense in the forthcoming consolidated income statement.

## (b) Capital commitments

Significant commitment contracted for at the end of the reporting period but not recognised as liability is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contracted but not provided for renovation work for an investment property	81	39
Commitment to provide funding for associate's capital commitments, if called	<u>11,196</u>	<u>18,313</u>
	<u><u>11,277</u></u>	<u><u>18,352</u></u>

## 15 Contingent Liabilities

In carrying out the ordinary course of business, the Group is subject to the risk of being named as defendant in legal actions, claims and disputes in connection with its business activities. The nature of the legal proceedings initiated against the Group mainly includes claims for compensation by the Group's existing or former employees for work related injuries. The Group maintains insurance cover and, in the opinion of the Directors, based on current available evidence, any such existing claims and legal proceedings against the Group are not expected to have significant adverse financial impact to the Group as at 31st March 2022.

Other than the above, as at 31st March 2022, the Group did not have any material contingent liability (2021: Nil).

## 16 Events after the reporting period

Since late March 2022, the COVID-19 outbreak in Shanghai has caused momentarily disruption to business and economic activities. Although the situation remains fluid as at the date of the consolidated financial statements which are authorised for issue, the Directors considered that the direct financial impact arising from COVID-19 on the Group's consolidated financial statements are not material. The fair values of the Group's investment properties and the investment properties held by the Group's associate and joint venture at 31st March 2022 were estimated based on a range of forecast economic conditions as at that date and information available on that date without undue cost or effort. The impact on certain key assumptions will be considered when determining the severity and likelihood of downside economic scenarios that will be used to estimate fair values of investment properties.

Except as disclosed above, the Group had no other significant subsequent event after the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

During FY2021/22 (the “Year”), the Novel Coronavirus (“COVID-19”) pandemic has unfortunately persisted, and the subsequent infection control measures in Hong Kong and Shanghai have restricted both infrastructure projects development as well as rebound of consumption activities. Together with rising inflation, growing difficulties in global supply chain, and the regional conflict which severely disrupted the global steel and energy supply and demand, these have all posed significant challenges to the Group’s daily operation and financial performance, particularly in the fourth quarter of the Year. Nonetheless, as economies slowly adapted to the “new normal”, construction projects in Hong Kong and Macau, whether private or public, have demonstrated a gradual yet sustainable rebound in demand, while the Shanghai office market is also regaining momentum. In tandem with the Group’s unremitting effort in steel sourcing, improving steels processing efficiency and asset management capability, the Group was able to deliver another set of encouraging results for the Year.

During the Year, revenue increased from approximately HK\$2,073.6 million for the same period last year, to approximately HK\$2,807.9 million for the Year, representing a year-on-year growth of 35.4%, mainly attributable to the increase in steel price as well as the surge in order delivery from our Steels Distribution and Processing Business (formerly known as Construction Materials Business). In line with the increase in revenue, gross profit increased from approximately HK\$253.0 million to approximately HK\$339.7 million, with gross profit margin maintained at approximately 12.1% (FY2020/21: approximately 12.2%), as a result of the Group’s proven procurement strategy and increasing processing efficiency. Profit attributable to owners of the Company reached approximately HK\$65.5 million, representing a significant increase of 38.2 times as compared with same period last year.

In terms of business segments, whilst Property Investment and Fund Management Business (formerly known as Property Investment and Project Management Business) remained resilient, Steels Distribution and Processing Business and Building Products Distribution Business (formerly known as Building and Design Solutions Business) have achieved encouraging results during the Year, with an increase in segment profit before income tax of approximately 117.1% and 25.9% respectively.

For the Year, the basic earnings per ordinary share was HK10.22 cents, as compared with HK0.26 cent in last year.

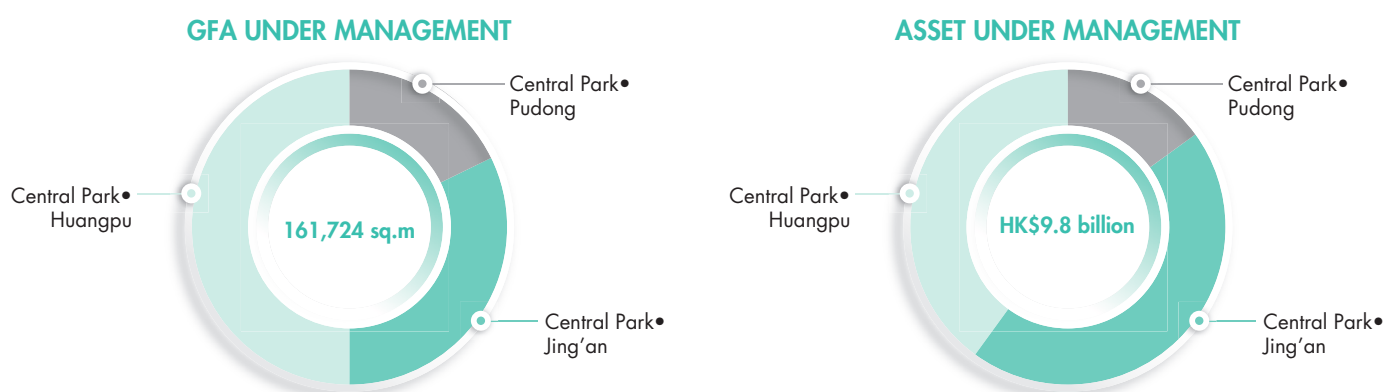
The Group also strived to do good while doing well. During the Year, the Group joined hands with local communities to fight against the pandemic in Hong Kong and Shanghai. Its reinforcing bar processing plant in Tsing Yi has supplied high-quality, tested, and prefabricated rebar for the construction of community isolation and treatment facilities. The Pullman Shanghai Skyway Hotel located in its Central Park • Huangpu, Shanghai also served as an accommodation facility for local medical staff.

## BUSINESS REVIEW

### Property Investment and Fund Management Business

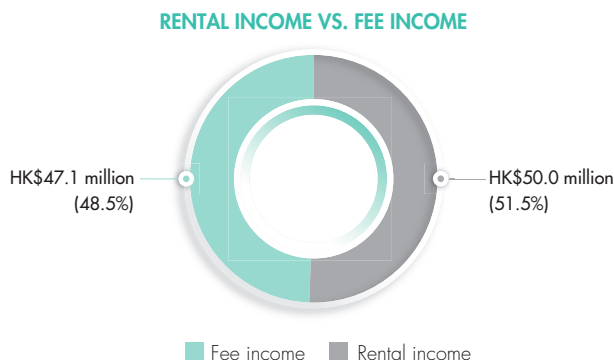
*(formerly known as Property Investment and Project Management Business)*

Positioned as a niche market specialist with proven track record in asset revitalisation and value optimisation, the Group's Property Investment and Fund Management Business primarily focuses on the commercial property market in Shanghai, through (i) direct acquisition of commercial properties, with a view to generate sustainable rental and property management fee income and achieving fair value appreciation in the medium-to-long term; and (ii) investing in properties via partnerships or investment funds, where the Group takes an equity stake and acts as a general partner and/or investment manager to earn fee income.



The Group embraced its “asset-light” model when developing its property projects. As at 31st March 2022, the Group is managing a total gross floor area (“GFA”) of approximately 161,724 square meters, with asset under management of approximately HK\$9,828.0 million in values. Among the three Central Park projects under management, Central Park • Pudong is wholly-owned by the Group, while it is partnering with leading investment funds for the other two revitalisation projects, namely Central Park • Jing'an and Central Park • Huangpu.

Even though the tightened infection control measures in Shanghai posed momentary impact on the Group's operation and hindered commercial activities like new tenants visits, our property management team in Shanghai was committed to staying in the managed properties and maintaining the necessary supporting services to tenants and customers. Thanks to the improvement in video conferencing facilities and remote working technologies, our leasing team was able to interact with our existing tenants as well as potential tenants without interruptions. For the Year, rental income of our wholly-owned property, Central Park • Pudong, has increased to approximately HK\$50.0 million, representing a 33.1% growth as compared with last year. Also, major revitalisation work of Central Park • Huangpu was completed in September 2021, and tenants have gradually moved into this landmark building located in Huangpu District, Shanghai during the second half of the Year.



All in all, the Group’s Property Investment and Fund Management Business recorded a profit before income tax of approximately HK\$10.0 million on revenue of approximately HK\$97.1 million for the Year, representing a turnaround from a loss before income tax of approximately HK\$7.6 million on revenue of approximately HK\$94.1 million for the same period last year.

***Review of major investment properties/significant investments held***

***Central Park • Pudong***

Central Park • Pudong is a 12-storey office tower with a total above-ground GFA of approximately 24,752 square meters. Situated in Inner Ring Road, a prime location of the Pudong New District, Shanghai, the tower is in close proximity to Lujiazui’s Central Business District and Beiyangjing Road Station of Line 6 of Shanghai metro.

The Group strives to create a perfect workspace and office environment for existing and potential tenants. Hence, the Group has taken various initiatives to offer fit-out office space (“Workspace @ CP”), allowing instant and flexible move-in services for tenants. This initiative idea was well accepted by the market, and the Group has subsequently replicated it to other Central Park projects. Both occupancy and rent rates of Central Park • Pudong have enjoyed a steady rebound, with rental income reaching HK\$50.0 million during the Year, representing a 33.1% growth.

***Central Park • Jing’an***

Central Park • Jing’an is a 29-storey Grade A office building with a retail podium on the ground floor, totalling approximately 58,601 square meters in above-ground GFA. The premises is situated at the junction of Hengfeng Road and Hanzhong Road, two major pathways across Jing’an District and within the Everbright City of Jing’an. Surrounded by metro-connected retail shopping malls, hotel amenities and a number of Grade A office buildings, Central Park • Jing’an enjoys locational excellence with 3 easily-accessible metro lines, and is within 10 minutes’ walking distance to Shanghai Railway Station.

The Group invested in Central Park • Jing’an by partnering with a leading sovereign wealth fund to form a joint venture, namely HSL Shanghai Office Partners I Limited, which the Group holds an effective 9.3% equity interests. In addition to the potential value appreciation, the Group also earns fee income through the provision of management services. The project underwent revitalisation in September 2018, and upon completion, it is positioned as a Grade A office with modernised office and workspace facilities.

During the Year, Central Park • Jing'an recorded an improving financial performance, with the Group's share of loss of investment accounted for using the equity method reduced to approximately HK\$6.8 million (FY2020/21: share of loss of approximately HK\$9.7 million).

### *Central Park • Huangpu*

Central Park • Huangpu is a 53-storey high-rise landmark located at the heart of Huangpu's central business district, near the intersection of Dapu Road and Xujiahui Road and a 5-minute-walk from metro station. As a regional landmark commercial complex with an above-ground GFA of approximately 78,371 square meters, Central Park • Huangpu is the host of Pullman Shanghai Skyway Hotel (a 5-star hotel managed by Accor Hotel Group) with office building, conference halls, catering facilities and retail outlets.

The Group invested in Central Park • Huangpu through Skyline Holdings (BVI) Limited, by partnering with a leading private equity fund which the Group holds 5% equity interests. In addition to the potential value appreciation, the Group also earns fee income through the provision of management services. The project underwent revitalisation in June 2020, and thanks to the dedicated efforts from its execution team and partners, main renovation and facilities upgrade has been completed within the 15-month period, despite conducted under the COVID-19 pandemic. During the Year, there was a notable increase in fair value of Central Park • Huangpu after the completion of revitalisation. Occupancy rate has also improved notably while overall average rent rate has already increased for approximately 20% as compared with the time of acquisition. Thus, further showcasing the Group's revitalisation capabilities.

During the Year, the Group's share of loss of investment accounted for using the equity method for this project continued to narrow to approximately HK\$5.8 million (FY2020/21: share of loss of approximately HK\$10.0 million).

### **Building Products Distribution Business** *(formerly known as Building and Design Solutions Business)*

Building Products Distribution Business represents a comprehensive value proposition for architects and designers. It offers an extensive, well-designed, and popular portfolio of branded sanitary wares, fitting and kitchenware products for hotels, residential, shopping malls, airport and commercial buildings, providing full-chain services covering design, installation, logistics and technical support.

Contributed by the notable rebound in renovation projects for commercial buildings and hotels in Hong Kong, as well as the successful order fulfillment for key projects in Macau, the segment achieved a remarkable results for the Year, with profit before income tax increasing by 25.9% to approximately HK\$43.1 million, on revenue of approximately HK\$393.7 million, as compared with a profit before income tax of approximately HK\$34.2 million, on revenue of approximately HK\$313.9 million last year. During the Year, the segment has completed several iconic projects, including the new Phase 3 of Macau Galaxy project, AIRSIDE at Kai Tak as well as the renovation projects for Alexandra House and Central Plaza.

During the Year, the Group has become a strategic investor as well as one of the distributors of a leading “Smart Toilet Solution” service provider, BluTech IoT, the award winner of the 14th edition of the Hong Kong ICT Awards. Blutech IoT is a startup company focusing on building intelligent AIoT systems used in commercial properties and shopping malls, whose solutions would improve property management efficiency for property owners or management companies. By leveraging the Group’s comprehensive brand portfolio in sanitary ware, together with the AIoT solutions offered by BluTech IoT, the Group is well-positioned to capture the rising demand from the growing hygiene awareness amidst the pandemic, as well as the growing call for high-quality and “smart” property management services.

### **Steels Distribution and Processing Business** *(formerly known as Construction Materials Business)*

Steels Distribution and Processing Business mainly offers construction and industrial steel in Hong Kong and Mainland China. During the Year, the segment continued to face challenges on various fronts, with the COVID-19 pandemic as well as regional conflict both have caused notable disruption to steel supply and demand, thus increasing the volatility of global steel price. Thankfully, the Group’s proven procurement strategy was able to effectively manage the price risk, allowing it to improve its margin. In the case of Hong Kong, as COVID-19 slowly stabilised, there was also an increase in the number of public and private construction projects, laying a solid foundation for profit growth. In particular, its delivery volume has increased by approximately 29% and 8% for its construction steels processing business and construction steels distribution business in Hong Kong, respectively during the Year. All in all, the segment profit before income tax also increased by 117.1% to approximately HK\$88.4 million, on revenue of approximately HK\$2,317.2 million, as compared with a profit before income tax of approximately HK\$40.7 million, on revenue of approximately HK\$1,660.8 million for the same period last year.

The key projects that the Group has participated include both civil infrastructure works and private projects, such as Tseung Kwan O – Lam Tin Tunnel, Shek Wu Hui Effluent Polishing Plant, Water Supplies Department headquarters, hotels project in Cheung Sha Wan, and private residential project in Siu Hong station.

## **OUTLOOK**

### **Property Investment and Fund Management Business**

Shanghai has made concerted and all-out effort against the current wave of pandemic in the past two months, the COVID-19-induced lockdown has recently come to a close and the impact to the Group’s operation in Shanghai was temporary. Although it remains to be seen on how soon Shanghai can fully recover, the Group remains cautiously optimistic over Shanghai’s long-term economy growth as well as the growth momentum from the office leasing market upon easing of anti-epidemic restriction measures.

With major renovation work of Central Park • Huangpu being completed, the Group will strive to increase its occupancy rate in the upcoming year, and will work closely with its partners for providing a better workspace for tenants to grow their businesses. The Group will also keep a keen eye on other possible opportunities in Shanghai for property revitalisation and management.

## **Building Products Distribution Business**

By leveraging the strong market presence of its brand partners as well as their comprehensive, well-designed sanitary product and fitting portfolio, the Group endeavor to capture the market opportunities arising from rising hygiene awareness and growing call on product customisation. Also, the introduction of Smart Toilet Solution would further enrich the Group's brand portfolio, allowing it to offer a more comprehensive "Product+Service" solutions to its clients, which in turn, would drive product adoption and market penetration. The Group's growing capability, meanwhile, would also make it a more attractive proposition to other potential branded partners, laying a solid foundation for future brand expansion.

## **Steels Distribution and Processing Business**

The Group remains cautiously optimistic in the outlook of the construction industry in Hong Kong. According to the Government's Budget 2022/23 and the Chief Executive's 2022 Policy Address, the Hong Kong Government continues to take forward the development of an international innovation and technology hub in the Northern Metropolis, setting aside HK\$100 billion in the Future Fund to expedite infrastructure works relating to land, housing and transportation. This should lay a solid foundation of the pipeline for the demand of construction steel materials.

Currently, the business is well on track to deliver profit growth. Supported by the expanded production capacity and the continuous improvement processing efficiency of its off-site steel processing plant in Tsing Yi, the Group is well-positioned to capture the rising demand from public housing development, as well as the increasing acceptance of off-site cut-and-bend for a green construction future.

The Group will also maintain its prudent procurement strategy in order to mitigate the risks brought by steel price volatility, lingering COVID-19, and potential inflation.

## **FINANCIAL REVIEW**

### **Financial Position**

Compared with the financial year ended 31st March 2021, the Group's total assets increased from approximately HK\$2,960.8 million to approximately HK\$3,368.2 million as at 31st March 2022. The Group's inventories increased from approximately HK\$443.1 million to approximately HK\$547.5 million, mainly due to the continuous surge in steel price in the Year. The average inventory days of supply is at approximately 73 days. The Group's trade and bill receivables also increased from approximately HK\$363.8 million to approximately HK\$509.6 million. The average overall days of sales outstanding slightly decreased to 49 days. Net asset value of the Group increased from approximately HK\$1,008.5 million to approximately HK\$1,114.2 million, mainly attributable to the translation gain arisen from the appreciation on Renminbi ("RMB") for the Group's net investments in Mainland China as well as the profit attributable to owners gained in the Year. Net asset value per ordinary share was equivalent to approximately HK\$1.55 as at 31st March 2022.



Compared with the financial position as at 31st March 2021, the Group's cash and cash equivalents and pledged bank deposits increased by approximately HK\$58.9 million to approximately HK\$232.0 million, while the Group's borrowings increased by approximately HK\$44.3 million to approximately HK\$1,499.0 million as at 31st March 2022. Current ratio maintained at approximately 1.0, with gearing ratio (net debt, which is total borrowings minus pledged bank deposits and cash and cash equivalents, divided by capital and reserves attributable to owners of the Company plus net debt) slightly decreasing from 59.1% to 56.1%. The Group will continue to monitor the turnover of its working capital, and take various measures on cost containment and operational efficiency improvement to preserve working capital and strengthen its liquidity.

## Financial Resources

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The Group's overall treasury and funding policies focus on managing financial risks including interest rate and foreign exchange risks; cost efficient funding of the Company and its subsidiaries; and yield enhancement from time to time when the Group's cash position allows. The Group has always adhered to prudent financial management principles, including the selection of investment securities according to the Group's treasury investment policy.

The Group's trade financing remained primarily supported by its bank trading and term loan facilities. As at 31st March 2022, approximately 59.0% of the Group's interest-bearing borrowings were denominated in HK dollar, approximately 33.7% in RMB and approximately 7.3% in US dollar. These facilities are either secured by the Group's inventories held under short-term trust receipts bank loan arrangement and/or pledged bank deposits and/or corporate guarantee provided by the Company. All of the above borrowings were on floating rate basis except for certain term loans of HK\$98.0 million, which is converted to a fixed rate basis through an interest rate swap arrangement. Interest costs of import bank loans were levied on interbank offered rates plus very competitive margin. RMB loans of the Group have been obtained from domestic and foreign banks in Mainland China in the amount of RMB409.9 million. Interest costs of RMB banking facilities were based on standard loan rates set by the People's Bank of China/Loan Prime Rate adjusted with competitive margin. The maturity of the Group's borrowings as at 31st March 2022 was as follows:

### Maturity Profile

Within 1 year	1-2 years	2-5 years	Total
49.2%	46.4%	4.4%	100%

## Charges on Assets

As at 31st March 2022, the Group had certain charges on assets which included (i) bank deposits of approximately HK\$43.1 million (2021: approximately HK\$54.0 million) and bill receivables of approximately HK\$20.7 million (2021: approximately HK\$18.1 million) which were pledged as collateral for the Group's bill payables; (ii) investment properties of approximately HK\$1,482.1 million (2021: approximately HK\$1,422.0 million) which were pledged as collaterals for certain bank borrowings of the Group; and (iii) machineries of approximately HK\$6.0 million (2021: Nil), included in property, plant and equipment, which was secured for the Group's hire purchase liabilities.

## **Foreign Exchange Risk**

The Group's businesses are primarily transacted in HK dollars, US dollars and RMB. As exchange rate between HK dollars and the US dollars is pegged, the Group believes its exposure to exchange rate risk arising from US dollars is not material. Facing the volatility of RMB, the Group will continue to match RMB payments with RMB receipts to minimise exchange exposure.

Forward foreign exchange contracts would be entered into when suitable opportunities arise and when management of the Group considers appropriate, to hedge against major non-HK dollars currency exposures. It is the Group's policy not to enter into any derivative transaction for speculative purposes.

## **Capital Expenditure**

During the Year, the Group's total capital expenditure amounted to approximately HK\$9.1 million (2021: approximately HK\$2.2 million).

## **Capital Commitments**

As at 31st March 2022, the Group's total capital commitments amounted to approximately HK\$11.3 million (2021: approximately HK\$18.4 million).

## **Contingent Liabilities**

Save as disclosed in Note 15, as at 31st March 2022, the Group had no other material contingent liabilities (2021: Nil).

## **Material Acquisitions and Disposals**

Except for the capital contribution to Skyline Holdings (BVI) Limited, the associate of the Company, the Group did not have any other material acquisitions and disposals of subsidiaries and associated companies during the Year.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in Note 16, there is no other significant subsequent event occurring after the reporting period.

## **HUMAN CAPITAL**

The Group is focusing on nurturing talents to support the Group's business development. Our growth strategy has always emphasised our strong commitment to people. We provide competitive remuneration package to attract and motivate employees. We always commit to provide a safe and pleasant working environment with constant learning and growth opportunities. As at 31st March 2022, the Group employed 235 staff (2021: 244 staff). Total staff costs including the contribution to retirement benefit schemes incurred during the Year amounted to approximately HK\$133.8 million. During the Year, no option has been offered and/or granted to Directors and our employees under the share option schemes adopted on 11th August 2011 and 11th August 2021.

## **DIVIDENDS**

The Board has recommended the payment of a final dividend of HK1.50 cents per ordinary share for the year ended 31st March 2022 (2021: Nil), payable to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 26th August 2022, subject to the approval of shareholders at the annual general meeting of the Company to be held on Thursday, 18th August 2022 (the “2022 AGM”). Final dividend is expected to be paid on Monday, 5th September 2022.

During the Year, an interim dividend of HK1.50 cents per ordinary share and a special dividend of HK1.00 cent per ordinary share were paid to the shareholders by the Company on 4th January 2022 and 27th August 2021, respectively.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed during the following periods and during these periods, no transfer of shares will be registered:

**(i) For ascertaining the shareholders’ entitlement to attend and vote at the 2022 AGM:**

The register of members of the Company will be closed from Monday, 15th August 2022 to Thursday, 18th August 2022, both days inclusive, for the purpose of ascertaining the shareholders’ entitlement to attend and vote at the 2022 AGM. In order to be eligible to attend and vote at the 2022 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited (the “Branch Share Registrar”) of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 12th August 2022.

**(ii) For ascertaining the shareholders’ entitlement to the final dividend:**

On the assumption that the resolution for declaring the final dividend is duly passed at the 2022 AGM, the register of members of the Company will be closed from Wednesday, 24th August 2022 to Friday, 26th August 2022, both days inclusive, for the purpose of ascertaining the shareholders’ entitlement to the final dividend. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Branch Share Registrar for registration no later than 4:30 p.m. on Tuesday, 23rd August 2022.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, the Company repurchased a total of 818,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$317,710 and all the repurchased shares were subsequently cancelled. The Directors believe that share repurchases will be beneficial to the shareholders as the shares are traded at a discount to the net asset value per share. Details of the shares repurchased are as follows:

Month of repurchase	Number of shares repurchased	Consideration per share		Aggregate consideration paid (before expenses)
		Highest (HK\$)	Lowest (HK\$)	(HK\$)
September 2021	318,000	0.300	0.300	95,400
November 2021	346,000	0.450	0.435	153,010
December 2021	154,000	0.450	0.450	69,300
<b>Total</b>	<b>818,000</b>			<b>317,710</b>

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## AUDIT COMMITTEE

The audit committee of the Company has reviewed and discussed auditing, internal controls and financial reporting matters including review of the results for the year ended 31st March 2022.

## REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ending 31st March 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) except for CG Code provision A.2.1 (which has been re-numbered as CG Code provision C.2.1 since 1st January 2022) for the year ended 31st March 2022.

CG Code provision A.2.1 stipulates that the roles of the chairman and the chief executive should be separated and should not be performed by the same individual. Mr. Yao Cho Fai Andrew (“Mr. Yao”) serves as both the Chairman and Chief Executive Officer (i.e. Chief Executive). The Board believes that the vesting of the roles of both Chairman and Chief Executive Officer in Mr. Yao will enable him to continue to provide the Group with strong leadership, efficient usage of resources, as well as effective planning, formulation and implementation of the Company’s business strategies. The day-to-day management and operation of the Group will continue to be the responsibility of the management team under the monitoring of the executive committee of the Company and Mr. Yao’s leadership.

## **CODE FOR SECURITIES TRANSACTION BY DIRECTORS**

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, as amended from time to time, as its own code of conduct (the “Company’s Model Code”). Having made specific enquiry of all the Directors, they all confirmed that they have complied with the required standard set out in the Company’s Model Code during the Year.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the websites of the Company ([www.hkshalliance.com](http://www.hkshalliance.com)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report of the Company for the year ended 31st March 2022 containing all information required by the Listing Rules will be despatched to shareholders and available on the same websites in due course.

On behalf of the Board  
**Hong Kong Shanghai Alliance Holdings Limited**  
**Yao Cho Fai Andrew**  
*Chairman*

Hong Kong, 29th June 2022

*As at the date of this announcement, the Board comprises Mr. Yao Cho Fai Andrew and Mr. Lau Chi Chiu (being the executive directors); Mr. Tam King Ching Kenny, Mr. Xu Lin Bao, Mr. Yeung Wing Sun Mike and Mr. Li Yinquan (being the independent non-executive directors).*