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SUN HING VISION GROUP HOLDINGS LIMITED
新興光學集團控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 125)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

The Board of Directors (the “Board”) of Sun Hing Vision Group Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2022, together with the comparative figures for the corresponding previous period as follows:

* For identification purposes only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2022

	NOTES	Six months ended	
		30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)
Revenue	3	373,460	469,444
Cost of sales		<u>(319,570)</u>	<u>(387,129)</u>
Gross profit		53,890	82,315
Other income, gains and losses		10,889	1,470
Reversal (provision) of impairment losses on trade receivables, net		476	(2,542)
Selling and distribution costs		(12,966)	(12,882)
Administrative expenses		(53,496)	(62,340)
Finance costs		<u>(819)</u>	<u>(913)</u>
(Loss) profit before tax		(2,026)	5,108
Income tax credit	4	<u>835</u>	<u>180</u>
(Loss) profit for the period	5	<u>(1,191)</u>	<u>5,288</u>
Other comprehensive (expense) income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		<u>(30,749)</u>	<u>4,000</u>
		<u>(30,749)</u>	<u>4,000</u>
Total comprehensive (expense) income for the period		<u>(31,940)</u>	<u>9,288</u>
(Loss) profit for the period attributable to:			
Owners of the Company		(1,191)	6,061
Non-controlling interests		<u>-</u>	<u>(773)</u>
		<u>(1,191)</u>	<u>5,288</u>
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(31,940)	10,038
Non-controlling interests		<u>-</u>	<u>(750)</u>
		<u>(31,940)</u>	<u>9,288</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss) earnings per share			
Basic	7	<u>(0.45)</u>	<u>2.31</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 September 2022

	<i>NOTES</i>	30.9.2022 HK\$'000 (unaudited)	31.3.2022 <i>HK\$'000</i> (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		269,666	290,150
Right-of-use assets		26,571	14,292
Intangible assets		46,868	47,796
Deposit paid for acquisition of property, plant and equipment and right-of-use asset		5,004	19,742
Financial asset at fair value through profit or loss		1,625	1,625
Deferred tax assets		14,516	11,616
		364,250	385,221
CURRENT ASSETS			
Inventories		97,989	100,926
Trade and other receivables	8	225,592	226,862
Derivative financial instruments		84	224
Tax recoverable		65	3,058
Bank balances and cash		307,766	324,084
		631,496	655,154
CURRENT LIABILITIES			
Trade and other payables	9	178,988	184,937
Lease liabilities		8,551	9,893
Refund liabilities		2,468	2,077
Derivative financial instruments		2,767	136
Tax payable		4,793	5,048
Bank borrowings	10	39,164	40,236
		236,731	242,327
NET CURRENT ASSETS		394,765	412,827
TOTAL ASSETS LESS CURRENT LIABILITIES		759,015	798,048
CAPITAL AND RESERVES			
Share capital		26,278	26,278
Share premium and reserves		719,325	755,207
Total equity		745,603	781,485
NON-CURRENT LIABILITIES			
Lease liabilities		6,432	10,689
Deferred tax liabilities		6,980	5,874
		13,412	16,563
TOTAL EQUITY AND NON-CURRENT LIABILITIES		759,015	798,048

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2022

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

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 September 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on 1 April 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers recognised at a point in time

	For the six months ended 30 September 2022 (unaudited)		
	Eyewear products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods or services			
Eyewear products	372,205	–	372,205
Contact lens	–	553	553
Royalty income	–	702	702
	<hr/>	<hr/>	<hr/>
Revenue from contracts with customers	372,205	1,255	373,460
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	For the six months ended 30 September 2021 (unaudited)		
	Eyewear products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods or services			
Eyewear products	465,322	–	465,322
Contact lens	–	3,420	3,420
Royalty income	–	702	702
	<hr/>	<hr/>	<hr/>
Revenue from contracts with customers	465,322	4,122	469,444
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Group's operating segments, based on information reported to the chief operating decision maker ("CODM"), being the executive directors of the Company, for the purposes of resources allocation and performance assessment, is as follows:

Eyewear products	– manufacturing and trading of eyewear products
Contact lens	– trading of contact lens products
Trademarks	– granting license of trademarks

During the current interim period, contact lens and trademarks segments are aggregated under "All other segments" for reporting purpose as both segments do not meet any of quantitative thresholds for determining reportable segments for the both periods. Comparative information for the six months ended 30 September 2021 has been restated.

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

For the six months ended 30 September 2022 (unaudited)

	Eyewear products HK\$'000	All other segments HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE				
External sales	372,205	1,255	–	373,460
Inter-segment sales	–	2,228	(2,228)	–
	<u>372,205</u>	<u>3,483</u>	<u>(2,228)</u>	<u>373,460</u>
Segment results	<u>427</u>	<u>1,953</u>	<u>–</u>	2,380
Unallocated other income, gains and losses				1,314
Central administration costs				(4,901)
Finance costs				<u>(819)</u>
Loss before tax				<u>(2,026)</u>

For the six months ended 30 September 2021 (restated and unaudited)

	Eyewear products HK\$'000	All other segments HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE				
External sales	465,322	4,122	–	469,444
Inter-segment sales	–	1,752	(1,752)	–
	<u>465,322</u>	<u>5,874</u>	<u>(1,752)</u>	<u>469,444</u>
Segment results	<u>6,303</u>	<u>1,759</u>	<u>–</u>	8,062
Unallocated other income, gains and losses				1,143
Central administration costs				(3,184)
Finance costs				<u>(913)</u>
Profit before tax				<u>5,108</u>

Inter-segment sales are charged at prevailing market rates or at terms determined and agreed by both parties.

Segment results represent the results of each segment without allocation of certain other income, gains and losses (mainly including bank interest income, loss on disposal of property, plant and equipment and others), central administration costs (mainly including directors' salaries) and finance costs.

Total segment assets and liabilities are not disclosed as they are not regularly reviewed by the CODM.

4. INCOME TAX CREDIT

	Six months ended	
	30.9.2022	30.9.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The charge (credit) comprises:		
Current tax		
– PRC Enterprise Income Tax (“EIT”)	748	132
– United States Withholding tax	<u>211</u>	<u>211</u>
	<u>959</u>	<u>343</u>
Overprovision in respect of prior years		
– PRC EIT	<u>–</u>	<u>(260)</u>
Deferred taxation		
– Current period	<u>(1,794)</u>	<u>(263)</u>
	<u>(835)</u>	<u>(180)</u>

5. (LOSS) PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2022	30.9.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Depreciation and amortisation		
– depreciation of property, plant and equipment	10,013	10,411
– depreciation of right-of-use assets	3,440	3,133
– amortisation of intangible assets (included in cost of sales)	928	928
– depreciation of investment properties	–	76
	14,381	14,548
Capitalised in inventories	(4,936)	(4,276)
	9,445	10,272
Employee benefits expenses	164,977	190,570
Capitalised in inventories	(124,907)	(146,445)
	40,070	44,125
Net foreign exchange (gains) losses	(8,577)	943
Fair value changes on derivative financial instruments	2,771	(1,164)
Loss on disposals of property, plant and equipment	7	15
Write-down of inventories	4,255	3,294
Finance costs		
– interest expenses on bank borrowings	368	293
– interest expenses on lease liabilities	451	620
	819	913
Bank interest income	(1,680)	(382)
Government grants in respect of Covid-19 related subsidies	(1,590)	–

6. DIVIDENDS

During the current period, a final special dividend of HK\$1.5 per ordinary share in an aggregate amount of HK\$3,942,000 in respect of the year ended 31 March 2022 was declared and paid to shareholders (six months ended 30 September 2021: a final special dividend of HK\$1.5 per ordinary share in an aggregate amount of HK\$3,942,000 in respect of the year ended 31 March 2021 were paid to shareholders).

An interim special dividend of HK\$1.5 cents per ordinary share in total of HK\$3,942,000 in respect of the six months ended 30 September 2022 has been proposed by the directors of the Company (six months ended 30 September 2021: an interim special dividend of HK\$1.5 cents per ordinary share in total of HK\$3,942,000). No interim dividend for the six months ended 30 September 2022 has been proposed since the end of the reporting period (six months ended 30 September 2021: nil).

7. (LOSS) EARNINGS PER SHARE

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

	Six months ended	
	30.9.2022	30.9.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) earnings		
(Loss) earnings attributable to the owners of the Company for the purpose of basic (loss) earnings per share	<u><u>(1,191)</u></u>	<u><u>6,061</u></u>
Number of shares		
Number of ordinary shares in issue for the purpose of basic (loss) earnings per share	<u><u>262,778,286</u></u>	<u><u>262,778,286</u></u>

No diluted (loss) earnings per share is presented as there was no potential ordinary share outstanding during both periods.

8. TRADE AND OTHER RECEIVABLES

The Group allows a credit period of 30 to 120 days to its customers.

	30.9.2022 <i>HK\$'000</i> (unaudited)	31.3.2022 <i>HK\$'000</i> (audited)
Trade receivables	210,796	210,699
Less: Allowance for credit losses from contracts with customers	(10,705)	(11,617)
	200,091	199,082
Prepayments	1,918	2,360
Deposits	4,130	4,618
Value-added tax and other receivables	17,617	19,172
Right to return goods assets	1,836	1,630
	225,592	226,862

The following is an aged analysis of trade receivables presented based on payment due date at the end of the reporting period:

	30.9.2022 <i>HK\$'000</i> (unaudited)	31.3.2022 <i>HK\$'000</i> (audited)
Current	192,205	193,864
Overdue up to 90 days	10,012	12,595
Overdue more than 90 days	8,579	4,240
	210,796	210,699

9. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables based on payment due date at the end of the reporting period:

	30.9.2022 <i>HK\$'000</i> (unaudited)	31.3.2022 <i>HK\$'000</i> (audited)
Trade payables		
Current and overdue up to 90 days	102,148	102,072
Overdue more than 90 days	<u>6,580</u>	<u>9,120</u>
	108,728	111,192
Accruals	55,907	59,478
Value-added tax and other payables	<u>14,353</u>	<u>14,267</u>
	<u>178,988</u>	<u>184,937</u>

10. BANK BORROWINGS

The bank loan of the Group is secured by the Group's property, plant and equipment with a carrying amount of HK\$111,950,000 (31 March 2022: HK\$114,220,000).

INTERIM DIVIDEND

The Directors have resolved to declare an interim special dividend of HK1.5 cents per share and no interim dividend for the six months ended 30 September 2022 (2021: interim special dividend: HK1.5 cents per share; interim dividend: nil). The interim special dividend will be payable on or about 11 January 2023 to the shareholders whose names appear on the register of members of the Company at the close of trading on 28 December 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 December 2022 to 28 December 2022, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim special dividend, all transfers accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on 19 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group's consolidated turnover decreased by 20.47% to HK\$373 million (2021: HK\$469 million) for the six months ended 30 September 2022. The Group's profitability was also adversely affected, with its gross profit margin and net profit margin decreasing to 14.43% (2021: 17.53%) and -0.32% (2021: 1.13%) respectively. The decline in the Group's turnover and profitability were mainly caused by the combined effects of the following factors. Firstly, the global economic downturn, rising inflationary pressure in Europe and the United States, as well as the war between Russia and Ukraine significantly dampened market demand for consumer products, and therefore hindered the performance of the Group's original design manufacturing ("ODM") business that focuses on eyewear products for the European and American markets. Furthermore, the higher raw material prices caused by the global supply chain disruptions, and the lower efficiency brought about by the diseconomies of scale as a result of reduction in turnover led to decreased profitability of the Group. Our teams' continuous efforts in streamlining its operations, reducing costs and increasing overall efficiency as well as the depreciation of Renminbi contributed positively to the profitability during the period, but that could only partly alleviated the negative impacts from the above. As a result, a mild loss attributable to the owners of the Company of HK\$1 million was recorded, in comparison with the profit attributable to the owners of the Company of HK\$6 million for the last review period. Basic loss per share was HK0.45 cents for the current period (2021: basic earnings per share of HK2.31 cents).

THE ODM BUSINESS

The Group's turnover from its ODM business decreased by 25.06% to HK\$293 million (2021: HK\$391 million), which accounted for 78.55% of the Group's total consolidated turnover. Stubbornly high inflation rates and the continuous interest rate hike expectation across Europe and the United States significantly weakened the consumers' buying power as well as consumers' confidence in the regions. The Groups' customers in the regions became very cautious when making purchase decisions. Accordingly, the Group's ODM turnover to Europe and the United States decreased by 7.03% to HK\$172 million (2021: HK\$185 million) and by 39.76% to HK\$100 million (2021: HK\$166 million) respectively. Europe and the United States continued to be the two largest markets of the Group's ODM business, and they accounted for 58.70% and 34.13% of the Group's total ODM turnover respectively. In terms of product mix, plastic frames, metal frames and others contributed 63%, 36% and 1% (2021:55%, 44% and 1%) of the Group's ODM turnover respectively.

THE BRANDED EYEWEAR DISTRIBUTION BUSINESS

The Group's turnover from its branded eyewear distribution business grew by 5.41% to HK\$78 million (2021: HK\$74 million), which accounted for 20.91% of the Group's total consolidated turnover. During the period under review, our branded eyewear distribution business benefited from the economic rebound of a number of Asian countries as a result of the easing of social and travel restrictions during the first half of 2022 in these countries. However, mainland China, being the largest economy in Asia, has been implementing strict restrictions and control measures against the COVID-19 pandemic, and that had adverse impact on the economic activities in the country and therefore hindered the performance of the Group's branded eyewear distribution business and offset part of the growth. Asia continued to be the most important market of the Group's branded eyewear distribution business, and it accounted for 98.15% (2021: 97.56%) of the Group's total distribution turnover.

OTHER BUSINESSES

For the six months ended 30 September 2022, the Group's turnover from its branded contact lens business amounted to HK\$1 million (2021: HK\$3 million). The Group also received a licensing income of HK\$1 million (2021: HK\$1 million) from an external party in connection with the trademark of Jill Stuart.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. It recorded a net cash inflow of HK\$4 million from operations during the period under review. As at 30 September 2022, the Group held bank balances and cash of HK\$308 million. It also had outstanding bank borrowings of approximately HK\$39 million, which is repayable by installments over a period of 20 years with a repayable on demand clause. The debt-to-equity ratio (expressed as a percentage of bank borrowings over equity attributable to owners of

the Company) as at 30 September 2022 was 5.25%, which is considered to be healthy and reasonable in light of the Group's business nature. The bank borrowing of the Group was secured by certain Group's leasehold land and buildings situated in Hong Kong.

As at 30 September 2022, the net current assets and current ratio of the Group were approximately HK\$395 million and 2.67:1 respectively. The total equity attributable to owners of the Company decreased to HK\$746 million as at 30 September 2022 from HK\$781 million as at 31 March 2022. Due to the downturn of the macroeconomic environment, the Group's debtor turnover period and inventory turnover period increased slightly to 98 days and 56 days respectively during the period under review (2021: 93 days and 54 days respectively). The Group believes that its receivables and inventories were still managed at a healthy level and will continue to closely monitor the debt collection status and inventory level in order to reduce risk and maximize working capital. The Directors are confident that the financial position of the Group will remain strong, and the Group has sufficient liquidity and financial resources to meet its present commitments and future business needs.

After considering the Group's profitability, liquidity, cash position and future business plans, the Directors resolved to declare an interim special dividend of HK1.5 cents per share and no interim dividend for the six months ended 30 September 2022 (2021: interim special dividend: HK1.5 cents per share; interim dividend: nil). The Directors will continue to monitor the dividend policy closely to ensure that an optimal balance can be achieved between the retention of sufficient liquidity in the Group to prepare for the future development ahead and the distribution of earnings to the shareholders respectively.

PROSPECTS

In light of the present complicated geopolitical and macroeconomic environment, it is expected that the business environment will continue to be tough and uncertain in the period ahead. High inflation, higher interest rates and the war between Russia and Ukraine are expected to continue for a longer time as there is no indication yet when they will come to an end. It is also not certain that when the restrictions and control measures in relation to COVID-19 will be lifted in China. As a result, it is reasonable to expect that the above factors will continue to adversely affect consumers in different regions. Market demand for eyewear products in the near future is therefore expected to be highly volatile, and input prices as well as operating costs for the Group are expected to remain at elevated levels for a period of time. The Group's future profitability will be adversely affected as a result of the above factors.

In response to the tough and uncertain business environment in the coming few quarters, the Group will continue to carry out various measures for overall efficiency enhancement. Improving production efficiency, strengthening budget control, streamlining organizational structures and optimizing suppliers' network and logistic flows are still the main focuses of the Group in the near future. Furthermore, the Group will continue to maintain a flexible operating capacity so that it can swiftly adjust its scale of operation in accordance with market demand and minimize the adverse impact of global supply chain disruptions that may have on the Group. In addition, the Group will continue its strategy of outsourcing non-core operating

processes to business partners and focusing on critical operations that are crucial in generating values. Investments in fixed assets will continue to be managed in a prudent manner, and the Group will keep investing in carefully selected assets that are strategically important for future growth.

The Group will continue to explore new sales channels and distribution partners for its branded eyewear distribution business. The Group's brand portfolio is being constantly reviewed and we will take advantage of any opportunity to enrich our portfolio with new brands carrying strong potential. During the period under review, the Group has obtained the exclusive right to distribute eyewear products for the renowned brand "Fila" in China. The new product line under the reputable brand name of Fila has so far received very positive market feedbacks, and is expected to further expand the Group's footprint of its branded eyewear distribution business in China. Besides, in response to the rapidly changing consumers' behaviors and preferences, the Group will further enrich its product scope by introducing collections at more flexible price ranges, incorporate more design and tailor-made elements in our products and distribute them in more and also different sales channels.

Although the future business environment is still expected to be full of challenges, with our strength in product development, brand management and manufacturing in the eyewear industry as well as our strong financial status, we are confident that the Group will overcome the difficulties ahead, and will continue to create long-term values for our various stakeholders as well as deliver the objective to achieve sustainable growth in the long run.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance with a view to enhance the management of the Company as well as to preserve the interests of the shareholders as a whole. The Board has adopted and complied with the code provisions set out in the Corporate Governance Code (the "CG Code") and the Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which were effective during the reporting period, except for the deviation from code provision C.2.1 of the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Ku Ngai Yung, Otis has been assuming the roles of both the chairman and chief executive officer of the Company since its establishment. The Board intends to maintain this structure in the future as it believes that it would provide the Group with strong and consistent leadership and allow the Group's business operations, planning and decision making as well as execution of long-term business strategies to be carried out more effectively and efficiently. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

AUDIT COMMITTEE

An audit committee has been established by the Company with written terms of reference to act in an advisory capacity and to make recommendations to the Board. The members of the audit committee comprise the three independent non-executive directors of the Company, who are Mr. Chow Chi Fai (Chairman), Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy. Mr. Chow Chi Fai and Mr. Wong Che Man, Eddy are both qualified certified public accountants and possess the qualifications as required under rule 3.21 of the Listing Rules. None of the members of the audit committee is a member of the former or existing auditors of the Group. The audit committee has adopted the principles set out in the CG Code. The duties of the audit committee include review of the interim and annual reports of the Group as well as various auditing, financial reporting, internal control and risk management matters with the management and/or external auditor of the Company. The Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2022 have been reviewed by the audit committee together with the Company's external auditor Deloitte Touche Tohmatsu.

REMUNERATION COMMITTEE

A remuneration committee was established by the Company with written terms of reference and currently comprises Mr. Lee Kwong Yiu (Chairman), Mr. Chow Chi Fai and Mr. Wong Che Man, Eddy, all of whom are independent non-executive directors of the Company, as well as the human resources manager of the Group. The duties of the remuneration committee include, *inter alia*, making recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

NOMINATION COMMITTEE

A nomination committee was established by the Company with written terms of reference. The nomination committee currently comprises Mr. Wong Che Man, Eddy (Chairman), Mr. Chow Chi Fai and Mr. Lee Kwong Yiu, all of whom are independent non-executive directors of the Company, as well as the human resources manager of the Group. The duties of the nomination committee include, *inter alia*, the review of the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Moreover, in performing the duties, the nomination committee shall ensure that the Board has the appropriate balance of skills, experience and diversity of perspective appropriate to the requirements of the Company's business and that the Company makes relevant disclosure in accordance with the requirements of the Listing Rules.

The Company has adopted the policy related to nomination of the Directors. When a candidate is recommended and selected or when an existing Director is recommended and selected for re-election, decision will be made according to factors including such candidate's integrity, professional knowledge, industry experience and commitment to the Group's business in respect of time and attention. In addition, the nomination committee will also consider the long-term objective of the Group and the requirements as set out in Rule 3.13 of the Listing Rules (if applicable). Candidates are required to make appropriate disclosure to the Board to avoid any conflict of interests. Besides, the nomination procedures and processes are required to be conducted in an objective manner in accordance with the laws of Bermuda, the Bye-laws as well as other applicable regulations.

The Company has adopted policy concerning diversity of Board members. Under such a policy, selection of the candidates to the Board is based on the Company's business model and specific needs with reference to a range of diversity perspectives, including but not limited to gender, age, language, culture, education background, professional knowledge and industry experience. The Company believes that a balanced and diversified board composition will help to stimulate new ideas and enhance the quality of the Group's decision making process. For the six months ended 30 September 2022, the Company maintained an effective Board which comprised members of different gender, professional background and industry experience. The Company's board diversity policy was consistently implemented. As at the date of this announcement, the Board consists of one female and seven male Directors. The nomination committee will ensure the Board should not consist of Directors with a single gender and will endeavour to comply with the requirements of the diversity of the Board from time to time with effect from the date(s) stipulated by the Listing Rules and with reference to the board diversity policy of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard under the Model Code. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 September 2022.

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

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

APPRECIATION

On behalf of the Board, we would like to thank our customers for their support during the period. We would also like to express our sincere appreciation to our shareholders, staffs, suppliers and bankers for their efforts and commitments.

On behalf of the Board
Ku Ngai Yung, Otis
Chairman

Hong Kong, 25 November 2022

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Ku Ngai Yung, Otis, Mr. Ku Ka Yung, Mr. Chan Chi Sun, Ms. Ma Sau Ching and Mr. Liu Tao, and three independent non-executive directors, namely Mr. Chow Chi Fai, Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy.