



嘉靈控股集團有限公司

Karin Technology Holdings Limited

(Incorporated in Bermuda on 30 August 2002)  
(Company Registration Number 32514)

**Full Year Financial Statements And Dividend Announcement**  
**for the Year Ended 30 June 2020**

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group full year financial statements for the year ended 30 June 2020. These figures have not been audited.

**Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020**

	Group		
	2020 HK\$'000	2019 HK\$'000	% increase/ (decrease)
REVENUE	1,766,383	1,800,564	( 1.9)
Cost of sales	( 1,620,578)	( 1,620,818)	( 0.0)
Gross profit	145,805	179,746	( 18.9)
Other income and gains, net	9,143	7,067	29.4
Selling and distribution costs	( 66,268)	( 74,925)	( 11.6)
Administrative expenses	( 62,574)	( 68,356)	( 8.5)
Other expenses, net	( 16,061)	( 2,837)	466.1
Finance costs	( 3,099)	( 4,827)	( 35.8)
Share of profit of an associate	993	956	3.9
PROFIT BEFORE TAX	7,939	36,824	( 78.4)
Income tax expense	( 2,931)	( 4,510)	( 35.0)
PROFIT FOR THE YEAR	<u>5,008</u>	<u>32,314</u>	( 84.5)

**Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020** (continued)

	Group		
	2020	2019	% increase/ (decrease)
	HK\$'000	HK\$'000	
PROFIT FOR THE YEAR	<u>5,008</u>	<u>32,314</u>	( 84.5)
OTHER COMPREHENSIVE INCOME/(LOSS):			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	( 4,611)	( 11,818)	( 61.0)
Share of other comprehensive loss of an associate	( 9)	( 99)	( 90.9)
Item that will not be reclassified to profit or loss in subsequent periods:			
Surplus on revaluation upon transfer of property, plant and equipment to investment properties	<u>-</u>	<u>28,814</u>	( 100.0)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>( 4,620)</u>	<u>16,897</u>	( 127.3)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>388</u></u>	<u><u>49,211</u></u>	( 99.2)
Profit for the year attributable to:			
Owners of the Company	4,800	32,304	( 85.1)
Non-controlling interests	<u>208</u>	<u>10</u>	1,980.0
	<u><u>5,008</u></u>	<u><u>32,314</u></u>	( 84.5)
Total comprehensive income/(loss) attributable to:			
Owners of the Company	164	49,319	( 99.7)
Non-controlling interests	<u>224</u>	<u>( 108)</u>	307.4
	<u><u>388</u></u>	<u><u>49,211</u></u>	( 99.2)

The Group's profit before tax is arrived at after charging/(crediting):

	Group	
	2020	2019
	HK\$'000	HK\$'000
Cost of inventories sold	1,556,626	1,546,351
Cost of services provided	63,952	74,467
(Reversal of)/write-down of inventories to net realisable value and write-off of obsolete inventories	( 3,235)	4,286
Depreciation of property, plant and equipment	10,149	12,060
Depreciation of right-of-use assets	1,501	-
Operating lease rentals in respect of land and buildings	-	3,641
Lease payments not included in the measurement of lease liabilities	2,507	-
Auditor's remuneration	1,670	1,620
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	87,337	93,187
Pension scheme contributions	6,403	7,665
	<u>93,740</u>	<u>100,852</u>
Directors' remuneration:		
Fees	759	776
Other emoluments	5,104	5,858
	<u>5,863</u>	<u>6,634</u>
Bank interest income	( 618)	( 730)
Gross rental income	( 2,454)	( 3,775)
Fair value losses on investment properties	6,622	1,953
Fair value gain on financial asset at fair value through profit or loss	( 154)	( 281)
Fair value (gain)/loss on derivative financial instrument	( 213)	68
Foreign exchange differences, net	693	( 113)
Impairment of trade receivables, net	3,964	807
Loss/(gain) on disposal of items of property, plant and equipment	26	( 182)
Loss on disposal of an associate	4,400	-
	<u>4,400</u>	<u>-</u>

The Group's tax charge is as follows:

	Group	
	2020	2019
	HK\$'000	HK\$'000
Current		
Charge for the year	5,271	7,396
Underprovision/(overprovision) in prior years	437	( 307)
	<u>5,708</u>	<u>7,089</u>
Deferred	( 2,777)	( 2,579)
Total tax expenses for the year	<u>2,931</u>	<u>4,510</u>

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	30 June 2020 HK\$'000	30 June 2019 HK\$'000	30 June 2020 HK\$'000	30 June 2019 HK\$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	102,741	87,853	-	-
Investment properties	42,123	88,808	-	-
Goodwill	2,098	2,098	-	-
Investments in subsidiaries	-	-	76,308	76,308
Investment in associates	3,413	2,800	-	-
Deferred tax assets	7,923	5,289	-	-
Right-of-use assets	1,215	-	-	-
Prepayments and other assets	8,809	1,639	-	-
Total non-current assets	<u>168,322</u>	<u>188,487</u>	<u>76,308</u>	<u>76,308</u>
<b>CURRENT ASSETS</b>				
Inventories	170,071	176,096	-	-
Trade and bills receivables	339,893	401,852	-	-
Prepayments, other receivables and other assets	128,745	123,219	47	-
Amounts due from subsidiaries	-	-	50,867	50,257
Financial asset at fair value through profit or loss	1,171	1,017	-	-
Financial assets at fair value through other comprehensive income	-	950	-	-
Tax recoverable	-	1,460	-	15
Derivative financial instrument	145	-	-	-
Cash and cash equivalents	86,711	73,227	230	627
Total current assets	<u>726,736</u>	<u>777,821</u>	<u>51,144</u>	<u>50,899</u>
<b>CURRENT LIABILITIES</b>				
Trade and bills payables	199,654	209,945	-	-
Other payables and accruals	164,511	169,454	2,091	3,465
Amounts due to a subsidiary	-	-	2,283	1,010
Tax payable	8,587	4,166	-	-
Derivative financial instrument	-	68	-	-
Interest-bearing bank and other borrowings	85,276	126,175	-	-
Lease liabilities	948	-	-	-
Total current liabilities	<u>458,976</u>	<u>509,808</u>	<u>4,374</u>	<u>4,475</u>
NET CURRENT ASSETS	<u>267,760</u>	<u>268,013</u>	<u>46,770</u>	<u>46,424</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>436,082</u>	<u>456,500</u>	<u>123,078</u>	<u>122,732</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	2,236	2,441	-	-
Other payables	6,346	1,728	-	-
Other borrowings	264	357	-	-
Total non-current liabilities	<u>8,846</u>	<u>4,526</u>	<u>-</u>	<u>-</u>
Net assets	<u>427,236</u>	<u>451,974</u>	<u>123,078</u>	<u>122,732</u>

	<b>Group</b>		<b>Company</b>	
	30 June 2020 HK\$'000	30 June 2019 HK\$'000	30 June 2020 HK\$'000	30 June 2019 HK\$'000
<b>EQUITY</b>				
<b>Equity attributable to owners of the Company</b>				
Issued capital	21,476	21,476	21,476	21,476
Treasury shares	( 19)	( 19)	( 19)	( 19)
Reserves	406,243	431,205	101,621	101,275
	427,700	452,662	123,078	122,732
Non-controlling interests	( 464)	( 688)	-	-
Total equity	<u>427,236</u>	<u>451,974</u>	<u>123,078</u>	<u>122,732</u>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 30 June 2020		As at 30 June 2019	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
93	85,183	88	126,087

**Amount repayable after one year**

As at 30 June 2020		As at 30 June 2019	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
264	-	357	-

**Details of any collateral**

As at 30 June 2020, the above unsecured bank and other borrowings of HK\$85,183,000 (2019: HK\$126,087,000) included bank borrowings of HK\$85,183,000 (2019: HK\$125,181,000), which were covered by cross guarantees given by the Company and certain of its subsidiaries.

As at 30 June 2020, the lease liabilities (2019: finance lease obligations) of HK\$357,000 (2019: HK\$445,000) were secured by the underlying office equipment acquired.

**1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	2020	2019
	HK\$'000	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	7,939	36,824
Adjustments for:		
Bank interest income	( 618)	( 730)
Fair value losses on investment properties	6,622	1,953
(Reversal of)/write-down of inventories to net realisable value and write-off of obsolete inventories	( 3,235)	4,286
Depreciation of property, plant and equipment	10,149	12,060
Depreciation of right-of-use assets	1,501	-
Fair value (gain)/loss on derivative financial instrument	( 213)	68
Fair value gain on financial asset at fair value through profit or loss	( 154)	( 281)
Impairment of trade receivables, net	3,964	807
Loss on disposal of an associate	4,400	-
Loss/(gain) on disposal of items of property, plant and equipment	26	( 182)
Finance costs	3,099	4,827
Share of profit of an associate	( 993)	( 956)
Gain on rent concession	( 92)	-
	<u>32,395</u>	<u>58,676</u>
Decrease in inventories	9,630	8,380
Decrease in trade and bills receivables	56,346	30,176
Decrease in factored trade receivables	-	2,979
Decrease in financial asset at fair value through other comprehensive income	950	-
Increase in prepayments, other receivables and other assets	( 20,301)	( 81,672)
Decrease in trade and bills payables	( 9,753)	( 21,010)
Increase in other payables and accruals	627	89,990
Cash generated from operations	<u>69,894</u>	<u>87,519</u>
Interest paid	( 3,099)	( 4,814)
Interest element on finance lease rental payments	-	( 13)
Income tax refunded/(paid)	<u>325</u>	<u>( 9,822)</u>
Net cash flows from operating activities	<u>67,120</u>	<u>72,870</u>

	Group	
	2020	2019
	HK\$'000	HK\$'000
Net cash flows from operating activities	<u>67,120</u>	<u>72,870</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	( 1,856)	( 1,409)
Proceeds from disposal of an associate	2,500	-
Proceeds from sales of investment properties	13,161	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	215
Dividend from an associate	334	166
Interest received	<u>618</u>	<u>730</u>
Net cash flows from/(used in) investing activities	<u>14,757</u>	<u>( 298)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	91
New bank and other borrowings	626,499	376,055
Repayment of bank and other borrowings	( 667,335)	( 389,855)
Principal portion of lease payments/finance lease rental payments	( 1,319)	( 172)
Dividends paid to owners of the Company	<u>( 25,126)</u>	<u>( 37,795)</u>
Net cash flows used in financing activities	<u>( 67,281)</u>	<u>( 51,676)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,596	20,896
Cash and cash equivalents at beginning of financial year	73,227	54,211
Effect of foreign exchange rate changes, net	<u>( 1,112)</u>	<u>( 1,880)</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u>86,711</u>	<u>73,227</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u>86,711</u>	<u>73,227</u>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

The Group

	Attributable to owners of the Company												Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Land and buildings revaluation reserve HK\$'000	General reserve HK\$'000	Other reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000			
At 1 July 2018, as previously reported	21,461	( 19)	45,760	898	59	28,996	2,895	( 890)	9,982	330,122	439,264	( 1,247)	438,017	
Effect of adoption of IFRS 9	-	-	-	-	-	-	-	-	-	1,783	1,783	667	2,450	
At 1 July 2018, as restated	21,461	( 19)	45,760	898	59	28,996	2,895	( 890)	9,982	331,905	441,047	( 580)	440,467	
Profit for the year	-	-	-	-	-	-	-	-	-	32,304	32,304	10	32,314	
Other comprehensive income/(loss) for the year:														
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	( 11,700)	-	( 11,700)	( 118)	( 11,818)	
Share of other comprehensive loss of an associate	-	-	-	-	-	-	-	-	( 99)	-	( 99)	-	( 99)	
Surplus on revaluation upon transfer of property, plant and equipment to investment properties	-	-	-	-	-	28,814	-	-	-	-	28,814	-	28,814	
Total comprehensive income/(loss) for the year	-	-	-	-	-	28,814	-	-	( 11,799)	32,304	49,319	( 108)	49,211	
Issue of shares under the share option scheme	15	-	125	-	( 49)	-	-	-	-	-	91	-	91	
Transfer of share option reserve upon the forfeiture of share options	-	-	-	-	( 10)	-	-	-	-	10	-	-	-	
Final 2018 dividend paid	-	-	-	-	-	-	-	-	-	( 25,340)	( 25,340)	-	( 25,340)	
Interim 2019 dividend paid	-	-	-	-	-	-	-	-	-	( 12,455)	( 12,455)	-	( 12,455)	
Transfer between reserves of a subsidiary	-	-	-	-	-	-	188	-	-	( 188)	-	-	-	
At 30 June 2019	<u>21,476</u>	<u>( 19)</u>	<u>45,885</u>	<u>898</u>	<u>-</u>	<u>57,810</u>	<u>3,083</u>	<u>( 890)</u>	<u>( 1,817)</u>	<u>326,236</u>	<u>452,662</u>	<u>( 688)</u>	<u>451,974</u>	



## The Group

	Attributable to owners of the Company											
	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Land and buildings revaluation reserve HK\$'000	General reserve HK\$'000	Other reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2019	21,476	( 19)	45,885	898	57,810	3,083	( 890)	( 1,817)	326,236	452,662	( 688)	451,974
Profit for the year	-	-	-	-	-	-	-	-	4,800	4,800	208	5,008
Other comprehensive income/(loss) for the year:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	( 4,627)	-	( 4,627)	16	( 4,611)
Share of other comprehensive loss of an associate	-	-	-	-	-	-	-	( 9)	-	( 9)	-	( 9)
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	( 4,636)	4,800	164	224	388
Final 2019 dividend paid	-	-	-	-	-	-	-	-	( 16,750)	( 16,750)	-	( 16,750)
Interim 2020 dividend paid	-	-	-	-	-	-	-	-	( 8,376)	( 8,376)	-	( 8,376)
Transfer between reserves of a subsidiary	-	-	-	-	-	258	-	-	( 258)	-	-	-
At 30 June 2020	<u>21,476</u>	<u>( 19)</u>	<u>45,885</u>	<u>898</u>	<u>57,810</u>	<u>3,341</u>	<u>( 890)</u>	<u>( 6,453)</u>	<u>305,652</u>	<u>427,700</u>	<u>( 464)</u>	<u>427,236</u>

## The Company

	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 July 2018	21,461	( 19)	45,760	36,311	59	18,918	122,490
Profit for the year and total comprehensive income for the year	-	-	-	-	-	37,946	37,946
Issue of shares under the share option scheme	15	-	125	-	( 49)	-	91
Transfer of share option reserve upon the forfeiture of share options	-	-	-	-	( 10)	10	-
Final 2018 dividend paid	-	-	-	-	-	( 25,340)	( 25,340)
Interim 2019 dividend paid	-	-	-	-	-	( 12,455)	( 12,455)
At 30 June 2019 and at 1 July 2019	21,476	( 19)	45,885	36,311	-	19,079	122,732
Profit for the year and total comprehensive income for the year	-	-	-	-	-	25,472	25,472
Final 2019 dividend paid	-	-	-	-	-	( 16,750)	( 16,750)
Interim 2020 dividend paid	-	-	-	-	-	( 8,376)	( 8,376)
At 30 June 2020	<u>21,476</u>	<u>( 19)</u>	<u>45,885</u>	<u>36,311</u>	<u>-</u>	<u>19,425</u>	<u>123,078</u>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

As at 1 July 2019, the Company held 12,000 (1 July 2018: 12,000) treasury shares. During the year ended 30 June 2020, the Company had not purchased any (30 June 2019: Nil) of the shares pursuant to the 2009 Share Buyback mandate.

As at 30 June 2020, the Company held 12,000 (30 June 2019: 12,000) treasury shares or 0.0056% (30 June 2019: 0.0056%) of the Company's issued shares.

During the year ended 30 June 2020, the Company had not issued any (30 June 2019: 150,000) new shares, upon the exercise of options under the Karin Employee Share Option Scheme.

	During the year ended 30 June 2020			During the year ended 30 June 2019		
Exercise price per share	S\$0.1264	S\$0.1608	S\$0.1060	S\$0.1264	S\$0.1608	S\$0.1060
Number of new shares issued	-	-	-	-	-	150,000

As at 30 June 2020 and 30 June 2019, the Company's share capital was HK\$21,476,000 comprising 214,760,000 ordinary shares.

There was no share options outstanding as at 30 June 2020 and 30 June 2019.

During the year ended 30 June 2020, the Company did not have any shares subdivision nor consolidation.

During the year ended 30 June 2020, the Company's subsidiaries had not purchased nor held any of the Company's shares.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares excluding treasury share as at 30 June 2020 and 30 June 2019 was 214,748,000.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation nor use of treasury shares during the year under review (30 June 2019: Nil).

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

There were no sales, transfer, cancellation nor use of subsidiary holdings during the year under review (30 June 2019: Nil).

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as described in point 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the year ended 30 June 2020 as compared with the audited financial statements of the Group for the year ended 30 June 2019.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the following new and revised IFRSs for the first time in the preparation of the Group's consolidated financial statements for the financial year ended 30 June 2020:

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for the amendments to IFRS 9, IAS 19, IAS 28 and *Annual Improvements 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

- (i) IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases - Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance lease using similar principles as in IAS 17.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 July 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 July 2019, and the comparative information for the prior year was not restated and continued to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

## As a lessee - Leases previously classified as operating leases

### *Nature of the effect of adoption of IFRS 16*

The Group has lease contracts for certain properties. As a lessee, the Group previously classified leases as either finance lease or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (“short-term leases”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 July 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

### *Impact on transition*

Lease liabilities at 1 July 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 July 2019 and separately presented in the consolidated statement of financial position. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 July 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under finance lease of HK\$445,000 that was reclassified from property, plant and equipment.

For the buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 July 2019. They continue to be measured at fair value applying IAS 40.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 July 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liabilities at 1 July 2019

### As a lessee – Lease previously classified as a finance lease

The Group did not change the initial carrying amounts of recognised asset and liability at the date of initial application for lease previously classified as a finance lease.

Accordingly, the carrying amounts of the right-of-use asset and the lease liability at 1 July 2019 were the carrying amounts of the recognised asset and liability (i.e., finance lease payable) measured under IAS 17.

### Financial impact at 1 July 2019

The impacts arising from the adoption of IFRS 16 as at 1 July 2019 are as follows:

	Increase/(decrease) HK\$'000
<u>Assets</u>	
Increase in right-of-use assets	2,716
Decrease in property, plant and equipment	( 445)
Increase in total assets	<u>2,271</u>
<u>Liabilities</u>	
Increase in lease liabilities	<u>2,271</u>

The lease liabilities as at 1 July 2019 reconciled to the operating lease commitments as at 30 June 2019 are as follows:

	HK\$'000
Operating lease commitment as at 30 June 2019	3,141
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 30 June 2020	( 799)
	<u>2,342</u>
Weighted average incremental borrowing rate as at 1 July 2019	<u>3.49%</u>
Discounted operating lease commitments as at 1 July 2019	2,271
Add: Finance lease liabilities recognised as at 30 June 2019	445
Lease liabilities as at 1 July 2019	<u>2,716</u>

- (ii) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the year ended 30 June 2020, certain monthly lease payments for the leases of the Group's retail stores have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the year ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$92,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 30 June 2020.

(iii) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. The Group determined that the interpretation did not have any impact on the financial position or performance of the Group.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

**The Group**

	30 June 2020	30 June 2019
Earnings per ordinary share of the Group, after deducting any provision for preference dividends (in HK cents):		
- Based on weighted average number of ordinary shares on issue (HK cents)	<u>2.2</u>	<u>15.0</u>
- On a fully diluted basis (HK cents)	<u>2.2</u>	<u>15.0</u>
Profit attributable to the owners of the Company for earnings per share (HK\$'000)	<u>4,800</u>	<u>32,304</u>

The calculation of basic earnings per share for the years ended 30 June 2020 and 2019 is based on the profit attributable to the ordinary shareholders of the Company for the respective years and the weighted average of 214,748,000 and 214,700,739 ordinary shares in issue, respectively, which has taken into account the effect of treasury shares.

The calculation of the diluted earnings per share amount is based on the profit attributable to ordinary shareholders of the Company for the respective years and 214,748,000 (2019: 214,732,235) ordinary shares, which was the weighted average of 214,748,000 (2019: 214,700,739) ordinary shares in issue during the year ended 30 June 2020, and the weighted average of Nil (2019: 31,496) ordinary shares deemed to have been issued at no consideration on the deemed exercise of all outstanding share options during the year under review.



7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	<u>Group</u>		<u>Company</u>	
	As at 30 June 2020	As at 30 June 2019	As at 30 June 2020	As at 30 June 2019
Net asset value per ordinary share (HK cents)	198.9	210.5	57.3	57.2

Net asset value per ordinary share as at 30 June 2020 and 30 June 2019 was calculated based on the issued share capital excluding treasury shares of 214,748,000 ordinary shares as at 30 June 2020 and 30 June 2019 respectively.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:**  
**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### **Profit and Loss**

#### Revenue

Consolidated revenue of the Group decreased by approximately HK\$34.2 million or 1.9% from HK\$1,800.6 million for the year ended 30 June 2019 to HK\$1,766.4 million for the year ended 30 June 2020.

Revenue from our Components Distribution (“**CD**”) segment decreased by HK\$132.4 million or 17.3%, from HK\$764.5 million for the year ended 30 June 2019 to HK\$632.1 million for the year under review. The decrease was mostly due to the global outbreak of COVID-19 pandemic that factories were substantially closed in the People’s Republic of China (“**PRC**”) in the early part of 2020.

Revenue from our Information Technology Infrastructure (“**IT Infrastructure**”) segment increased by HK\$147.8 million or 19.1%, from HK\$774.2 million for the year ended 30 June 2019 to HK\$922.0 million for the current year. The increase was mostly due to demand in network security products, cloud solution services and data visualization tools during the year under review remained strong. However, in comparing the first half and second half of the year under review, there was a decrease in demand due to COVID-19 pandemic effect.

Revenue from our Consumer Electronics Products (“**CEP**”) segment decreased by HK\$49.7 million or 19.0%, from HK\$262.0 million for the year ended 30 June 2019 to HK\$212.3 million for the current year. While there was an increase in revenue in the first half of the year under review as explained in the FY20 interim results announcement, there was a significant drop in retail activities in Hong Kong due to the global COVID-19 pandemic outbreak. As a result, revenue increased in the first half was offset by the huge revenue decrease in the second half of the year under review.

## Gross profit

Gross profit decreased by HK\$33.9 million or 18.9%, from HK\$179.7 million for the year ended 30 June 2019 to HK\$145.8 million for the year ended 30 June 2020. The decrease in gross profit was mainly due to certain aged inventories under all three segments were sold at relatively low margin during the year under review before these become obsolete.

## Other income and gains, net

Other income and gains, net increased by HK\$2.0 million or 29.4%, from HK\$7.1 million for the year ended 30 June 2019 to HK\$9.1 million for the year ended 30 June 2020. The increase was mostly due to (1) HK\$1.7 million wage subsidy received from HKSAR Government under Employment Support Scheme; and (2) HK\$1.1 million subsidy received from the PRC local government for high technology development on certain electronic component modules.

## Selling and distribution costs

Selling and distribution costs decreased by HK\$8.6 million or 11.6%, from HK\$74.9 million for the year ended 30 June 2019 to HK\$66.3 million for the year ended 30 June 2020. The decrease was mainly due to decrease in salary, bonus and commission of HK\$7.1 million.

## Administrative expenses

Administrative expenses decreased by HK\$5.8 million or 8.5%, from HK\$68.4 million for the year ended 30 June 2019 to HK\$62.6 million for the year ended 30 June 2020. The decrease was mainly due to (1) decrease in depreciation of property, plant and equipment of HK\$2.0 million; and (2) decrease in directors and staff bonus of HK\$3.3 million.

## Other expenses, net

Other expenses, net increased by HK\$13.3 million or 466.1% from HK\$2.8 million for the year ended 30 June 2019 to HK\$16.1 million for the year ended 30 June 2020. The increase was mainly due to (1) increase in fair value losses on investment properties of HK\$4.7 million; (2) loss on disposal of an associate company of HK\$4.4 million. For details of the disposal, please refer to the Company's Circular to Shareholders dated 12 June 2020; and (3) increase in impairment of trade receivables of HK\$3.2 million.

## Finance costs

Finance costs decreased by HK\$1.7 million or 35.8%, from HK\$4.8 million for the year ended 30 June 2019 to HK\$3.1 million for the year ended 30 June 2020. The decrease was mainly due to less bank borrowing during the year under review.

## Net Profit

Net profit attributable to owners of the Company decreased by HK\$27.5 million or 85.1%, from HK\$32.3 million for the year ended 30 June 2019 to HK\$4.8 million for the year ended 30 June 2020. The decrease was mostly due to decrease in gross profit of HK\$33.9 million as explained above.

## Non-controlling interests

Non-controlling interests represented the non-controlling shareholders' share of profit in our non-wholly owned subsidiaries.

## Statement of financial position

### Non-current assets

Non-current assets comprised goodwill of HK\$2.1 million; investment properties, office equipment, leasehold land and buildings and motor vehicles amounting to HK\$144.9 million; investment in an associate of HK\$3.4 million; prepayments and other assets of HK\$8.8 million, deferred tax assets of HK\$7.9 million and right-of-use assets of HK\$1.2 million. At 30 June 2020, non-current assets amounted to HK\$168.3 million, representing approximately 18.8% of the total assets. Non-current assets decreased by HK\$20.2 million or 10.7% from HK\$188.5 million for the year ended 30 June 2019 to HK\$168.3 million for the year ended 30 June 2020. The decrease was mostly due to decrease in investment properties of HK\$46.7 million which was due to (i) disposal of three office units in Shanghai; (ii) a previously leased out floor has been taken back for own use; and (iii) fair value losses on investment properties, offset by (1) increase in property, plant and equipment of HK\$14.9 million; (2) increase in prepayments and other assets of HK\$7.2 million; and (3) increase in deferred tax assets of HK\$2.6 million.

### Current assets

As at 30 June 2020, current assets amounted to HK\$726.7 million, a decrease of HK\$51.1 million compared to the immediate preceding financial year end at 30 June 2019. The decrease was mostly due to decrease in trade and bill receivables of HK\$62.0 million, offset by increase in cash and cash equivalent of HK\$13.5 million.

### Current liabilities

As at 30 June 2020, current liabilities amounted to approximately HK\$459.0 million, a decrease of HK\$50.8 million compared to the immediately preceding financial year end as at 30 June 2019. The decrease was mainly due to (1) decrease in interest-bearing bank and other borrowings by HK\$40.9 million; and (2) decrease in trade and bill payables by HK\$10.3 million.

### Non-current liabilities

Non-current liabilities amounted to HK\$8.8 million, representing 1.9% of the total liabilities as at 30 June 2020. The amount comprised of deferred tax liabilities, long term contract liabilities and long term lease liabilities. Deferred tax liabilities were recognised as a result of temporary differences between the carrying amounts and tax bases of property, plant and equipment due to depreciation.

### Liquidity and cash flow

As at 30 June 2020, cash and cash equivalents amounted to HK\$86.7 million. Total interest bearing loans and borrowings as at 30 June 2020 were HK\$85.5 million and the gearing ratio which is defined as total borrowings to total equity, is 0.20 times (2019: 0.28 times).

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group endured a challenging FY2020 due to the social unrest demonstrations and more recently the global COVID-19 pandemic, upsetting much of Hong Kong's economy across multiple industries and business investment sentiments. In addition, the volatility in the Sino-US trade relationship is adding uncertainties to businesses involved in technology and with production and customers in the region. The diversified nature of our business helped us weather the difficult period but we foresee the challenges will continue into FY2021. The Group is nevertheless working hard to ensure sustainability in its operations and refining business model for FY 2021 and beyond.

The Group expects our core business in IT Infrastructure and CD segments to remain significant for the coming FY2021. While the Group grows its businesses in new technologies around IoT and Cloud, the speed of recovery in the global economy will affect the performance of existing and new businesses of the Group.

The CD segment had been impacted by a decline in sales bookings over delayed manufacturing schedules, and customers rearranging new products launches in the toys and electronic goods markets. We expect an increase in sales in the CD segment in parallel to the eventual recovery of the economy.

Our IT Infrastructure segment continued to contribute a major share of the businesses in the Group and with new products added in FY2020, the product mix will be able to increase our sales in FY2021 through higher customer penetration.

In the Group's CEP segment, the sales had been adversely impacted by a significant drop in retail activities in Hong Kong and we foresee the impact will continue in FY2021.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes.

At the Annual General Meeting (“AGM”) to be held, a tax not applicable final dividend of HK4.6 cents per share amounting to a total of HK\$9,878,000 will be recommended at the forthcoming AGM.

Name of dividend	Interim (paid)	Final
Dividend type	Cash	Cash
Dividend amount per share (in HK cents)	3.9 cents per share	4.6 cents per share
Par value of share (in HK cents)	10 cents per share	10 cents per share
Tax rate	Not applicable	Not applicable

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of dividend	Interim	Final
Dividend type	Cash	Cash
Dividend amount per share (in HK cents)	5.8 cents per share	7.8 cents per share
Par value of share (in HK cents)	10 cents per share	10 cents per share
Tax rate	Not applicable	Not applicable

### (c) Date payable

19 November 2020

### (d) Books closure date

The Register of Members and Share Transfer Books of Karin Technology Holdings Limited (the “Company”) will be closed on 3 November 2020, for the preparation of dividend warrants to the proposed final dividend of HK4.6 cents per ordinary share for the financial year ended 30 June 2020. (“Final Dividend”)

Duly completed registrable transfers in respect of the shares in the Company received up to 5.00 p.m. on 2 November 2020 (“Record Date”) by the Company’s Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00, Singapore 068898 will be registered to determine Members’ entitlements to the Final Dividends. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on the Record Date will be entitled to the Final Dividend.

- 12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

Not applicable.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained and there is no IPT during the period under review.

- 14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement of full year results)**

Not applicable.

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

Pursuant to Rule 720(1) of the Listing Manual, the Company has procured undertakings from all its directors and executive officers.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR  
ANNOUNCEMENT**

**16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**SEGMENT INFORMATION**

**Business segments**

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group’s business segments for the years ended 30 June 2020 and 2019.

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<b><u>Year ended 30 June 2020</u></b>				
<b>Segment revenue</b>	<b>632,059</b>	<b>922,035</b>	<b>212,289</b>	<b>1,766,383</b>
<b>Segment results</b>	<b>5,873</b>	<b>14,756</b>	<b>1,318</b>	<b>21,947</b>
<i>Reconciliation:</i>				
Bank interest income				618
Fair value losses on investment properties				( 6,622)
Fair value gain on financial asset at fair value through profit or loss				154
Fair value gain on derivative financial instrument				213
Loss on disposal of an associate				( 4,400)
Finance costs				( 3,099)
Share of profit of an associate				993
Corporate and other unallocated expenses				( 1,865)
Profit before tax				<u>7,939</u>
<b>Segment assets</b>	<b>305,040</b>	<b>400,102</b>	<b>30,325</b>	<b>735,467</b>
<i>Reconciliation:</i>				
Investment in an associate				3,413
Deferred tax assets				7,923
Cash and cash equivalents				86,711
Corporate and other unallocated assets				<u>61,544</u>
Total assets				<u>895,058</u>

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<b><u>Year ended 30 June 2020</u></b> (continued)				
<b>Segment liabilities</b>	<b>64,503</b>	<b>229,850</b>	<b>43,530</b>	<b>337,883</b>
<i>Reconciliation:</i>				
Income tax payable				8,587
Interest-bearing bank and other borrowings				85,540
Deferred tax liabilities				2,236
Corporate and other unallocated liabilities				33,576
Total liabilities				<u>467,822</u>
<b>Other segment information:</b>				
Depreciation				11,650
Other non-cash expenses, net	( 1,195)	1,122	802	729
Capital expenditure				<u>1,856</u>

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<b><u>Year ended 30 June 2019</u></b>				
<b>Segment revenue</b>	<b>764,453</b>	<b>774,160</b>	<b>261,951</b>	<b>1,800,564</b>
<b>Segment results</b>	<b>8,012</b>	<b>24,995</b>	<b>10,245</b>	<b>43,252</b>
<i>Reconciliation:</i>				
Bank interest income				730
Fair value losses on investment properties				( 1,953)
Fair value gain on financial asset at fair value through profit or loss				281
Fair value loss on derivative financial instrument				( 68)
Finance costs				( 4,827)
Share of profit of an associate				956
Corporate and other unallocated expenses				( 1,547)
Profit before tax				<u>36,824</u>
<b>Segment assets</b>	<b>341,528</b>	<b>392,192</b>	<b>56,005</b>	<b>789,725</b>
<i>Reconciliation:</i>				
Investment in associates				2,800
Deferred tax assets				5,289
Cash and cash equivalents				73,227
Corporate and other unallocated assets				95,267
Total assets				<u>966,308</u>



	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<b>Year ended 30 June 2019</b> (continued)				
<b>Segment liabilities</b>	<b>132,308</b>	<b>164,895</b>	<b>53,135</b>	<b>350,338</b>
<i>Reconciliation:</i>				
Income tax payable				4,166
Interest-bearing bank and other borrowings				126,532
Deferred tax liabilities				2,441
Corporate and other unallocated liabilities				30,857
Total liabilities				<u>514,334</u>
<b>Other segment information:</b>				
Depreciation				12,060
Other non-cash expenses, net	4,586	396	111	5,093
Capital expenditure				<u>1,890</u>

### Geographical information

The following tables present revenue and certain asset information for the Group's geographical segments for the years ended 30 June 2020 and 2019.

	Hong Kong HK\$'000	Mainland China HK\$'000	Others HK\$'000	Total HK\$'000
<b>Year ended 30 June 2020</b>				
<b>Segment revenue</b>	<u>1,154,350</u>	<u>455,246</u>	<u>156,787</u>	<u>1,766,383</u>
<b>Non-current assets</b>	<u>90,845</u>	<u>48,374</u>	<u>21,180</u>	<u>160,399</u>
<b>Year ended 30 June 2019</b>				
<b>Segment revenue</b>	<u>1,130,141</u>	<u>530,534</u>	<u>139,889</u>	<u>1,800,564</u>
<b>Non-current assets</b>	<u>94,721</u>	<u>65,660</u>	<u>22,817</u>	<u>183,198</u>

The revenue information is based on the locations of the customers.

The non-current assets information is based on the locations of assets and excludes deferred tax assets.

**17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to note 8.

**18. A breakdown of sales as follows:-**

	<b>Group</b>		
	2020 HK\$'000	2019 HK\$'000	% increase/ (decrease)
(a) Sales reported for the first half year	1,067,176	1,059,763	0.7
(b) Operating profit after tax before deducting non-controlling interests reported for the first half year	5,824	11,078	( 47.4)
(c) Sales reported for the second half year	699,207	740,801	( 5.6)
(d) Operating (loss)/profit after tax before deducting non-controlling interests reported for the second half year	( 816)	21,236	( 103.8)

**19 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

	2020 HK\$'000	2019 HK\$'000
Declared and paid during the year	8,376	12,455
Proposed final dividend	9,878	16,750
Total	<u>18,254</u>	<u>29,205</u>

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

<b>Name</b>	<b>Age</b>	<b>Family relationship with any Director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Mr. Ng Yuk Wing, Philip	71	He is the father of Ng Mun Kit, Michael and brother of Ng Kin Wing, Raymond. Mr. Ng Mun Kit, Michael is an Executive Director while Mr. Ng Kin Wing, Raymond is the Executive Chairman and CEO of the Group.	He is the Executive Advisor and is responsible for strategic planning and business development of the Group. He is one of the founders of the Group since 1977.	N/A
Mr. Ng Kin Wing, Raymond	70	He is uncle of Ng Mun Kit, Michael and brother of Ng Yuk Wing, Philip.	He is the Executive Chairman and Chief Executive Officer and is responsible for overseeing the entire operations and general management of the Group. He is one of the founders of the Group since 1977.	N/A
Mr. Ng Mun Kit, Michael	42	He is son of Ng Yuk Wing, Philip and nephew of Ng Kin Wing, Raymond.	He is an Executive Director of the Group and is responsible for new business strategy, marketing and service operation for the Group.	N/A

**BY ORDER OF THE BOARD**

Ng Kin Wing, Raymond  
Executive Chairman

27 August 2020