



WINOX

WINOX HOLDINGS LIMITED

盈利時控股有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號：6838

2022

INTERIM REPORT

中期報告

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# CORPORATE INFORMATION AND KEY DATES

## BOARD OF DIRECTORS

Yiu Hon Ming (*Chairman*)  
Yiu Tat Sing (*Deputy Chairman*)  
Li Chin Keung (*Managing Director*)  
Law Wai Ping  
Chau Kam Wing Donald (*Finance Director*)  
Yiu Ho Ting  
Au Wai Ming\*  
Carson Wen\*  
Wong Lung Tak Patrick\*  
Wu Ming Lam\*

\* *Independent Non-executive Director*

## AUDIT COMMITTEE

Wong Lung Tak Patrick (*Chairman*)  
Au Wai Ming  
Carson Wen  
Wu Ming Lam

## REMUNERATION COMMITTEE

Wong Lung Tak Patrick (*Chairman*)  
Yiu Hon Ming  
Au Wai Ming  
Carson Wen  
Wu Ming Lam

## NOMINATION COMMITTEE

Yiu Hon Ming (*Chairman*)  
Au Wai Ming  
Carson Wen  
Wong Lung Tak Patrick  
Wu Ming Lam

## COMPANY SECRETARY

Huen Lai Chun

## AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Registered Public Interest Entity Auditor

## PRINCIPAL BANK

The Hongkong and Shanghai Banking Corporation Limited

## REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman KY1-1111  
Cayman Islands

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2 & 3, 1/F.  
Sunray Industrial Centre  
610 Cha Kwo Ling Road, Yau Tong  
Kowloon, Hong Kong

Telephone: (852) 23493776  
Facsimile: (852) 23493780  
Website: <http://www.winox.com>

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## INFORMATION OF SHARES

Place of Listing : Main Board of The Stock Exchange of Hong Kong Limited  
Stock Code : 6838  
Board Lot : 2,000 shares  
Financial Year End : 31 December  
Interim dividend : HK1.0 cent per ordinary share

## KEY DATES

Closure of register of members : 15-19 September 2022 for interim dividend  
Record date for interim dividend : 19 September 2022  
Interim dividend payment date : 3 October 2022

# FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2022 HK\$'000 unaudited	Six months ended 30 June 2021 HK\$'000 unaudited	Change
<b>RESULTS HIGHLIGHTS</b>			
Revenue	<b>554,521</b>	536,010	3.5%
Gross profit	<b>128,436</b>	101,803	26.2%
Profit for the period	<b>36,724</b>	16,565	121.7%
Return on equity <sup>1</sup> (%)	<b>3.8%</b>	1.8%	2 pts
Basic earnings per share (HK cents)	<b>6.1</b>	2.8	117.9%
Interim dividend per share (HK cent)	<b>1.0</b>	0.5	
	As at 30 June 2022 HK\$'000 unaudited	As at 31 December 2021 HK\$'000 audited	Change
<b>BALANCE SHEET HIGHLIGHTS</b>			
Total assets	<b>1,331,598</b>	1,610,090	-17.3%
Total borrowings	<b>116,435</b>	258,234	-54.9%
Net assets	<b>976,686</b>	1,001,099	-2.4%
Net assets per share (HK\$)	<b>1.63</b>	1.67	-2.4%
Current ratio	<b>1.87</b>	1.51	
Gearing ratio <sup>2</sup>	<b>0.09</b>	0.16	

<sup>1</sup> Return on equity attributable to shareholders at period end

<sup>2</sup> Gearing ratio = Total borrowings/Total assets

# 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, namely, 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 COVID-19. 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 customers 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 customers’ 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 HK6.1 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:

	<b>Six months ended 30 June</b>	
	<b>2022</b> HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Direct materials costs	<b>207,054</b>	208,662
Direct labour costs	<b>165,357</b>	151,839
Manufacturing overhead and other costs	<b>53,674</b>	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 mainly due to the increase in average balance of bank borrowings.

### TAXATION

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

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

According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 200% (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
	<b>138,195</b>	134,670

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.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

## TO THE BOARD OF DIRECTORS OF WINOX HOLDINGS LIMITED

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

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Winox Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 10 to 24, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

29 August 2022

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	NOTES	Six months ended	
		30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Revenue	3	554,521	536,010
Cost of sales		(426,085)	(434,207)
Gross profit		128,436	101,803
Other income	4	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	5	43,667	21,754
Taxation	6	(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	8	HK6.1 cents	HK2.8 cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	NOTES	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	535,493	575,220
Right-of-use assets	9	68,656	75,069
Refundable rental deposit		–	1,139
Deposit for land use rights	10	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
<b>Current assets</b>			
Inventories		138,195	134,670
Trade and other receivables	11	275,265	561,204
Taxation recoverable		7,534	8,045
Bank balances and cash		238,919	207,002
		<b>659,913</b>	910,921
<b>Current liabilities</b>			
Trade and other payables	12	217,717	332,376
Taxation payable		13,961	8,743
Bank borrowings	13	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
<b>Non-current liability</b>			
Lease liabilities		2,840	4,443
Net assets		<b>976,686</b>	1,001,099
<b>Capital and reserves</b>			
Share capital	14	60,000	60,000
Reserves		916,686	941,099
Total equity		<b>976,686</b>	1,001,099

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2021 (audited)	50,000	213,244	8,910	627,696	899,850
Profit for the period	–	–	–	16,565	16,565
Exchange differences arising on translation of foreign operations and other comprehensive income for the period	–	–	7,262	–	7,262
Total comprehensive income for the period	–	–	7,262	16,565	23,827
Dividends declared ( <i>note 7</i> )	–	–	–	(15,000)	(15,000)
Issue of bonus shares ( <i>note 14</i> )	10,000	(10,000)	–	–	–
At 30 June 2021 (unaudited)	60,000	203,244	16,172	629,261	908,677
At 1 January 2022 (audited)	<b>60,000</b>	<b>203,244</b>	<b>33,740</b>	<b>704,115</b>	<b>1,001,099</b>
Profit for the period	–	–	–	<b>36,724</b>	<b>36,724</b>
Exchange differences arising on translation of foreign operations and other comprehensive expense for the period	–	–	<b>(43,137)</b>	–	<b>(43,137)</b>
Total comprehensive (expense) income for the period	–	–	<b>(43,137)</b>	<b>36,724</b>	<b>(6,413)</b>
Dividends declared ( <i>note 7</i> )	–	–	–	<b>(18,000)</b>	<b>(18,000)</b>
At 30 June 2022 (unaudited)	<b>60,000</b>	<b>203,244</b>	<b>(9,397)</b>	<b>722,839</b>	<b>976,686</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Operating activities		
Profit before taxation	43,667	21,754
Adjustments for:		
Depreciation of property, plant and equipment	31,062	29,261
Other non-cash items	3,353	5,474
Operating cash flows before movements in working capital	78,082	56,489
Increase in inventories	(11,538)	(26,436)
Decrease in trade and other receivables	264,302	28,230
Decrease in trade and other payables	(116,126)	(60,091)
Other cash flows used in operating activities	(1,121)	(7,917)
Net cash from (used in) operating activities	213,599	(9,725)
Investing activities		
Deposits paid for acquisition of property, plant and equipment	(32,450)	(25,448)
Payment for a life insurance policy	(10,535)	–
Purchase of property, plant and equipment	(2,032)	(43,101)
Payment of refundable rental deposit	–	(786)
Proceeds from surrender of a life insurance policy	6,804	–
Proceeds from disposal of property, plant and equipment	188	149
Other investing cash flows	138	100
Net cash used in investing activities	(37,887)	(69,086)
Financing activities		
Repayment of bank borrowings	(346,020)	(30,451)
Interests paid	(3,615)	(1,655)
Repayment of lease liabilities	(2,526)	(1,415)
Dividends paid	–	(15,000)
Bank borrowings raised	209,271	113,849
Net cash (used in) from financing activities	(142,890)	65,328
Net increase (decrease) in cash and cash equivalents	32,822	(13,483)
Cash and cash equivalents at beginning of the period	207,002	174,638
Effect of foreign exchange rate changes	(905)	482
Cash and cash equivalents at end of the period, representing bank balances and cash	238,919	161,637

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 1. BASIS OF PREPARATION

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

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 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	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (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>	536,010

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 3. REVENUE AND SEGMENT INFORMATION (Continued) GEOGRAPHICAL INFORMATION

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

	Six months ended	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (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>	536,010

### 4. OTHER INCOME

	Six months ended	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Income from sales of scrap materials, other parts and samples	4,290	3,630
Government grants ( <i>Note</i> )	6,252	1,468
Bank interest income	138	100
Others	836	636
	<b>11,516</b>	5,834

*Note:* The unconditional government grants recognised during the current interim period are mainly related to research and development subsidy from PRC Government. For the six months ended 30 June 2022, the Group also recognised government grants of HK\$720,000 (six months ended 30 June 2021: nil) from Employment Support Scheme in respect of Covid-19-Related subsidy from Hong Kong Government.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 5. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (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 schemes contributions	19,010	14,876
Total staff costs	221,552	194,451
Less: Capitalised in inventories	(165,357)	(151,839)
	56,195	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	(22,382)	(21,205)
	11,971	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) ( <i>Note</i> )	(3,169)	–
Net foreign exchange (gain) loss (included in other gains and losses)	(92)	1,191
Interests on:		
– bank borrowings	1,828	1,265
– loans related to bills discounted with recourse	1,394	225
– lease liabilities	186	172
	3,408	1,662

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 6. TAXATION

	Six months ended	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current period	4,478	5,364
PRC Enterprise Income Tax ("EIT")		
Current period	2,110	880
Under (over) provision in prior years	355	(1,055)
	2,465	(175)
	6,943	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 estimates of assessable profits 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 7. 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 is 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.

### 8. 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	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	36,724	16,565
	Number of shares	
	30.6.2022	30.6.2021
Weighted average number of shares for the purpose of calculating basic earnings per share	600,000,000	600,000,000

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2021 was adjusted for 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

During the current interim period, the Group incurred additions to property, plant and equipment of HK\$16,696,000 (six months ended 30 June 2021: HK\$65,613,000).

During the six months ended 30 June 2021, the Group entered into several new lease agreements for the use of buildings and office equipment for fixed term of 2 years to 5 years. On lease commencement, the Group recognised right-of-use assets of HK\$10,126,000 and lease liabilities of HK\$10,126,000.

### 10. DEPOSIT FOR LAND USE RIGHTS

A deposit of RMB18,158,000 (equivalent to HK\$21,241,000) (31 December 2021: RMB18,158,000 (equivalent to HK\$22,209,000)) was paid for land use right in prior year as the Group intended to construct a new production plant at Boluo County, Huizhou, PRC ("Huzhen Site"). The requisite construction land quota in respect of the Huzhen Site has not been granted and the development of production premises at Huzhen Site is postponed. At 30 June 2022, the transaction has not been completed. The directors of the Company considered it is in the interest of the Group to acquire more land for production use in order to cater for the long-term development plan of the Group. Accordingly, the Group continues to negotiate with the local government authorities for the grant of the construction land quota and approval.

### 11. TRADE AND OTHER RECEIVABLES

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Trade receivables	217,409	360,515
Less: Allowance for expected credit losses ("ECL")	(1,003)	(1,660)
	216,406	358,855
Bills receivables	29,353	131,969
Less: Allowance for ECL	(113)	(364)
	29,240	131,605
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
Total trade and other receivables	275,265	561,204

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 11. TRADE AND OTHER RECEIVABLES (Continued)

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:

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 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
	<b>216,406</b>	358,855

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 12. TRADE AND OTHER PAYABLES

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
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 expense	<b>1,881</b>	2,286
Interest payable	<b>374</b>	591
Others	<b>2,152</b>	6,626
	<b>217,717</b>	332,376

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:

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
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>138,578</b>	251,627

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 13. BANK BORROWINGS

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Bank loans	104,326	127,099
Loans related to bills discounted with recourse	12,109	131,135
	116,435	258,234

During the current interim period, the Group raised and repaid bank loans of HK\$56,084,000 (six months ended 30 June 2021: HK\$66,849,000) and HK\$76,365,000 (six months ended 30 June 2021: HK\$30,451,000), respectively. The existing bank loans carry variable interest rates ranging from 1.90% to 3.25% over 1-month Hong Kong Interbank Offered Rate, 0.9% over 1-month London Interbank Offered Rate and 0.64% over 1-year loan prime rate published by the National Interbank Funding Center per annum. Included in the bank loans is an amount of HK\$41,947,000 which are repayable after one year but contain repayment on demand clause.

During the current interim period, the Group also raised and repaid loans related to bills discounted with recourse of HK\$153,187,000 (six month ended 30 June 2021: HK\$47,000,000) and HK\$269,655,000 (six months ended 30 June 2021: nil), which carry fixed interest rate of 2.90% per annum and are with a maturity period of 4 months or less.

### 14. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2021, 30 June 2021, 31 December 2021, 1 January 2022 and 30 June 2022	4,000,000	400,000
Issued and fully paid:		
At 1 January 2021	500,000	50,000
Issue of bonus shares	100,000	10,000
At 30 June 2021, 31 December 2021, 1 January 2022 and 30 June 2022	600,000	60,000

An ordinary resolution was passed by the shareholders at the annual general meeting of the Company held on 31 May 2021 approving an issue of bonus shares to shareholders of the Company on the basis of one bonus share for every five existing issued shares in the share capital of the Company. The issue of bonus shares took place on 21 June 2021. The shares issued rank pari passu with the then existing shares in issue in all respects.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 15. CAPITAL COMMITMENTS

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment and land use rights	<b>37,844</b>	30,100

### 16. RELATED PARTY TRANSACTIONS

(a) During the current interim period, the Group had entered into the following related party transactions:

Name of related party	Nature of transaction	Six months ended	
		30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Ming Fung (Holdings) Limited (controlled by Mr. Yiu Hon Ming ("Mr. Yiu"))	Fee received for management and administrative service	<b>126</b>	126
Fengtai (Dongguan) Technology Development Service Company Limited ("Fengtai") (controlled by Mr. Yiu and Mr. Yiu Tat Sing)	Short-term lease expenses Interest expenses on lease liabilities	– <b>98</b>	332 92
Mr. Yiu	Interest expenses on lease liabilities	<b>14</b>	6

At 30 June 2022, the lease liabilities due to Fengtai and Mr. Yiu were HK\$3,218,000 and HK\$689,000 (31 December 2021: HK\$5,544,000 and HK\$1,056,000), respectively.

During the six months ended 30 June 2021, the Group entered into several new lease agreements for the use of buildings with Fengtai and Mr. Yiu respectively for fixed terms of 2 years.

Mr. Yiu is the ultimate controlling shareholder and a director of the Company. Mr. Yiu Tat Sing is also a director of the Company.

(b) The key management personnel are the directors of the Company. During the six months ended 30 June 2022, the remuneration of the key management personnel includes short-term employee benefits of HK\$2,978,000 and post-employment benefits of HK\$83,000 (six months ended 30 June 2021: short-term employee benefits of HK\$3,199,000 and post-employment benefits of HK\$80,000).

# 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 ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and complied with all the applicable code provisions of the CG Code throughout the six months ended 30 June 2022.

At the annual general meeting of the Company held on 27 June 2022, Mr. Li Chin Keung, Ms. Yiu Ho Ting, Mr. Au Wai Ming and Professor Wong Lung Tak Patrick retired and were re-elected as Directors. As at the date of this report, the Board comprises:

### **Executive Directors**

Mr. Yiu Hon Ming (*Chairman*)

Mr. Yiu Tat Sing (*Deputy Chairman*)

Mr. Li Chin Keung (*Managing Director*)

Ms. Law Wai Ping

Mr. Chau Kam Wing Donald (*Finance Director*)

Ms. Yiu Ho Ting

### **Independent Non-executive Directors**

Mr. Au Wai Ming

Mr. Carson Wen

Professor Wong Lung Tak Patrick

Mr. Wu Ming Lam

The audit committee of the Company ("Audit Committee") was established on 25 June 2011 with written terms of reference specifying its authority and duties which is available on the websites of the Stock Exchange and the Company. As at the date of this report, the Audit Committee comprises four Independent Non-executive Directors. The Audit Committee has reviewed with the senior management and the external auditor of the Company the interim results of the Group for the six months ended 30 June 2022 as well as the accounting principles and practices adopted by the Group, internal controls and financial reporting matters.

The Group's internal audit function is performed by its internal audit team. The internal audit team plays an important part in the assessment of the effectiveness of the risk management and internal control systems of the Group and reports directly to the Audit Committee. The team conducts internal audit reviews on material internal control systems covering major financial, operational and compliance controls, as well as risk management functions. The team reports to the Audit Committee on a quarterly basis and recommends remedial plans to the management for any internal control deficiencies identified. The team monitors the implementation of its recommendations by the management and reports the outcome to the Audit Committee. Details of the Group's risk management framework and the responsibilities of each delegated group are disclosed in the 2021 Annual Report of the Company.

The Board was satisfied that the Group's internal control system in place that covers all material controls including financial, operational and compliance controls, and risk management system are reasonably effective and adequate during the reporting period.

The remuneration committee of the Company ("Remuneration Committee") was established on 25 June 2011 with written terms of reference specifying its authority and duties which is available on the websites of the Stock Exchange and the Company. As at the date of this report, the Remuneration Committee comprises four Independent Non-executive Directors and one Executive Director.

The nomination committee of the Company ("Nomination Committee") was established on 25 June 2011 with written terms of reference specifying its authority and duties which is available on the websites of the Stock Exchange and the Company. As at the date of this report, the Nomination Committee comprises four Independent Non-executive Directors and one Executive Director.

## 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.

## DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES

As at 30 June 2022, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“SFO”)) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company have taken or deemed to have under such provisions of the SFO); (ii) recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### (a) THE COMPANY

Director	Note	Capacity	Total number of ordinary shares interested or deemed to be interested (Long positions)	Approximate percentage of total issued share capital of the Company
Yiu Hon Ming	1	Interest in controlled corporation and interest of spouse	398,040,000	66.34%
Law Wai Ping	2	Beneficial owner, interest in controlled corporation and interest of spouse	398,040,000	66.34%
Yiu Ho Ting	3	Beneficial owner and interest of spouse	6,909,600	1.15%
Au Wai Ming		Beneficial owner	4,531,200	0.76%
Yiu Tat Sing	4	Beneficial owner	1,980,000	0.33%
Li Chin Keung	5	Interest of spouse	964,800	0.16%

*Notes:*

- Mr. Yiu Hon Ming (“Mr. Yiu”) is legally and beneficially interested in 60% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is directly interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 396,000,000 shares of the Company, representing 66% of the entire issued share capital of the Company. Mr. Yiu is the husband of Ms. Law Wai Ping (“Ms. Law”). By virtue of the SFO, Mr. Yiu is deemed to be interested in the same block of ordinary shares in which Ms. Law is interested.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

- Ms. Law is legally and beneficially interested in 40% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is directly interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 396,000,000 shares of the Company, representing 66% of the entire issued share capital of the Company. In addition, Ms. Law is directly and beneficially interested in 2,040,000 shares of the Company. Ms. Law is the wife of Mr. Yiu. By virtue of the SFO, Ms. Law is deemed to be interested in the same block of ordinary shares in which Mr. Yiu is interested.
- Ms. Yiu Ho Ting ("Ms. Yiu") is directly and beneficially interested in 5,688,000 shares of the Company. In addition, her husband, Mr. Cheung Justin Chi Yen ("Mr. Cheung"), is directly interested in 1,221,600 shares of the Company. By virtue of the SFO, Ms. Yiu is deemed to be interested in the same block of ordinary shares in which Mr. Cheung is interested.
- Mr. Yiu Tat Sing is directly and beneficially interested in 1,980,000 shares of the Company. In addition, he has an interest of approximately 11.77% of the entire issued share capital of Winholme Holdings Limited which holds 51,000,000 shares of the Company, representing 8.50% of the entire issued share capital of the Company.
- Ms. Cheung Wing Yan ("Ms. Cheung"), wife of Mr. Li Chin Keung ("Mr. Li"), is directly interested in 964,800 shares of the Company. By virtue of the SFO, Mr. Li is deemed to be interested in the same block of ordinary shares in which Ms. Cheung is interested. In addition, Mr. Li has an interest of approximately 8.82% of the entire issued share capital of Winholme Holdings Limited which holds 51,000,000 shares of the Company, representing 8.50% of the entire issued share capital of the Company.

### (b) ASSOCIATED CORPORATIONS

Director	Note	Associated corporation	Capacity	Total number of securities interested in associated corporation (Long positions)	Approximate percentage of total issued share capital of associated corporations
Yiu Hon Ming	1	Ming Fung Holdings (Hong Kong) Limited	Beneficial owner	60 ordinary shares	60%
		Ming Fung Investment Limited	Interest in controlled corporation	840 ordinary shares	95.45%
Law Wai Ping	2	Ming Fung Holdings (Hong Kong) Limited	Beneficial owner	40 ordinary shares	40%
		Ming Fung Investment Limited	Interest in controlled corporation	840 ordinary shares	95.45%

Notes:

- Mr. Yiu is legally and beneficially interested in 60% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is directly interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 396,000,000 shares of the Company, representing 66% of the entire issued share capital of the Company.
- Ms. Law is legally and beneficially interested in 40% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is directly interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 396,000,000 shares of the Company, representing 66% of the entire issued share capital of the Company.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company have taken or deemed to have under such provisions of the SFO); (ii) entered in the register required to be kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2022, each of the following persons and entities, other than a Director and chief executive of the Company, had or were deemed to have interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Note	Capacity	Total number of ordinary shares interested or deemed to be interested (Long positions)	Approximate percentage of total issued share capital of the Company
Ming Fung Investment Limited	1	Beneficial owner	396,000,000	66%
Ming Fung Holdings (Hong Kong) Limited	1	Interest in controlled corporation	396,000,000	66%
Winholme Holdings Limited	2	Beneficial owner	51,000,000	8.5%
Tang Wai Fong	3	Interest in controlled corporation	51,000,000	8.5%
Chan Kai Ming	4	Interest in controlled corporation	51,000,000	8.5%
Leung Wai Yin Edith	5	Interest of spouse	51,000,000	8.5%
Webb David Michael	6	Beneficial owner and interest in controlled corporation	36,392,000	6.07%

*Notes:*

- Ming Fung Holdings (Hong Kong) Limited is interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited.
- Mr. Li Chin Keung, the Managing Director of the Company and an executive Director, is the legal and beneficial owner of approximately 8.82% of the entire issued share capital of Winholme Holdings Limited. Mr. Yiu Tat Sing, the Deputy Chairman of the Board and an executive Director, is the legal and beneficial owner of approximately 11.77% of the entire issued share capital of Winholme Holdings Limited.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

3. Ms. Tang Wai Fong is the legal and beneficial owner of approximately 44.12% of the entire issued share capital of Winholme Holdings Limited.
4. Mr. Chan Kai Ming is the legal and beneficial owner of approximately 35.29% of the entire issued share capital of Winholme Holdings Limited.
5. Ms. Leung Wai Yin Edith is the wife of Mr. Chan Kai Ming. By virtue of the SFO, she is deemed to be interested in the same block of shares in which Mr. Chan Kai Ming is interested.
6. Of the 36,392,000 shares of the Company, 13,992,000 shares of the Company were held directly by Mr. David Michael Webb, while 22,400,000 shares of the Company were held through his wholly-owned company, Preferable Situation Assets Limited.

Save as disclosed above, as at 30 June 2022, the Company has not been notified by any person or entity who had or were deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

## SHARE OPTIONS

During the six months ended 30 June 2022, the Company did not have any share option schemes.

## 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.

## SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

On 14 February 2020, Max Surplus Corporation Limited (“Max Surplus”) and Winox Enterprise Company Limited (“Winox Enterprise”), both are wholly-owned subsidiaries of the Company, as borrowers, entered into a letter of banking facility with a financial institution respectively, for a term loan facility in an aggregate principal amount of up to HK\$65,000,000. The loan facilities (a) are interest bearing, and are secured for Max Surplus and not secured for Winox Enterprise; (b) are repayable by 36 equal monthly instalments, commencing one month after drawdown if the loans under the facilities are used to finance the general working capital requirements of the Group, or are repayable by 60 equal monthly instalments, commencing one month after drawdown if the loans under the facilities are used to finance the capital expenditure requirements of the Group; and (c) contain repayment on demand clause at the discretion of the financial institution. In 2020, HK\$20,000,000 was drawn on 16 April 2020 and HK\$15,000,000 was drawn on 27 May 2020. In 2021, HK\$20,000,000 was drawn on 22 March 2021 and HK\$10,000,000 was drawn on 7 April 2021. All are repayable by 60 equal monthly instalments, commencing one month after drawdown.

On 22 October 2021, Max Surplus, as borrower, entered into a letter of banking facility with the same financial institution for a revolving loan facility in a principal amount of US\$1,000,000 and a term loan facility in a principal amount of HK\$150,000,000. The revolving loan under these facilities was used for premium financing of a life insurance policy. The term loan under these facilities, which is available for drawdown within 15 months after the acceptance date of the facility letter, will be used to finance the capital expenditure requirements of the Group and is repayable by 60 equal monthly instalments, commencing one month after drawdown. In 2022, US\$1,000,000 was drawn on 4 January 2022.

The rights, interest and benefits in and under the above policy have been assigned to the lender as a security for the above facilities granted to Max Surplus.

Pursuant to these facilities letters, the controlling shareholder of the Company, Mr. Yiu Hon Ming and his family are required, at all times, to hold not less than 50% of the issued shares of the Company (“Specific Performance Obligations”). The breach of the Specific Performance Obligations will cause a default in respect of these loan facilities and the financial institution shall have the right to terminate the commitments and declare all outstanding amounts together with interests accrued thereon and all other sums payable under these loan facilities be immediately due and payable.

As at 30 June 2022, the amount of loan outstanding under these loan facilities was approximately HK\$50,547,000 and the unutilised facilities available for drawdown amounted to HK\$152,000,000.

### 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 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 on 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.

### 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 Hong Kong Institute of Certified Public Accountants, 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.

### INVESTOR RELATIONS

The Company recognises the importance of maintaining an effective mutual communication with the financial community and its stakeholders in order to achieve a fair valuation on the Company's securities as well as to enhance its shareholders' value. Designated management staff meets with research analysts and institutional investors on an ongoing basis. In addition, the Company utilises its website ([www.winox.com](http://www.winox.com)) as a channel to provide updated information in a timely manner.