

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



WINOX

WINOX HOLDINGS LIMITED

盈利時控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6838)

2023 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to HK\$384,233,000, representing a corresponding decrease of 30.7%.
- The Group's gross profit amounted to HK\$109,534,000, representing a corresponding decrease of 14.7%.
- The Group's profit for the period amounted to HK\$28,013,000, representing a corresponding decrease of 23.7%.
- Basic earnings per share amounted to HK4.7 cents, representing a corresponding decrease of 23.0%.
- The Board declared an interim dividend of HK1.5 cents per ordinary share for the six months ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal focus of Winox Holdings Limited (“**Company**”, together with its subsidiaries “**Group**”) remains on the development and manufacture of premium stainless steel products, and our major business segments are watch bracelets, mobile phone cases and parts, smart wearable cases and parts, and fashion accessories.

During the first six months of 2023, the world's major economies have been facing different challenges, the US economy has been struggling from falling into a recession due to the continuous interest rate hiking to fight inflation, the Euro zone has been adversely affected by the prolonged war between Russia and Ukraine, and the recovery of the China's economy activities from COVID19 was not as strong as expected. Under this backdrop, the world's demand for luxury consumer goods has become sluggish and the sales of the Group's products were inevitably affected.

The revenue of our watch bracelets and fashion accessories for the six months ended 30 June 2023 decreased by 30.2% and 58.3% respectively as compared to last year same period.

The revenue of our mobile phone cases and parts for the first half of 2023 decreased by 50.0% as compared to last year same period.

As the China's economy started to recover from COVID19 during the period under review, the revenue of our smart wearable cases and parts increased by 28.2% as compared to last year same period.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2023, the Group's revenue decreased by 30.7% to HK\$384,233,000 (2022: HK\$554,521,000) as compared to the same period of last year. Revenue attributable to watch bracelets, mobile phone cases and parts, smart wearable cases and parts, and fashion accessories were 32.2%, 29.9%, 32.4% and 5.5% respectively (2022: 32.0%, 41.4%, 17.5% and 9.1%).

In the first six months of 2023, the Group's revenue of watch bracelets reported a decrease of 30.2% to HK\$123,796,000 (2022: HK\$177,258,000) and revenue of fashion accessories recorded a decrease of 58.3% to HK\$21,153,000 (2022: HK\$50,679,000) as compared to the same period of last year.

During the period under review, revenue of mobile phone cases and parts was HK\$114,707,000 (2022: HK\$229,380,000), representing a decrease of 50.0%.

During the period under review, revenue of smart wearable cases and parts amounted to HK\$124,577,000 (2022: HK\$97,204,000), representing an increase of 28.2%.

Profit for the Period

Gross profit decreased by 14.7% to HK\$109,534,000 (2022: HK\$128,436,000) as compared to the same period of last year. Gross profit margin for the period under review increased by 5.3 percentage points to 28.5% (2022: 23.2%) which was mainly due to the depreciation of RMB and the implementation of cost saving measures. Profit for the period decreased by 23.7% to HK\$28,013,000 (2022: HK\$36,724,000) and basic earnings per share for the period under review decreased by 23.0% to HK4.7 cents (2022: HK6.1 cents).

Cost of Sales

Cost of sales included costs of production materials, labour costs, and manufacturing overhead and other costs. The following table sets forth the breakdown of our cost of sales for the six months ended 30 June 2023:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Direct materials costs	116,107	207,054
Direct labour costs	111,303	165,357
Manufacturing overhead and other costs	47,289	53,674
	<u>274,699</u>	<u>426,085</u>

During the six months ended 30 June 2023, direct materials costs accounted for about 42.3% (2022: 48.6%) of the total cost of sales.

Direct labour costs, and manufacturing overhead and other costs accounted for about 40.5% and 17.2% (2022: 38.8% and 12.6%) of the total cost of sales respectively.

Other Income

Other income decreased by 72.0% to HK\$3,224,000 for the six months ended 30 June 2023 as compared to HK\$11,516,000 for the same period of last year which was mainly due to the decrease in government grants.

Other Expenses

Selling and distribution costs decreased by 25.6% to HK\$8,223,000 for the first six months of 2023 as compared to HK\$11,053,000 for the same period of last year.

Administrative and other expenses decreased by 14.6% to HK\$55,710,000 (2022: HK\$65,212,000) during the period under review which was mainly due to the decrease in salaries and repairs and maintenance expenses.

Research and development expenses decreased by 13.6% to HK\$17,513,000 (2022: HK\$20,279,000) during the period under review which was mainly due to the decrease in salaries.

Finance costs for the six months ended 30 June 2023 amounted to HK\$2,279,000 (2022: HK\$3,408,000), representing a decrease of 33.1% which was mainly due to the decrease in average balance of bank borrowings.

Taxation

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of assessable profits of a qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (“**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of group entities in the PRC is 25%. Certain PRC subsidiaries of the Group were awarded the High and New Technology Enterprise (“**HNTE**”) certificate in prior years and eligible to a tax rate of 15% for 3 years until 31 December 2022. The recognition as a HNTE is subject to review every three years by the relevant government bodies.

According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 200% (2022: 200%) of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the period (“**Super Deduction**”). The Group has made its best estimate for the Super Deduction to be claimed for the subsidiaries in ascertaining their assessable profits for the period.

Inventories

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Raw materials	11,421	17,108
Work in progress	39,761	50,775
Finished goods	11,785	24,428
	62,967	92,311

As at 30 June 2023, the Group recorded an inventory balance of HK\$62,967,000 (31 December 2022: HK\$92,311,000), representing a decrease of 31.8%. The inventory turnover of the Group for the first half of 2023 was 51.2 days as compared to 58.0 days for the same period of 2022.

Trade Receivables

As at 30 June 2023, the Group’s trade receivables amounted to HK\$142,656,000 (31 December 2022: HK\$186,982,000). The credit periods granted to our customers were considered on individual basis ranging from 30 days to 90 days. Generally, no credit would be granted to customers which are new, short-term and placing orders in immaterial scale. As most of our customers are internationally renowned brand owners, we considered we were exposed to relatively low default risk. As at 31 July 2023, approximately HK\$79,787,000 of the gross carrying amount of trade receivables as at 30 June 2023 has been received. The trade receivables turnover of the Group for the period under review was 77.6 days (for the year ended 31 December 2022: 86.6 days).

Trade Payables

As at 30 June 2023, the Group’s trade payables amounted to HK\$88,409,000 (31 December 2022: HK\$110,616,000). The trade payables was primarily related to the purchase of raw materials from suppliers with credit periods ranging from 30 days to 90 days. The trade payables turnover of the Group for the six months ended 30 June 2023 was 65.6 days (for the year ended 31 December 2022: 78.3 days).

Liquidity, Indebtedness and Charges on Assets

During the period under review, the Group maintained a satisfactory liquidity level. As at 30 June 2023, net current assets of the Group was HK\$346,359,000 (31 December 2022: HK\$364,795,000). Besides, the Group maintained bank balances and cash of HK\$246,862,000 as at 30 June 2023 (31 December 2022: HK\$270,794,000), of which 27.0% was in Renminbi, 14.6% was in Hong Kong dollars, 58.0% was in United State dollars, and 0.4% was in Swiss Franc and other currencies.

The Group's outstanding bank borrowings as at 30 June 2023 was HK\$70,466,000 (31 December 2022: HK\$118,287,000), of which 74.5% was in Hong Kong dollars and 25.5% was in Renminbi. Balance of HK\$55,304,000 contained repayment on demand clause at any time at the discretion of the bank. Under the Hong Kong Accounting Standards, the Group had classified all the bank borrowings as current liabilities in the condensed consolidated statement of financial position as at 30 June 2023. Despite that, amongst these bank borrowings, according to the repayment schedule, HK\$37,383,000 was repayable within one year and the balance of HK\$33,083,000 was repayable after one year. Details of the Group's committed borrowing facilities are set out in the section entitled "Specific performance obligations on controlling shareholder" in the interim report.

Part of the bank borrowings was secured by certain of the Group's assets with an aggregate carrying value of HK\$55,919,000 as at 30 June 2023. The charged assets included a piece of land in Dongguan where our factory situated and certain properties constructed thereon, the deposit for one keyman life insurance policy and bills receivables. The banking facilities to the Company's wholly-owned subsidiaries were also secured by corporate guarantees in favour of the bank from the Company.

As at 30 June 2023, the Group's gearing ratio was 0.06 (31 December 2022: 0.09), which was calculated on the basis of total borrowings over total assets of the Group.

Treasury

The Group adopted conservative treasury policies in cash and financial management. Cash was generally placed in short term deposits. The Group's liquidity and financing requirements were reviewed regularly.

For the six months ended 30 June 2023, a considerable amount of the Group's sales was denominated in United States dollars, Hong Kong dollars and Renminbi contributing to 35.2%, 22.2% and 42.6% of the total revenue respectively (2022: 46.9%, 16.5% and 36.6%). As Hong Kong dollars was pegged with United States dollars, the directors of the Company ("Directors") considered the Group was exposed to limited risk in this aspect. Despite that, the Group's production plants were located in Mainland China and the labour costs and manufacturing overhead were mainly denominated in Renminbi. The appreciation and depreciation of Renminbi might affect the overall production costs of the Group.

During the period under review, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 30 June 2023. We would continue to monitor closely the exchange rate risk arising from the Group's existing operations and new investments in future. We would implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Capital Commitments

Capital expenditure contracted for but not yet provided by the Group in the condensed consolidated financial statements as at 30 June 2023 was HK\$25,511,000 (31 December 2022: HK\$29,350,000), which was mainly related to the acquisition of property, plant and equipment and land use rights.

Contingent Liabilities

As at 30 June 2023, save for the granting of corporate guarantees by the Company to its wholly-owned subsidiaries as described above, the Group did not have any other significant contingent liabilities.

Employment and Remuneration Policy

As at 30 June 2023, the total number of employees of the Group was approximately 2,695 (2022: 3,810). During the period under review, staff costs (including Directors' emoluments) amounted to HK\$156,983,000 (2022: HK\$221,552,000). Remuneration of employees which included salary and discretionary bonus was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to all levels of personnel.

OUTLOOK

Entering into the second half of 2023, the world's economy is full of challenges due to the escalating trade sanctions by US on China; the prolonged Russia and Ukraine war and geopolitical tensions in other areas of the world and the slowing down of the China's economy. We will keep taking relevant measures to prepare for any challenges. On top of the Group's focus on growing revenue, ensuring consistent and sustainable long-term profitability remains a top priority. We are committed to improving our operation efficiency and will make the best use of our resources to enhance our profitability for the purpose of achieving the sustainable growth of the Group.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended	
		<u>30.6.2023</u> HK\$'000 (unaudited)	<u>30.6.2022</u> HK\$'000 (unaudited)
Revenue	3	384,233	554,521
Cost of sales		(274,699)	(426,085)
Gross profit		109,534	128,436
Other income		3,224	11,516
Other gains and losses		3,137	2,759
Reversal of impairment losses on financial assets under expected credit loss model		88	908
Selling and distribution costs		(8,223)	(11,053)
Administrative and other expenses		(55,710)	(65,212)
Research and development expenses		(17,513)	(20,279)
Finance costs		(2,279)	(3,408)
Profit before taxation	4	32,258	43,667
Taxation	5	(4,245)	(6,943)
Profit for the period		28,013	36,724
Other comprehensive expense for the period <i>Item that may be reclassified subsequently to profit or loss</i>			
- Exchange differences arising on translation of foreign operations		(43,388)	(43,137)
Total comprehensive expense for the period		(15,375)	(6,413)
Earnings per share – Basic	7	HK4.7 cents	HK6.1 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	<u>30.6.2023</u> HK\$'000 (unaudited)	<u>31.12.2022</u> HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		497,941	527,015
Right-of-use assets		62,224	63,133
Deposit for land use rights		19,579	20,481
Deposits paid for acquisition of property, plant and equipment		34,897	29,248
Deposit and prepayment for a life insurance policy		9,684	9,966
		624,325	649,843
Current assets			
Inventories		62,967	92,311
Trade and other receivables	8	246,537	302,431
Taxation recoverable		889	655
Bank balances and cash		246,862	270,794
		557,255	666,191
Current liabilities			
Trade and other payables	9	132,042	176,249
Taxation payable		6,269	5,446
Bank borrowings		70,466	118,287
Lease liabilities		2,119	1,414
		210,896	301,396
Net current assets		346,359	364,795
Total assets less current liabilities		970,684	1,014,638
Non-current liability			
Lease liabilities		4,135	2,714
Net assets		966,549	1,011,924
Capital and reserves			
Share capital		60,000	60,000
Reserves		906,549	951,924
Total equity		966,549	1,011,924

NOTES

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. Principal Accounting Policies- continued

Application of new and amendments to HKFRSs- continued

In July 2023, the HKICPA issued the amendments to HKAS 12 to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "**Pillar Two legislation**"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current interim period because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

3. Revenue and Segment Information

The Group is engaged in manufacture and trading of stainless steel products. Information reported to the members of executive directors of the Company, being the chief operating decision makers (the "**CODM**"), for the purposes of resources allocation and assessment of performance focuses on revenue analysis by products, including mobile phone cases and parts, watch bracelets, smart wearable cases and parts, and fashion accessories, and by geographic locations of customers, including the People's Republic of China ("**PRC**"), Switzerland, Hong Kong, Liechtenstein and other European countries, Taiwan, Vietnam and other countries. However, other than revenue analysis, no operating results and other discrete financial information is available. In addition, the CODM reviews the results of the Group as a whole to make decisions. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

The revenue of the Group from manufacture and trading of stainless steel products is recognised when the goods are passed to the customers, which is the point of time when the customers have the ability to direct the use of the goods and obtain substantially all of the remaining benefits of the goods.

3. Revenue and Segment Information- continued

Revenue from major products

Revenue by products are as follows:

	Six months ended	
	<u>30.6.2023</u>	<u>30.6.2022</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Smart wearable cases and parts	124,577	97,204
Watch bracelets	123,796	177,258
Mobile phone cases and parts	114,707	229,380
Fashion accessories	21,153	50,679
	<u>384,233</u>	<u>554,521</u>

Geographical information

Revenue from external customers based on locations of customers attributed to the Group by geographical areas are as follows:

	Six months ended	
	<u>30.6.2023</u>	<u>30.6.2022</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
PRC	190,696	234,595
Switzerland	113,026	164,002
Hong Kong	41,803	56,680
Liechtenstein and other European countries	20,782	48,101
Taiwan	11,492	21,283
Vietnam	1,321	28,021
Other countries	5,113	1,839
	<u>384,233</u>	<u>554,521</u>

4. Profit Before Taxation

	Six months ended	
	<u>30.6.2023</u>	<u>30.6.2022</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Directors' remuneration	3,614	3,429
Other staff costs	139,312	199,113
Other staff's retirement benefits schemes contributions	14,057	19,010
Total staff costs	<u>156,983</u>	221,552
Less: Capitalised in inventories	<u>(111,303)</u>	(165,357)
	<u>45,680</u>	56,195
Depreciation of property, plant and equipment	29,886	31,062
Depreciation of right-of-use assets	2,700	3,291
Less: Capitalised in inventories	<u>(21,800)</u>	(22,382)
	<u>10,786</u>	11,971
Interests on:		
- bank borrowings	1,954	1,828
- loans related to bills discounted with recourse	196	1,394
- lease liabilities	129	186
	<u>2,279</u>	3,408
Loss on disposal of property, plant and equipment (included in other gains and losses)	664	502
Gain on surrender of a life insurance policy (included in other gains and losses) (Note)	-	(3,169)
Loss on lease modification (included in other gains and losses)	194	-
Net foreign exchange gain (included in other gains and losses)	<u>(3,995)</u>	(92)

Note: During the six months ended 30 June 2022, a subsidiary of the Company surrendered a life insurance policy (the "**Policy**") to insure Mr. Yiu Hon Ming. Upon surrender of the Policy, the Group received surrender value of USD867,000 (equivalent to HK\$6,804,000) with carrying amount of USD469,000 (equivalent to HK\$3,635,000), resulting in a gain on surrender of USD398,000 (equivalent to HK\$3,169,000).

5. Taxation

Six months ended	
<u>30.6.2023</u>	<u>30.6.2022</u>
HK\$'000	HK\$'000
(unaudited)	(unaudited)

The charge comprises:

Hong Kong Profits Tax		
Current period	<u>3,124</u>	4,478
PRC Enterprise Income Tax ("EIT")		
Current period	1,380	2,110
(Over) under provision in prior years	<u>(259)</u>	355
	<u>1,121</u>	2,465
	<u>4,245</u>	6,943

Hong Kong Profits Tax

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of a qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Hong Kong Profits Tax is calculated at 16.5% on the estimates of assessable profit for both periods.

PRC EIT

Under the Law of the PRC on EIT ("**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of group entities in the PRC is 25%. Certain PRC subsidiaries of the Group were awarded the High and New Technology Enterprise ("**HNTE**") certificate in prior years and eligible to a tax rate of 15% for 3 years until 31 December 2022. The recognition as a HNTE is subject to review every three years by the relevant government bodies.

According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 200% (2022: 200%) of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the period ("**Super Deduction**"). The Group has made its best estimate for the Super Deduction to be claimed for the subsidiaries in ascertaining their assessable profits for the period.

6. Dividends

During the current interim period, a final dividend of HK5.0 cents per ordinary share in respect of the year ended 31 December 2022 (2022: HK3.0 cents per ordinary share in respect of the year ended 31 December 2021) was declared to the shareholders of the Company. The aggregate amount of the final dividend declared in the current interim period amounted to HK\$30,000,000 (2022: HK\$18,000,000).

On 25 August 2023, the board of directors of the Company has resolved to declare an interim dividend of HK1.5 cents per ordinary share, totalling HK\$9,000,000, for the six months ended 30 June 2023 (2022: HK\$6,000,000). The interim dividend is payable on 6 October 2023 to the shareholders of the Company whose names appear on the Company's register of members on 18 September 2023.

7. Earnings Per Share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Six months ended	
	<u>30.6.2023</u>	<u>30.6.2022</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	28,013	36,724
	<hr/>	
	Number of shares	
	<u>30.6.2023</u>	<u>30.6.2022</u>
Weighted average number of shares for the purpose of calculating basic earnings per share	600,000,000	600,000,000
	<hr/>	

No diluted earnings per share for both periods were presented as there were no potential ordinary shares in issue for both periods.

8. Trade and Other Receivables

	<u>30.6.2023</u> HK\$'000 (unaudited)	<u>31.12.2022</u> HK\$'000 (audited)
Trade receivables	143,360	187,985
Less: Allowance for expected credit losses ("ECL")	(704)	(1,003)
	<u>142,656</u>	<u>186,982</u>
Bills receivables	75,189	87,708
Less: Allowance for ECL	(324)	(113)
	<u>74,865</u>	<u>87,595</u>
Value added tax recoverable	19,514	19,421
Prepayments and deposits	4,442	5,592
Refundable rental deposits	670	1,051
Others	4,390	1,790
Total trade and other receivables	<u>246,537</u>	<u>302,431</u>

The trade receivables and bills receivables are from contracts with customers. Payment terms with customers are mainly on credit. Invoices are normally payable within 30 to 90 days by the customers from date of issuance. A longer credit period may be granted to large or long-established customers with good payment history.

The following is an aging analysis of trade receivables at the end of each reporting period based on the date of delivery, which approximated the respective revenue recognition date:

	<u>30.6.2023</u> HK\$'000 (unaudited)	<u>31.12.2022</u> HK\$'000 (audited)
0 to 30 days	70,228	68,518
31 to 60 days	57,063	74,685
61 to 90 days	14,479	26,759
Over 90 days	886	17,020
	<u>142,656</u>	<u>186,982</u>

As at 30 June 2023, total bills received amounting to HK\$74,865,000 (31 December 2022: HK\$87,595,000) are held by the Group for future settlement of trade receivables, of which certain bills amounting to HK\$15,086,000 (31 December 2022: HK\$33,140,000) were discounted by the Group with recourse. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills received by the Group are with a maturity period of 4 months or less.

The basis of determining the inputs and assumptions and the estimation techniques used for impairment assessment on financial assets in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

9. Trade and Other Payables

	<u>30.6.2023</u>	<u>31.12.2022</u>
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade payables	88,409	110,616
Payroll and welfare payables	27,233	32,403
Valued added tax payable	3,154	14,015
Commissions and other payables to intermediary agents	5,345	4,879
Payables for acquisition of property, plant and equipment	3,106	7,361
Other tax payables	1,207	2,644
Accrued expenses	2,093	1,270
Interest payable	13	447
Others	1,482	2,614
	<u>132,042</u>	<u>176,249</u>

The Group mainly receives credit terms of 30 to 90 days from its suppliers. The following is an aging analysis of trade payables at the end of each reporting period based on the invoice date:

	<u>30.6.2023</u>	<u>31.12.2022</u>
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0 to 30 days	22,520	22,911
31 to 60 days	27,806	33,675
61 to 90 days	19,423	24,488
Over 90 days	18,660	29,542
	<u>88,409</u>	<u>110,616</u>

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company is committed to establishing and maintaining high standard of corporate governance and believes that good corporate governance system provides a sustainable and solid foundation for the Company to manage business risks, enhance transparency, advance accountability and maximise shareholders' interests.

The Company has applied the principles of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and complied with all the applicable code provisions of the CG Code throughout the six months ended 30 June 2023.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in the securities of the Company by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2023.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2023 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, by Messrs. Deloitte Touche Tohmatsu. The interim results of the Group for the six months ended 30 June 2023 have also been reviewed by the Audit Committee of the Company.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of HK1.5 cents per ordinary share, totaling HK\$9,000,000, for the six months ended 30 June 2023. The interim dividend will be payable on Friday, 6 October 2023 to the shareholders of the Company whose names appear on the Company's register of members on Monday, 18 September 2023.

For the purpose of ascertaining the shareholders' entitlement to the interim dividend, the Company's register of members will be closed from Thursday, 14 September 2023 to Monday, 18 September 2023 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be entitled to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 13 September 2023.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to all our customers, suppliers and shareholders for their continuous support to the Group. I would also like to thank our team of dedicated staff for their invaluable services and contributions to the Group throughout the period.

By Order of the Board
Yiu Hon Ming
Chairman

Hong Kong • 25 August 2023

As at the date of this announcement, the Board comprises (a) six Executive Directors, namely, Mr. Yiu Hon Ming, Mr. Yiu Tat Sing, Mr. Li Chin Keung, Ms. Law Wai Ping, Mr. Chau Kam Wing Donald and Ms. Yiu Ho Ting; and (b) four Independent Non-executive Directors, namely, Mr. Au Wai Ming, Mr. Carson Wen, Professor Wong Lung Tak Patrick and Mr. Wu Ming Lam.