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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)

### 2024 INTERIM RESULTS

#### FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to HK\$322,245,000, representing a corresponding decrease of 16.1%.
- The Group's gross profit amounted to HK\$68,559,000, representing a corresponding decrease of 37.4%.
- The Group's profit for the period amounted to HK\$9,255,000, representing a corresponding decrease of 67.0%.
- Basic earnings per share amounted to HK1.5 cents, representing a corresponding decrease of 68.1%.
- The Board declared an interim dividend of HK0.5 cent per ordinary share for the six months ended 30 June 2024.

#### 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 2024, the world's major economies have been facing different challenges, the US economy has been facing the impact arising from the high interest rate, the Euro zone has been adversely affected by the prolonged war between Russia and Ukraine, the outbreak of war in Middle East and the China's economy has been weakened by the debt crisis of the real estate industry. Under this backdrop, the world 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 2024 decreased by 19.5% and 15.6% respectively as compared to last year same period. The revenue of our smart wearable cases and parts decreased by 57.8% as compared to last year.

However, the revenue of our mobile phone cases and parts for the first half of 2024 increased by 32.6% as compared to the very weak sales figure same period last year.

Although the Group is still facing a challenging consumer's market, we are confident that we can catch the next economy recovery well with the Group's sound financial positions and world-renowned customer base.

## **FINANCIAL REVIEW**

### **Revenue**

For the six months ended 30 June 2024, the Group's revenue decreased by 16.1% to HK\$322,245,000 (2023: HK\$384,233,000) 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 30.9%, 47.2%, 16.3% and 5.6% respectively (2023: 32.2%, 29.9%, 32.4% and 5.5%).

In the first six months of 2024, the Group's revenue of watch bracelets reported a decrease of 19.5% to HK\$99,701,000 (2023: HK\$123,796,000) and revenue of fashion accessories recorded a decrease of 15.6% to HK\$17,856,000 (2023: HK\$21,153,000) as compared to the same period of last year.

During the period under review, revenue of mobile phone cases and parts was HK\$152,124,000 (2023: HK\$114,707,000), representing an increase of 32.6%.

During the period under review, revenue of smart wearable cases and parts amounted to HK\$52,564,000 (2023: HK\$124,577,000), representing a decrease of 57.8%.

### **Profit for the Period**

Gross profit decreased by 37.4% to HK\$68,559,000 (2023: HK\$109,534,000) as compared to the same period of last year. Gross profit margin for the period under review decreased by 7.2 percentage points to 21.3% (2023: 28.5%) which was mainly due to severe market competition in terms of price cutting amongst domestic manufacturers. Profit for the period decreased by 67.0% to HK\$9,255,000 (2023: HK\$28,013,000) and basic earnings per share for the period under review decreased by 68.1% to HK1.5 cents (2023: HK4.7 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 2024:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Direct materials costs	120,919	116,107
Direct labour costs	91,638	111,303
Manufacturing overhead and other costs	41,129	47,289
	<u>253,686</u>	<u>274,699</u>

During the six months ended 30 June 2024, direct materials costs accounted for about 47.7% (2023: 42.3%) of the total cost of sales.

Direct labour costs, and manufacturing overhead and other costs accounted for about 36.1% and 16.2% (2023: 40.5% and 17.2%) of the total cost of sales respectively.

### Other Income

Other income increased by 142.7% to HK\$7,826,000 for the six months ended 30 June 2024 as compared to HK\$3,224,000 for the same period of last year which was mainly due to the increase in bank time deposit interest.

### Other Expenses

Selling and distribution costs decreased by 15.8% to HK\$6,923,000 for the first six months of 2024 as compared to HK\$8,223,000 for the same period of last year.

Administrative and other expenses decreased by 12.2% to HK\$48,924,000 (2023: HK\$55,710,000) 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 50.4% to HK\$8,687,000 (2023: HK\$17,513,000) during the period under review.

Finance costs for the six months ended 30 June 2024 amounted to HK\$1,565,000 (2023: HK\$2,279,000), representing a decrease of 31.3%.

## 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 2025. The recognition as a HNTE is subject to review every 3 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% (2023: 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

	<b>At 30 June 2024 HK\$'000 (unaudited)</b>	At 31 December 2023 HK\$'000 (audited)
Raw materials	<b>12,163</b>	9,227
Work in progress	<b>44,067</b>	39,601
Finished goods	<b>12,621</b>	11,530
	<b>68,851</b>	60,358

As at 30 June 2024, the Group recorded an inventory balance of HK\$68,851,000 (31 December 2023: HK\$60,358,000), representing an increase of 14.1%. The inventory turnover of the Group for the first half of 2024 was 46.3 days as compared to 51.2 days for the same period of 2023.

## Trade Receivables

As at 30 June 2024, the Group's trade receivables amounted to HK\$137,501,000 (31 December 2023: HK\$141,884,000). 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 2024, approximately HK\$85,393,000 of the gross carrying amount of trade receivables as at 30 June 2024 has been received. The trade receivables turnover of the Group for the period under review was 78.9 days (for the year ended 31 December 2023: 77.5 days).

### **Trade Payables**

As at 30 June 2024, the Group's trade payables amounted to HK\$86,366,000 (31 December 2023: HK\$85,776,000). 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 2024 was 61.7 days (for the year ended 31 December 2023: 65.1 days).

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

During the period under review, the Group maintained a satisfactory liquidity level. As at 30 June 2024, net current assets of the Group was HK\$374,512,000 (31 December 2023: HK\$381,265,000). Besides, the Group maintained bank balances and cash of HK\$282,821,000 as at 30 June 2024 (31 December 2023: HK\$317,161,000), of which 30.3% was in Renminbi, 24.2% was in Hong Kong dollars, 45.4% was in United State dollars, and 0.1% was in Swiss Franc and other currencies.

The Group's outstanding bank borrowings as at 30 June 2024 was HK\$46,025,000 (31 December 2023: HK\$50,033,000), of which 71.9% was in Hong Kong dollars and 28.1% was in Renminbi. Balance of HK\$40,701,000 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 2024. Despite that, amongst these bank borrowings, according to the repayment schedule, HK\$31,025,000 was repayable within one year and the balance of HK\$15,000,000 was repayable after one year.

Part of the bank borrowings was secured by certain of the Group's assets with an aggregate carrying value of HK\$43,075,000 as at 30 June 2024. 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 the 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 2024, the Group's gearing ratio was 0.04 (31 December 2023: 0.04), 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 2024, a considerable amount of the Group's sales was denominated in United States dollars, Hong Kong dollars and Renminbi contributing to 51.4%, 34.3% and 14.3% of the total revenue respectively (2023: 35.2%, 22.2% and 42.6%). 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 2024. 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 2024 was HK\$51,014,000 (31 December 2023: HK\$23,731,000), which was mainly related to the acquisition of property, plant and equipment and land use rights.

### **Contingent Liabilities**

As at 30 June 2024, 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 2024, the total number of employees of the Group was approximately 2,408 (2023: 2,695). During the period under review, staff costs (including Directors' emoluments) amounted to HK\$124,708,000 (2023: HK\$156,983,000). 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 2024, the world's economy is full of challenges due to the escalating trade sanctions by US on China; the unrested warfare and geopolitical tensions in other areas of the world. 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 2024

	Notes	Six months ended	
		<u>30.6.2024</u> HK\$'000 (unaudited)	<u>30.6.2023</u> HK\$'000 (unaudited)
Revenue	3	322,245	384,233
Cost of sales		(253,686)	(274,699)
Gross profit		68,559	109,534
Other income		7,826	3,224
Other gains and losses		2,251	3,137
Reversal of impairment losses on financial assets under expected credit loss model		46	88
Selling and distribution costs		(6,923)	(8,223)
Administrative and other expenses		(48,924)	(55,710)
Research and development expenses		(8,687)	(17,513)
Finance costs		(1,565)	(2,279)
Profit before taxation	4	12,583	32,258
Taxation	5	(3,328)	(4,245)
Profit for the period		9,255	28,013
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		(23,378)	(43,388)
Total comprehensive expense for the period		(14,123)	(15,375)
Earnings per share – Basic	7	HK1.5 cents	HK4.7 cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	<u>30.6.2024</u> HK\$'000 (unaudited)	<u>31.12.2023</u> HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		489,220	509,392
Right-of-use assets		58,752	61,429
Deposits paid for non-current assets		53,473	50,457
Deposit and prepayment for a life insurance policy		9,126	9,404
		<u>610,571</u>	<u>630,682</u>
Current assets			
Inventories		68,851	60,358
Trade and other receivables	8	188,650	181,219
Taxation recoverable		3,015	3,387
Short-term bank deposits		35,138	85,896
Bank balances and cash		247,683	231,265
		<u>543,337</u>	<u>562,125</u>
Current liabilities			
Trade and other payables	9	120,313	126,942
Taxation payable		285	1,794
Bank borrowings		46,025	50,033
Lease liabilities		2,202	2,091
		<u>168,825</u>	<u>180,860</u>
Net current assets		<u>374,512</u>	<u>381,265</u>
Total assets less current liabilities		<u>985,083</u>	<u>1,011,947</u>
Non-current liability			
Lease liabilities		2,496	3,237
Net assets		<u>982,587</u>	<u>1,008,710</u>
Capital and reserves			
Share capital		60,000	60,000
Reserves		922,587	948,710
Total equity		<u>982,587</u>	<u>1,008,710</u>



## 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 D2 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 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

#### Application of new and 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 Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 (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, 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	
	<b><u>30.6.2024</u></b>	<b><u>30.6.2023</u></b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Mobile phone cases and parts	<b>152,124</b>	114,707
Watch bracelets	<b>99,701</b>	123,796
Smart wearable cases and parts	<b>52,564</b>	124,577
Fashion accessories	<b>17,856</b>	21,153
	<b><u>322,245</u></b>	<b><u>384,233</u></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	
	<b><u>30.6.2024</u></b>	<b><u>30.6.2023</u></b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
PRC	<b>138,145</b>	190,696
Switzerland	<b>94,669</b>	113,026
Hong Kong	<b>45,734</b>	41,803
Liechtenstein and other European countries	<b>17,529</b>	20,782
Vietnam	<b>15,684</b>	1,321
Taiwan	<b>7,229</b>	11,492
Other countries	<b>3,255</b>	5,113
	<b><u>322,245</u></b>	<b><u>384,233</u></b>

#### 4. Profit Before Taxation

	Six months ended	
	<u>30.6.2024</u>	<u>30.6.2023</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Directors' remuneration	2,979	3,614
Other staff costs	109,457	139,312
Other staff's retirement benefits schemes contributions	12,272	14,057
Total staff costs	<u>124,708</u>	156,983
Less: Capitalised in inventories	<u>(91,638)</u>	(111,303)
	<u>33,070</u>	45,680
Depreciation of property, plant and equipment	25,918	29,886
Depreciation of right-of-use assets	2,080	2,700
Less: Capitalised in inventories	<u>(17,824)</u>	(21,800)
	<u>10,174</u>	10,786
Interests on:		
- bank borrowings	1,429	1,954
- loans related to bills discounted with recourse	8	196
- lease liabilities	128	129
	<u>1,565</u>	2,279
Loss on disposal of property, plant and equipment (included in other gains and losses)	594	664
Loss on lease modification (included in other gains and losses)	-	194
Net foreign exchange gain (included in other gains and losses)	<u>(2,845)</u>	(3,995)

## 5. Taxation

	Six months ended	
	<u>30.6.2024</u>	<u>30.6.2023</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)

The charge comprises:

Hong Kong Profits Tax		
Current period	<u>3,188</u>	3,124
PRC Enterprise Income Tax ("EIT")		
Current period	288	1,380
Over provision in prior years	<u>(148)</u>	(259)
	<u>140</u>	1,121
	<u>3,328</u>	4,245

### 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 2025. 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, enterprises engaging in research and development activities are entitled to claim 200% (2023: 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 HK2.0 cents per ordinary share in respect of the year ended 31 December 2023 (2023: HK5.0 cents per ordinary share in respect of the year ended 31 December 2022) was declared to the shareholders of the Company. The aggregate amount of the final dividend declared in the current interim period amounted to HK\$12,000,000 (2023: HK\$30,000,000).

On 26 August 2024, the board of directors of the Company has resolved to declare an interim dividend of HK0.5 cent per ordinary share, totalling HK\$3,000,000, for the six months ended 30 June 2024 (2023: HK\$9,000,000). The interim dividend is payable on 4 October 2024 to the shareholders of the Company whose names appear on the Company's register of members on 16 September 2024.

## 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>30.6.2024</u>	<u>30.6.2023</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>9,255</u>	<u>28,013</u>
	Number of shares	
	<u>30.6.2024</u>	<u>30.6.2023</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>

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

	<b><u>30.6.2024</u></b>	<b><u>31.12.2023</u></b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Trade receivables	<b>138,290</b>	142,768
Less: Allowance for expected credit losses ("ECL")	<b>(789)</b>	(884)
	<b>137,501</b>	141,884
Bills receivables	<b>28,211</b>	15,513
Less: Allowance for ECL	<b>(80)</b>	(31)
	<b>28,131</b>	15,482
Value added tax recoverable	<b>16,056</b>	17,061
Prepayments and deposits	<b>4,054</b>	4,577
Refundable rental deposits	<b>332</b>	340
Others	<b>2,576</b>	1,875
Total trade and other receivables	<b>188,650</b>	181,219

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:

	<b><u>30.6.2024</u></b>	<b><u>31.12.2023</u></b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
0 to 30 days	<b>46,795</b>	62,943
31 to 60 days	<b>54,854</b>	57,075
61 to 90 days	<b>29,073</b>	15,913
Over 90 days	<b>6,779</b>	5,953
	<b>137,501</b>	141,884

As at 30 June 2024, total bills received amounting to HK\$28,131,000 (31 December 2023: HK\$15,482,000) are held by the Group for future settlement of trade receivables, of which certain bills amounting to HK\$5,324,000 (31 December 2023: nil) 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 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

## 9. Trade and Other Payables

	<b><u>30.6.2024</u></b>	<b><u>31.12.2023</u></b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Trade payables	<b>86,366</b>	85,776
Payroll and welfare payables	<b>16,378</b>	21,034
Valued added tax payable	<b>328</b>	822
Commissions and other payables to intermediary agents	<b>5,402</b>	7,194
Payables for acquisition of property, plant and equipment	<b>5,548</b>	5,228
Other tax payables	<b>822</b>	864
Accrued expenses	<b>4,148</b>	4,341
Interest payable	<b>34</b>	80
Others	<b>1,287</b>	1,603
	<b><u>120,313</u></b>	<u>126,942</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:

	<b><u>30.6.2024</u></b>	<b><u>31.12.2023</u></b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
0 to 30 days	<b>24,666</b>	24,571
31 to 60 days	<b>24,897</b>	29,798
61 to 90 days	<b>23,234</b>	17,753
Over 90 days	<b>13,569</b>	13,654
	<b><u>86,366</u></b>	<u>85,776</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 C1 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 2024, save and except for the deviation from code provision C.1.6.

Under code provision C.1.6, generally independent non-executive directors and other non-executive directors should also attend general meetings to gain and develop a balanced understanding of the views of shareholders. An Independent Non-executive Director was unable to attend the Company's annual general meeting held on 27 May 2024 due to his other business engagement.

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

During the six months ended 30 June 2024, 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 C3 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 2024.

### **REVIEW OF INTERIM RESULTS**

The interim results of the Group for the six months ended 30 June 2024 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 2024 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 HK0.5 cent per ordinary share, totaling HK\$3,000,000, for the six months ended 30 June 2024. The interim dividend will be payable on Friday, 4 October 2024 to the shareholders of the Company whose names appear on the Company's register of members on Monday, 16 September 2024.

For the purpose of ascertaining the shareholders' entitlement to the interim dividend, the Company's register of members will be closed from Thursday, 12 September 2024 to Monday, 16 September 2024 (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, 11 September 2024.

## **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 • 26 August 2024

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. Hou Bojian, Mr. Carson Wen, Professor Wong Lung Tak Patrick and Mr. Wu Ming Lam.