



# 2022 INTERIM REPORT

## HOME CONTROL INTERNATIONAL LIMITED

(incorporated in the Cayman Islands with limited liability)  
Stock Code : 1747



# Contents

- 2 Corporate Information
- 4 Management Discussion and Analysis
- 15 Corporate Governance and Other Information
- 25 Review Report of Interim Financial Information
- 27 Interim Condensed Consolidated Statement of Comprehensive Income
- 28 Interim Condensed Consolidated Statement of Financial Position
- 30 Interim Condensed Consolidated Statement of Changes in Equity
- 31 Interim Condensed Consolidated Statement of Cash Flows
- 33 Notes to Interim Condensed Consolidated Financial Information



# Corporate Information

## BOARD OF DIRECTORS

### Executive Director

Mr. Alain PERROT (*Chairman & Chief Executive Officer*)

### Non-executive Directors

Mr. Wei ZHOU (appointed with effect from 29 July 2022)

Mr. Kwok King Kingsley CHAN

Mr. Yu GAO (resigned on 29 July 2022)

### Independent Non-executive Directors

Mr. Werner Peter VAN ECK

Mr. Shou Kang CHEN

Mr. Edmond Ming Siang JAUW

## AUDIT COMMITTEE

Mr. Shou Kang CHEN (*Chairman*)

Mr. Werner Peter VAN ECK

Mr. Edmond Ming Siang JAUW

## REMUNERATION COMMITTEE

Mr. Shou Kang CHEN (*Chairman*)

Mr. Werner Peter VAN ECK

Mr. Kwok King Kingsley CHAN

## NOMINATION COMMITTEE

Mr. Werner Peter VAN ECK (*Chairman*)

Mr. Edmond Ming Siang JAUW

Mr. Alain PERROT

## COMPANY SECRETARY

Ms. Sum Yi TSUI *ACG, HKACG*

## AUTHORISED REPRESENTATIVES

Mr. Kwok King Kingsley CHAN

Ms. Sum Yi TSUI

## REGISTERED OFFICE

Sertus Chambers, Governors Square

Suite #5-204, 23 Lime Tree Bay Avenue

P.O. Box 2547

Grand Cayman, KY1-1104

Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

151 Lorong Chuan

#04-03A

New Tech Park

Singapore 556741

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

Room 1901, 19/F, Lee Garden One,

33 Hysan Avenue, Causeway Bay, Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Sertus Incorporations (Cayman) Limited

Sertus Chambers, Governors Square

Suite #5-204, 23 Lime Tree Bay Avenue

P.O. Box 2547

Grand Cayman, KY1-1104

Cayman Islands

## HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## PRINCIPAL BANK

Citibank N.A. Singapore Branch  
8 Marina View  
#17-01 Asia Square Tower 1  
Singapore 018960

## LEGAL ADVISERS TO THE COMPANY

### As to Hong Kong law

#### **Haiwen & Partners LLP**

Unit 1902, 19/F New World Tower  
16-18 Queen's Road Central  
Hong Kong

## AUDITOR

### **PricewaterhouseCoopers**

*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
22/F, Prince's Building  
Central,  
Hong Kong

## STOCK CODE

1747

## COMPANY'S WEBSITE

[www.omniremotes.com](http://www.omniremotes.com)

# Management Discussion and Analysis

## 1. OVERVIEW

Home Control International Limited (the “Company”, together with its subsidiaries, the “Group”), is a globally leading home control solution provider headquartered in Singapore with worldwide presence in North America, Europe, Asia and Latin America. Originally established as the home control division of Philips prior to the acquisition of the entire stake of Home Control Singapore Pte. Ltd. by the Company from Philips in April 2015, it has been operating in this industry for almost 30 years. Under the brand “Omni Remotes”, the Group develops and offers high quality and bespoke remote controls for a vast array of pay television (TV) operators and consumer electronics brands. The products are shipped to over 40 countries, with a blue-chip customer base that includes AT&T Services Inc. in North America, Sky CP Limited, British Telecommunications PLC, Vodafone Group Services Limited, and Liberty Global Services B.V. in Europe, as well as Reliance Retail Limited, Bharti Airtel Limited, Beijing Xiaomi Electronic Products Co., Ltd. and Hisense Electric Co., Ltd. in Asia.

The Group maintains a strong focus on innovation, with over 200 invention patents and owning one of the most comprehensive Infrared (IR) and code databases in the world. Simple Setup, its intelligent multi-device control solution, has been deployed to dozens of customers since its inception 5 years ago, while the next-generation cloud-enabled Simple Setup Hybrid has gone live and has been launched with a major pan European operator. The Company continues to invest in various remote control technologies, including in the areas of advanced user input, recognition and far field voice, filing new inventions in the area of artificial intelligence for personalized experience in various jurisdictions.

## 2. BUSINESS REVIEW

With the major part of the world adopting a “living with COVID” policy, the customers of the Group were able to broadly resume consumer acquisitions. Together with the Group’s ability to manage the component shortage situation, this has translated to its improved shipments year on year. The Group’s revenue for the six months ended 30 June 2022 came in at approximately US\$65.0 million, representing an increase of approximately 39.6% from approximately US\$46.6 million in the same period in 2021.

The Company has taken and will continue to take steps in cost management for shareholder value, through operation cost control via automation, while lowering finance costs by refinancing the bank loans with lower interest rates. Gross profit improved from approximately US\$11.5 million for the six months ended 30 June 2021, to approximately US\$14.6 million for the six months ended 30 June 2022. With overall cost control, the Group has turned in higher net profit of approximately US\$3.2 million for the six months ended 30 June 2022 as compared to approximately US\$0.1 million for the six months ended 30 June 2021.

### 3. PROSPECT AND OUTLOOK

The Group has managed well on the macro situations around the pandemic and component shortage and turned in higher profit for the period and attributable to owners of the Company for the six months ended 30 June 2022, as compared to that for the six months ended 30 June 2021. However, the resurgence of COVID outbreaks with the BA-4 and BA-5 variants, the heightened worldwide inflation, the weakened currency market, and the instability of the political and economic situation arising from the Russia-Ukraine conflict are impacting the momentum of customer resumption of new projects and consumer acquisitions. It is difficult to estimate the full impact given the dynamic nature of these circumstances. The Group will pay continuous attention to the situation, adhere to government measures and recommendations, and continue to mitigate foreseeable risks with all sites and subsidiaries, and endeavor to operate with minimal impact on any function serving the business and the customers.

The Group will continue with its investments in research & development, sales force expansion into several adjacent spaces of the business, as well as improvements of its supply chain for its existing business. Its new digital automated production site located in the Hunan province of China has started mass production according to plan, and is expected to run at its planned capacity by spring of 2023.

Estimating from the present customer orders and forecasts for the whole year, 2022 outlook for the Group is expected to be better than the past 2 years, provided that the worldwide financial, geopolitical, and COVID-19 situations stabilize.

### 4. FINANCIAL REVIEW

#### Revenue

Revenue of the Group for the six months ended 30 June 2022 increased by approximately 39.6% as compared to the six months ended 30 June 2021. This is mainly due to an approximate US\$21.8 million increase in revenue in the North America, Europe and Latin America region, partially offset by an approximate US\$3.4 million decrease in the revenue from Asia region.

The following table sets forth the breakdown of revenue of the Group by the geographical location of customers for the six months ended 30 June 2022 and 30 June 2021, respectively.

	For the six months ended 30 June 2022 (Unaudited)		For the six months ended 30 June 2021 (Unaudited)		Changes	
	US\$'000	%	US\$'000	%	US\$'000	%
North America	17,652	27.2	4,314	9.3	13,338	309.2
Europe	26,931	41.4	21,114	45.3	5,817	27.6
Asia	10,850	16.7	14,208	30.5	(3,358)	(23.6)
Latin America	9,565	14.7	6,935	14.9	2,630	37.9
Total	64,998	100.0	46,571	100.0	18,427	39.6

### Cost of Sales

The cost of sales of the Group mainly consists of components including finished goods from ODM (original design manufacturing), outsourcing and overheads. The cost of sales amounted to approximately US\$50.4 million and approximately US\$35.1 million for the six months ended 30 June 2022 and the six months ended 30 June 2021 respectively, representing approximately 77.5% and approximately 75.4% of the total revenue for the corresponding periods.

The following table sets forth the breakdown of the cost of sales for the six months ended 30 June 2022 and the six months ended 30 June 2021, respectively.

	For the six months ended 30 June 2022 (Unaudited)		For the six months ended 30 June 2021 (Unaudited)	
	US\$'000	%	US\$'000	%
Cost of Components	<b>41,969</b>	<b>83.3</b>	28,492	81.1
Outsourcing	<b>6,246</b>	<b>12.4</b>	4,467	12.7
Overheads	<b>2,156</b>	<b>4.3</b>	2,158	6.2
	<b>50,371</b>	<b>100.0</b>	35,117	100.0

### Gross profit

As a result of the changes in revenue and cost of sales above, the Group's gross profit was approximately US\$14.6 million for the six months ended 30 June 2022, which was higher than the gross profit of approximately US\$11.5 million for the six months ended 30 June 2021.

### Other income

Other income of the Group was approximately US\$0.1 million and US\$1.2 million for the six months ended 30 June 2022 and 30 June 2021 respectively. The approximate US\$1.1 million decrease in other income was due to approximate US\$0.6 million decrease in government grants and approximate US\$0.5 million decrease since there was no gain on sale of disposal of intangible asset for the six months ended 30 June 2022.

### **Selling and distribution expenses**

Selling and distribution expenses of the Group were approximately US\$0.5 million higher for the six months ended 30 June 2022, as compared to six months ended 30 June 2021. This is mainly due to an approximate US\$0.4 million increase in distribution costs and an approximate US\$0.1 million increase in travelling expenses.

### **Administrative expenses**

Administrative expenses of the Group decreased by approximately US\$0.9 million from approximately US\$5.9 million for the six months ended 30 June 2021 to approximately US\$5.0 million for the six months ended 30 June 2022. The decrease was mainly due to the reversal of information and technology service accrual of approximately US\$1.1 million.

### **Other expenses**

Other expenses of the Group increased from approximately US\$1.0 million for the six months ended 30 June 2021 to approximately US\$1.1 million for the six months ended 30 June 2022. The increase was mainly due to an approximate US\$0.1 million increase in foreign exchange losses.

### **Finance income and finance costs**

Comparing to the six months ended 30 June 2021, finance costs of the Group incurred during the six months ended 30 June 2022 decreased by approximately US\$1.9 million. The decrease was mainly due to an approximate US\$1.7 million decrease in write-off of loan arrangement fee and an approximate US\$0.1 million decrease in amortisation of loan arrangement and loan facility and legal fees.

The decrease in finance income of the Group by approximately US\$0.2 million for the six months ended 30 June 2022 was due to decrease in interest earned from finance assets at amortised costs.

### **Profit before tax**

Profit before tax of the Group for the six months ended 30 June 2022 was approximately US\$4.2 million which was approximately US\$3.9 million higher than the profit before tax of approximately US\$0.3 million for the six months ended 30 June 2021. This was mainly due to the changes of the profit and loss items mentioned above.

### **Income tax expense**

The Group's income tax expense increased from approximately US\$0.2 million for the six months ended 30 June 2021 to approximately US\$1.0 million for the six months ended 30 June 2022. The income tax expense for the six months ended 30 June 2022 was higher mainly because of higher chargeable income for the six months ended 30 June 2022.

### Profit for the period

As a result of the above, the Group recorded a net profit after tax of approximately US\$3.2 million for the six months ended 30 June 2022, as compared to a net profit after tax of approximately US\$0.1 million for the six months ended 30 June 2021.

### Earnings per share

The basic and diluted earnings per share of the Group for the six months ended 30 June 2022 was US0.64 cents and US0.63 cents, respectively.

## LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2022, the Group had cash and cash equivalents of approximately US\$16.3 million. The board of directors of the Company (the "Board") is of the opinion that the financial position of the Group is strong and healthy, and the Group has sufficient resources to support its operations and meet its foreseeable capital expenditures.

### Cash flow

The following table sets forth a summary of the cash flows of the Group for the six months ended 30 June 2022 and 30 June 2021, respectively:

	For the six months ended	
	30 June 2022 (Unaudited) US\$'000	30 June 2021 (Unaudited) US\$'000
Net cash used in operating activities	(1,094)	(952)
Net cash (used in)/generated from investing activities	(643)	78
Net cash generated from/(used in) financing activities	613	(277)
<b>Net decrease in cash and cash equivalents</b>	<b>(1,124)</b>	<b>(1,151)</b>
Cash and cash equivalents at beginning of the period	17,630	22,328
Effects of exchange rate changes on cash and cash equivalents	(185)	11
<b>Cash and cash equivalents at end of the period</b>	<b>16,321</b>	<b>21,188</b>

### **Net cash flow used in operating activities**

The Group generates cash from operating activities primarily from sales of goods. Cash flow from operating activities reflects profit before taxation for the six months ended 30 June 2022 adjusted for (i) non-cash item such as depreciation of property, plant and equipment, and amortization of intangible assets, plant and equipment and other items, which lead to the operating profit before changes in working capital; (ii) effects of cash flows arising from changes in working capital, including changes in inventories, trade and other receivables and trade and other payables and other items, which lead to cash generated from operations; and income tax paid and other items, which result in net cash generated from operating activities.

For the six months ended 30 June 2022, the Group's net cash used in operating activities was approximately US\$1.1 million, primarily due to (i) decrease in trade payables of approximately US\$16.1 million, decrease in other payables and accruals of approximately US\$0.3 million; partially offset by (ii) cash generated before working capital changes of approximately US\$5.1 million, decrease in trade receivables of approximately US\$7.1 million and decrease in inventories of approximately US\$3.5 million.

### **Net cash flow used in investing activities**

Cash flow used in investing activities mainly relates to purchase of property, plant and equipment of US\$0.6 million. For the six months ended 30 June 2022, the Group's net cash used in investing activities was approximately US\$0.6 million.

### **Net cash flow generated from financing activities**

Cash flow generated from financing activities mainly includes proceeds from interest-bearing bank loans and repayment of interest-bearing bank loans. For the six months ended 30 June 2022, the Group's net cash flow generated from financing activities was approximately US\$0.6 million, mainly attributable to an approximate US\$2.5 million proceeds from interest-bearing bank loans, partially offset by an approximate US\$1.2 million repayment of interest-bearing bank loans, an approximate US\$0.4 million interest paid on loans, and repayment of principal and interest portions of lease obligations of approximately US\$0.3 million.

## **NET CURRENT ASSETS**

The Group's net current asset was approximately US\$22.9 million as at 30 June 2022 and 31 December 2021.

## CAPITAL EXPENDITURE

The Group's capital expenditure consisted of purchase costs relating to property, plant and equipment. For the six months ended 30 June 2022, the Group's capital expenditure amounted to approximately US\$0.6 million for the acquisition of property, plant and equipment.

### Capital and investment commitments

As at 30 June 2022, the Group did not have any capital and investment expenditure contracted for as at the end of the reporting period but not recognised in the interim condensed consolidated financial information.

## BANK LOANS AND CONTINGENT LIABILITIES

### Bank loans

The Group's bank loans primarily consisted of short and long-term trade financing from bank loans. As at 30 June 2022 and 31 December 2021, the Group had approximately US\$26.3 million and approximately US\$25.0 million respectively from bank loans.

As at 30 June 2022, there was a floating charge over bank accounts of Home Control Singapore Pte. Ltd. to secure the Group's bank loans.

### Contingent liabilities

As at 30 June 2022, the Group did not have any contingent liabilities and guarantees.

### Gearing ratio

Gearing ratio equals total debt divided by the adjusted total assets of the Group. Total debt includes all interest-bearing bank loans and lease liabilities. Adjusted total assets excludes goodwill. The gearing ratios as at 30 June 2022 and 31 December 2021 are approximately 32.0% and approximately 26.6%, respectively.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have other plans for material investments or capital assets as at 30 June 2022.

## MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.

## FOREIGN EXCHANGE RISK MANAGEMENT

The functional currency of the Group is United States dollar. The sales of the Group are mainly denominated in U.S. dollars while purchases are mainly denominated in U.S. dollars or RMB (only in the case of sales and purchases in the PRC). In addition, the Group has its headquarters in Singapore and operating subsidiaries in the U.S., Belgium, the PRC and Brazil, of which overheads are settled in local currencies and therefore the Group is exposed to foreign exchange risks. Fluctuations in foreign exchange rates may be caused by various factors such as change in government policies, change in domestic and international economic and political conditions, and are always unpredictable. The Group had not entered into any agreements to hedge its exchange rate exposure, as the Group's results of operations have generally been partially mitigated by the natural offset of foreign currency receivables with foreign currency payables. Going forward, the Group expects that exchange rates of SGD, RMB and US\$ will continue to fluctuate. Changes in the foreign exchange rates between the Group's functional currencies and reporting currency may have an adverse impact on the Group's finance costs, sales and product margins, and may reduce the value of, and dividends payable on, the shares of the Company (the "Shares"). The Group's business and financial position may be materially and adversely affected. The management of the Group will continue to monitor the Group's foreign currency exchange exposure and will take prudent measures to minimise that currency exchange risk.

## EMPLOYEES, REMUNERATION POLICY

As at 30 June 2022, the Group had 178 employees (31 December 2021: 175 employees). The employees benefit expense incurred during the six months ended 30 June 2022 was approximately US\$6.8 million. As required by the applicable laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local government. The Group's remuneration policy rewards employees and directors (the "Directors") based on individual's performance, demonstrated capabilities, involvement, market comparable information and the performance of the Group. The Group improves the professional skills and management level of its employees through internal and external training. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Performance bonuses are offered to qualified employees based on individual and the Group's performance. The Group did not experience any material labour disputes during the six months ended 30 June 2022. The Company adopted a pre-Listing share option scheme (the "Scheme") on 1 May 2015 as incentive for eligible employees. As at the date of this report, the Scheme was terminated upon the expiry of the Scheme period. No new Management Options (as defined hereafter) were granted and exercised thereunder during the six months ended 30 June 2022. As at the date of this report, all Management Options granted and accepted prior to such termination and not yet exercised under the Scheme were lapsed in accordance with the terms of the Scheme. The Company adopted a share award scheme (the "Share Award Scheme") on 20 August 2020 in order to recognise the contributions of such eligible participants being selected for participation in the Share Award Scheme (the "Selected Grantees") and in driving the continuous business operation and development of the Group. On 5 October 2020, the Board has resolved to award a total of not more than 5,016,337 award shares (the "Award Shares"), representing approximately 1.00% of the total issued Shares as at the date of this report, to ten Selected Grantees pursuant to the Share Award Scheme.

## OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the date of this report, the Group had not entered into any off-balance sheet transactions.

## USE OF PROCEEDS FROM LISTING

The Shares were listed on the Main Board of the Stock Exchange (the “Listing”) on 14 November 2019 (the “Listing Date”) and the net proceeds raised from this initial public offering after deducting underwriting fees and other related listing expenses amounted to approximately HK\$84.93 million (equivalent to approximately US\$10.83 million) (the “IPO Proceeds”).

As disclosed in the Company’s annual report for 2021, the unutilised IPO Proceeds would be applied in the same manner as set out in the prospectus of the Company dated 31 October 2019 (the “Prospectus”) and were expected to be fully utilised by the end of year 2021 (the “Original Timeline”). However, due to the prolonged outbreak of COVID-19, the global economic environment has been unstable and has hindered business discussions and due diligence procedures, the Original Timeline has been delayed.

Based on the Directors' best estimation and assumption of future market conditions, the unutilised IPO Proceeds are expected to be fully utilised by 2024. Set out below is the Group's planned use and actual use of the IPO Proceeds as at 30 June 2022:

	Planned use of IPO Proceeds (adjusted on a pro rata basis on the actual net proceeds) <i>HK\$'million</i>	Planned use of IPO Proceeds (adjusted on a pro rata basis on the actual net proceeds) <i>US\$'million</i>	Unutilised IPO Proceeds as at beginning of the financial year i.e. 1 January 2022 <i>US\$'million</i>	IPO Proceeds utilised during the financial year ended 30 June 2022 <i>US\$'million</i>	Utilised IPO Proceeds up to 30 June 2022 <i>US\$'million</i>	Expected timeline for the unutilised IPO Proceeds
1 Strategic investments or acquisitions in the over-the-top content ("OTT") system and/or smart home security products	23.01	2.93	2.93	-	-	The unutilised IPO Proceeds will be used as per the Prospectus.
2 Repayment of bank borrowing	21.12	2.69	-	-	2.69	-
3 R&D and develop the products for OTT segment and extend product lines in smart home products	14.27	1.82	1.82	-	-	The unutilised IPO Proceeds will be used as per the Prospectus.
4 Expansion of professional sales force to support business expansion	13.8	1.76	1.56	0.10	0.30	The unutilised IPO Proceeds will be used as per the Prospectus.
5 Strengthen the supply chain management and investment by extending beyond the PRC	6.57	0.84	-	-	0.84	-
6 Working capital and general corporate purposes	6.16	0.79	0.79	-	-	The unutilised IPO Proceeds will be used as per the Prospectus.
	84.93	10.83	7.10	0.10	3.83	

The Directors expect that the use of IPO Proceeds can bring further improvements to the Group's overall business performance.

The Directors will constantly evaluate the Group's business strategies and specific needs from time to time and closely monitor the outbreak of COVID-19. As at the date of this report, the Directors are not aware of any material change to the planned use of IPO Proceed as set out in the Prospectus. Further announcement will be made if there are any changes on the use of proceeds as and when appropriate.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

### EVENTS AFTER THE REPORTING PERIOD

No other significant events that require additional disclosures or adjustments occurred after the six months period ended 30 June 2022.

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE CODE

The Group is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the shareholders of the Company (the “Shareholders”). The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for Shareholders.

The Company has adopted a corporate governance policy with provisions no less exacting than the Corporate Governance Code (the “Corporate Governance Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “Listing Rules”) and complied with all the applicable code provisions set out in the Corporate Governance Code throughout the six months ended 30 June 2022 except for the deviation from code provision C.2.1 as detailed below.

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current structure of the Company, Mr. Alain Perrot is the chairman of the Board (the “Chairman”) and the chief executive officer (the “CEO”). The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group’s business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision C.2.1 of the Corporate Governance Code is acceptable in such circumstance. In addition, under the supervision of the Board which, apart from Mr. Alain Perrot being the executive Director, comprises two non-executive Directors and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders.

## INTERIM DIVIDEND

The Board did not recommend to declare any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the model code for securities transactions by directors of the listed issuer as set out in Appendix 10 of the Listing Rules (the “Model Code”) as its code of conduct regarding securities transactions by the Directors and relevant employees. Upon specific enquiry of all Directors, all Directors have confirmed that they complied with the required standards set out in the Model Code for the six months ended 30 June 2022.

## DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

To gradually diversify the Group's lending relationships and to partially replace the existing loan facilities obtained prior to the Listing (the "Existing Loan Facilities") with new loan facilities that offer lower borrowing cost and more flexible terms for a listed company, on 8 July 2020, the Company as borrower entered into a new facility agreement (the "2020 Facility Agreement") with a bank (the "Bank") as lender in relation to term loan facilities of up to US\$6,000,000 (or its equivalent amount in other currencies) (the "2020 New Facility"). The original maturity date of the 2020 New Facility was 30 June 2022, which has extended to 6 October 2022 by the Bank. Other than that, all terms and conditions under the 2020 Facility Agreement remained unchanged. The purpose of the 2020 New Facility was for general working capital purposes.

Pursuant to the 2020 Facility Agreement, the Company has undertaken, among others, that NHPEA IV Home Control Netherlands B.V. (the "Controlling Shareholder"), the controlling shareholder of the Company, shall maintain not less than 70% ownership of the Company. A breach of such undertaking would constitute an event of default under the 2020 Facility Agreement and all amounts (including principal and interest accrued thereon) due and owing by the Company to the Bank under the 2020 Facility Agreement shall become immediately due and payable by the Company without further demand.

On 23 February 2021, Home Control Singapore Pte. Ltd. (the "Borrower"), a wholly-owned subsidiary of the Company, as borrower entered into a new facility agreement (the "2021 Facility Agreement") with a global bank (the "Lender") in relation to a term loan facility in the aggregate amount of US\$24,450,000 (the "2021 New Facility"). The 2021 New Facility has a term of 60 months from its utilisation date. The purpose of the 2021 New Facility is to fully replace the Existing Loan Facilities with the 2021 New Facility that offer lower borrowing cost and more flexible terms for the subsidiary of a listed company.

Pursuant to the 2021 Facility Agreement, a specific performance covenant has been imposed on the Controlling Shareholder to hold at least 51% of the voting Shares of the Company.

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

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

## SHARE OPTION SCHEME

The Company adopted the Scheme on 1 May 2015, under which share options were granted to employees, officers or Directors of the Company for the purpose of attracting, retaining and providing additional incentives to employees, officers and Directors, and promoting the success of the Group's business. The options will be vested upon meeting certain key performance index, subject to the discretion of the Board and the provisions of the Scheme. The contractual life of each option granted is 7 years. There are no cash settlement alternatives.

The Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve grant of options by the Company to subscribe for its Shares after the Listing.

A summary of principal terms of the Scheme is set out in "Statutory and General Information – D. 2015 Stock Option Plan" in Appendix IV to the Prospectus.

On 1 May 2015, the Company, at nil consideration, granted to HCIL Master Option Limited (the "Master Option Grantee") an option (the "Master Option") to purchase 40,841,584 Shares. A portion of the Master Option to purchase 16,336,634 Shares has been vested and the Master Option Grantee has granted such corresponding beneficial interest in the Master Option (the "Management Options") to full-time employees of the Group (the "Management Option Grantees"), with the rest of the Master Option remains unvested. As disclosed in the Prospectus, after Listing, no additional Master Option will be granted under the Scheme, whereas additional Management Options may be granted upon the vesting of the unvested Master Option.

The maximum number of Shares that may be issued by the Company upon the exercise of all options granted under the Scheme is 40,841,584 Shares, representing approximately 8.14% of the Shares in issue as at 1 January 2022. Subject to the terms and conditions set forth under the Scheme, the exercise price of all the share options granted under the Scheme is approximately US\$0.0877 per Share (equivalent to approximately HK\$0.686 per Share).

There has been no cancellation or modification of the Scheme during the six months ended 30 June 2022 (the "Period"). During the Period, the Scheme was terminated upon expiry of the Scheme period and as at 30 June 2022, all Management Options granted and accepted prior to such termination and not yet exercised under the Scheme were lapsed in accordance with the terms of the Scheme.

The following table discloses movements in the underlying shares of the Company of the outstanding Management Options vested to the Management Option Grantees under the Scheme during the six months ended 30 June 2022:

Management Option Grantees	Number of Shares to be issued upon full exercise of Management Options as at 1 January 2022	Number of Management Options vested upon vesting of the Master Option during the Period	Number of Management Options exercised during the Period	Number of Management Options lapsed during the Period	Number of Shares to be issued upon full exercise of Management Options as at 30 June 2022
<b>Director</b>					
Mr. Alain PERROT	18,787,129	-	-	18,787,129	-
<b>Senior Management</b>					
Mr. Jean Paul L. ABRAMS	4,084,158	-	-	4,084,158	-
Mr. Kwok Hoong SIU (蕭國雄)	4,084,158	-	-	4,084,158	-
<b>Employees and other grantee</b>					
Mr. Pang Hwa HO (何邦華)	2,042,079	-	-	2,042,079	-
Mr. Yuechun ZHU (朱閱春)	2,042,079	-	-	2,042,079	-
Total	31,039,603	-	-	31,039,603	-

As at the date of this report, the Scheme was terminated upon the expiry of the Scheme period. No new Management Options were granted and exercised thereunder during the Period. As at the date of this report, all Management Options granted and accepted prior to such termination and not yet exercised under the Scheme were lapsed in accordance with the terms of the Scheme.

## SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 20 August 2020 (the “Adoption Date”).

The purpose of the Share Award Scheme is to (i) align the interests of eligible participants directly to those of the Shareholders through ownership of Shares; (ii) recognize the contributions made by the Selected Grantees and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (iii) attract high-calibre employees for further development of the Group. Subject to any early termination as may be determined by the Board in accordance with the terms of the Share Award Scheme, the Share Award Scheme shall be effective for ten (10) years commencing from the Adoption Date. The Board shall not make any further award under the Share Award Scheme which will result in the number of Shares awarded by the Board thereunder representing in excess of 1.5% of the total issued Shares as at the Adoption Date or result in a breach of the public float of the Company falling below the minimum level required in the Listing Rules upon issuance of the Awarded Shares.

On 5 October 2020, the Board has resolved to award a total of not more than 5,016,337 Award Shares, representing approximately 1.00% of the total issued Shares as at the date of the grant, at nil consideration under the Share Award Scheme of which (a) 2,382,760 Award Shares are granted to four connected Selected Grantees by way of the proposed allotment and issue of new Shares pursuant to specific mandate; and (b) not more than 2,633,577 Award Shares are granted to six non-connected Selected Grantees by way of the proposed allotted and issued of new Shares pursuant to general mandate.

At the extraordinary general meeting of the Company held on 12 November 2020, ordinary resolutions were passed in relation to the grant of Award Shares to the connected Selected Grantees and the grant of specific mandate to the Directors regarding the issue and allotment of 2,382,760 Award Shares to the connected Selected Grantees.

The details of the Share Award Scheme are disclosed in the announcements of the Company dated 20 August 2020, 5 October 2020 and 12 November 2020; and the circular of the Company dated 27 October 2020.

As at 30 June 2022, all of the 5,016,337 Award Shares granted under the Share Award Scheme remain unvested, details of which are as follows:

Name of Grantees	Relationship with the Group	Number of Shares granted during the Period			As at 30 June 2022
		As at 1 January 2022	Granted during the Period	Vested during the Period	
Alain PERROT	Executive Director and Chief Executive Officer	1,254,084	–	–	1,254,084
Jean Paul L. ABRAMS	Director of a subsidiary of the Company	250,817	–	–	250,817
Guat Beng NG (黃月明)	Director of certain subsidiaries of the Company	376,225	–	–	376,225
Yuechun ZHU (朱闓春)	Director of certain subsidiaries of the Company	501,634	–	–	501,634
Six non-connected selected grantees	Full-time employees of the Group	2,633,577	–	–	2,633,577
<b>Total</b>		<b>5,016,337</b>	<b>–</b>	<b>–</b>	<b>5,016,337</b>

As at the date of this report, none of the Shares granted under the Share Award Scheme have been vested.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND LONG POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### (i) Interest in the Shares

Name of Director	Nature of interest	Number of Shares or underlying Shares <sup>(Note 1)</sup>	Approximate percentage of interest in the Company <sup>(Note 1)</sup>
Alain PERROT <sup>(Note 2)</sup>	Beneficial owner	1,254,084 (L)	0.25%

*Notes:*

- As at 30 June 2022, the Company issued 501,633,663 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
- Mr. PERROT was interested in the Management Option granted under the Scheme to, subject to the terms and conditions thereunder, subscribe for 18,787,129 Shares. These Management Options were lapsed during the Period. For details, please refer to the paragraph headed "Share Option Scheme" in this report. Also, 1,254,084 Award Shares were conditionally granted to Mr. PERROT on 5 October 2020 pursuant to the Share Award Scheme of the Company. The grant and vesting of Award Shares are subject to the terms and conditions of the Share Award Scheme.

(ii) Interest in associated corporation

Name of Director	Name of associated corporation	Nature of Interest	Number of shares interested <sup>(Note 1)</sup>	Approximate percentage of interest in the associated corporation
Alain PERROT <sup>(Note 2)</sup>	Omni Remotes do Brasil Ltda	Beneficial owner	100	1%
	NHPEA IV Home Control Netherlands B.V. ("NHPEA")	N/A <sup>(Note 2)</sup>	N/A <sup>(Note 2)</sup>	N/A <sup>(Note 2)</sup>

Notes:

- (1) All interests stated are long positions.
- (2) Mr. Alain PERROT's interest in NHPEA is a cash-settled derivative interest in NHPEA by way of an agreement between him and Morgan Stanley Private Equity Asia IV, L.L.C..

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES

As at 30 June 2022, to the best knowledge of the Directors, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions of the issued share capital of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, or otherwise notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholders	Nature of interest	Number of Shares or underlying Shares <small>(Note 1)</small>	Approximate percentage of shareholding <small>(Note 1)</small>
Morgan Stanley	Interest of controlled corporation	375,000,000 (L) <small>(Notes 2 and 3)</small>	74.76%
MS Holdings Incorporated	Interest of controlled corporation	375,000,000 (L) <small>(Notes 2 and 3)</small>	74.76%
Morgan Stanley Private Equity Asia IV, Inc.	Interest of controlled corporation	375,000,000 (L) <small>(Notes 2 and 3)</small>	74.76%
Morgan Stanley Private Equity Asia IV, L.L.C.	Interest of controlled corporation	375,000,000 (L) <small>(Notes 2 and 3)</small>	74.76%
North Haven Private Equity Asia IV, L.P.	Interest of controlled corporation	375,000,000 (L) <small>(Notes 2 and 3)</small>	74.76%
North Haven Private Equity Asia IV Holdings Limited	Interest of controlled corporation	375,000,000 (L) <small>(Notes 2 and 3)</small>	74.76%
NHPEA IV Holding Cooperatief U.A.	Interest of controlled corporation	375,000,000 (L) <small>(Notes 2 and 3)</small>	74.76%
NHPEA	Beneficial owner	375,000,000 (L) <small>(Notes 2 and 3)</small>	74.76%

### Notes:

1. As at 30 June 2022, the Company issued 501,633,663 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
2. Such 375,000,000 Shares belong to the same batch of Shares.
3. Pursuant to section 336 of the SFO, if certain conditions are met, the shareholders of the Company are required to submit a disclosure of interest notice. In the event of changes in the shareholding of the Shareholders in the Company, the Shareholders will not be required to notify the Company and the Stock Exchange unless certain conditions are met. Therefore, the latest shareholding of the Shareholders in the Company may be different from the shareholding submitted to the Stock Exchange.

Save as disclosed above, as at 30 June 2022, the Directors are not aware of any other persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, or otherwise notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## REVIEW OF FINANCIAL INFORMATION BY THE AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the Corporate Governance Code. As at the date of this report, the Audit Committee consists of the three independent non-executive Directors, namely, Mr. Shou Kang CHEN (being the Chairman of the Audit Committee), Mr. Werner Peter VAN ECK and Mr. Edmond Ming Siang JAUW.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 and has confirmed with the management the accounting principles and practices adopted by the Group, risk management and internal controls and financial reporting matters of the Group and this report.

# Review Report of Interim Financial Information

## **Report on Review of Interim Financial Information**

### **To the Board of Directors of Home Control International Limited**

*(incorporated in the Cayman Islands with limited liability)*

## **INTRODUCTION**

We have reviewed the interim financial information set out on pages 27 to 54, which comprises the interim condensed consolidated statement of financial position of Home Control International Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **SCOPE OF REVIEW**

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

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong

19 August 2022

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Note	2022 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
<b>Revenue</b>	6	<b>64,998</b>	46,571
Cost of Sales	8	<b>(50,371)</b>	(35,117)
<b>Gross Profit</b>		<b>14,627</b>	11,454
Other Income	6	<b>106</b>	1,164
Selling and distribution expenses	8	<b>(3,996)</b>	(3,522)
Administrative expenses	8	<b>(5,024)</b>	(5,932)
(Impairment)/reversal of impairment loss of trade receivables		<b>(82)</b>	248
Other expenses	8	<b>(1,083)</b>	(1,019)
Finance income	7	<b>74</b>	241
Finance costs	7	<b>(448)</b>	(2,364)
<b>Profit before tax</b>		<b>4,174</b>	270
Income tax expense	9	<b>(981)</b>	(189)
<b>Profit for the period and attributable to owners of the Company</b>		<b>3,193</b>	81
<b>Other comprehensive loss:</b>			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		<b>(176)</b>	(29)
<b>Other comprehensive loss</b>		<b>(176)</b>	(29)
<b>Total comprehensive income for the period and attributable to owners of the Company</b>		<b>3,017</b>	52
<b>Earnings per share for profit attributable to owners of the company:</b>			
Basic	19	<b>US0.64 cents</b>	US0.02 cents
Diluted	19	<b>US0.63 cents</b>	US0.02 cents

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Financial Position

30 June 2022

	<i>Note</i>	30 June 2022 (Unaudited) US\$'000	31 December 2021 (Audited) US\$'000
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment and right-of-use assets	10	4,667	5,456
Other intangible assets		28	27
Goodwill	11	8,877	8,877
Financial assets at amortised costs	12	5,240	5,166
Total non-current assets		18,812	19,526
<b>Current assets</b>			
Inventories		23,649	27,185
Trade receivables	13	33,622	40,761
Prepayments	14	506	438
Other receivables	14	276	350
Cash and cash equivalents	15	16,321	17,630
Total current assets		74,374	86,364
Total assets		93,186	105,890
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	16	34,241	50,365
Other payables and accruals		4,505	5,862
Dividend payable	20	1,903	–
Interest-bearing bank loans	17	8,534	5,434
Lease liabilities		283	408
Provisions		–	52
Tax payables		2,000	1,297
Total current liabilities		51,466	63,418
Net current assets		22,908	22,946
Total assets less current liabilities		41,720	42,472

Interim Condensed Consolidated Statement of Financial Position  
30 June 2022

		30 June 2022 (Unaudited) US\$'000	31 December 2021 (Audited) US\$'000
	<i>Note</i>		
<b>Non-current liabilities</b>			
Interest-bearing bank loans	17	17,773	19,540
Lease liabilities		349	436
Provisions		459	454
Deferred tax liabilities		379	471
Total non-current liabilities		18,960	20,901
<b>Total liabilities</b>		70,426	84,319
<b>Net assets</b>		22,760	21,571
<b>EQUITY</b>			
Share capital	18	5,017	5,017
Reserves		17,743	16,554
<b>Total equity</b>		22,760	21,571

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Share capital US\$'000	Share premium* US\$'000	Statutory reserve* US\$'000	Retained profit/ (accumulated loss)* US\$'000	Share award reserve* US\$'000	Employee share option reserve* US\$'000	Exchange fluctuation reserve* US\$'000	Capital reserve* US\$'000	Total US\$'000
At 1 January 2022 (Audited)	5,017	9,573	47	2,845	220	570	(321)	3,620	21,571
Profit for the period	-	-	-	3,193	-	-	-	-	3,193
Other comprehensive loss for the period: Exchange differences related to foreign operations	-	-	-	-	-	-	(176)	-	(176)
Total comprehensive income/(loss) for the period	-	-	-	3,193	-	-	(176)	-	3,017
Share award scheme arrangements	-	-	-	-	75	-	-	-	75
Final 2021 dividends declared (Note 20)	-	-	-	(1,903)	-	-	-	-	(1,903)
At 30 June 2022 (Unaudited)	5,017	9,573	47	4,135	295	570	(497)	3,620	22,760

	Share capital US\$'000	Share premium* US\$'000	Statutory reserve* US\$'000	Retained profit/ (accumulated loss)* US\$'000	Share award reserve* US\$'000	Employee share option reserve* US\$'000	Exchange fluctuation reserve* US\$'000	Capital reserve* US\$'000	Total US\$'000
At 1 January 2021 (Audited)	5,017	9,573	47	925	43	570	(351)	3,620	19,444
Profit for the period	-	-	-	81	-	-	-	-	81
Other comprehensive loss for the period: Exchange differences related to foreign operations	-	-	-	-	-	-	(29)	-	(29)
Total comprehensive income/(loss) for the period	-	-	-	81	-	-	(29)	-	52
Share award scheme arrangements	-	-	-	-	88	-	-	-	88
Final 2020 dividends declared (Note 20)	-	-	-	(1,864)	-	-	-	-	(1,864)
At 30 June 2021 (Unaudited)	5,017	9,573	47	(858)	131	570	(380)	3,620	17,720

\* These reserve accounts comprise the consolidated reserves of US\$17,743,000 (2021: US\$12,703,000) in the consolidated statement of financial position as at 30 June 2022.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Note	2022 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
<b>Cash flows from operating activities</b>			
Profit before tax		4,174	270
Adjustments for:			
– Depreciation of property, plant and equipment	8	1,185	1,449
– Depreciation of right-of-use assets	8	274	264
– Amortisation of other intangible assets	8	14	65
– Amortisation of loan arrangement fee and facility fee	7	33	177
– Write-off of loan arrangement fee	7	–	1,743
– Share award scheme expenses	8	75	88
– Gain on sale of intangible assets	6	–	(500)
– Interest expenses	7	415	444
– Interest income from financial assets at amortised costs	7	(74)	(241)
– Paycheck protection program (“PPP”) loan forgiveness		–	(549)
– Reversal of IT service accrual	8	(1,074)	–
– Impairment/(reversal of impairment) loss on financial assets	13	82	(248)
– Effect of exchange rate changes		27	(48)
		5,131	2,914
Change in working capital:			
– Decrease/(increase) in inventories		3,536	(4,208)
– Decrease in trade receivables		7,057	2,322
– Decrease in prepayment and other receivables		6	566
– Decrease in trade payables		(16,124)	(939)
– Decrease in other payables and accruals		(283)	(1,064)
– Decrease in provisions		(47)	(51)
<b>Cash used in operating activities</b>		<b>(724)</b>	<b>(460)</b>
Net income tax paid		(370)	(492)
<b>Net cash used in operating activities</b>		<b>(1,094)</b>	<b>(952)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	10	(631)	(422)
Purchases of other intangible assets		(12)	–
Proceeds from sale of intangible assets		–	500
<b>Net cash (used in)/from investing activities</b>		<b>(643)</b>	<b>78</b>

Interim Condensed Consolidated Statement of Cash Flows  
For the six months ended 30 June 2022

	2022 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
<i>Note</i>		
<b>Cash flows from financing activities</b>		
Proceeds from interest-bearing bank loans	<b>2,500</b>	24,938
Repayment of interest-bearing bank loans	<b>(1,200)</b>	(24,500)
Principal portion of lease payments	<b>(272)</b>	(257)
Interest portion of lease liabilities	<b>(16)</b>	(19)
Interest paid	<b>(399)</b>	(402)
Payment of loan facility and legal fees	–	(323)
Decrease in pledged deposits	–	286
<b>Net cash generated from/(used in) financing activities</b>	<b>613</b>	(277)
<b>Net decrease in cash and cash equivalents</b>	<b>(1,124)</b>	(1,151)
Cash and cash equivalents at beginning of period	<b>17,630</b>	22,328
Effects of exchange rate changes on cash and cash equivalents	<b>(185)</b>	11
<b>Cash and cash equivalents at end of period</b>	<b>16,321</b>	21,188
	15	

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in the provision of solutions for sensing and control technologies marketed in the smart home automation, consumer electronics and set-top-box segments.

The Shares of the Company have been listed on the Main Board of the Stock Exchange since the listing date on 14 November 2019.

The immediate holding company of the Company is NHPEA IV Home Control Netherlands B.V., which is incorporated in the Netherlands and the ultimate holding company of the Company is Morgan Stanley, which is listed on the New York Stock Exchange and is incorporated in the United States of America.

This interim condensed consolidated financial information is presented in thousands of unit of United States Dollars ("US\$'000"), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board on 19 August 2022.

This interim condensed consolidated financial information has not been audited.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The preparation of the interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. In preparing this unaudited interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

## 2. BASIS OF PREPARATION (Continued)

Taxes on income for the six month periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

The interim condensed consolidated financial information has been prepared under the historical cost convention.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the new standards and amendments to its existing standards which are relevant to the Group's operations and are applicable to the Group's accounting periods beginning on 1 January 2022. The Group has adopted all the new and revised standards, amendments and interpretations that are relevant to the Group's operations and mandatory for annual period beginning 1 January 2022. The effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group's current and prior years' results or financial position.

### **The Group has adopted the following revised IFRSs for the first time for annual period beginning 1 January 2022**

Amendments to IFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>
Amendments to IFRS 3 (Revised)	<i>Business Combinations and Business Combinations (Reference to the conceptual Framework)</i>
Amendments to IAS 16	<i>Property, Plant and Equipment (Proceeds before intended Use)</i>
Amendments to IAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)</i>
Annual Improvements to IFRSs 2018-2020 Cycle	<i>Improvements to IFRSs 2018-2020</i>

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

#### Standards and amendments which are not yet effective and not early adopted

Amendments to IAS 1 <sup>(1)</sup>	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1 (Revised) <sup>(1)</sup>	<i>Presentation of Financial Statements</i>
Amendments to IFRS Practice Statement 2 <sup>(1)</sup>	<i>Making Materiality Judgments</i>
Amendments to IAS 8 <sup>(1)</sup>	<i>Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimate)</i>
Amendments to IAS 12 <sup>(1)</sup>	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IFRS 10 and IAS 28 <sup>(2)</sup>	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
IFRS 17 <sup>(1)</sup>	<i>Insurance Contracts</i>

(1) Effective for annual periods beginning 1 January 2023

(2) New effective date to be determined

The Group is assessing the full impact of these new and amended standards, interpretation and accounting guideline. Some of them may give rise to change in presentation, disclosure and measurements of certain items on the Group's results of operations and financial position, but the impacts are not expected to be significant.

### 4. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has determined that the carrying amounts of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments and other receivables, trade payables, financial liabilities included in other payables and accruals, dividend payable, current portion of interest-bearing bank loans, reasonably approximate to their fair values because these financial instruments are mostly short term in nature. The carrying amounts of long-term interest-bearing bank loans, which incur interest at floating interest rates, also approximate to their fair values as the interest rate is periodically adjusted to the market rate.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## 5. OPERATING SEGMENT INFORMATION

An operating segment, in part, is a component of an enterprise whose operating results are regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance. Operating segments may be aggregated only to a limited extent. Management reviews the financial information about revenues and operating results as a whole for purpose of making operating decisions and assessing financial performance. Accordingly, the Group only have a single operating and reportable segment. Therefore, no further information about the operating segment is presented other than the entity-wide disclosures.

### Entity-wide Disclosures

#### Geographical information

##### (a) Revenue from external customers

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
North America	17,652	4,314
Europe	26,931	21,114
Asia	10,850	14,208
Latin America	9,565	6,935
	<b>64,998</b>	46,571

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

##### (b) Non-current assets

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
North America	15	33
Europe	237	244
Asia	4,443	5,206
	<b>4,695</b>	5,483

The non-current asset information above is based on the locations of the non-current assets and excludes financial assets at amortised costs and goodwill.

## 5. OPERATING SEGMENT INFORMATION (Continued)

### Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the six months ended 30 June 2022 and 2021 is set out below:

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Customer 1	12,267	N/A*

\* The corresponding revenue from the customer is not disclosed as the revenue did not individually account for 10% or more of the Group's revenue for the period.

## 6. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of goods	64,453	46,348
Royalty income	545	223
	<b>64,998</b>	46,571

## 6. REVENUE AND OTHER INCOME (Continued)

### Revenue from contracts with customers

#### (i) Disaggregated revenue information

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
<b>Timing of revenue recognition</b>		
At a point in time		
– Sale of goods	<b>64,453</b>	46,348
Overtime		
– Royalty income	<b>545</b>	223
<b>Total revenue from contracts with customers</b>	<b>64,998</b>	46,571

#### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

##### **Sale of goods**

The performance obligation is satisfied upon passage of control of goods.

Payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

##### **Royalty income**

The performance obligation is satisfied over time based on each licensed product manufactured by the licensee.

## 6. REVENUE AND OTHER INCOME (Continued)

### Revenue from contracts with customers (Continued)

An analysis of other income is as follows:

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Government grants (Note (a))	105	664
Gain on disposal of intangible assets (Note (b))	–	500
Others	1	–
	<b>106</b>	<b>1,164</b>

- (a) The government grants for the six months ended 30 June 2021 included the approval of the Group's application of the Paycheck Protection Program ("PPP") Loan forgiveness amounting to US\$549,000.
- (b) The gain on disposal of intangible assets pertains to an irrevocable transfer of intangible assets to a non-related party for a cash consideration of US\$500,000 for six months ended 30 June 2021.

## 7. FINANCE INCOME AND COSTS

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Finance income		
Interest from:		
– Financial assets at amortised costs	74	241
Finance costs		
Interests on:		
– Bank borrowings	399	399
– Lease liabilities	16	19
Amortisation of loan arrangement fee and facility and legal fee	33	177
Write off of loan agreement fee ( <i>Note</i> )	–	1,743
Others	–	26
	<b>448</b>	<b>2,364</b>

*Note:* The write-off of unamortised portion of loan arrangement fee related to loan arrangement fee for existing loan facilities which had been replaced by a new loan facility obtained by the Group from a global bank during the six months ended 30 June 2021.

## 8. PROFIT BEFORE TAX

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

	For the six months ended	
	30 June	
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	<b>41,969</b>	28,492
Outsourcing costs	<b>6,246</b>	4,467
Depreciation of property, plant and equipment	<b>1,185</b>	1,449
Depreciation of right-of-use assets	<b>274</b>	264
Amortisation of other intangible assets	<b>14</b>	65
Distribution costs	<b>1,162</b>	773
Foreign exchange differences, net	<b>34</b>	66
Withholding tax	<b>20</b>	11
Auditor's remuneration		
– Audit service	<b>205</b>	184
– Non-audit services	<b>48</b>	52
Restructuring and severance costs	<b>12</b>	94
Expenses for short term leases	<b>154</b>	–
Expenses for low value leases	<b>1</b>	3
Reversal of IT service accrual*	<b>(1,074)</b>	–
Employee benefits expense		
– Wage and Salaries	<b>5,444</b>	5,496
– Pension Scheme contributions	<b>1,151</b>	1,155
– Share award Scheme	<b>75</b>	88
– Other Employee Benefits	<b>128</b>	107

During the six months ended 30 June 2022, the Group incurred expenses for the purpose of research and development of US\$2,711,000 (2021: US\$3,020,000), which comprised employee benefits expenses of US\$2,276,000 (2021: US\$2,474,000).

\* The reversal of IT service accrual pertains to release of liability which was accrued in the past in relation to services received. Management, after seeking legal advice on the Limitation Act, considered there to be no further payment obligation after the period of the statute of limitation.

## 9. INCOME TAXES

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which entities of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company and HCIL Master Option Limited are not subject to any income tax in this jurisdiction.

The Singapore statutory income tax for Home Control Singapore Pte. Ltd. has been provided at the rate of 17% (2021: 17%) on the estimated assessable profits arising in Singapore during the reporting period.

The federal tax for Premium Home Control Solutions LLC has been provided at the rate of 21% (2021: 21%), and the state tax has been provided at the rate of 4.3% (2021: 4.4%) on the estimated assessable profits arising in the United States of America during the reporting period.

The provision for Mainland China income tax has been provided at the applicable income tax rate of 25% (2021: 25%) on the estimated assessable profits of the PRC subsidiaries of the Group in accordance with the PRC Corporate Income Tax Law. Home Control Solutions (Suzhou) Limited was qualified as a Micro-sized Enterprise and was subject to a preferential income tax rate of 5% (2021: 5%) for the reporting period. HCS (Suzhou) Limited was qualified as an Advanced Technology Service Enterprise and was subject to a preferential income tax rate of 15% (2021: 15%) for the reporting period until November 2024.

The corporate income tax rate for Home Control Europe NV has been provided at the rate of 25% (2021: 25%) on the estimated assessable profits arising in Belgium during the reporting period.

The corporate income tax rate for Omni Remotes do Brasil Ltda has been provided at the rate of 24% (2021: 24%) on the estimated assessable profits arising in Brazil during the reporting period.

## 9. INCOME TAXES (Continued)

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense are as follows:

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Current tax – Singapore		
Charge for the period	654	–
Under/(Over) provision in prior periods	17	(49)
Current tax – United States of America		
Charge for the period	157	70
Over provision in prior periods	(1)	–
Current tax – China and elsewhere		
Charge for the period	230	116
Under provision in prior periods	16	–
	<b>1,073</b>	137
Deferred tax	(92)	52
Total tax charge for the period	<b>981</b>	189

## 10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Property, plant and equipment					Right-of-use assets				Total US\$'000	
	Furniture and fittings US\$'000	Machinery and equipment			Construction- in-progress US\$'000	Sub-total US\$'000	Re- instatement US\$'000	Office premises US\$'000	Motor vehicles US\$'000		Sub-total US\$'000
		Specific tools US\$'000									
<b>Cost</b>											
At 31 December 2020 and 1 January 2021 (Audited)	132	4,595	6,548	174	11,449	216	2,717	462	3,395	14,844	
Additions	-	-	27	395	422	-	-	87	87	509	
Transfer	-	140	132	(272)	-	-	-	-	-	-	
Disposals	-	(618)	-	-	(618)	-	-	-	-	(618)	
Exchange differences	-	5	21	-	26	-	-	-	-	26	
At 30 June 2021 (Unaudited)	132	4,122	6,728	297	11,279	216	2,717	549	3,482	14,761	
<b>Accumulated depreciation</b>											
At 31 December 2020 and 1 January 2021 (Audited)	103	2,674	3,619	-	6,396	186	2,160	373	2,719	9,115	
Change for the period	22	918	509	-	1,449	18	207	39	264	1,713	
Disposals	-	(618)	-	-	(618)	-	-	-	-	(618)	
Exchange differences	-	3	15	-	18	-	-	-	-	18	
At 30 June 2021 (Unaudited)	125	2,977	4,143	-	7,245	204	2,367	412	2,983	10,228	

## 10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

	Property, plant and equipment					Right-of-use assets				
	Furniture and fittings	Specific tools	Machinery and equipment	Construction- in-progress	Sub-total	Re- instatement	Office premises	Motor vehicles	Sub-total	Total
<b>Cost</b>										
At 31 December 2021 and 1 January 2022 (Audited)	132	15,946	6,465	352	22,895	340	3,194	283	3,817	26,712
Additions	-	-	28	603	631	-	-	49	49	680
Transfer	-	238	297	(535)	-	-	-	-	-	-
Disposals	-	(3)	(2)	-	(5)	-	-	(15)	(15)	(20)
Lease modification	-	-	-	-	-	-	12	(1)	11	11
Exchange differences	-	(51)	(95)	-	(146)	(8)	-	-	(8)	(154)
At 30 June 2022 (Unaudited)	132	16,130	6,693	420	23,375	332	3,206	316	3,854	27,229
<b>Accumulated depreciation</b>										
At 31 December 2021 and 1 January 2022 (Audited)	132	14,192	3,959	-	18,283	300	2,557	116	2,973	21,256
Change for the period	-	693	492	-	1,185	9	225	40	274	1,459
Disposals	-	(3)	(2)	-	(5)	-	-	(15)	(15)	(20)
Exchange differences	-	(51)	(78)	-	(129)	(4)	-	-	(4)	(133)
At 30 June 2022 (Unaudited)	132	14,831	4,371	-	19,334	305	2,782	141	3,228	22,562
<b>Net book value</b>										
At 30 June 2021 (Unaudited)	7	1,145	2,585	297	4,034	12	350	137	499	4,533
At 31 December 2021 (Audited)	-	1,754	2,506	352	4,612	40	637	167	844	5,456
At 30 June 2022 (Unaudited)	-	1,299	2,322	420	4,041	27	424	175	626	4,667

## 11. GOODWILL

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Cost and net carrying amount	<b>8,877</b>	8,877

As at 30 June 2022, no impairment charge has been recorded against goodwill (30 June 2021: no impairment charge).

## 12. FINANCIAL ASSETS AT AMORTISED COSTS

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Unlisted investment at amortised cost	<b>5,240</b>	5,166

The above investments were treasury management principal protected products issued by a financial institution. The investments are denominated in HKD, bear interest of 3% per annum and with a maturity period of 1.5 years from 19 November 2019 and will be rolled over automatically unless there is a mutual agreement to terminate the products. The products are rolled over in the year ended 31 December 2021. They were classified as financial assets at amortised cost as their contractual cash flows are solely payments of principal and interest.

### 13. TRADE RECEIVABLES

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Trade receivables	<b>33,896</b>	40,953
Impairment	<b>(274)</b>	(192)
	<b>33,622</b>	40,761

Trade receivables are non-interest bearing and are generally on 30 to 90 days' credit terms. They are recognised at their original invoice amounts on initial recognition.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
0–90 days	<b>24,991</b>	35,854
91 to 180 days	<b>6,983</b>	3,538
More than 180 days	<b>1,648</b>	1,369
	<b>33,622</b>	40,761

The movements in the loss allowance for impairment of trade receivables are as follows:

	30 June 2022 US\$'000 (Unaudited)	30 June 2021 US\$'000 (Unaudited)
At beginning of period	<b>192</b>	358
Impairment loss/(Impairment loss written back)	<b>82</b>	(248)
At end of period	<b>274</b>	110

#### 14. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Other receivables	139	181
Value-added tax recoverable	137	169
Prepayments	506	438
	<b>782</b>	788

#### 15. CASH AND CASH EQUIVALENTS

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Cash and cash equivalents	<b>16,321</b>	17,630
Denominated in:		
United States Dollar	<b>10,929</b>	12,847
Euro	<b>2,031</b>	202
Singapore Dollar	<b>329</b>	1,343
Chinese Renminbi ("RMB")	<b>200</b>	387
Hong Kong Dollar	<b>2,459</b>	2,476
Others	<b>373</b>	375
Total	<b>16,321</b>	17,630

## 15. CASH AND CASH EQUIVALENTS (Continued)

Cash at banks earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

## 16. TRADE PAYABLES

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Trade payables	<b>34,241</b>	50,365

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
0–90 days	<b>22,101</b>	30,519
91 to 180 days	<b>11,420</b>	11,121
More than 180 days	<b>720</b>	8,725
	<b>34,241</b>	50,365

The trade payables are non-interest-bearing and are normally settled on 90-day credit terms.

## 17. INTEREST-BEARING BANK LOANS

	As at 30 June 2022 (Unaudited)		
	Contractual interest rate (%)	Maturity	US\$'000
<b>Current</b>			
Loan from bank – secured*	LIBOR + 2.5%	Sep 2022 & Mar 2023	3,534
Loan from bank – unsecured	LIBOR + 1.7%	Sep 2022	5,000
			8,534
<b>Non-current</b>			
Loan from bank – secured*	LIBOR + 2.5%	Sep 2023–Mar 2026	17,773
			26,307
	As at 31 December 2021 (Audited)		
	Contractual interest rate (%)	Maturity	US\$'000
<b>Current</b>			
Loan from bank – secured*	LIBOR + 2.5%	Mar & Sep 2022	2,934
Loan from bank – unsecured	LIBOR + 1.7%	Mar 2022	2,500
			5,434
<b>Non-current</b>			
Loan from bank – secured*	LIBOR + 2.5%	Mar 2023–Mar 2026	19,540
			24,974

\* If LIBOR is less than zero, LIBOR shall be deemed to be zero.

All interest-bearing bank loans are denominated in USD.

As at 30 June 2022, the bank loan was secured by a floating charge over bank accounts of Home Control Singapore Pte. Ltd..

The bank loan of the Group has been presented net of the loan arrangement fee.

## 17. INTEREST-BEARING BANK LOANS (Continued)

	30 June 2022 <i>US\$'000</i> (Unaudited)	31 December 2021 <i>US\$'000</i> (Audited)
Analysed into:		
Loan from bank repayable:		
– Within one year or on demand	<b>8,534</b>	5,434
– in the second year	<b>3,536</b>	3,534
– in the third to fifth years, inclusive	<b>14,237</b>	16,006
	<b>26,307</b>	24,974

## 18. SHARE CAPITAL

	30 June 2022 <i>US\$'000</i> (Unaudited)	31 December 2021 <i>US\$'000</i> (Audited)
Authorised:		
5,000,000,000 (31 December 2021: 5,000,000,000) ordinary shares of US\$0.01 each	<b>50,000</b>	50,000
Issued and fully paid:		
501,633,663 (31 December 2021: 501,633,663) ordinary shares of US\$0.01 each	<b>5,017</b>	5,017

## 19. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 501,633,663 (2021: 501,633,663) in issue.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	30 June 2022 US\$'000 (Unaudited)	30 June 2021 US\$'000 (Unaudited)
Earnings		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	<b>3,193</b>	81
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>501,633,663</b>	501,633,663
Effects of dilution – weighted average number of ordinary shares:		
– share options	–	4,557,686
– share awards	<b>5,016,337</b>	2,405,675
	<b>506,650,000</b>	508,597,024

## 20. DIVIDENDS

	30 June 2022 US\$'000 (Unaudited)	30 June 2021 US\$'000 (Unaudited)
Ordinary dividends		
Final declared and paid in respect of the previous financial year – US0.38 cents (2021: US0.37 cents) per ordinary share	<b>1,903</b>	1,864

At the Annual General Meeting held on 24 June 2022, the shareholders approved a final dividend of US0.38 cents per ordinary share, which amounted to US\$1,903,000 in respect of the profit for the year ended 31 December 2021. The dividend was paid on 29 July 2022.

## 21. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the interim condensed consolidated financial information, the following transactions took place between the Company and immediate holding company at terms agreed between the parties:

Compensation of key management personnel of the Group:

	30 June 2022 US\$'000 (Unaudited)	30 June 2021 US\$'000 (Unaudited)
Short-term employee benefits	<b>641</b>	589
Pension scheme contributions	<b>67</b>	70
Total compensation paid to key management personnel	<b>708</b>	659

## 22. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	30 June 2022 <i>US\$'000</i> (Unaudited)	31 December 2021 <i>US\$'000</i> (Audited)
<b>Financial assets</b>		
Trade receivables	33,622	40,761
Other receivables	139	181
Cash and cash equivalents	16,321	17,630
Financial assets at amortised cost	5,240	5,166
	<b>55,322</b>	63,738
<b>Financial liabilities</b>		
Trade payables	34,241	50,365
Financial liabilities included in other payables and accruals	3,443	4,089
Dividend payable	1,903	–
Interest-bearing bank loans	26,307	24,974
Lease liabilities	632	844
	<b>66,526</b>	80,272

## 23. EVENTS AFTER THE REPORTING PERIOD

No other significant events that require additional disclosures or adjustments occurred after 30 June 2022.