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In-Tech

中國智能科技有限公司

CHINA IN-TECH LIMITED

(formerly known as China Overseas Nuoxin International Holdings Limited 中國海外諾信國際控股有限公司)

(incorporated in Cayman Islands with limited liability)

(Stock Code: 00464)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2024
AND
RESUMPTION OF TRADING**

The board (the “**Board**”) of directors (the “**Directors**”) of China In-Tech Limited (formerly known as China Overseas Nuoxin International Holdings Limited) (the “**Company**”) is pleased to announce the audited financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2024 (the “**Year**”) as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	3	180,995	168,700
Cost of sales		<u>(145,304)</u>	<u>(186,951)</u>
Gross profit/(loss)		35,691	(18,251)
Other gains, net	5	1,397	9,117
Distribution costs		(2,558)	(2,490)
Administrative expenses		<u>(37,166)</u>	<u>(33,495)</u>
Loss from operations		(2,636)	(45,119)
Finance costs		<u>(1,418)</u>	<u>(1,217)</u>

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Loss before tax		(4,054)	(46,336)
Income tax (expense)/credit	6	<u>(3,786)</u>	<u>1,956</u>
Loss for the year	7	<u>(7,840)</u>	<u>(44,380)</u>
Other comprehensive expenses after tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(2,007)</u>	<u>(71)</u>
Other comprehensive expenses for the year, net		<u>(2,007)</u>	<u>(71)</u>
Total comprehensive expenses for the year		<u>(9,847)</u>	<u>(44,451)</u>
(Loss)/profit for the year attributable to:			
Owners of the Company		(15,507)	(44,380)
Non-controlling interests		<u>7,667</u>	<u>–</u>
		<u>(7,840)</u>	<u>(44,380)</u>
Total comprehensive (expenses)/income for the year attributable to:			
Owners of the Company		(17,640)	(44,451)
Non-controlling interests		<u>7,793</u>	<u>–</u>
		<u>(9,847)</u>	<u>(44,451)</u>
Loss per share			
Basic and diluted (<i>HK cents</i>)	8	<u>(3.16)</u>	<u>(9.96)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,649	914
Right-of-use assets		13,986	4,594
Deposits, prepayments and other receivables		1,410	4,549
Deferred tax assets		1,484	1,956
		18,529	12,013
Current assets			
Inventories		11,544	13,735
Trade receivables	<i>10</i>	38,997	25,249
Contract costs		5,868	–
Deposits, prepayments and other receivables		34,299	12,869
Tax recoverable		–	30
Bank and cash balances		39,942	8,878
		130,650	60,761
Current liabilities			
Trade payables	<i>11</i>	26,137	17,083
Accruals and other payables		13,440	5,750
Contract liabilities		10,372	8,883
Loans from a related party	<i>12</i>	6,085	1,420
Lease liabilities		5,454	3,589
Bank borrowings and overdrafts		35,277	7,352
Tax liabilities		3,134	–
		99,899	44,077
Net current assets		30,751	16,684
Total assets less current liabilities		49,280	28,697
Non-current liabilities			
Lease liabilities		9,202	2,713
NET ASSETS		40,078	25,984
Capital and reserves			
Share capital		533	446
Reserves		31,714	25,538
Equity attributable to owners of the Company		32,247	25,984
Non-controlling interests		7,831	–
TOTAL EQUITY		40,078	25,984

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

China In-Tech Limited (formerly known as China Overseas Nuoxin International Holdings Limited) (the “**Company**”) is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business in Hong Kong had changed from Unit 2302, 23/F, New World Tower 1, 18 Queen’s Road Central, Central, Hong Kong to Unit 506, 5/F, New World Tower 1, 18 Queen’s Road Central, Central, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are (i) design, manufacture and sales of electrical haircare products; and (ii) provision of information technology system platform development service in the People’s Republic of China (the “**PRC**”).

To the best knowledge of the directors of the Company (the “**Directors**”), as at 31 March 2024, China Yuen Capital Limited (“**CYC**”), a company incorporated in the British Virgin Islands, is the immediate holding company of the Company; Luckever Holdings Limited, a company incorporated in the British Virgin Islands, is the ultimate holding company of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRS would have a material impact on its results of operations and financial position.

3. REVENUE

Revenue represents amounts received and receivable from (i) sales of electrical haircare appliances and (ii) provision of information technology services.

4. SEGMENT INFORMATION

The Group has two (2023: one) reportable segments as follows:

- (i) Electrical haircare appliance segment: manufacturing and selling electrical haircare products; and
- (ii) Information technology service segment: provision of information technology services in the PRC.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include finance costs and corporate and other unallocated expenses. Segment assets do not include corporate and other unallocated assets. Segment liabilities do not include loans from a related party and corporate and other unallocated liabilities.

(a) Segment Results

For the year ended 31 March 2024

	Sales of electrical haircare appliances <i>HK\$'000</i>	Information technology services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue			
Sales to external customers	<u>115,060</u>	<u>65,935</u>	<u>180,995</u>
Segment (loss)/profit	<u>(16,336)</u>	<u>15,597</u>	(739)
Reconciliation:			
Unallocated gains			6
Finance costs			(1,418)
Corporate and other unallocated expenses			<u>(5,689)</u>
			<u>(7,840)</u>

(b) **Segment Assets and Liabilities**

As at 31 March 2024

	Sales of electrical haircare appliances <i>HK\$'000</i>	Information technology services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	90,764	58,171	148,935
Reconciliation: Corporate and other unallocated assets			244
Total			149,179
Segment liabilities	78,088	18,255	96,343
Reconciliation: Corporate and other unallocated liabilities			12,758
Total			109,101

(c) **Other Segment Information**

For the year ended 31 March 2024

	Sales of electrical haircare appliances <i>HK\$'000</i>	Information technology services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interest revenue	53	3	56
Additions to property, plant and equipment	920	–	920
Depreciation and amortisation	3,303	1,362	4,665
Loss allowance provision for trade receivables	646	21	667
Impairment loss on prepayments	200	–	200
Impairment loss on goodwill	–	142	142

Information reported to the executive Directors, being the chief operating decision maker (“CODM”), for the purposes of resources allocation and assessment focuses on revenue analysis by geographic location of customers. No other discrete financial information is provided other than the Group’s results and financial position as a whole for the year ended 31 March 2023. Therefore, no information about reportable segment profit or loss, assets and liabilities is presented for the year ended 31 March 2023. Only geographical information and major customers are presented for the year ended 31 March 2023.

Geographical information

The Group's information about its non-current assets by geographical location of the assets are detailed below:

	Non-current assets	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	3,766	2,333
The PRC	12,736	7,155
	<u>16,502</u>	<u>9,488</u>

Information about major customers

Revenue from major customers individually accounting for 10% or more of total revenue are as follows:

	2024	2023
	HK\$'000	HK\$'000
Electrical haircare appliance segment		
Customer A	30,376	38,095
Customer B	24,043	29,507
Customer C	29,701	26,286
Information technology service segment		
Customer D	<u>20,517</u>	<u>N/A</u>

5. OTHER GAINS, NET

	2024	2023
	HK\$'000	HK\$'000
Bank interest income	56	20
Compensation received in respect of cancelled orders	–	4,735
Income from sale of mould	1,868	425
Sales of samples	790	1,071
Penalty from vendors for bad quality or late delivery	53	7
Government grant	–	1,685
Net foreign exchange loss	(3,245)	(832)
Sales of raw materials	359	1,159
Sub-contracting income	647	561
Sundry income	869	286
	<u>1,397</u>	<u>9,117</u>

6. INCOME TAX (EXPENSE)/CREDIT

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Deferred tax	(472)	1,956
Current tax — PRC enterprise income tax provision for the year	<u>(3,314)</u>	<u>—</u>
	<u><u>(3,786)</u></u>	<u><u>1,956</u></u>

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The income tax provision of the Group in respect of operations in the PRC which qualified as “Small Low-Profit Enterprise” for the year ended 31 March 2024 were entitled to a preferential income tax rate. From 1 January 2023 to 31 December 2027, the profits of no more than RMB3 million are taxed 5%.

The income tax provision of the Group in respect of operations in the PRC which obtained “High and New Technology Enterprise” qualification under EIT Law were entitled to a preferential income tax rate of 15%.

According to policies promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim 200% of the research and development expenses incurred in a year as tax deductible expenses in determining its tax assessable profits for that year (“**Super Deduction**”).

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of qualifying group entity will be taxed at 8.25%, and 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 in accordance with the two-tiered profits tax regime of the estimated assessable profit for both years. No Hong Kong Profits Tax has been provided in the consolidated financial statement as the subsidiaries of the Group operating in Hong Kong are either suffering from tax losses, or the assessable profits are wholly absorbed by tax losses brought forwards for both years.

The reconciliation between the income tax expense/(credit) and the product of loss before tax multiplied by the PRC enterprise income tax rate is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before tax	<u>(4,054)</u>	<u>(46,336)</u>
Tax at the tax rate of 25% (2023: 25%)	(1,014)	(11,584)
Tax effect of expenses not deductible for tax purposes	1,311	2,799
Tax effect of income not taxable for tax purposes	(10)	(437)
Super Deduction	(359)	–
Tax effect of tax losses not recognised	5,893	13,310
Tax effect of utilisation of tax losses not previously recognised	(610)	(4,088)
Effect of different tax rate of subsidiaries operating in other jurisdictions	(1,425)	–
Tax effect of tax losses previously not recognised	<u>–</u>	<u>(1,956)</u>
Income tax expense/(credit)	<u><u>3,786</u></u>	<u><u>(1,956)</u></u>

7. LOSS FOR THE YEAR

The Group's loss for the year has been arrived at after charging the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration	800	680
Depreciation of right-of-use assets	4,480	2,999
Depreciation of property, plant and equipment	185	121
Write-down of inventories (included in cost of inventories sold)	99	5,221
Loss allowance provision for trade receivables	667	681
Impairment loss on prepayments	200	641
Impairment loss on goodwill	142	–
Cost of inventories sold	103,516	186,951
Directors' remuneration		
As directors (independent non-executive Directors)	375	372
For management (executive Directors)	486	636
Retirement benefits contributions	25	32
	886	1,040
Staff costs (not including directors' emoluments)		
Salaries, bonus and allowances	37,568	57,543
Retirement benefits scheme contributions	5,097	3,892
	<u>42,665</u>	<u>61,435</u>
Total staff costs (including directors' emoluments)	<u><u>43,551</u></u>	<u><u>62,475</u></u>

Cost of inventories sold includes staff costs and depreciation of approximately HK\$24,745,000 (2023: HK\$43,639,000) which are included in the amounts disclosed separately above.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss:		
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	<u>(15,507)</u>	<u>(44,380)</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>490,356</u>	<u>445,646</u>

No diluted loss per share for the current and prior years was presented as there were no potential ordinary shares in issue.

9. DIVIDENDS

The Directors did not recommend the payment of any dividend for the years ended 31 March 2024 and 2023.

10. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 14 to 180 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	40,848	26,433
Less: loss allowance	<u>(1,851)</u>	<u>(1,184)</u>
	<u>38,997</u>	<u>25,249</u>

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2024	2023
	HK\$'000	HK\$'000
0 to 60 days	30,110	12,155
61 to 120 days	5,549	10,875
121 to 365 days	2,073	1,322
Over 1 year	1,265	897
	<u>38,997</u>	<u>25,249</u>

Reconciliation of loss allowance for trade receivables:

	2024	2023
	HK\$'000	HK\$'000
At the beginning of the year	1,184	503
Allowance for the year	667	681
	<u>1,851</u>	<u>1,184</u>

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	1–90 days past due	91 days– 1 year past due	Over 1 year past due	Total
At 31 March 2024					
Weighted average expected loss rate	0%	4%	24%	49%	
Receivable amount (HK\$'000)	32,875	3,531	1,974	2,468	40,848
Loss allowance (HK\$'000)	<u>30</u>	<u>135</u>	<u>483</u>	<u>1,203</u>	<u>1,851</u>
At 31 March 2023					
Weighted average expected loss rate	0%	1%	24%	48%	
Receivable amount (HK\$'000)	19,432	4,000	1,300	1,701	26,433
Loss allowance (HK\$'000)	<u>20</u>	<u>32</u>	<u>313</u>	<u>819</u>	<u>1,184</u>

11. TRADE PAYABLES

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 60 days	19,528	8,755
61 to 120 days	1,699	4,362
121 to 365 days	1,464	1,453
Over 1 year	3,446	2,513
	<u>26,137</u>	<u>17,083</u>

The credit periods on purchases of goods range from 30 to 120 days.

12. LOANS FROM A RELATED PARTY

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CYC	<i>(a)</i>	<u>6,085</u>	<u>1,420</u>

(a) CYC is the Company's immediate holding company. The amounts are unsecured, interest-free and repayable within one year from the drawn down date.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

	For the year ended 31 March				Change %
	2024		2023		
	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>% of revenue</i>	
Electrical haircare appliance	115.1	63.6%	168.7	100%	-31.8%
Information technology service	65.9	36.4%	–	–	+100%
Total	<u>181.0</u>	<u>100%</u>	<u>168.7</u>	<u>100%</u>	<u>+7.3%</u>

During the Year, the Group recorded a revenue of approximately HK\$180,995,000 (2023: HK\$168,700,000), representing an increase of approximately 7.3% from the last financial year. The increase in revenue was the combined effect of the increase in the revenue of approximately HK\$65,935,000 from the information technology service segment and decrease in the revenue of approximately HK\$53,640,000 from the electrical haircare appliance segment.

The decrease in revenue from the electrical haircare appliance segment was mainly due to the low consumer sentiment resulting from the post-pandemic economic uncertainties and the geopolitical tensions. It has adversely affected our orders from European and Asian markets for the Year.

Revenue from the information technology service segment was a new revenue stream of the Group during the Year.

Cost of Sales

	For the year ended 31 March				Change %
	2024		2023		
	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>% of revenue</i>	
Electrical haircare appliance	103.5	57.2%	187.0	110.8%	-44.6%
Information technology service	41.8	23.1%	–	–	+100%
Total	<u>145.3</u>	<u>80.3%</u>	<u>187.0</u>	<u>110.8%</u>	<u>-22.3%</u>

Gross Profit/(Loss)

	For the year ended 31 March			
	2024 <i>HK\$ million</i>	2023 <i>HK\$ million</i>	Change <i>HK\$ million</i>	Change %
Electrical haircare appliance	11.6	(18.3)	+29.9	+163.3%
Information technology service	24.1	–	+24.1	+100%
Total	<u>35.7</u>	<u>(18.3)</u>	<u>+54.0</u>	<u>+295.1%</u>

Gross Profit/(Loss) Margin

	For the year ended 31 March		
	2024 %	2023 %	Change
Electrical haircare appliance	10.0%	(10.8%)	+20.8%
Information technology service	36.7%	–	+36.7%
Total	19.7%	(10.8%)	+30.5%

During the Year, the Group reported a gross profit of approximately HK\$35,691,000 (2023: gross loss of HK\$18,251,000), representing a gross profit margin of approximately 19.7% (2023: gross loss margin of 10.8%). The increase in gross profit was due to the increases in the profits from both of the electrical haircare appliance segment and the information technology service segment.

The increase in gross profit from the electrical haircare appliance segment was mainly caused by the gradual decline of overall prices of raw materials from the peak level, which helped reducing the production cost of the segment and mitigating the pressure on gross profit margin.

The gross profit margin of the new information technology service segment of the Year of approximately 36.7% was as expected.

Net Profit/(Loss)

	For the year ended 31 March			
	2024 <i>HK\$ million</i>	2023 <i>HK\$ million</i>	Change <i>HK\$ million</i>	Change %
Electrical haircare appliance	(16.3)	(39.5)	+23.2	+58.7%
Information technology service	15.6	–	+15.6	+100%
Unallocated	(7.1)	(4.9)	-2.2	-44.9%
Total	<u>(7.8)</u>	<u>(44.4)</u>	<u>+36.6</u>	<u>+82.4%</u>

The Group recorded loss for the years ended 31 March 2024 and 2023. The management of the Group concluded that there was impairment indication and conducted a review of the recoverable amounts of the property, plant and equipment, right-of-use assets and prepayments and determined the recoverable amounts of these assets. Based on the result of the assessment, the management of the Group determined that the recoverable amount of prepayments (2023: prepayments) was lower than its carrying amount. An impairment loss of approximately HK\$200,000 (2023: HK\$641,000) on prepayments had been recognised.

The Group has assessed the net realisable value of the inventories and recognised a provision of approximately of HK\$99,000 (2023: HK\$5,221,000) for the inventories. It was mainly the slow-moving inventories of aged over 1 year mainly due to customers' discontinued projects.

As a result of the above factors, loss before taxation for the Year was approximately HK\$4,054,000 (2023: HK\$46,336,000), representing a decrease of 91.3% against the last financial year. The significant decrease in loss for the Year was the combined effect of the decrease in loss from the electrical haircare appliance segment and the increase in profit from the information technology service segment.

Loss for the Year was approximately HK\$7,840,000, representing a decrease of approximately HK\$36,540,000 when compared to the loss of approximately HK\$44,380,000 in the last financial year.

Basic loss per share for the Year amounted to HK3.16 cents, representing a decrease of approximately 68.3% when compared to the loss of HK9.96 cents in the last financial year.

During the Year, no dividend was declared and paid (2023: Nil).

BUSINESS REVIEW

Market Review

Electrical Haircare Appliance

For the Year, the global economic growth was steady but slow with uncertainties. The consumer sentiment remained low and hampered the demand for our products.

In addition, some of our key customers being overstocked resulting from the low market demand was one of the critical issues affecting our performance for the Year. In the past few years, many countries implemented lock-down measures due to the pandemic and supply chains were disrupted. Due to the concern of supply chain ruptures, most brand owners have aggressively increased their inventory level and led to inventory gluts in the post pandemic era which has put brand owners in a tough position, including some major customers of the Group.

During the Year, the Group continued to face strong pressure from customers requesting price reductions for mature products due to the depreciation of Renminbi. The Group will closely communicate with the customers to understand and accommodate their situation and provide different solutions to overcome this challenge.

Most of the Group's customers are renowned global brands. The five major customers of the electrical haircare appliance segment have accounted for approximately 54.8% and 68.0% of the revenue of the Group during the Year and the last financial year, respectively. The Group believes that the European and Asian markets will remain the major geographic revenue contributors in the coming years even the orders from those markets reduced during the Year.

Information Technology Service

The Group has diversified into the business of provision of information technology system platform (the “**Platform**”) development service in the PRC in the second half of 2023 with a business partner (the “**Business Partner**”) which holds 49% of the equity interest of Xiamen Tianyang Digital Technology Company Limited* (廈門天洋數字科技有限公司) (“**Xiamen Tianyang**”), an indirect non wholly-owned subsidiary of the Company.

In the recent years, the government of the PRC has vigorously promoted digital management of cities and used data to carry out urban governance and provide various services. They require the operations of different industries to carry out information management to improve urban governance standards and the quality of public services and thus speed up economic development. With the publication of new policies for digital city, data elements and big data, the implementation of major projects in the PRC and the need for economic recovery after the pandemic, enterprises are also digitising their operations to meet their needs and providing services by different Platforms that combine data collection and analysis and using the value of data to improve their business performance and to plan, execute, control and optimise their business processes. Therefore, the standard requirements of service Platforms for different enterprises have been raised and there is further demand for data Platform development and related data information collection and analysis services.

The Business Partner, equipped with a development team, has extensive experience in information technology support and system development in the PRC. The Group believes that the information technology service segment has good prospects for development under the current plan in the PRC and the Group is determined to seize the opportunity to enter into this market with a strong partnership in business.

In the Year, the five major customers of the information technology service segment accounted for approximately 60.3% and 22.0% of the revenue of this segment and the Group, respectively.

Operation Review

Electrical Haircare Appliance

Mainland China remains as the Group's major production center. Similar to other manufacturers in Mainland China, the Group has faced a series of operating challenges, such as the slow recovery in the export markets, the difficulties in recruiting skilled production line operators and the increase in other manufacturing expenses. However, the Group's continued efforts to optimise its product mix, focus on high margin products and expansion in economies of scale have mitigated the negative effects of the intensified market competition.

As always, the Group has endeavoured on improving the competitiveness of its high quality products together with bolstering its research and development capabilities with an aim to enhancing its market share and achieving the long-term relationship with its customers.

Information Technology Service

Xiamen Tianyang provides tailor-made Platform development services to both stated-owned and private enterprises in, among others, sales of motor vehicles, retail and internet media businesses in the PRC. The systems mainly include retail systems, supply chain management systems and digital city systems. An experienced development team bases on the scenario of our customers and our standardised procedures to integrate upstream and downstream work processes and thus develops the systems and provides supporting services.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the Group had approximately HK\$39,942,000 bank and cash balances (2023: HK\$8,878,000). The increase in bank and cash balances was mainly attributable to the proceeds from the share subscriptions and increase in borrowings. The net current assets as at 31 March 2024 amounted to approximately HK\$30,751,000 (2023: HK\$16,684,000). Current ratio of the Group as at 31 March 2024 was approximately 1.3 (2023: 1.4).

As at 31 March 2024, the Group had aggregate banking facilities of HK\$72,877,000 (2023: HK\$53,400,000), of which approximately HK\$35,277,000 (2023: HK\$7,352,000) had been utilised. The utilised banking facilities comprised of trade finance facilities of approximately HK\$2,700,000 and bank borrowings of HK\$32,577,000 (2023: trade finance facilities of HK\$3,763,000 and bank overdrafts of HK\$3,589,000). The utilised banking facilities due within one year amounted to approximately HK\$35,277,000 (2023: HK\$7,352,000). The utilised banking facilities carried interest rates ranging from HIBOR/LIBOR plus 1.8% to 2.0% (2023: 1.8% to 2.0%) or 1% (2023: 1%) below Prime Rate and 8% (2023: 8%) over Prime Rate, respectively.

As at 31 March 2024, the Group's net gearing ratio was approximately 3.5% (2023: net cash to equity ratio 0.4%). This was calculated by dividing the net amount of debt (including loans from a related party and utilised banking facilities after deduction of cash and cash equivalents) by the total equity of the Group as at 31 March 2024. The increase was mainly due to the increase in borrowings during the Year.

The Group has adopted a prudent financial and surplus funds management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that sufficient financial resources are available to meet its funding requirements and commitment in a timely manner.

CHARGES ON ASSETS

The Group had no charges on its assets as at 31 March 2024 (2023: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group's consolidated financial statements are presented in Hong Kong dollars. The Group conducts business transactions mainly in Hong Kong dollars, United States dollars and Renminbi. As the Hong Kong dollar remains pegged to the United States dollar, there has been no material exchange risk in this respect. To manage fluctuation of the Renminbi, the Group has been able to hedge Renminbi receipts and Renminbi payments on an ongoing basis with revenue generated in Mainland China. All of the Group's bank loan facilities are denominated in Hong Kong dollars and carry interest at floating rates.

CONTRACTUAL AND CAPITAL COMMITMENTS

As at 31 March 2024, the Group had capital commitments of approximately HK\$774,000 (2023: HK\$1,142,000).

CONTINGENT LIABILITIES

As at 31 March 2024, the Group had no material contingent liabilities (2023: Nil).

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2024, the Group had a total workforce of 481 (2023: 560) including 21 employees (2023: 23) in Hong Kong. Employee costs, including directors' emoluments, amounted to approximately HK\$43,551,000 for the Year (2023: HK\$62,475,000). The Group's remuneration policy is underscored by the principle of awarding equitable packages to employees, incentive-based where applicable, with remunerations being performance-oriented and market-competitive. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, the Group offers other staff benefits including share options, performance-based bonuses, provident fund contributions and medical insurance coverage.

DIVIDENDS

The Directors do not recommend the declaration of the payment of a final dividend for the Year.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Tuesday, 3 September 2024 (the “**2024 AGM**”). A notice convening the 2024 AGM will be published and despatched to the shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 29 August 2024 to Tuesday, 3 September 2024 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the 2024 AGM. During such period, no transfer of shares of the Company (the “**Shares**”) will be registered and no Shares will be allotted and issued. In order to be eligible to attend and vote at the 2024 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 28 August 2024.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE

On 11 September 2023 (after trading hours of the Stock Exchange), the Company, as the issuer, entered into eight subscription agreements with eight subscribers, pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 87,508,000 subscription shares in aggregate at the subscription price of HK\$0.275 per subscription share. The subscriptions were completed and 87,508,000 new shares of the Company were issued and allotted to the subscribers on 27 September 2023. The aggregate nominal value of the subscription shares were HK\$87,508. The net proceeds from the subscriptions amounted to approximately HK\$23.9 million, which were intended to be utilised for future business development and general working capital. The amounts of approximately HK\$18.0 million and approximately HK\$5.9 million were fully utilised for the respective usage mentioned above during the Year.

For details of the subscriptions, please refer to the announcements of the Company dated 11 September 2023, 14 September 2023 and 27 September 2023.

PROSPECTS

The global economic growth was steady but slow in 2023 and that is expected to be in the same pace in 2024. The economic environment has been facing a multitude of challenges and uncertainties, such as long-term consequences of the COVID-19 pandemic, Russo-Ukrainian conflict, weak growth in productivity, and increasing geo-economic fragmentation for the past years. The economic growth could be weakened if any of those challenges and uncertainties escalate. The consumer sentiment is expected to be weak in 2024. For the electrical haircare appliance segment, the Group will continue to explore the opportunities to reach new customers beyond Europe, including South America and Asia and also implement stringent cost control measures to maintain the profit margin.

Even though the global economic growth was slow, economic growth of the PRC met the target in 2023. Our information technology service segment in the PRC contributes a new revenue stream to the Group. Except for the services currently provided, the Group will target on developing more services in relation to, among others, big data, artificial intelligence and digital city to increase the market share.

The Group will continue to explore opportunities, expand and diversify its business and activities, with a view to create new sources of income and to maximise the return to the Company and its shareholders in the long run.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any significant investment, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Year.

EVENTS AFTER THE REPORTING PERIOD

The Group has no other significant events after the Year up to the date of this announcement.

CORPORATE GOVERNANCE

To enhance accountability, transparency, independence, responsibility and fairness to the shareholders and stakeholders of the Company, the Company is dedicated to develop an appropriate framework of corporate governance for the Group. In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules throughout the Year.

The Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company were in line with the CG Code during the Year. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly stringent regulatory requirements and to meet the rising expectations of the shareholders and investors of the Company.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted procedures governing Directors’ securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules. Upon enquiry by the Company, all the Directors have confirmed that they fully complied with the required standards as set out in the Model Code throughout the Year.

CHANGE OF COMPANY NAME

By the special resolutions passed at the extraordinary general meeting of the Company held on 11 January 2024, the English name of the Company was changed from “China Overseas Nuoxin International Holdings Limited” to “China In-Tech Limited” and the dual foreign name in Chinese of the Company was changed from “中國海外諾信國際控股有限公司” to “中國智能科技有限公司”. The change of the Company name became effective on 12 January 2024.

For details of the change of the Company name, please refer to the circular of the Company dated 19 December 2023 and the announcements of the Company dated 12 December 2023, 11 January 2024 and 23 January 2024.

The English and Chinese stock short names of the Company for trading in the Shares on the Stock Exchange has been changed from “C OVS NUOXIN” to “CHINA IN-TECH” and from “中國海外諾信” to “中國智能科技” respectively with effect from 9:00 a.m. on 8 February 2024. For details of the change of stock short names of the Company, please refer to the announcement of the Company dated 2 February 2024.

AUDIT COMMITTEE

The audit committee has reviewed and discussed with the management of the Company the accounting principles and practices, risk management and internal control systems adopted by the Group. The audit committee has also reviewed the consolidated financial statements of the Group for the Year and this annual results announcement. The audit committee comprises three independent non-executive Directors and none of them is employed by or otherwise affiliated with former or existing auditors of the Company.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group’s auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement of the Company for the Year is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.chinaintech464.com). The annual report for the Year will be published on the above websites and despatched to the shareholders of the Company in due course.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to the entire workforce for their diligence and commitment during the year. Further, I would like to thank our shareholders for their confidence in the Group, our customers worldwide for their trust and support of our products and services, as well as our bankers and business partners for their ongoing support.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended from 9:00 a.m. on 2 July 2024 pending the release of this announcement. An application has been made to the Stock Exchange to resume the trading in the Shares from 9:00 a.m. on 25 July 2024.

By Order of the Board
CHINA IN-TECH LIMITED
Zhang Huijun
Chairman

Hong Kong, 24 July 2024

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhang Huijun, Ms. Cai Dongyan and Mr. Zhou Li Yang, and three independent non-executive Directors, namely Mr. Hu Zhigang, Mr. Zhang Jiayou and Mr. Ma Yu-heng.

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