



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

中期報告 **2024**
INTERIM REPORT

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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
Hou Bojian*
Carson Wen*
Wong Lung Tak Patrick*
Wu Ming Lam*

* *Independent Non-executive Director*

AUDIT COMMITTEE

Wong Lung Tak Patrick (*Chairman*)
Hou Bojian
Carson Wen
Wu Ming Lam

REMUNERATION COMMITTEE

Wong Lung Tak Patrick (*Chairman*)
Yiu Hon Ming
Hou Bojian
Carson Wen
Wu Ming Lam

NOMINATION COMMITTEE

Yiu Hon Ming (*Chairman*)
Hou Bojian
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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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 : HK0.5 cents per ordinary share

KEY DATES

Closure of register of members : 12-16 September 2024
for interim dividend
Record date for interim dividend : 16 September 2024
Interim dividend payment date : 4 October 2024

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2024 HK\$'000 unaudited	Six months ended 30 June 2023 HK\$'000 unaudited	Change
RESULTS HIGHLIGHTS			
Revenue	322,245	384,233	-16.1%
Gross profit	68,559	109,534	-37.4%
Profit for the period	9,255	28,013	-67.0%
Return on equity ¹ (%)	0.9%	2.9%	-2.0 pts
Basic earnings per share (HK cents)	1.5	4.7	-68.1%
Interim dividend per share (HK cents)	0.5	1.5	-66.7%
	As at 30 June 2024 HK\$'000 unaudited	As at 31 December 2023 HK\$'000 audited	Change
BALANCE SHEET HIGHLIGHTS			
Total assets	1,153,908	1,192,807	-3.3%
Total borrowings	46,025	50,033	-8.0%
Net assets	982,587	1,008,710	-2.6%
Net assets per share (HK\$)	1.64	1.68	-2.4%
Current ratio	3.22	3.11	
Gearing ratio ²	0.04	0.04	

¹ Return on equity attributable to shareholders at period end

² 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 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 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Direct materials costs	120,919	116,107
Direct labour costs	91,638	111,303
Manufacturing overhead and other costs	41,129	47,289
	253,686	274,699

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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 9 to 23, which comprise the condensed consolidated statement of financial position as of 30 June 2024 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

26 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	NOTES	Six months ended	
		30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Revenue	3	322,245	384,233
Cost of sales		(253,686)	(274,699)
Gross profit		68,559	109,534
Other income	4	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	5	12,583	32,258
Taxation	6	(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	8	HK1.5 cents	HK4.7 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	NOTES	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	489,220	509,392
Right-of-use assets	9	58,752	61,429
Deposits paid for non-current assets	10	53,473	50,457
Deposit and prepayment for a life insurance policy		9,126	9,404
		610,571	630,682
Current assets			
Inventories		68,851	60,358
Trade and other receivables	11	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
		543,337	562,125
Current liabilities			
Trade and other payables	12	120,313	126,942
Taxation payable		285	1,794
Bank borrowings	13	46,025	50,033
Lease liabilities		2,202	2,091
		168,825	180,860
Net current assets		374,512	381,265
Total assets less current liabilities		985,083	1,011,947
Non-current liability			
Lease liabilities		2,496	3,237
Net assets		982,587	1,008,710
Capital and reserves			
Share capital	14	60,000	60,000
Reserves		922,587	948,710
Total equity		982,587	1,008,710

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2023 (audited)	60,000	203,244	(43,831)	792,511	1,011,924
Profit for the period	–	–	–	28,013	28,013
Exchange differences arising on translation of foreign operations and other comprehensive expense for the period	–	–	(43,388)	–	(43,388)
Total comprehensive (expense) income for the period	–	–	(43,388)	28,013	(15,375)
Dividends declared (<i>note 7</i>)	–	–	–	(30,000)	(30,000)
At 30 June 2023 (unaudited)	60,000	203,244	(87,219)	790,524	966,549
At 1 January 2024 (audited)	60,000	203,244	(71,771)	817,237	1,008,710
Profit for the period	–	–	–	9,255	9,255
Exchange differences arising on translation of foreign operations and other comprehensive expense for the period	–	–	(23,378)	–	(23,378)
Total comprehensive (expense) income for the period	–	–	(23,378)	9,255	(14,123)
Dividends declared (<i>note 7</i>)	–	–	–	(12,000)	(12,000)
At 30 June 2024 (unaudited)	60,000	203,244	(95,149)	814,492	982,587

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Operating activities		
Profit before taxation	12,583	32,258
Adjustments for:		
Depreciation of property, plant and equipment	25,918	29,886
Other non-cash items	(665)	5,006
Operating cash flows before movements in working capital	37,836	67,150
(Increase) decrease in inventories	(10,647)	24,945
(Increase) decrease in trade and other receivables	(17,015)	37,195
Decrease in trade and other payables	(2,415)	(30,440)
Other cash flows used in operating activities	(4,493)	(3,535)
Net cash from operating activities	3,266	95,315
Investing activities		
Placement of short-term bank deposit	(93,704)	–
Purchase of property, plant and equipment	(11,705)	(6,982)
Deposits paid for acquisition of property, plant and equipment	(10,976)	(29,100)
Withdrawal of short-term bank deposit	144,460	–
Interest received	5,191	961
Proceeds from disposal of property, plant and equipment	410	128
Net cash from (used in) investing activities	33,676	(34,993)
Financing activities		
Repayment of bank borrowings	(12,525)	(140,626)
Dividends paid	(12,000)	(30,000)
Interests paid	(1,609)	(2,755)
Repayment of lease liabilities	(1,344)	(1,974)
Bank borrowings raised	8,744	93,809
Net cash used in financing activities	(18,734)	(81,546)
Net increase (decrease) in cash and cash equivalents	18,208	(21,224)
Cash and cash equivalents at beginning of the period	231,265	270,794
Effect of foreign exchange rate changes	(1,790)	(2,708)
Cash and cash equivalents at end of the period, representing bank balances and cash	247,683	246,862

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Mobile phone cases and parts	152,124	114,707
Watch bracelets	99,701	123,796
Smart wearable cases and parts	52,564	124,577
Fashion accessories	17,856	21,153
	322,245	384,233

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
PRC	138,145	190,696
Switzerland	94,669	113,026
Hong Kong	45,734	41,803
Liechtenstein and other European countries	17,529	20,782
Vietnam	15,684	1,321
Taiwan	7,229	11,492
Other countries	3,255	5,113
	322,245	384,233

4. OTHER INCOME

	Six months ended	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Bank interest income	5,191	961
Income from sales of scrap materials, other parts and samples	1,289	747
Government grants (<i>Note</i>)	147	807
Others	1,199	709
	7,826	3,224

Note: The unconditional government grants recognised during both interim periods are mainly related to research and development subsidy from PRC Government.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

5. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (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	124,708	156,983
Less: Capitalised in inventories	(91,638)	(111,303)
	33,070	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	(17,824)	(21,800)
	10,174	10,786
Interests on:		
– bank borrowings	1,429	1,954
– loans related to bills discounted with recourse	8	196
– lease liabilities	128	129
	1,565	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)	(2,845)	(3,995)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

6. TAXATION

	Six months ended	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
The charge comprises:		
Hong Kong Profits Tax		
Current period	3,188	3,124
PRC Enterprise Income Tax ("EIT")		
Current period	288	1,380
Over provision in prior years	(148)	(259)
	140	1,121
	3,328	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 year 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

7. 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 cents 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.

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	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	9,255	28,013

	Number of shares	
	30.6.2024	30.6.2023
Weighted average number of shares for the purpose of calculating basic earnings per share	600,000,000	600,000,000

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 2024

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\$18,748,000 (six months ended 30 June 2023: HK\$24,596,000).

During the six months ended 30 June 2024, the Group entered into one (six months ended 30 June 2023: several) new lease agreement(s) for the use of buildings and office equipment for fixed term of 15 months (six months ended 30 June 2023: 24 months). On date of lease commencement, the Group recognised right-of-use assets of HK\$1,141,000 (six months ended 30 June 2023: HK\$7,217,000) and lease liabilities of HK\$1,141,000 (six months ended 30 June 2023: HK\$6,772,000).

10. DEPOSITS PAID FOR NON-CURRENT ASSETS

Included in the deposits paid for non-current assets was a deposit of RMB18,158,000 (equivalent to HK\$19,426,000) (31 December 2023: RMB18,158,000 (equivalent to HK\$19,897,000)) being 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 2024, 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, Group continues to negotiate with the local government authorities for the grant of the construction land quota and approval.

11. TRADE AND OTHER RECEIVABLES

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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:

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
0 to 30 days	46,795	62,943
31 to 60 days	54,854	57,075
61 to 90 days	29,073	15,913
Over 90 days	6,779	5,953
	137,501	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 a bill amounting to HK\$5,324,000 (31 December 2023: nil) was discounted by the Group with recourse. The Group continues to recognise its full carrying amount 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

12. TRADE AND OTHER PAYABLES

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

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:

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
0 to 30 days	24,666	24,571
31 to 60 days	24,897	29,798
61 to 90 days	23,234	17,753
Over 90 days	13,569	13,654
	86,366	85,776

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

13. BANK BORROWINGS

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Bank loans	40,701	50,033
Loans related to bills discounted with recourse	5,324	–
	46,025	50,033

During the current interim period, the Group raised and repaid bank loans of HK\$3,370,000 (six months ended 30 June 2023: HK\$22,941,000) and HK\$12,525,000 (six months ended 30 June 2023: HK\$52,427,000), respectively. The existing bank loans carry variable interest rates ranging from 1.9% to 2.1% over 1-month Hong Kong 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\$15,000,000 (31 December 2023: HK\$23,383,000) 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\$5,374,000 (six month ended 30 June 2023: HK\$70,868,000) and nil (six months ended 30 June 2023: HK\$88,199,000), which carry fixed interest rate of 1.3% per annum (six months ended 30 June 2023: fixed interest rate of 1.9% and 2.15% per annum) and are with a maturity period of 2 months (six months ended 30 June 2023: 3 months or less).

14. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2023, 30 June 2023, 31 December 2023, 1 January 2024 and 30 June 2024	4,000,000	400,000
Issued and fully paid:		
At 1 January 2023, 30 June 2023, 31 December 2023, 1 January 2024 and 30 June 2024	600,000	60,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

15. CAPITAL COMMITMENTS

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 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	51,014	23,731

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	
		30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Ming Fung (Holdings) Limited (controlled by Mr. Yiu Hon Ming ("Mr. Yiu"))	Fee received for management and administrative service	126	126
Fengtai (Dongguan) Technology Development Service Company Limited ("Fengtai") (controlled by Mr. Yiu and Mr. Yiu Tat Sing)	Interest expenses on lease liabilities	38	52
Mr. Yiu	Interest expenses on lease liabilities	27	9

At 30 June 2024, the lease liabilities due to Fengtai and Mr. Yiu were HK\$1,469,000 and HK\$679,000 (31 December 2023: HK\$1,657,000 and HK\$1,033,000), respectively.

During the six months ended 30 June 2024, the Group entered into one new lease agreement for the use of buildings with Fengtai for a fixed term of 15 months. During the six months ended 30 June 2023, the Group entered into several new lease agreements for the use of buildings with Fengtai and Mr. Yiu respectively for a fixed term of 24 months.

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 2024, the remuneration of the key management personnel includes short-term employee benefits of HK\$2,536,000 and post-employment benefits of HK\$82,000 (six months ended 30 June 2023: short-term employee benefits of HK\$3,172,000 and post-employment benefits of HK\$82,000).

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 C1 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 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 ("AGM") due to his other business engagement.

At the AGM, Mr. Yiu Tat Sing, Mr. Li Chin Keung and Mr. Carson Wen retired and were re-elected as Directors. Mr. Au Wai Ming did not offer himself for re-election at the AGM due to his full retirement and thus retired from his office as an Independent Non-executive Director, and ceased to be a member of each of the audit committee ("Audit Committee"), the remuneration committee ("Remuneration Committee") and the nomination committee ("Nomination Committee") of the Company after the conclusion of the AGM. In addition, Mr. Hou Bojian was elected as an Independent Non-executive Director at the AGM and has been appointed by the Board as a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. 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. Hou Bojian
Mr. Carson Wen
Professor Wong Lung Tak Patrick
Mr. Wu Ming Lam

The 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 2024 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 2023 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 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 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 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2024, 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%
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.
- 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	60.00%
		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	40.00%
		Ming Fung Investment Limited	Interest in controlled corporation	840 ordinary shares	95.45%

Notes:

1. 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.
2. 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 2024, 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 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 2024, 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	66.00%
Ming Fung Holdings (Hong Kong) Limited	1	Interest in controlled corporation	396,000,000	66.00%
Winholme Holdings Limited	2	Beneficial owner	51,000,000	8.50%
Tang Wai Fong	3	Interest in controlled corporation	51,000,000	8.50%
Chan Kai Ming	4	Interest in controlled corporation	51,000,000	8.50%
Leung Wai Yin Edith	5	Interest of spouse	51,000,000	8.50%
David Michael Webb	6	Beneficial owner and interest in controlled corporation	42,630,000	7.10%

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.
- Ms. Tang Wai Fong is the legal and beneficial owner of approximately 44.12% of the entire issued share capital of Winholme Holdings Limited.
- Mr. Chan Kai Ming is the legal and beneficial owner of approximately 35.29% of the entire issued share capital of Winholme Holdings Limited.
- 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.
- Mr. David Michael Webb is interested in 42,630,000 shares of the Company, of which 17,552,000 shares of the Company are held directly by him, while 25,078,000 shares of the Company are held through his wholly owned company, Preferable Situation Assets Limited.

Save as disclosed above, as at 30 June 2024, 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 SCHEMES

During the six months ended 30 June 2024, the Company did not have any share schemes.

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.

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 USD1,000,000 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 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. The undrawn amount under the term loan facility was cancelled after 29 February 2024. The USD1,000,000 loan, which was drawn on 4 January 2022 from the revolving loan facility, was fully repaid on 17 May 2023 and HK\$20,000,000 was drawn on 16 January 2023 from the term loan facility.

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 2024, the amount of loan outstanding under these loan facilities was approximately HK\$31,083,000 and the unutilised facilities available for drawdown amounted to HK\$2,000,000.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of HK\$0.5 cents 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 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.

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 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 2024 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) as a channel to provide updated information in a timely manner.