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## LITU HOLDINGS LIMITED

力圖控股有限公司

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

**(Stock Code: 1008)**

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “Board”) of directors (the “Directors”) of Litu Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2023 (the “Period under Review”) together with the comparative figures for the corresponding period in 2022 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *For the six months ended 30 June 2023*

		<b>Six months ended 30 June</b>	
		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Unaudited)
			(Re-presented)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Continuing operations:</b>			
Revenue	4	<b>335,460</b>	479,514
Cost of sales		<b>(279,762)</b>	(423,810)
Gross profit		<b>55,698</b>	55,704
Other income		<b>7,748</b>	24,753
Other gains and losses	7	<b>(62,802)</b>	913
Reversal of loss allowance on trade and other receivables and contract assets, net		<b>259</b>	5
Selling and distribution expenses		<b>(6,576)</b>	(9,992)
Administrative expenses		<b>(32,433)</b>	(71,462)
Finance costs	8	<b>(2,160)</b>	(5,537)
Share of result of associates		<b>5,280</b>	27,769
Share of result of a joint venture		<b>–</b>	39
(Loss) Profit before taxation	8	<b>(34,986)</b>	22,192
Taxation	6	<b>(7,238)</b>	(7,868)

	<b>Six months ended 30 June</b>	
	<b>2023</b> <b>(Unaudited)</b>	<b>2022</b> <b>(Unaudited)</b> <b>(Re-presented)</b>
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(Loss) Profit for the period from continuing operations</b>	<b>(42,224)</b>	14,324
<b>Discontinued operations:</b>		
(Loss) Profit for the period from discontinued operations	<u>(9,433)</u>	<u>3,320</u>
<b>(Loss) Profit for the period</b>	<u><b>(51,657)</b></u>	<u>17,644</u>
<b>Attributable to:</b>		
Owners of the Company		
— continuing operations	(42,224)	14,324
— discontinued operations	<u>(9,066)</u>	<u>2,324</u>
	<u><b>(51,290)</b></u>	<u>16,648</u>
Non-controlling interests		
— discontinued operations	<u>(367)</u>	<u>996</u>
	<u><b>(367)</b></u>	<u>996</u>
<b>(Loss) Profit for the period</b>	<u><b>(51,657)</b></u>	<u>17,644</u>
<b>Basic and diluted (loss) earnings per share</b>	<b>HK\$</b>	<b>HK\$</b>
— continuing operations	(0.027)	0.010
— discontinued operations	<u>(0.006)</u>	<u>0.001</u>
— Total continuing operations and discontinued operations	<u><b>(0.033)</b></u>	<u>0.011</u>
<b>(Loss) Profit for the period</b>	<u><b>(51,657)</b></u>	<u>17,644</u>
<b>Other comprehensive loss</b>		
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
— Exchange differences arising on translation to presentation currency	<u>(93,967)</u>	<u>(85,688)</u>
<b>Total comprehensive loss for the period</b>	<u><b>(145,624)</b></u>	<u>(68,044)</u>
<b>Attributable to:</b>		
Owners of the Company	(144,550)	(67,883)
Non-controlling interests	<u>(1,074)</u>	<u>(161)</u>
<b>Total comprehensive loss for the period</b>	<u><b>(145,624)</b></u>	<u>(68,044)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2023*

	<i>Notes</i>	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		724,459	914,396
Right-of-use assets		71,330	86,100
Investment properties		210,500	145,148
Goodwill		650,273	728,704
Intangible assets		1,619	2,231
Interest in an associate		267,580	335,495
Deferred tax assets		8,876	15,223
Rental and other deposits paid		18,693	5,848
		<b>1,953,330</b>	2,233,145
<b>Current assets</b>			
Inventories		82,703	102,683
Trade receivables	11	247,298	363,892
Contract assets		24,405	33,799
Other receivables, prepayments and refundable deposits		64,463	33,791
Dividend receivable from an associate		38,818	–
Tax recoverable		359	6,918
Structured deposits		–	2,629
Pledged bank deposits		17,091	104,512
Bank balances and cash		339,380	313,292
		<b>814,517</b>	961,516
Assets classified as held for sale	13	<b>101,181</b>	–
		<b>915,698</b>	961,516

		<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
	<i>Notes</i>		
<b>Current liabilities</b>			
Trade payables	12	200,120	243,182
Other payables and accruals		102,931	120,336
Deposit received	13	14,914	–
Amount due to non-controlling interests of a subsidiary		–	4,233
Lease liabilities		133	–
Bank borrowings		129,408	266,633
Dividend payable		62,715	–
Income tax payable		8,259	6,064
		<u>518,480</u>	<u>640,448</u>
Liabilities associated with assets classified as held for sale	13	<u>22,242</u>	<u>–</u>
		<u>540,722</u>	<u>640,448</u>
<b>Net current assets</b>		<u>374,976</u>	<u>321,068</u>
<b>Total assets less current liabilities</b>		<u>2,328,306</u>	<u>2,554,213</u>
<b>Non-current liabilities</b>			
Lease liabilities		209	–
Government grants		20,209	22,058
Deferred tax liabilities		41,090	57,018
		<u>61,508</u>	<u>79,076</u>
<b>NET ASSETS</b>		<u>2,266,798</u>	<u>2,475,137</u>
<b>Capital and reserves</b>			
Share capital		7,839	7,839
Reserves		2,234,783	2,442,048
		<u>2,242,622</u>	<u>2,449,887</u>
Equity attributable to owners of the Company		2,242,622	2,449,887
Non-controlling interests		24,176	25,250
<b>TOTAL EQUITY</b>		<u>2,266,798</u>	<u>2,475,137</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2023*

## 1. GENERAL

Litu Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 11 November 2008 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate controlling party is Mr. Cai Xiao Ming, David (the “Controlling Shareholder”). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is 3/F, 38 On Lok Mun Street, On Lok Tsuen, Fanling, New Territories, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are engaged in provision of the printing of cigarette packages, manufacturing of paper packaging materials, manufacturing of laminated papers, printing of packages and decoration matters, research and development on printing technology, wholesale, import and export of the packaging products and other related services and leasing of investment properties.

The Company’s functional currency is Renminbi (“RMB”). For the convenience of the financial statements users, the condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) as the Company’s shares are listed on the Stock Exchange.

## 2. BASIS OF PREPARATION

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

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except financial assets at fair value through profit or loss (“FVPL”), which are measured at fair value, as appropriate.

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

## **Application of amendments to HKFRSs**

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

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The application of the amendments to HKFRSs in the current 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.

## **Future Changes in HKFRSs**

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2023. The directors are in the process of assessing the possible impact of the future adoption of these new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group's results and financial position.

#### 4. REVENUE

An analysis of revenue of the Group is as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Re-presented)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Continuing operations</b>		
<i>Revenue from contracts with customers within HKFRS 15</i>		
Sale of goods	<b>320,692</b>	465,232
<i>Revenue from other sources</i>		
Leasing income from investment properties	<b>14,768</b>	14,282
	<b>335,460</b>	479,514
<b>Discontinued operations</b>		
<i>Revenue from contracts with customers within HKFRS 15</i>		
Sale of goods	<b>20,857</b>	41,686
	<b>356,317</b>	521,200

## Disaggregation of revenue from contracts with customers within HKFRS 15

### Types of goods or services

	Six months ended 30 June	
	2023	2022
	(Unaudited) <i>HK\$'000</i>	(Unaudited) (Re-presented) <i>HK\$'000</i>
<b>Continuing operations</b>		
Printing and manufacturing of paper packages and related materials		
— Printing of cigarette packages	276,037	379,175
— Manufacturing of paper packaging materials	42,995	84,858
— Other related products	1,660	1,177
Manufacturing of laminated papers	—	22
	<b>320,692</b>	465,232
<b>Discontinued operations</b>		
Sales of RFID products	20,857	41,686
	<b>341,549</b>	506,918

### Timing of revenue recognition

	For the six months ended 30 June 2023				
	Printing of cigarette packages (Unaudited) <i>HK\$'000</i>	Manufacturing of paper packaging materials (Unaudited) <i>HK\$'000</i>	Other related products (Unaudited) <i>HK\$'000</i>	Sales of RFID products (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Continuing operations</b>					
A point in time	—	42,995	1,660	—	44,655
Over time	276,037	—	—	—	276,037
	276,037	42,995	1,660	—	320,692
<b>Discontinued operations</b>					
A point in time	—	—	—	20,857	20,857
Total	276,037	42,995	1,660	20,857	341,549

For the six months ended 30 June 2022

	Manufacturing					Total
	Printing of cigarette packages (Unaudited) <i>HK\$'000</i>	of paper packaging materials (Unaudited) <i>HK\$'000</i>	Other related products (Unaudited) (Re-presented) <i>HK\$'000</i>	Manufacturing of laminated papers (Unaudited) <i>HK\$'000</i>	Sales of RFID products (Unaudited) (Re-presented) <i>HK\$'000</i>	(Unaudited) (Re-presented) <i>HK\$'000</i>
<b>Continuing operations</b>						
A point in time	–	84,858	1,177	–	–	86,035
Over time	379,175	–	–	22	–	379,197
	<u>379,175</u>	<u>84,858</u>	<u>1,177</u>	<u>22</u>	<u>–</u>	<u>465,232</u>
<b>Discontinued operations</b>						
A point in time	–	–	–	–	41,686	41,686
Total	<u>379,175</u>	<u>84,858</u>	<u>1,177</u>	<u>22</u>	<u>41,686</u>	<u>506,918</u>

*Geographical markets*

Information about the Group's revenue from external customers is presented based on the location of customers irrespective of the origin of goods/services.

For the six months ended 30 June 2023

	Manufacturing					Total
	Printing of cigarette packages (Unaudited) <i>HK\$'000</i>	of paper packaging materials (Unaudited) <i>HK\$'000</i>	Other related products (Unaudited) <i>HK\$'000</i>	Sales of RFID products (Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
<b>Continuing operations</b>						
PRC	<u>276,037</u>	<u>42,995</u>	<u>1,660</u>	–	–	<u>320,692</u>
<b>Discontinued operations</b>						
PRC	–	–	–	13,507	–	13,507
Others (note)	–	–	–	7,350	–	7,350
	<u>–</u>	<u>–</u>	<u>–</u>	<u>20,857</u>	<u>–</u>	<u>20,857</u>
Total	<u>276,037</u>	<u>42,995</u>	<u>1,660</u>	<u>20,857</u>	<u>–</u>	<u>341,549</u>

For the six months ended 30 June 2022

	Printing of cigarette packages (Unaudited) <i>HK\$'000</i>	Manufacturing of paper packaging materials (Unaudited) <i>HK\$'000</i>	Other related products (Unaudited) (Re-presented) <i>HK\$'000</i>	Manufacturing of laminated papers (Unaudited) <i>HK\$'000</i>	Sales of RFID products (Unaudited) (Re-presented) <i>HK\$'000</i>	Total (Unaudited) (Re-presented) <i>HK\$'000</i>
<b>Continuing operations</b>						
PRC	379,175	84,858	1,177	22	–	465,232
<b>Discontinued operations</b>						
PRC	–	–	–	–	32,876	32,876
Others ( <i>note</i> )	–	–	–	–	8,810	8,810
	–	–	–	–	41,686	41,686
Total	<u>379,175</u>	<u>84,858</u>	<u>1,177</u>	<u>22</u>	<u>41,686</u>	<u>506,918</u>

*Note:* Others mainly included Brazil, India, the Republic of Turkey, the Portuguese Republic and the Republic of Korea.

## 5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

During the second half year of 2022, the Group reorganised its internal reporting structure for which the previous printing and manufacturing of cigarette packages and related materials business and manufacturing of laminated papers business were aggregated into one single operating and reportable segment in view of the similarity of their economic characteristics. Prior period segment disclosures have been represented to conform with the current interim period’s presentation.

During the current interim period, the CODM had decided to segregate the leasing of investment properties segment from the unallocated operations resulting from the increasing importance of the leasing out of properties to the Group’s total revenue and assets.

The Group’s operating and reportable segments currently are (i) printing and manufacturing of paper packages and related materials; (ii) sales of RFID products and (iii) leasing of investment properties. The CODM considered the Group has three operating and reportable segments which are based on the internal organisation and reporting structure.

The following is an analysis of the Group's revenue and results by reportable segments:

**For the six months ended 30 June 2023**

	Continuing operations			Discontinued operations	
	Printing and manufacturing of paper packages and related materials (Unaudited) <i>HK\$'000</i>	Leasing of investment properties (Unaudited) <i>HK\$'000</i>	Sub-total (Unaudited) <i>HK\$'000</i>	Sales of RFID products (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment revenue	<u>320,692</u>	<u>14,768</u>	<u>335,460</u>	<u>20,857</u>	<u>356,317</u>
Segment profit (loss)	<u>47,930</u>	<u>1,555</u>	<u>49,485</u>	<u>(1,071)</u>	<u>48,414</u>
Unallocated — other income			7,748	607	8,355
Unallocated — other gains and losses			(62,802)	(8,075)	(70,877)
Unallocated expenses			(32,796)	(1,107)	(33,903)
Finance costs			(2,160)	–	(2,160)
Share of result of an associate			5,280	–	5,280
Reversal of loss allowance on trade and other receivables and contract assets, net			<u>259</u>	<u>180</u>	<u>439</u>
Loss before taxation			<u>(34,986)</u>	<u>(9,466)</u>	<u>(44,452)</u>

**For the six months ended 30 June 2022**  
**(Re-presented)**

	Continuing operations			Discontinued operations	Total (Unaudited) (Re-presented) HK\$'000
	Printing and manufacturing of paper packages and related materials (Unaudited) (Re-presented) HK\$'000	Leasing of investment properties (Unaudited) (Re-presented) HK\$'000	Sub-total (Unaudited) (Re-presented) HK\$'000	Sales of RFID products (Unaudited) (Re-presented) HK\$'000	
Segment revenue	465,232	14,282	479,514	41,686	521,200
Segment profit (loss)	59,967	(1,478)	58,489	5,581	64,070
Unallocated — other income			24,753	938	25,691
Unallocated — other gains and losses			913	–	913
Unallocated expenses			(84,239)	(2,816)	(87,055)
Finance costs			(5,537)	(201)	(5,738)
Share of result of an associate			27,769	–	27,769
Share of result of a joint venture			39	–	39
Reversal of loss allowance on trade and other receivables and contract assets, net			5	–	5
Profit before taxation			22,192	3,502	25,694

Segment result represents the profit or loss generated (incurred) by each segment without allocation of corporate management expenses, directors' emoluments, share of result of an associate and a joint venture, finance costs, unallocated other income, unallocated other net gains and losses, net reversal of loss allowance on trade and other receivables and contract assets, amortisation of intangible assets relating to customer relationship and other unallocated expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

All of the segment revenue reported above is from external customers.

## 6. TAXATION

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Re-presented)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Continuing operations</b>		
<b>Current tax</b>		
The PRC Enterprise Income Tax (“EIT”)	8,176	9,515
Over provision of EIT in prior years	<u>(607)</u>	<u>(397)</u>
	<u>7,569</u>	<u>9,118</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(4,215)	2,459
Utilisation of tax losses	3,884	–
Benefit of tax loss recognised	<u>–</u>	<u>(3,709)</u>
	<u>(331)</u>	<u>(1,250)</u>
<b>Income tax expenses for continuing operations</b>	<u><u>7,238</u></u>	<u><u>7,868</u></u>
<b>Discontinued operations</b>		
<b>Current tax</b>		
EIT	<u>–</u>	<u>(772)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	–	954
Benefit of tax loss recognised	<u>(33)</u>	<u>–</u>
	<u>(33)</u>	<u>954</u>
<b>Income tax (credit) expenses for discontinued operations</b>	<u><u>(33)</u></u>	<u><u>182</u></u>

Hong Kong Profits Tax has not been provided as the Group's profits neither arose in, nor derived from Hong Kong.

The PRC EIT is calculated at the applicable prevailing tax rates from 15% to 25% (2022: 15% to 25%) in the PRC. Pursuant to the "Enterprise Income Tax Law for Foreign Investment Enterprises and Foreign Enterprises", some PRC subsidiaries, being High-Tech Enterprises, were entitled to a reduced EIT rate of 15% for three years from the date of approval.

Upon the New Tax Law and Implementation Regulations coming into effect, the PRC withholding income tax is applicable to dividends payable to investors that are "non-PRC tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries, an associate and a joint venture to non-PRC tax resident group entities shall be subject to the withholding income tax at 10% or lower tax rate, as applicable. Under the relevant tax treaty, withholding tax rate on distribution to Hong Kong resident companies is 5%. Deferred taxation has been provided on undistributed earnings of all subsidiaries and associates.

## 7. OTHER GAINS AND LOSSES

	<b>Six months ended 30 June</b>	
	<b>2023</b> <b>(Unaudited)</b> <i>HK\$'000</i>	2022 (Unaudited) (Re-presented) <i>HK\$'000</i>
<b>Continuing operations</b>		
Net foreign exchange losses	(372)	(323)
Gain from changes in fair value of financial assets at FVPL	–	686
Gain on disposal of intangible assets	–	37
(Loss) Gain on disposal of property, plant and equipment	(2,203)	1,332
Impairment losses on goodwill	(40,000)	–
Loss on deregistration of a joint venture	–	(819)
Impairment loss on interest in an associate	(20,000)	–
Loss on deregistration of subsidiaries	(226)	–
Others	(1)	–
	<b>(62,802)</b>	913
<b>Discontinued operations</b>		
Net foreign exchange gains	134	–
Impairment losses on goodwill	(8,209)	–
	<b>(8,075)</b>	–
<b>Total</b>	<b>(70,877)</b>	913

## 8. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
		(Re-presented)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>		
Staff costs:		
Directors' emoluments	2,521	2,993
Other staff costs		
Salaries and other benefits	31,098	60,334
Contractual termination benefit	2,637	24,493
Contributions to retirement benefits schemes	4,978	8,408
	<u>41,234</u>	<u>96,228</u>
Total staff costs		
	<u>41,234</u>	96,228
Amortisation of intangible assets (included in cost of sales and administrative expenses)	603	19,582
Depreciation		
— Property, plant and equipment	42,835	44,089
— Right-of-use assets	980	1,568
— Investment properties	6,385	4,890
	<u>50,803</u>	<u>70,129</u>
Total amortisation and depreciation		
	<u>50,803</u>	70,129
Cost of inventories*	279,762	423,810
	<u>279,762</u>	<u>423,810</u>
Finance costs		
— Interest expenses on bank borrowings and overdraft	2,159	5,531
— Interest expenses on lease liabilities	1	6
	<u>2,160</u>	<u>5,537</u>
Government grants (included in other income)	(1,490)	(17,418)
Government support in respect of Covid-19-related subsidies (included in other income)	—	(104)
Direct operating expenses arising from investment properties that generated rental income (included in cost of sales)	885	836
Direct operating expenses arising from investment properties that did not generated rental income (included in cost of sales)	176	112
	<u>176</u>	<u>112</u>

\* Included in cost of inventories were staff costs and depreciation and amortisation of approximately HK\$20,170,000 and HK\$22,890,000 (2022: HK\$41,678,000 and HK\$57,688,000) respectively which are recognised during the period.

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
		(Re-presented)
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Discontinued operations</b>		
Staff costs:		
Other staff costs		
Salaries and other benefits	<b>3,064</b>	5,564
Contributions to retirement benefits scheme	<b>587</b>	712
	<hr/>	<hr/>
Total staff costs	<b>3,651</b>	6,276
	<hr/>	<hr/>
Depreciation		
— Property, plant and equipment	<b>4,039</b>	5,429
Cost of inventories	<b>21,339</b>	34,863
Finance costs		
— Interest expenses on bank borrowings and overdraft	—	200
Government grants (included in other income)	—	(39)
	<hr/> <hr/>	<hr/> <hr/>

## 9. DIVIDENDS

The aggregate amount of the dividends declared and paid during the period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Dividends for ordinary shareholders of the Company recognised as distribution during the period:		
2022 final dividend	<b>62,715</b>	—
	<hr/> <hr/>	<hr/> <hr/>

During the current period, the final dividend of HK4 cents per share in respect of the year ended 31 December 2022 (2022: Nil), amounting approximately of HK\$62,715,000 (2022: Nil) has been declared and approved to shareholders. The directors of the Company do not recommend the payment of a dividend in respect of the interim period.

## 10. (LOSSES) EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
		(Re-presented)
<b>(Losses) Earnings:</b>		
(Loss) Profit for the period attributable to owners of the Company for the purpose of basic (losses) earnings per share ( <i>HK\$'000</i> )		
— Continuing operations	(42,224)	14,324
— Discontinued operations	(9,433)	3,320
	<u>(51,657)</u>	<u>17,644</u>
<b>Number of shares:</b>		
Weighted average number of ordinary shares in issue for the purpose of basic (losses) earnings per share ( <i>'000</i> )	<u>1,567,885</u>	<u>1,567,885</u>

Dilutive (losses) earnings per share are same as the basic (losses) earnings per share as there were no potential ordinary shares in existence during the six months ended 30 June 2023 and 2022.

## 11. TRADE RECEIVABLES

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Trade receivables		
— third parties	235,530	345,437
— an associate	15,030	24,808
	<u>250,560</u>	<u>370,245</u>
Less: allowance for credit losses	(3,262)	(6,353)
	<u>247,298</u>	<u>363,892</u>

The Group allows a credit period of 60 days to 90 days to its trade customers. The following is an ageing analysis of trade receivables presented based on the date of goods delivery/invoice date at the end of the reporting period, which approximated revenue recognition dates except for receivables arising from printing of cigarette packages and manufacturing of laminated papers which are recognised over time upon application of HKFRS 15.

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
0–90 days	<b>208,950</b>	341,279
91–180 days	<b>26,985</b>	19,415
181–365 days	<b>13,599</b>	5,275
Over 365 days	<b>1,026</b>	4,276
	<b><u>250,560</u></b>	<u>370,245</u>

As at 30 June 2023, included in trade receivables were bills receivables of HK\$7,704,000 (31 December 2022: HK\$24,248,000), which are held by the Group for future settlement of trade receivables due from third parties. All bills received by the Group are with a maturity period of less than one year.

## 12. TRADE PAYABLES

The following is an ageing analysis of trade payables, presented based on the date of goods receipt/ invoice date at the end of the reporting period:

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
0–30 days	<b>69,083</b>	98,959
31–90 days	<b>106,907</b>	113,218
91–180 days	<b>22,960</b>	30,228
181–365 days	<b>1,067</b>	478
Over 365 days	<b>103</b>	299
	<b><u>200,120</u></b>	<u>243,182</u>

The credit period on purchases of goods ranges from 30 days to 180 days. The Group monitors and maintains a level of cash and cash equivalents sufficient to ensure that all payables are within the credit time frame.

As at 30 June 2023, bills amounting to HK\$56,223,000 (31 December 2022: HK\$54,723,000) were transferred to suppliers for settling trade payables.

### 13. DISCONTINUED OPERATIONS

On 29 May 2023, Right Tech (China) Limited, being a wholly-owned subsidiary of the Company, entered into an agreement with a third party to dispose of 70% equity interest in Jiangsu HY Link Science & Technology Co., Ltd. (江蘇聯恒物宇科技有限公司) (“Jiangsu HY Link”) at a consideration of RMB51,100,000 (equivalent to approximately HK\$56,648,000) (the “Disposal”). Details of the Disposal have been disclosed in the Company’s announcement and circular dated 29 May 2023 and 26 July 2023 respectively. Upon completion of the Disposal, the Group will cease to have any interest in Jiangsu HY Link. The Disposal was not yet completed up to the date of approving the condensed consolidated financial statements. A deposit of approximately RMB13,830,000 (equivalent to approximately HK\$14,914,000) was received as at 30 June 2023.

The results of the discontinued operation for the period from 1 January 2023 to 30 June 2023, which have been included in the condensed consolidated statement of comprehensive income, are as follows:

	<i>Notes</i>	<b>Period from 1 January 2023 to 30 June 2023 HK\$'000</b>	Period from 1 January 2022 to 30 June 2022 HK\$'000
Revenue	4	<b>20,857</b>	41,686
Cost of sales		<b>(21,339)</b>	(34,863)
Gross (loss) profit		<b>(482)</b>	6,823
Other income		<b>607</b>	938
Other gains and losses	7	<b>(8,075)</b>	–
Reversal of loss allowance on trade and other receivables and contract assets, net		<b>180</b>	–
Selling and distribution expenses		<b>(589)</b>	(1,242)
Administrative expenses		<b>(1,107)</b>	(2,816)
Finance costs		<b>–</b>	(201)
(Loss) Profit before taxation	8	<b>(9,466)</b>	3,502
Taxation	6	<b>33</b>	(182)
(Loss) Profit for the period from discontinued operation		<b>(9,433)</b>	3,320
Net cash inflow (outflow) from			
— operating activities		<b>11,094</b>	16,727
— investing activities		<b>(27)</b>	(84)
— financing activities		<b>(12,779)</b>	(8,704)
		<b>(1,712)</b>	7,939

The assets and liabilities of Jiangsu HY Link which were classified as assets held for sale and liabilities associated with assets classified as held for sale respectively in accordance with HKFRS 5 “*Non-current Assets Held for Sale and Discontinued Operations*” are measured at the lower of carrying amount and fair value less costs to sell at the end of the reporting period as follows:

	At 30 June 2023 HK\$'000 (Unaudited)
Property and equipment	38,588
Deferred tax asset	338
Inventories	28,897
Trade receivables	9,303
Other receivables	3,517
Tax recoverable	1,415
Pledged bank deposit	15,820
Bank balances	3,303
	<hr/>
<b>Total assets classified as held for sale</b>	<b>101,181</b>
	<hr/> <hr/>
Trade payables	5,812
Other payables	12,723
Tax payable	17
Deferred tax liabilities	3,690
	<hr/>
<b>Total liabilities associated with assets classified as held for sale</b>	<b>22,242</b>
	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the six months ended 30 June 2023 (the “Period under Review”), the Company achieved revenue from continuing operations of approximately HK\$335.5 million with total loss attributable to owners of the Company amounting to approximately HK\$51.3 million and total basic loss per share of approximately HK\$0.033. The Board did not recommend the payment of an interim dividend for the Period under Review.

In the first half of 2023, the gross domestic product (GDP) of the People’s Republic of China (the “PRC”) increased by 5.5% compared to 2022. However, the prospects of the global economy and the PRC’s economy remain uncertain due to global high inflation, rising lending rates, intensifying competition between the United States and the PRC on various fronts and the ongoing war between Russia and Ukraine, all of which may have an adverse effect on the PRC’s economy and the Group’s operating environment in the second half of 2023.

During the Period under Review, China’s tobacco industry’s production and sales volumes continued to grow steadily. Cigarettes sold increased in volume and value by 1.64% and 0.98% respectively. However, given the decrease in tendering price under the mandatory tendering policy in the cigarette industry and the increase in raw material price, the Group was under operating pressure of intensifying industry competition. The Group has put more efforts to plan and organise the tendering among the subsidiaries.

Under the pressure of the fall of tender prices and the inflation, the Group has implemented a series of measures in order to cope with the challenges to the profitability of the Group. The measures included to simplify the management structure in order to increase the efficiency of decision making to match with the fast changing market demand, to enhance the inventory management to control the inventory at an appropriate level and to implement tendering system for the purchase of raw materials to increase the bargaining power on the purchase price in order to reduce and control the purchase cost.

## **Printing and Manufacturing of Paper Packages and Related Materials**

During the Period under Review, the revenue from continuing operations of this segment decreased by 31.1% to HK\$320.7 million. The decrease is mainly due to the decrease of sales orders from the major customers.

This segment has suffered from the failure to bid the tender for orders from some of its major customers, the fall of tender prices and the inflation, as these factors had adverse impact on the profitability of the Group. To cope with the challenges, the Group has increased our participation in tenders, actively sought other new market opportunities and allocated additional resources on research and development of new products in order to expand into other packaging markets and to increase revenue in the future. The Group will also continue to reduce the pressure of declining gross profit through cost reduction, efficiency enhancement and resource consolidation measures.

In order to meet the increasingly stringent environmental protection requirements and to improve production efficiency, the Group centralised its resources and productions to Bengbu Jinhuangshan Rotogravure Printing Co., Ltd., an indirect wholly-owned subsidiary of the Company established in the PRC, to achieve centralised management and production. The Board believed that the centralisation of production line of the Group would improve cost control and production efficiency, as well as reduce administrative burden on the Group to comply with the environmental protection requirements across different production subsidiaries and therefore improving the return for the shareholders of the Company.

## **Leasing of Investment Properties**

During the Period under Review, the revenue of leasing has increased by 3.4% to HK\$14.8 million. The increase is mainly due to the increase of leased area.

## **Sales of RFID products**

Although this segment maintained a profit-making position over the years, its performance has slowed in recent quarters and has not been up to the expectations of the Board. The gradually declining performance was attributable to the lack of competitiveness of the Group among its peers in the industry as the Group pales in comparison on experience, sales channels and human resources, which led to increasing difficulty in procurement, as well as the fluctuating foreign exchange loss suffered by this segment. On 29 May 2023, the Group entered into a disposal agreement to dispose of 70% of the equity interest of Jiangsu HY Link Science & Technology Co., Ltd. (江蘇聯恒物宇科技有限公司) (the “Disposal Company”), a company established in the PRC which is principally engaged in research and development of radio frequency identification (“RFID”) tags.

During the Period under Review, the performance of the Disposal Company was classified as discontinued operations. The sales of RFID products from discontinued operations has decreased by 50.0% to HK\$20.9 million and recorded a operating loss of approximately HK\$9.4 million (2022: profit of HK\$3.3 million).

## **PROSPECT**

Looking ahead, the Group will continue to rely on paper packaging as a solid foundation for the Group's development and seek to maximise leasing income from investment properties. The Group will continue to increase its participation in tenders, while actively expanding into other packaging markets, and will continue to reduce the pressure of decreasing gross profit through measures such as cost control, efficiency boosting and resource consolidation.

The Group's corporate mission is to continue to develop ways to improve financial performance, provide growth drivers for the Group and broaden revenue streams within acceptable risk levels. The Group will also continue to explore the possibility of acquisition of new investment, disposal of subsidiary or associate or diversification into other profitable businesses in the interests of the Group and its shareholders as a whole, with a view to achieving sustainable growth, improving profitability and ultimately maximising returns for its shareholders.

## **REVENUE**

During the Period under Review, the revenue from continuing operations of the Group was approximately HK\$335.5 million (six months ended 30 June 2022: HK\$479.5 million), which represents a decrease of approximately HK\$144.0 million or 30.0% as compared to the corresponding period in 2022. The revenue from continuing operations of our two business segments, namely (i) printing and manufacturing of paper packages and related materials and (ii) leasing of investment properties were approximately HK\$320.7 million (six months ended 30 June 2022: HK\$465.2 million) and HK\$14.8 million (six months ended 30 June 2022: HK\$14.3 million) respectively.

The decrease in total revenue of continuing operation was mainly attributable to the decrease in business volume of printing and manufacturing of paper packages and related materials as a result of the failure of one of the subsidiaries of the Company to bid its tender for orders from some of its major customers. In addition, some of the customers delayed their sales order due to the change of their product design. Lastly, the depreciation of average rate of RMB against HKD of roughly 6.7% comparing with the corresponding period of 2022 has increased such downside effect.

## **GROSS PROFIT**

During the Period under Review, gross profit of the Group was approximately HK\$55.7 million (six months ended 30 June 2022: HK\$55.7 million). The gross profit margin increased to 16.6% during the Period under Review (six months ended 30 June 2022: 11.6%).

The increase of gross profit margin was mainly due to the decrease of amortization of intangible assets of approximately HK\$18.6 million and the improvement of cost control and production efficiency through the centralisation of production line of the Group.

## **OTHER INCOME**

Other income during the Period under Review comprises mainly, sales of scrap materials, interest income and government grants of approximately HK\$2.5 million, HK\$2.0 million and HK\$1.5 million respectively.

Other income of the Group decreased by HK\$17.0 million to HK\$7.7 million as compared with the corresponding period in 2022, which was mainly attributable to the decrease in various government grants by approximately HK\$16.1 million.

## **OTHER GAINS AND LOSSES**

Other losses from continuing operations during the Period under Review was HK\$62.8 million when compared with other gains of HK\$0.9 million for the corresponding period in 2022. The losses were mainly attributable to the recognition of impairment losses on interest in an associate of approximately HK\$20 million and impairment losses on goodwill of approximately HK\$40.0 million for the Period under Review.

As at 30 June 2023, the Group recognised impairment losses on goodwill of approximately HK\$48.2 million (HK\$40.0 million for continuing operations and HK\$8.2 million for discontinued operations) for various cash-generating units as their recoverable amount was lesser than the carrying amount.

## **SELLING AND DISTRIBUTION EXPENSES**

The selling and distribution expenses during the Period under Review decreased by approximately HK\$3.4 million to HK\$6.6 million or 34.2% compared with the corresponding period of last year. The decrease was mainly due to the decrease of transportation expenses and entertainment expenses.

## **ADMINISTRATIVE EXPENSES**

During the Period under Review, administrative expenses decreased by approximately HK\$39.0 million or 54.6% compared with the corresponding period in 2022. The decrease was mainly attributable to the decrease in salaries and other benefits, contractual termination benefit and legal and professional fee for the Period under Review.

## **FINANCE COSTS**

Finance costs during the Period under Review decreased by approximately HK\$3.4 million or 61.0% as compared with the corresponding period in 2022. Such decrease was mainly due to decrease in the average amount of bank borrowings and average interest rate of bank borrowings during the Period under Review. The Group has early repaid its bank borrowing denominated in HK\$ with floating borrowing rate and has implemented plans to improve the bank loan portfolio by the replacement of existing facilities with new bank loan with lower interest rate.

## **SHARE OF RESULT OF ASSOCIATES**

Share of profits of associates decreased by approximately HK\$22.5 million to HK\$5.3 million during the Period under Review. The decrease in net profit of our associates was mainly due to the fall of tender price for the successful tenders of the Group's major associate namely Changde Gold Roc Printing Co., Ltd. ("Changde Gold Roc") during the Period under Review. Changde Gold Roc is principally engaged in provision of cigarette printing packaging services. It has a carrying value of HK\$267.6 million, i.e. approximately 9.3% of the Group's total assets of HK\$2,869.0 million as at 30 June 2023. The Group beneficially owns RMB50,546,120 of its paid up capital, representing 31% of the total paid up capital of RMB163,052,000. During the Period under Review, Changde Gold Roc has declared a dividend in the amount of approximately HK\$38,818,000 to the Group, the payment of which has not yet been made as at 30 June 2023 (2022: nil dividend). During the Period under Review, the Group recognized impairment loss on interest in Changde Gold Roc of approximately HK\$20.0 million.

## **TAXATION**

Taxation during the Period under Review decreased by approximately HK\$0.6 million to HK\$7.2 million. As the impairment losses on goodwill and interest in an associate are not tax deductible, there is no material fluctuation in the amount of taxation.

## **LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY**

Loss attributable to owners of the Company during the Period under Review was approximately HK\$51.3 million, as compared to the profit attributable to owners of the Company of approximately HK\$16.6 million for the corresponding period of 2022. The loss attributable to owners of the Company was primarily attributable to: (i) the decrease of share of result of an associate of approximately HK\$22.5 million; (ii) the recognition of impairment loss on interest in an associate of approximately HK\$20.0 million; and (iii) the recognition of impairment loss on goodwill of approximately HK\$48.2 million.

## **SEGMENT INFORMATION**

During the Period under Review, the revenue from continuing operations from the (i) printing and manufacturing of paper packages and related materials and (ii) leasing of investment properties were approximately HK\$320.7 million (six months ended 30 June 2022: HK\$465.2 million) and approximately HK\$14.8 million (six months ended 30 June 2022: HK\$14.3 million) respectively. Profit from continuing operations from the printing and manufacturing of paper packages and related materials accounted for approximately 96.9% of the total segment profit before unallocated items. The profit/loss before unallocated items from continuing operations during the Period under Review from (i) printing and manufacturing of paper packages and related materials and (ii) leasing of investment properties were decreased by 20.1% to profit of approximately HK\$47.9 million and improved from loss of approximately HK\$1.5 million to profit of approximately HK\$1.6 million respectively.

## **FINANCIAL POSITION AND LIQUIDITY**

The Group generally finances its operations with internally generated resources and banking facilities. As at 30 June 2023, the Group had net current assets of approximately HK\$375.0 million (as at 31 December 2022: HK\$321.1 million) while the Group's bank balances and cash amounted to approximately HK\$339.4 million (as at 31 December 2022: HK\$313.3 million).

The increase in net current assets was mainly due to the net effect of the decrease of bank borrowings of approximately HK\$137.2 million and the recognition of the 2022 final dividend payable of approximately HK\$62.7 million as at 30 June 2023.

As at 30 June 2023, bank borrowings (repayable within one year) of the Group amounted to approximately HK\$129.4 million (as at 31 December 2022: HK\$266.6 million). Bank borrowings of approximately HK\$21.6 million are secured by a corporate guarantee issued by a subsidiary of the Group. Carrying amounts of bank deposits pledged for securing banking facilities of bills payables granted to the Group amounted to approximately HK\$17.1 million (as at 31 December 2022: HK\$104.5 million). The Group is with net cash of approximately HK\$227.1 million (as at 31 December 2022: approximately HK\$137.9 million). The gearing ratio as at 30 June 2023 was -10.0% (as at 31 December 2022: -5.6%), which is calculated by dividing the net cash by the total equity.

## **CAPITAL COMMITMENTS**

As at 30 June 2023, the Group had capital commitments in respect of the acquisition of property, plant, equipment contracted for but not provided in the condensed consolidated financial statements amounting to approximately HK\$52.6 million (as at 31 December 2022: HK\$7.4 million), mainly related to the construction of new factories.

## **TREASURY POLICIES**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period under Review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its existing customers from time to time. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **CONTINGENT LIABILITIES**

As at 30 June 2023, the Group has provided a corporate guarantee to a bank for banking facilities granted to a third party in the amount of approximately HK\$10.8 million.

## **CAPITAL STRUCTURE**

During the Period under Review, the Group's operation was mainly financed by funds generated from its operation and bank borrowings. As at 30 June 2023, bank borrowings were all denominated in RMB, while the cash and cash equivalents held by the Group were mainly denominated in HKD and RMB. The Group's revenue is mainly denominated in RMB, while its costs and expenses are mainly denominated in HKD and RMB. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments during the Period under Review. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## **EQUITY FUND RAISING**

There was no equity fund raising activity by the Company during the Period under Review, nor were there any unutilised proceeds brought forward from any issue of equity securities made in previous financial years.

## **CHARGES ON ASSETS**

As at 30 June 2023, bank deposits with gross carrying amount of approximately HK\$17.1 million (31 December 2022: HK\$104.5 million) were pledged to banks for bank facilities of bills payables granted to the Group.

As at 30 June 2023, the bank loan facilities granted to the Group were secured by the Group's property, plant and equipment with carrying value of approximately HK\$144.2 million (31 December 2022: HK\$147.2 million), investment properties with carrying value of approximately HK\$75.8 million (31 December 2022: HK\$77.4 million) and corporate guarantee issued by the Company.

## **SIGNIFICANT INVESTMENTS**

Save for Changde Gold Roc, the particulars of which are disclosed in the above section headed "Share of result of associates", and as disclosed above, there were no significant investments held by the Group with a value of 5% or more of the Company's total assets as at 30 June 2023. Save as disclosed in this announcement, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

On 29 May 2023, Right Tech (China) Limited, being a wholly-owned subsidiary of the Company, as the vendor entered into a disposal agreement with Changsha Yingxin Semitech Limited as the purchaser and Jiangsu HY Link Science & Technology Co., Ltd.# (江蘇聯恒物宇科技有限公司) (the “Disposal Company”), a company established in the PRC and a 70%-owned subsidiary of the Company prior to completion, in relation to the disposal of the 70% of the equity interest in the Disposal Company at the cash consideration of RMB51.1 million. Upon completion of the disposal, the Company will cease to have any interest in the Disposal Company and the Disposal Company will cease to be a subsidiary of the Company. Details of the disposal are set out in the announcement and the circular of the Company dated 29 May 2023 and 26 July 2023 respectively. As at the date of this announcement, the disposal has not yet been completed.

Save as disclosed in this announcement, there was no material acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the Period under Review.

## **IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD**

No important events affecting the Group has taken place since 30 June 2023 and up to the date of this announcement.

## **HUMAN RESOURCES**

As at 30 June 2023, the Group had 6 and 605 full-time staff based in Hong Kong and the PRC respectively. The Group’s remuneration packages are generally structured with reference to market terms and individual merits. The Group operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees’ base salaries. The Group also made contributions to provident funds, elderly insurance, medical insurance, unemployment insurance and work-related injury insurance in accordance with appropriate laws and regulations in the PRC.

## **INTERIM DIVIDEND**

The Board did not recommend the payment of an interim dividend for the Period under Review.

## **CORPORATE GOVERNANCE**

The Company has adopted the Corporate Governance Code (the “Code”) contained in Part 2 of Appendix 14 of the Listing Rules. For the Period under Review, the Company has complied in general with the Code, except code provisions B.2.4(b), C.1.6 and C.2.1.

Under code provision B.2.4(b) of the Code, where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at the forthcoming annual general meeting. Each of Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon has served as an independent non-executive Director for more than 9 years. The Company is still in the process of identifying a suitable candidate who have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business.

Under code provision C.1.6 of the Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Siu Man Ho, Simon (the chairman of nomination committee of the Company and an independent non-executive Director) was unable to attend the annual general meeting of the Company held on 9 June 2023 due to his other business engagement.

Under code provision C.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing. Following the resignation of Mr. Chen Xiao Liang as an executive Director, chairman and chief executive officer of the Company with effect from 22 April 2022, Mr. Huang Wanru was re-designated as the chairman of the Company in place of Mr. Chen Xiao Liang on the same date, but the Company has not yet appointed an individual to take up the vacancy of the chief executive officer, and the roles and functions of the chief executive officer have been performed by all the executive Directors collectively since 22 April 2022.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s securities during the Period under Review.

## AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control, risk management and financial reporting matters including a review of the interim report and the unaudited condensed consolidated financial statements for the Period under Review with the Directors. In addition, the interim financial information of the Group for the Period under Review has also been reviewed by the independent auditor of the Company, Mazars CPA Limited. The audit committee of the Company comprises the three independent non-executive Directors, namely, Mr. Lui Tin Nang, Mr. Lam Ying Hung, Andy and Mr. Siu Man Ho, Simon, and the non-executive Director, Ms. Li Li.

## APPRECIATION

The Board would like to take this opportunity to express its gratitude to its customers and shareholders for their continuing support as well as its staff for their dedication and hard work.

By Order of the Board  
**Litu Holdings Limited**  
**Huang Wanru**  
*Chairman*

Hong Kong, 28 August 2023

*As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Huang Wanru (Chairman) and Mr. Jiang Xiang Yu, one non-executive Director, namely, Ms. Li Li, and three independent non-executive Directors, namely, Mr. Lui Tin Nang, Mr. Lam Ying Hung, Andy and Mr. Siu Man Ho, Simon.*