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WINOX

## WINOX HOLDINGS LIMITED

盈利時控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6838)

### 2022 INTERIM RESULTS

#### FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to HK\$554,521,000, representing a corresponding increase of 3.5%.
- The Group's gross profit amounted to HK\$128,436,000, representing a corresponding increase of 26.2%.
- The Group's profit for the period amounted to HK\$36,724,000, representing a corresponding increase of 121.7%.
- Basic earnings per share amounted to HK6.1 cents, representing a corresponding increase of 117.9%.
- The Board declared an interim dividend of HK1.0 cent per ordinary share for the six months ended 30 June 2022.

#### 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 2022, the world's major economies have been facing different challenges, the US economy has been slowing down due to the aggressive interest rate hikes by the US Fed to suppress inflation, the Euro zone has been struggling with the energy crisis due to the war between Russia and Ukraine, and the China's economy activities has been interrupted due to the lockdown of certain major cities with the outbreaking of COVID19. Despite all these challenges, the Group's business remained stable for the first half of 2022.

Riding on the strong demand of luxury goods in 2021, the revenue of our watch bracelets and fashion accessories for the six months ended 30 June 2022 increased by 10.1% and 80.6% respectively as compared to the same period of last year.

The demand from our major customer remained stable during the first half of 2022, the revenue of our mobile phone cases and parts for the first six months ended 30 June 2022 slightly decreased by 0.7% as compared to the same period of last year.

The sales of our major customer's products were interrupted by the lockdown of major cities in China during the first half of 2022, the revenue of our smart wearable cases and parts decreased by 16.1% as compared to the same period of last year.

With the slowing down of the world's economy and the escalating geopolitical tensions, we have decided to slow down the pace of our expansion plan by rescheduling the completion of the first phase of our new factory to 2024 in order to retain more financial resources to tackle any challenges lies ahead.

## **FINANCIAL REVIEW**

### **Revenue**

For the six months ended 30 June 2022, the Group's revenue increased by 3.5% to HK\$554,521,000 (2021: HK\$536,010,000) 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 32.0%, 41.4%, 17.5% and 9.1% respectively (2021: 30.0%, 43.1%, 21.6% and 5.3%).

In the first six months of 2022, the Group's revenue of watch bracelets reported a satisfactory increase of 10.1% to HK\$177,258,000 (2021: HK\$161,056,000); and revenue of fashion accessories recorded an increase of 80.6 % to HK\$50,679,000 (2021: HK\$28,067,000) as compared to the same period of last year.

During the period under review, revenue of mobile phone cases and parts was HK\$229,380,000 (2021: HK\$230,999,000), representing a slightly decrease of 0.7%; and revenue of smart wearable cases and parts amounted to HK\$97,204,000 (2021: HK\$115,888,000), representing a decrease of 16.1%.

### Profit for the Period

Gross profit increased by 26.2% to HK\$128,436,000 (2021: HK\$101,803,000) as compared to the same period of last year. Gross profit margin for the period under review increased by 4.2 percentage points to 23.2% (2021: 19.0%) which was mainly due to the change in product mix and the implementation of cost saving measures. Profit for the period increased by 121.7% to HK\$36,724,000 (2021: HK\$16,565,000) and basic earnings per share for the period under review increased by 117.9% to HK 6.1 cents (2021: HK2.8 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 2022:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Direct materials costs	207,054	208,662
Direct labour costs	165,357	151,839
Manufacturing overhead and other costs	53,674	73,706
	<b>426,085</b>	434,207

During the six months ended 30 June 2022, direct materials costs accounted for about 48.6% (2021: 48.1%) of the total cost of sales.

Direct labour costs, and manufacturing overhead and other costs accounted for about 38.8% and 12.6% (2021: 35.0% and 16.9%) of the total cost of sales respectively.

### Other Income

Other income increased by 97.4% to HK\$11,516,000 for the six months ended 30 June 2022 as compared to HK\$5,834,000 for the same period of last year which was mainly due to the increase in government grants related to research and development subsidies.

### Other Gains and Losses

Other gains amounted to HK\$2,759,000 for the six months ended 30 June 2022 as compared to the losses of HK\$2,780,000 for the same period of last year which was mainly due to a gain from the surrender of a keyman life insurance policy amounting to HK\$3,169,000.

## Other Expenses

Selling and distribution costs decreased by 0.6% to HK\$11,053,000 for the first six months of 2022 as compared to HK\$11,116,000 for the same period of last year.

Administrative and other expenses increased by 14.1% to HK\$65,212,000 (2021: HK\$57,175,000) during the period under review which was mainly due to the increase in salaries and repairs and maintenance expenses.

Research and development expenses increased by 54.2% to HK\$20,279,000 (2021: HK\$13,150,000) during the period under review which was mainly due to the increase in salaries.

Finance costs for the six months ended 30 June 2022 amounted to HK\$3,408,000 (2021: HK\$1,662,000), representing an increase of 105.1% which was due to the increase in 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% (2021: 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 its subsidiaries in ascertaining their assessable profits for the period.

## Inventories

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Raw materials	16,028	14,931
Work in progress	82,298	94,487
Finished goods	39,869	25,252
	<hr/> <b>138,195</b> <hr/>	<hr/> <b>134,670</b> <hr/>

As at 30 June 2022, the Group recorded an inventory balance of HK\$138,195,000 (31 December 2021: HK\$134,670,000), representing an increase of 2.6%. The inventory turnover of the Group for the first half of 2022 was 58.0 days as compared to 54.9 days for the same period of 2021.

### **Trade Receivables**

As at 30 June 2022, the Group's trade receivables amounted to HK\$216,406,000 (31 December 2021: HK\$358,855,000). 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 2022, approximately HK\$140,815,000 of the gross carrying amount of trade receivables as at 30 June 2022 has been received. The trade receivables turnover of the Group for the period under review was 93.9 days (for the year ended 31 December 2021: 80.5 days).

### **Trade Payables**

As at 30 June 2022, the Group's trade payables amounted to HK\$138,578,000 (31 December 2021: HK\$251,627,000). 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 2022 was 82.9 days (for the year ended 31 December 2021: 74.7 days).

### **Liquidity, Indebtedness and Charges on Assets**

During the period under review, the Group maintained a satisfactory liquidity level. As at 30 June 2022, net current assets of the Group was HK\$307,841,000 (31 December 2021: HK\$306,373,000). Besides, the Group maintained bank balances and cash of HK\$238,919,000 as at 30 June 2022 (31 December 2021: HK\$207,002,000), of which 34.2% was in Renminbi, 33.4% was in Hong Kong dollars, 32.0% 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 2022 was HK\$116,435,000 (31 December 2021: HK\$258,234,000), of which 49.3% was in Hong Kong dollars and 50.7% was in Renminbi. Balance of HK\$104,326,000 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 2022. Despite that, amongst these bank borrowings, according to the repayment schedule, HK\$74,488,000 was repayable within one year and the balance of HK\$41,947,000 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\$46,144,000 as at 30 June 2022. The charged assets included a piece of land in Dongguan where our factory situated and certain properties constructed thereon, and the deposit for one keyman life insurance policy. 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 2022, the Group's gearing ratio was 0.09 (31 December 2021: 0.16), 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 2022, a considerable amount of the Group's sales was denominated in United States dollars, Hong Kong dollars and Renminbi contributing to 46.9%, 16.5% and 36.6% of the total revenue respectively (2021: 47.0%, 34.3% and 18.7%). 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 2022. 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 2022 was HK\$37,844,000 (31 December 2021: HK\$30,100,000), which was mainly related to the acquisition of property, plant and equipment and land use rights.

### **Contingent Liabilities**

As at 30 June 2022, 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 2022, the total number of employees of the Group was approximately 3,810 (2021: 4,204). During the period under review, staff costs (including Directors' emoluments) amounted to HK\$221,552,000 (2021: HK\$194,451,000). 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 2022, the high inflation, the growing geopolitical tensions and the tightening of monetary policies have already affected the world's economy. Although there are many challenges lying ahead, the Group is cautiously optimistic in the rest of 2022. 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 2022

	Notes	Six months ended	
		<u>30.6.2022</u> HK\$'000 (unaudited)	<u>30.6.2021</u> HK\$'000 (unaudited)
Revenue	3	554,521	536,010
Cost of sales		(426,085)	(434,207)
Gross profit		128,436	101,803
Other income		11,516	5,834
Other gains and losses		2,759	(2,780)
Reversal of impairment losses on financial assets under expected credit loss model		908	-
Selling and distribution costs		(11,053)	(11,116)
Administrative and other expenses		(65,212)	(57,175)
Research and development expenses		(20,279)	(13,150)
Finance costs		(3,408)	(1,662)
Profit before taxation	4	43,667	21,754
Taxation	5	(6,943)	(5,189)
Profit for the period		36,724	16,565
Other comprehensive (expense) income for the period			
<i>Item that may be reclassified subsequently to profit or loss</i>			
- Exchange differences arising on translation of foreign operations		(43,137)	7,262
Total comprehensive (expense) income for the period		(6,413)	23,827
Earnings per share – Basic	7	HK6.1 cents	HK2.8 cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	<u>30.6.2022</u> HK\$'000 (unaudited)	<u>31.12.2021</u> HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		535,493	575,220
Right-of-use assets		68,656	75,069
Refundable rental deposit		-	1,139
Deposit for land use rights		21,241	22,209
Deposits paid for acquisition of property, plant and equipment		36,046	21,826
Deposit and prepayment for a life insurance policy		10,249	3,706
		<b>671,685</b>	699,169
Current assets			
Inventories		138,195	134,670
Trade and other receivables	8	275,265	561,204
Taxation recoverable		7,534	8,045
Bank balances and cash		238,919	207,002
		<b>659,913</b>	910,921
Current liabilities			
Trade and other payables	9	217,717	332,376
Taxation payable		13,961	8,743
Bank borrowings		116,435	258,234
Lease liabilities		3,959	5,195
		<b>352,072</b>	604,548
Net current assets		<b>307,841</b>	306,373
Total assets less current liabilities		<b>979,526</b>	1,005,542
Non-current liability			
Lease liabilities		2,840	4,443
Net assets		<b>976,686</b>	1,001,099
Capital and reserves			
Share capital		60,000	60,000
Reserves		916,686	941,099
Total equity		<b>976,686</b>	1,001,099

## 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 ("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 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 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

#### 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 mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendment to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendment to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendment to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

The application of the 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.

### 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 ("**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, Vietnam, Taiwan 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.

#### Revenue from major products

Revenue by products are as follows:

	Six months ended	
	<u>30.6.2022</u>	<u>30.6.2021</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Mobile phone cases and parts	229,380	230,999
Watch bracelets	177,258	161,056
Smart wearable cases and parts	97,204	115,888
Fashion accessories	50,679	28,067
	<b>554,521</b>	<b>536,010</b>

#### 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>30.6.2022</u>	<u>30.6.2021</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
PRC	234,595	281,240
Switzerland	164,002	154,768
Hong Kong	56,680	33,738
Liechtenstein and other European countries	48,101	26,795
Vietnam	28,021	23,849
Taiwan	21,283	13,532
Other countries	1,839	2,088
	<b>554,521</b>	<b>536,010</b>

#### 4. Profit Before Taxation

	Six months ended	
	<u>30.6.2022</u>	<u>30.6.2021</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Directors' remuneration	3,429	3,640
Other staff costs	199,113	175,935
Other staff's retirement benefits scheme contributions	19,010	14,876
Total staff costs	<u>221,552</u>	194,451
Less: Capitalised in inventories	<u>(165,357)</u>	(151,839)
	<u>56,195</u>	42,612
Depreciation of property, plant and equipment	31,062	29,261
Depreciation of right-of-use assets	3,291	2,214
Less: Capitalised in inventories	<u>(22,382)</u>	(21,205)
	<u>11,971</u>	10,270
Loss on disposal of property, plant and equipment (included in other gains and losses)	502	1,589
Gain on surrender of a life insurance policy (included in other gains and losses) (Note)	<b>(3,169)</b>	-
Net foreign exchange (gain) loss (included in other gains and losses)	<b>(92)</b>	1,191
Interests on:		
- bank borrowings	1,828	1,265
- loans related to bills discounted with recourse	1,394	225
- lease liabilities	186	172
	<u>3,408</u>	1,662

Note: During the six months ended 30 June 2022, a subsidiary of the Company surrendered a life insurance policy ("**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 the Policy 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>30.6.2022</u>	<u>30.6.2021</u>
HK\$'000	HK\$'000
(unaudited)	(unaudited)

The charge (credit) comprises:

Hong Kong Profits Tax		
Current period	<u>4,478</u>	5,364
PRC Enterprise Income Tax ("EIT")		
Current period	2,110	880
Under (over) provision in prior years	<u>355</u>	(1,055)
	<u>2,465</u>	(175)
	<u>6,943</u>	5,189

### 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 estimated 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% (2021: 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 HK3.0 cents per ordinary share in respect of the year ended 31 December 2021 (2021: HK3.0 cents per ordinary share in respect of the year ended 31 December 2020) was declared to the shareholders of the Company. The aggregate amount of the final dividend declared in the current interim period amounted to HK\$18,000,000 (2021: HK\$15,000,000).

On 29 August 2022, the board of directors of the Company has resolved to declare an interim dividend of HK1.0 cent per ordinary share, totalling HK\$6,000,000, for the six months ended 30 June 2022 (2021: HK\$3,000,000). The interim dividend will be payable on 3 October 2022 to the shareholders of the Company whose names appear on the Company's register of members on 19 September 2022.

## 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>30.6.2022</u>	<u>30.6.2021</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)	<u>36,724</u>	<u>16,565</u>
	Number of shares	
	<u>30.6.2022</u>	<u>30.6.2021</u>
Weighted average number of shares for the purpose of calculating basic earnings per share	<u>600,000,000</u>	<u>600,000,000</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 June 2021 was adjusted for the issue of bonus shares that took place on 21 June 2021.

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>30.6.2022</u> HK\$'000 (unaudited)	<u>31.12.2021</u> HK\$'000 (audited)
Trade receivables	217,409	360,515
Less: Allowance for expected credit losses ("ECL")	(1,003)	(1,660)
	<u>216,406</u>	<u>358,855</u>
Bills receivables	29,353	131,969
Less: Allowance for ECL	(113)	(364)
	<u>29,240</u>	<u>131,605</u>
Value added tax recoverable	21,412	60,979
Prepayments and deposits	4,893	8,034
Refundable rental deposits	1,090	-
Others	2,224	1,731
	<u>275,265</u>	<u>561,204</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>30.6.2022</u> HK\$'000 (unaudited)	<u>31.12.2021</u> HK\$'000 (audited)
0 to 30 days	88,861	174,176
31 to 60 days	90,378	150,105
61 to 90 days	34,085	23,682
Over 90 days	3,082	10,892
	<u>216,406</u>	<u>358,855</u>

As at 30 June 2022, total bills received amounting to HK\$29,240,000 (31 December 2021: HK\$131,605,000) are held by the Group for future settlement of trade receivables, of which certain bills amounting to HK\$11,996,000 (31 December 2021: HK\$131,331,000) were discounted by the Group. 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 in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

## 9. Trade and Other Payables

	<b><u>30.6.2022</u></b>	<b><u>31.12.2021</u></b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Trade payables	<b>138,578</b>	251,627
Payroll and welfare payables	<b>27,276</b>	38,159
Dividend payable	<b>18,000</b>	-
Valued added tax payable	<b>14,546</b>	14,066
Commissions and other payables to intermediary agents	<b>6,688</b>	6,700
Payables for acquisition of property, plant and equipment	<b>5,593</b>	7,785
Other tax payables	<b>2,629</b>	4,536
Accrued expenses	<b>1,881</b>	2,286
Interest payable	<b>374</b>	591
Others	<b>2,152</b>	6,626
	<b><u>217,717</u></b>	<b><u>332,376</u></b>

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:

	<b><u>30.6.2022</u></b>	<b><u>31.12.2021</u></b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
0 to 30 days	<b>41,409</b>	76,178
31 to 60 days	<b>45,817</b>	77,287
61 to 90 days	<b>30,052</b>	59,921
Over 90 days	<b>21,300</b>	38,241
	<b><u>138,578</u></b>	<b><u>251,627</u></b>

## **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 2022.

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

During the six months ended 30 June 2022, 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 2022.

### **REVIEW OF INTERIM RESULTS**

The interim results of the Group for the six months ended 30 June 2022 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 2022 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 HK1.0 cent per ordinary share, totaling HK\$6,000,000, for the six months ended 30 June 2022. The interim dividend will be payable on Monday, 3 October 2022 to the shareholders of the Company whose names appear on the Company's register of members on Monday, 19 September 2022.

For the purpose of ascertaining the shareholders' entitlement to the interim dividend, the Company's register of members will be closed from Thursday, 15 September 2022 to Monday, 19 September 2022 (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, 14 September 2022.

## **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 • 29 August 2022

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.