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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 2023

The board (the “Board”) of directors (the “Directors”, each a “Director”) 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 2023, 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 2023

		Six months ended	
		30.9.2023	30.9.2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>NOTES</i>	(unaudited)	(unaudited)
Revenue	3	351,306	373,460
Cost of sales		(300,293)	(319,570)
Gross profit		51,013	53,890
Other income, gains and losses		14,132	10,889
(Provision) reversal of impairment losses on trade receivables, net		(349)	476
Selling and distribution costs		(13,315)	(12,966)
Administrative expenses		(54,953)	(53,496)
Share of losses of joint ventures		(253)	–
Finance costs	5	(898)	(819)
Loss before tax		(4,623)	(2,026)
Income tax credit	4	2,334	835
Loss for the period attributable to owners of the Company	5	(2,289)	(1,191)
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		(17,270)	(30,749)
		(17,270)	(30,749)
Total comprehensive expense for the period attributable to owners of the Company		(19,559)	(31,940)
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
Basic	7	(0.87)	(0.45)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 September 2023

		30.9.2023	31.3.2023
		HK\$'000	HK\$'000
	<i>NOTES</i>	(unaudited)	(audited)
NON-CURRENT ASSETS			
Property, plant and equipment		242,124	251,939
Right-of-use assets		34,316	23,881
Intangible assets		37,174	37,940
Deposit paid for acquisition of property, plant and equipment and right-of-use assets		4,937	3,526
Interests in joint ventures		5,145	1
Deferred tax assets		19,022	15,467
		342,718	332,754
CURRENT ASSETS			
Inventories		102,164	92,155
Trade and other receivables	8	182,908	191,314
Derivative financial instruments		19	110
Tax recoverable		111	71
Bank balances and cash		319,781	328,760
		604,983	612,410
CURRENT LIABILITIES			
Trade and other payables	9	179,773	161,582
Lease liabilities		8,396	5,983
Refund liabilities		2,492	2,321
Derivative financial instruments		–	31
Tax payable		2,551	4,381
Bank borrowings	10	37,132	38,140
		230,344	212,438
NET CURRENT ASSETS		374,639	399,972
TOTAL ASSETS LESS CURRENT LIABILITIES		717,357	732,726
CAPITAL AND RESERVES			
Share capital		26,278	26,278
Share premium and reserves		672,590	696,091
Total equity		698,868	722,369
NON-CURRENT LIABILITIES			
Lease liabilities		12,485	5,031
Deferred tax liabilities		6,004	5,326
		18,489	10,357
TOTAL EQUITY AND NON-CURRENT LIABILITIES		717,357	732,726

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2023

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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2023.

Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s financial year beginning on 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and 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 2023 (unaudited)		
	Eyewear products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods or services			
Eyewear products	350,604	–	350,604
Royalty income	–	702	702
	<hr/>	<hr/>	<hr/>
Revenue from contracts with customers	350,604	702	351,306
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	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/>

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, are as follows:

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

Contact lens and trademarks segments were aggregated under "All other segments" for reporting purpose as both segments did not meet any of the quantitative thresholds for determining reportable segments for both periods.

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

For the six months ended 30 September 2023 (unaudited)

	Eyewear products <i>HK\$'000</i>	All other segments <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE				
External sales	350,604	702	–	351,306
Inter-segment sales	–	2,065	(2,065)	–
	<u>350,604</u>	<u>2,767</u>	<u>(2,065)</u>	<u>351,306</u>
Segment results	<u>(7,688)</u>	<u>1,939</u>	<u>–</u>	(5,749)
Unallocated other income, gains and losses				7,402
Central administration costs				(5,125)
Share of losses of joint ventures				(253)
Finance costs				(898)
Loss before tax				<u>(4,623)</u>

For the six months ended 30 September 2022 (unaudited)

	Eyewear products <i>HK\$'000</i>	All other segments <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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				(819)
Loss before tax				<u>(2,026)</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), share of losses of joint ventures 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	
	30.9.2023	30.9.2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The credit (charge) comprises:		
Current tax		
– PRC Enterprise Income Tax (“EIT”)	(332)	(748)
– United States Withholding tax	<u>(211)</u>	<u>(211)</u>
	<u>(543)</u>	<u>(959)</u>
Deferred taxation		
– Current period	<u>2,877</u>	<u>1,794</u>
	<u>2,334</u>	<u>835</u>

5. LOSS FOR THE PERIOD

	Six months ended	
	30.9.2023	30.9.2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting):		
Depreciation and amortisation		
– depreciation of property, plant and equipment	8,257	10,013
– depreciation of right-of-use assets	4,236	3,440
– amortisation of intangible assets (included in cost of sales)	766	928
	13,259	14,381
Capitalised in inventories	(5,883)	(4,936)
	7,376	9,445
Employee benefits expenses	151,077	164,977
Capitalised in inventories	(111,570)	(124,907)
	39,507	40,070
Net foreign exchange gains	(6,789)	(8,577)
Fair value changes on derivative financial instruments	60	2,771
Loss on disposals of property, plant and equipment	–	7
Write-down of inventories	846	4,255
Finance costs		
– interest expenses on bank borrowings	548	368
– interest expenses on lease liabilities	350	451
	898	819
Bank interest income	(5,999)	(1,680)
Government grants in respect of Covid-19 related subsidies	–	(1,590)

6. DIVIDENDS

During the current period, a final special dividend of HK1.5 cents per ordinary share in an aggregate amount of HK\$3,942,000 in respect of the year ended 31 March 2023 was declared and paid to shareholders (six months ended 30 September 2022: a final special dividend of HK1.5 cents per ordinary share in an aggregate amount of HK\$3,942,000 in respect of the year ended 31 March 2022 were paid to shareholders).

An interim special dividend of HK1.5 cents per ordinary share in total of HK\$3,942,000 in respect of the six months ended 30 September 2023 has been proposed by the directors of the Company (six months ended 30 September 2022: an interim special dividend of HK1.5 cents per ordinary share in total of HK\$3,942,000). No interim dividend for the six months ended 30 September 2023 has been proposed since the end of the reporting period (six months ended 30 September 2022: nil).

7. LOSS PER SHARE

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

	Six months ended	
	30.9.2023	30.9.2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share	<u><u>(2,289)</u></u>	<u><u>(1,191)</u></u>
Number of shares		
Number of ordinary shares in issue for the purpose of basic loss per share	<u><u>262,778,286</u></u>	<u><u>262,778,286</u></u>

No diluted loss 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.

	30.9.2023 <i>HK\$'000</i> (unaudited)	31.3.2023 <i>HK\$'000</i> (audited)
Trade receivables	173,449	173,980
Less: Allowance for credit losses	(7,877)	(7,743)
	165,572	166,237
Prepayments	2,289	3,069
Deposits	4,779	3,503
Value-added tax and other receivables	8,456	16,649
Right to return goods assets	1,812	1,856
	182,908	191,314

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

	30.9.2023 <i>HK\$'000</i> (unaudited)	31.3.2023 <i>HK\$'000</i> (audited)
Current	147,417	146,397
Overdue up to 90 days	17,785	17,502
Overdue more than 90 days	8,247	10,081
	173,449	173,980

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:

	30.9.2023 <i>HK\$'000</i> (unaudited)	31.3.2023 <i>HK\$'000</i> (audited)
Trade payables		
Current and overdue up to 90 days	111,342	87,543
Overdue more than 90 days	5,298	6,466
	116,640	94,009
Accruals	56,387	54,811
Value-added tax and other payables	6,746	12,762
	179,773	161,582

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\$107,412,000 (31 March 2023: HK\$109,681,000).

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 2023 (2022: interim special dividend: HK1.5 cents per share; interim dividend: nil). The interim special dividend will be payable on or about Wednesday, 10 January 2024 to the shareholders whose names appear on the register of members of the Company at the close of trading on Wednesday, 27 December 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 19 December 2023 to Wednesday, 27 December 2023, 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 Monday, 18 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group's consolidated turnover slightly decreased by 5.90% to HK\$351 million (2022: HK\$373 million) for the six months ended 30 September 2023. The Group's profitability remained relatively stable, with its gross profit margin and net profit margin at 14.52% (2022: 14.43%) and -0.65% (2022: -0.32%) respectively. Although our Group's original design manufacturing ("ODM") business was still adversely affected by the global economic downturn, the significantly dampened market demand for consumer products in the European and American markets as a result of the rising inflationary pressure in these regions and the persisting armed conflicts between Russia and Ukraine, their negative impacts were mostly alleviated by our teams' continuous efforts in bolstering the branded eyewear business, streamlining the Group's operations, reducing costs and increasing overall efficiency, as well as the depreciation of Renminbi during the period. As a result, our turnover and profitability for the period remained stable, with a mild loss attributable to the owners of the Company of HK\$2 million (2022: HK\$1 million) being recorded. Basic loss per share was HK0.87 cents (2022: HK0.45 cents) for the period.

THE ODM BUSINESS

The Group's turnover from its ODM business decreased by 15.70% to HK\$247 million (2022: HK\$293 million), which accounted for 70.37% of the Group's total consolidated turnover. During the period under review, customers within the Europe and the United States regions were still adversely affected by the stubbornly high inflation rates and the continuous interest rate hike expectation, which significantly weakened the consumers' buying power as well as consumers' confidence in the regions. The Group's customers in such regions became very cautious when making purchase decisions. Accordingly, the Group's ODM turnover to Europe and the United States decreased by 18.02% to HK\$141 million (2022: HK\$172 million) and by 15.00% to HK\$85 million (2022: HK\$100 million) respectively. Europe and the United States continued to be the two largest markets of the Group's ODM business, and they accounted for 57.09% and 34.41% of the Group's total ODM turnover respectively. In terms of product mix, plastic frames, metal frames and others contributed 62%, 37% and 1% (2022: 63%, 36% 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 32.05% to HK\$103 million (2022: HK\$78 million), which accounted for 29.34% of the Group's total consolidated turnover. During the period under review, our branded eyewear distribution business benefited from the continuous economic rebound of a number of Asian countries as a result of the easing of social and travel restrictions since 2022 in these countries. And our sales in mainland China, being the largest market for the Group's branded eyewear distribution business, also recovered gradually since the end of the restrictions and control measures in relation to COVID-19 in early 2023. In addition, sales of our new product line under the reputable brand name of Fila during the period also contributed positively to the sales growth. Asia continued to be the most important market of the Group's branded eyewear distribution business, and it accounted for 98.06% (2022: 98.15%) of the Group's total distribution turnover.

OTHER BUSINESSES

For the six months ended 30 September 2023, the Group's other businesses represented licensing income of HK\$1 million from an external party in connection with the trademark of Jill Stuart (2022: licensing income of HK\$1 million and turnover from branded contact lens business of HK\$1 million).

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. It recorded a net cash inflow of HK\$12 million from operations during the period under review. As at 30 September 2023, the Group held bank balances and cash of HK\$320 million. It also had outstanding bank borrowings of approximately HK\$37 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 2023 was 5.31%, 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 2023, the net current assets and current ratio of the Group were approximately HK\$375 million and 2.63:1 respectively. The total equity attributable to owners of the Company decreased to HK\$699 million as at 30 September 2023 from HK\$722 million as at 31 March 2023. The Group's debtor turnover period improved to 86 days (2022: 98 days) while its inventory turnover period increased to 62 days (2022: 56 days) during the period under review. 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 2023 (2022: 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.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, no important events affecting the Group occurred since 30 September 2023 and up to the date of this announcement.

PROSPECTS

Given the existing complicated geopolitical and macroeconomic environment, it is reasonable to expect that the tough business environment will continue for a longer period. High inflation, more potential interest rate hikes, the on-going war between Russia and Ukraine as well as the recently intensified Israel-Palestine conflict since the fourth quarter of 2023 will continue to adversely affect consumers in different regions and in turn affect the future businesses of the Group. 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.

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. 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. Our plans of setting up new production lines in Vietnam and Jiangxi Province of China are in good progress, which can further strengthen the flexibility of our product supply.

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. Our new eyewear product line under the reputable brand name of Fila, which was first introduced in China during the period under review, has so far achieved more than satisfactory results in terms of both revenue and appreciation from customers. Besides, in order to cope with the rapidly changing consumers' behaviors and preferences, the Group will further enrich its product scopes by introducing collections at more flexible price ranges, incorporating more design and tailor-made elements in our products and distributing 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 principles and code provisions set out in the Corporate Governance Code (the "CG Code") set out 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 Rules 3.10(2) and 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 and code provisions 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 2023 have been reviewed by the audit committee together with the Company's external auditor SHINEWING (HK) CPA Limited.

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) to assess the independence of independent non-executive directors. 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 2023, 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 considers the current composition of the Board to be diverse and will continue to maintain a diverse Board. In particular, the nomination committee will continue to pay attention to maintaining and strengthening the concern, selection, and development of high-potential female talents, and nominate and recommend competent and qualified candidates to the Board when necessary. Also, the nomination committee will continue to 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 which will be reviewed annually.

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 2023.

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, 29 November 2023

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.