



WINOX

WINOX HOLDINGS LIMITED

盈利時控股有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號：6838

2023

INTERIM REPORT

中期報告

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CORPORATE INFORMATION AND KEY DATES

BOARD OF DIRECTORS

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

* *Independent Non-executive Director*

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Huen Lai Chun

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANK

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Kowloon, Hong Kong

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

INFORMATION OF SHARES

Place of Listing : Main Board of The Stock Exchange of Hong Kong Limited
Stock Code : 6838
Board Lot : 2,000 shares
Financial Year End : 31 December
Interim dividend : HK1.5 cents per ordinary share

KEY DATES

Closure of register of members : 14-18 September 2023 for interim dividend
Record date for interim dividend : 18 September 2023
Interim dividend payment date : 6 October 2023

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2023 HK\$'000 unaudited	Six months ended 30 June 2022 HK\$'000 unaudited	Change
RESULTS HIGHLIGHTS			
Revenue	384,233	554,521	-30.7%
Gross profit	109,534	128,436	-14.7%
Profit for the period	28,013	36,724	-23.7%
Return on equity ¹ (%)	2.9%	3.8%	-0.9 pts
Basic earnings per share (HK cents)	4.7	6.1	-23.0%
Interim dividend per share (HK cents)	1.5	1.0	50.0%
	As at 30 June 2023 HK\$'000 unaudited	As at 31 December 2022 HK\$'000 audited	Change
BALANCE SHEET HIGHLIGHTS			
Total assets	1,181,580	1,316,034	-10.2%
Total borrowings	70,466	118,287	-40.4%
Net assets	966,549	1,011,924	-4.5%
Net assets per share (HK\$)	1.61	1.69	-4.7%
Current ratio	2.64	2.21	
Gearing ratio ²	0.06	0.09	

¹ Return on Equity attributable to shareholders at period end

² Gearing ratio = Total borrowings/Total assets

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal focus of Winox Holdings Limited (“Company”, together with its subsidiaries “Group”) remains on the development and manufacture of premium stainless steel products, and our major business segments are watch bracelets, mobile phone cases and parts, smart wearable cases and parts, and fashion accessories.

During the first six months of 2023, the world’s major economies have been facing different challenges, the US economy has been struggling from falling into a recession due to the continuous interest rate hiking to fight inflation, the Euro zone has been adversely affected by the prolonged war between Russia and Ukraine, and the recovery of the China’s economy activities from COVID-19 was not as strong as expected. Under this backdrop, the world’s demand for luxury consumer goods has become sluggish and the sales of the Group’s products were inevitably affected.

The revenue of our watch bracelets and fashion accessories for the six months ended 30 June 2023 decreased by 30.2% and 58.3% respectively as compared to last year same period.

The revenue of our mobile phone cases and parts for the first half of 2023 decreased by 50.0% as compared to last year same period.

As the China’s economy started to recover from COVID-19 during the period under review, the revenue of our smart wearable cases and parts increased by 28.2% as compared to last year same period.

FINANCIAL REVIEW

REVENUE

For the six months ended 30 June 2023, the Group’s revenue decreased by 30.7% to HK\$384,233,000 (2022: HK\$554,521,000) as compared to the same period of last year. Revenue attributable to watch bracelets, mobile phone cases and parts, smart wearable cases and parts, and fashion accessories were 32.2%, 29.9%, 32.4% and 5.5% respectively (2022: 32.0%, 41.4%, 17.5% and 9.1%).

In the first six months of 2023, the Group’s revenue of watch bracelets reported a decrease of 30.2% to HK\$123,796,000 (2022: HK\$177,258,000) and revenue of fashion accessories recorded a decrease of 58.3% to HK\$21,153,000 (2022: HK\$50,679,000) as compared to the same period of last year.

During the period under review, revenue of mobile phone cases and parts was HK\$114,707,000 (2022: HK\$229,380,000), representing a decrease of 50.0%.

During the period under review, revenue of smart wearable cases and parts amounted to HK\$124,577,000 (2022: HK\$97,204,000), representing an increase of 28.2%.

MANAGEMENT DISCUSSION AND ANALYSIS

PROFIT FOR THE PERIOD

Gross profit decreased by 14.7% to HK\$109,534,000 (2022: HK\$128,436,000) as compared to the same period of last year. Gross profit margin for the period under review increased by 5.3 percentage points to 28.5% (2022: 23.2%) which was mainly due to the depreciation of RMB and the implementation of cost saving measures. Profit for the period decreased by 23.7% to HK\$28,013,000 (2022: HK\$36,724,000) and basic earnings per share for the period under review decreased by 23.0% to HK4.7 cents (2022: HK6.1 cents).

COST OF SALES

Cost of sales included costs of production materials, labour costs, and manufacturing overhead and other costs. The following table sets forth the breakdown of our cost of sales for the six months ended 30 June 2023:

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Direct materials costs	116,107	207,054
Direct labour costs	111,303	165,357
Manufacturing overhead and other costs	47,289	53,674
	274,699	426,085

During the six months ended 30 June 2023, direct materials costs accounted for about 42.3% (2022: 48.6%) of the total cost of sales.

Direct labour costs, and manufacturing overhead and other costs accounted for about 40.5% and 17.2% (2022: 38.8% and 12.6%) of the total cost of sales respectively.

OTHER INCOME

Other income decreased by 72.0% to HK\$3,224,000 for the six months ended 30 June 2023 as compared to HK\$11,516,000 for the same period of last year which was mainly due to the decrease in government grants.

OTHER EXPENSES

Selling and distribution costs decreased by 25.6% to HK\$8,223,000 for the first six months of 2023 as compared to HK\$11,053,000 for the same period of last year.

Administrative and other expenses decreased by 14.6% to HK\$55,710,000 (2022: HK\$65,212,000) during the period under review which was mainly due to the decrease in salaries and repairs and maintenance expenses.

Research and development expenses decreased by 13.6% to HK\$17,513,000 (2022: HK\$20,279,000) during the period under review which was mainly due to the decrease in salaries.

Finance costs for the six months ended 30 June 2023 amounted to HK\$2,279,000 (2022: HK\$3,408,000), representing a decrease of 33.1% which was mainly due to the decrease in average balance of bank borrowings.

TAXATION

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

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

According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 200% (2022: 200%) of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the period ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed for the subsidiaries in ascertaining their assessable profits for the period.

INVENTORIES

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Raw materials	11,421	17,108
Work in progress	39,761	50,775
Finished goods	11,785	24,428
	62,967	92,311

As at 30 June 2023, the Group recorded an inventory balance of HK\$62,967,000 (31 December 2022: HK\$92,311,000), representing a decrease of 31.8%. The inventory turnover of the Group for the first half of 2023 was 51.2 days as compared to 58.0 days for the same period of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADE RECEIVABLES

As at 30 June 2023, the Group's trade receivables amounted to HK\$142,656,000 (31 December 2022: HK\$186,982,000). The credit periods granted to our customers were considered on individual basis ranging from 30 days to 90 days. Generally, no credit would be granted to customers which are new, short-term and placing orders in immaterial scale. As most of our customers are internationally renowned brand owners, we considered we were exposed to relatively low default risk. As at 31 July 2023, approximately HK\$79,787,000 of the gross carrying amount of trade receivables as at 30 June 2023 has been received. The trade receivables turnover of the Group for the period under review was 77.6 days (for the year ended 31 December 2022: 86.6 days).

TRADE PAYABLES

As at 30 June 2023, the Group's trade payables amounted to HK\$88,409,000 (31 December 2022: HK\$110,616,000). The trade payables was primarily related to the purchase of raw materials from suppliers with credit periods ranging from 30 days to 90 days. The trade payables turnover of the Group for the six months ended 30 June 2023 was 65.6 days (for the year ended 31 December 2022: 78.3 days).

LIQUIDITY, INDEBTEDNESS AND CHARGES ON ASSETS

During the period under review, the Group maintained a satisfactory liquidity level. As at 30 June 2023, net current assets of the Group was HK\$346,359,000 (31 December 2022: HK\$364,795,000). Besides, the Group maintained bank balances and cash of HK\$246,862,000 as at 30 June 2023 (31 December 2022: HK\$270,794,000), of which 27.0% was in Renminbi, 14.6% was in Hong Kong dollars, 58.0% was in United State dollars, and 0.4% was in Swiss Franc and other currencies.

The Group's outstanding bank borrowings as at 30 June 2023 was HK\$70,466,000 (31 December 2022: HK\$118,287,000), of which 74.5% was in Hong Kong dollars and 25.5% was in Renminbi. Balance of HK\$55,304,000 contained repayment on demand clause at any time at the discretion of the bank. Under the Hong Kong Accounting Standards, the Group had classified all the bank borrowings as current liabilities in the condensed consolidated statement of financial position as at 30 June 2023. Despite that, amongst these bank borrowings, according to the repayment schedule, HK\$37,383,000 was repayable within one year and the balance of HK\$33,083,000 was repayable after one year. Details of the Group's committed borrowing facilities are set out in the section entitled "Specific performance obligations on controlling shareholder" in this report.

Part of the bank borrowings was secured by certain of the Group's assets with an aggregate carrying value of HK\$55,919,000 as at 30 June 2023. The charged assets included a piece of land in Dongguan where our factory situated and certain properties constructed thereon, the deposit for one keyman life insurance policy and bills receivables. The banking facilities to the Company's wholly-owned subsidiaries were also secured by corporate guarantees in favour of the bank from the Company.

As at 30 June 2023, the Group's gearing ratio was 0.06 (31 December 2022: 0.09), which was calculated on the basis of total borrowings over total assets of the Group.

TREASURY

The Group adopted conservative treasury policies in cash and financial management. Cash was generally placed in short term deposits. The Group's liquidity and financing requirements were reviewed regularly.

For the six months ended 30 June 2023, a considerable amount of the Group's sales was denominated in United States dollars, Hong Kong dollars and Renminbi contributing to 35.2%, 22.2% and 42.6% of the total revenue respectively (2022: 46.9%, 16.5% and 36.6%). As Hong Kong dollars was pegged with United States dollars, the directors of the Company ("Directors") considered the Group was exposed to limited risk in this aspect. Despite that, the Group's production plants were located in Mainland China and the labour costs and manufacturing overhead were mainly denominated in Renminbi. The appreciation and depreciation of Renminbi might affect the overall production costs of the Group.

During the period under review, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 30 June 2023. We would continue to monitor closely the exchange rate risk arising from the Group's existing operations and new investments in future. We would implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

CAPITAL COMMITMENTS

Capital expenditure contracted for but not yet provided by the Group in the condensed consolidated financial statements as at 30 June 2023 was HK\$25,511,000 (31 December 2022: HK\$29,350,000), which was mainly related to the acquisition of property, plant and equipment and land use rights.

CONTINGENT LIABILITIES

As at 30 June 2023, save for the granting of corporate guarantees by the Company to its wholly-owned subsidiaries as described above, the Group did not have any other significant contingent liabilities.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2023, the total number of employees of the Group was approximately 2,695 (2022: 3,810). During the period under review, staff costs (including Directors' emoluments) amounted to HK\$156,983,000 (2022: HK\$221,552,000). Remuneration of employees which included salary and discretionary bonus was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to all levels of personnel.

OUTLOOK

Entering into the second half of 2023, the world's economy is full of challenges due to the escalating trade sanctions by US on China, the prolonged Russia and Ukraine war and geopolitical tensions in other areas of the world and the slowing down of the China's economy. We will keep taking relevant measures to prepare for any challenges. On top of the Group's focus on growing revenue, ensuring consistent and sustainable long-term profitability remains a top priority. We are committed to improving our operation efficiency and will make the best use of our resources to enhance our profitability for the purpose of achieving the sustainable growth of the Group.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte

德勤

TO THE BOARD OF DIRECTORS OF WINOX HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Winox Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 10 to 24, which comprise the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

25 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	NOTES	Six months ended	
		30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
Revenue	3	384,233	554,521
Cost of sales		(274,699)	(426,085)
Gross profit		109,534	128,436
Other income	4	3,224	11,516
Other gains and losses		3,137	2,759
Reversal of impairment losses on financial assets under expected credit loss model		88	908
Selling and distribution costs		(8,223)	(11,053)
Administrative and other expenses		(55,710)	(65,212)
Research and development expenses		(17,513)	(20,279)
Finance costs		(2,279)	(3,408)
Profit before taxation	5	32,258	43,667
Taxation	6	(4,245)	(6,943)
Profit for the period		28,013	36,724
Other comprehensive expense for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(43,388)	(43,137)
Total comprehensive expense for the period		(15,375)	(6,413)
Earnings per share – Basic	8	HK4.7 cents	HK6.1 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	NOTES	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	497,941	527,015
Right-of-use assets	9	62,224	63,133
Deposit for land use rights	10	19,579	20,481
Deposits paid for acquisition of property, plant and equipment		34,897	29,248
Deposit and prepayment for a life insurance policy		9,684	9,966
		624,325	649,843
Current assets			
Inventories		62,967	92,311
Trade and other receivables	11	246,537	302,431
Taxation recoverable		889	655
Bank balances and cash		246,862	270,794
		557,255	666,191
Current liabilities			
Trade and other payables	12	132,042	176,249
Taxation payable		6,269	5,446
Bank borrowings	13	70,466	118,287
Lease liabilities		2,119	1,414
		210,896	301,396
Net current assets		346,359	364,795
Total assets less current liabilities		970,684	1,014,638
Non-current liability			
Lease liabilities		4,135	2,714
Net assets		966,549	1,011,924
Capital and reserves			
Share capital	14	60,000	60,000
Reserves		906,549	951,924
Total equity		966,549	1,011,924

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2022 (audited)	60,000	203,244	33,740	704,115	1,001,099
Profit for the period	–	–	–	36,724	36,724
Exchange differences arising on translation of foreign operations and other comprehensive expense for the period	–	–	(43,137)	–	(43,137)
Total comprehensive (expense) income for the period	–	–	(43,137)	36,724	(6,413)
Dividends declared (<i>note 7</i>)	–	–	–	(18,000)	(18,000)
At 30 June 2022 (unaudited)	60,000	203,244	(9,397)	722,839	976,686
At 1 January 2023 (audited)	60,000	203,244	(43,831)	792,511	1,011,924
Profit for the period	–	–	–	28,013	28,013
Exchange differences arising on translation of foreign operations and other comprehensive expense for the period	–	–	(43,388)	–	(43,388)
Total comprehensive (expense) income for the period	–	–	(43,388)	28,013	(15,375)
Dividends declared (<i>note 7</i>)	–	–	–	(30,000)	(30,000)
At 30 June 2023 (unaudited)	60,000	203,244	(87,219)	790,524	966,549

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended	
	30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
Operating activities		
Profit before taxation	32,258	43,667
Adjustments for:		
Depreciation of property, plant and equipment	29,886	31,062
Other non-cash items	5,006	3,353
Operating cash flows before movements in working capital	67,150	78,082
Decrease (increase) in inventories	24,945	(11,538)
Decrease in trade and other receivables	37,195	264,302
Decrease in trade and other payables	(30,440)	(116,126)
Other cash flows used in operating activities	(3,535)	(1,121)
Net cash from operating activities	95,315	213,599
Investing activities		
Deposits paid for acquisition of property, plant and equipment	(29,100)	(32,450)
Purchase of property, plant and equipment	(6,982)	(2,032)
Payment for a life insurance policy	–	(10,535)
Proceeds from surrender of a life insurance policy	–	6,804
Proceeds from disposal of property, plant and equipment	128	188
Other investing cash flows	961	138
Net cash used in investing activities	(34,993)	(37,887)
Financing activities		
Repayment of bank borrowings	(140,626)	(346,020)
Dividends paid	(30,000)	–
Interests paid	(2,755)	(3,615)
Repayment of lease liabilities	(1,974)	(2,526)
Bank borrowings raised	93,809	209,271
Net cash used in financing activities	(81,546)	(142,890)
Net (decrease) increase in cash and cash equivalents	(21,224)	32,822
Cash and cash equivalents at beginning of the period	270,794	207,002
Effect of foreign exchange rate changes	(2,708)	(905)
Cash and cash equivalents at end of the period, representing bank balances and cash	246,862	238,919

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. BASIS OF PREPARATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022.

APPLICATION OF NEW AND AMENDMENTS TO 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 annual period beginning on 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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.

In July 2023, the HKICPA issued the amendments to HKAS 12 to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the “Pillar Two legislation”). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (Continued)

The Group is yet to apply the temporary exception during the current interim period because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

3. REVENUE AND SEGMENT INFORMATION

The Group is engaged in manufacture and trading of stainless steel products. Information reported to the members of executive directors of the Company, being the chief operating decision makers (the "CODM"), for the purposes of resources allocation and assessment of performance focuses on revenue analysis by products, including mobile phone cases and parts, watch bracelets, smart wearable cases and parts, and fashion accessories, and by geographic locations of customers, including the People's Republic of China ("PRC"), Switzerland, Hong Kong, Liechtenstein and other European countries, Taiwan, Vietnam and other countries. However, other than revenue analysis, no operating results and other discrete financial information is available. In addition, the CODM reviews the results of the Group as a whole to make decisions. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

The revenue of the Group from manufacture and trading of stainless steel products is recognised when the goods are passed to the customers, which is the point of time when the customers have the ability to direct the use of the goods and obtain substantially all of the remaining benefits of the goods.

REVENUE FROM MAJOR PRODUCTS

Revenue by products are as follows:

	Six months ended	
	30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
Smart wearable cases and parts	124,577	97,204
Watch bracelets	123,796	177,258
Mobile phone cases and parts	114,707	229,380
Fashion accessories	21,153	50,679
	384,233	554,521

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3. REVENUE AND SEGMENT INFORMATION (CONTINUED) GEOGRAPHICAL INFORMATION

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

	Six months ended	
	30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
PRC	190,696	234,595
Switzerland	113,026	164,002
Hong Kong	41,803	56,680
Liechtenstein and other European countries	20,782	48,101
Taiwan	11,492	21,283
Vietnam	1,321	28,021
Other countries	5,113	1,839
	384,233	554,521

4. OTHER INCOME

	Six months ended	
	30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
Income from sales of scrap materials, other parts and samples	747	4,290
Government grants (<i>Note</i>)	807	6,252
Bank interest income	961	138
Others	709	836
	3,224	11,516

Note: The unconditional government grants recognised during both interim periods are mainly related to research and development subsidy from PRC Government. For the six months ended 30 June 2022, the Group also recognised government grants of HK\$720,000 (six months ended 30 June 2023: nil) from Employment Support Scheme in respect of Covid-19-Related subsidy from Hong Kong Government.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Directors' remuneration	3,614	3,429
Other staff costs	139,312	199,113
Other staff's retirement benefits schemes contributions	14,057	19,010
Total staff costs	156,983	221,552
Less: Capitalised in inventories	(111,303)	(165,357)
	45,680	56,195
Depreciation of property, plant and equipment	29,886	31,062
Depreciation of right-of-use assets	2,700	3,291
Less: Capitalised in inventories	(21,800)	(22,382)
	10,786	11,971
Interests on:		
– bank borrowings	1,954	1,828
– loans related to bills discounted with recourse	196	1,394
– lease liabilities	129	186
	2,279	3,408
Loss on disposal of property, plant and equipment (included in other gains and losses)	664	502
Gain on surrender of a life insurance policy (included in other gains and losses) (<i>Note</i>)	–	(3,169)
Loss on lease modification (included in other gains and losses)	194	–
Net foreign exchange gain (included in other gains and losses)	(3,995)	(92)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

6. TAXATION

	Six months ended	
	30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
The charge comprises:		
Hong Kong Profits Tax		
Current period	3,124	4,478
PRC Enterprise Income Tax ("EIT")		
Current period	1,380	2,110
(Over) under provision in prior years	(259)	355
	1,121	2,465
	4,245	6,943

HONG KONG PROFITS TAX

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

PRC EIT

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

According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 200% (2022: 200%) of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the period ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed for the subsidiaries in ascertaining their assessable profits for the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

7. DIVIDENDS

During the current interim period, a final dividend of HK5.0 cents per ordinary share in respect of the year ended 31 December 2022 (2022: HK3.0 cents per ordinary share in respect of the year ended 31 December 2021) was declared to the shareholders of the Company. The aggregate amount of the final dividend declared in the current interim period amounted to HK\$30,000,000 (2022: HK\$18,000,000).

On 25 August 2023, the board of directors of the Company has resolved to declare an interim dividend of HK1.5 cents per ordinary share, totalling HK\$9,000,000, for the six months ended 30 June 2023 (2022: HK\$6,000,000). The interim dividend is payable on 6 October 2023 to the shareholders of the Company whose names appear on the Company's register of members on 18 September 2023.

8. EARNINGS PER SHARE

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

	Six months ended	
	30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	28,013	36,724

	Number of shares	
	30.6.2023	30.6.2022
Weighted average number of shares for the purpose of calculating basic earnings per share	600,000,000	600,000,000

No diluted earnings per share for both periods were presented as there were no potential ordinary shares in issue for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

During the current interim period, the Group incurred additions to property, plant and equipment of HK\$24,596,000 (six months ended 30 June 2022: HK\$16,696,000).

During the six months ended 30 June 2023, the Group entered into several new lease agreements for the use of buildings and office equipment for fixed term of 2 years (six months ended 30 June 2022: nil). On date of lease commencement, the Group recognised right-of-use assets of HK\$7,217,000 (six months ended 30 June 2022: nil) and lease liabilities of HK\$6,772,000 (six months ended 30 June 2022: nil).

10. DEPOSIT FOR LAND USE RIGHTS

A deposit of RMB18,158,000 (equivalent to HK\$19,579,000) (31 December 2022: RMB18,158,000 (equivalent to HK\$20,481,000)) was paid for land use right in prior year as the Group intended to construct a new production plant at Boluo County, Huizhou, PRC ("Huzhen Site"). The requisite construction land quota in respect of the Huzhen Site has not been granted and the development of production premises at Huzhen Site is postponed. At 30 June 2023, the transaction has not been completed. The directors of the Company considered it is in the interest of the Group to acquire more land for production use in order to cater for the long-term development plan of the Group. Accordingly, Group continues to negotiate with the local government authorities for the grant of the construction land quota and approval.

11. TRADE AND OTHER RECEIVABLES

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Trade receivables	143,360	187,985
Less: Allowance for expected credit losses ("ECL")	(704)	(1,003)
	142,656	186,982
Bills receivables	75,189	87,708
Less: Allowance for ECL	(324)	(113)
	74,865	87,595
Value added tax recoverable	19,514	19,421
Prepayments and deposits	4,442	5,592
Refundable rental deposits	670	1,051
Others	4,390	1,790
Total trade and other receivables	246,537	302,431

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

The trade receivables and bills receivables are from contracts with customers. Payment terms with customers are mainly on credit. Invoices are normally payable within 30 to 90 days by the customers from date of issuance. A longer credit period may be granted to large or long-established customers with good payment history.

The following is an aging analysis of trade receivables at the end of each reporting period based on the date of delivery, which approximated the respective revenue recognition date:

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
0 to 30 days	70,228	68,518
31 to 60 days	57,063	74,685
61 to 90 days	14,479	26,759
Over 90 days	886	17,020
	142,656	186,982

As at 30 June 2023, total bills received amounting to HK\$74,865,000 (31 December 2022: HK\$87,595,000) are held by the Group for future settlement of trade receivables, of which certain bills amounting to HK\$15,086,000 (31 December 2022: HK\$33,140,000) were discounted by the Group with recourse. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills received by the Group are with a maturity period of 4 months or less.

The basis of determining the inputs and assumptions and the estimation techniques used for impairment assessment on financial assets in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

12. TRADE AND OTHER PAYABLES

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Trade payables	88,409	110,616
Payroll and welfare payables	27,233	32,403
Valued added tax payable	3,154	14,015
Commissions and other payables to intermediary agents	5,345	4,879
Payables for acquisition of property, plant and equipment	3,106	7,361
Other tax payables	1,207	2,644
Accrued expenses	2,093	1,270
Interest payable	13	447
Others	1,482	2,614
	132,042	176,249

The Group mainly receives credit terms of 30 to 90 days from its suppliers. The following is an aging analysis of trade payables at the end of each reporting period based on the invoice date:

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
0 to 30 days	22,520	22,911
31 to 60 days	27,806	33,675
61 to 90 days	19,423	24,488
Over 90 days	18,660	29,542
	88,409	110,616

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

13. BANK BORROWINGS

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Bank loans	55,304	85,034
Loans related to bills discounted with recourse	15,162	33,253
	70,466	118,287

During the current interim period, the Group raised and repaid bank loans of HK\$22,941,000 (six months ended 30 June 2022: HK\$56,084,000) and HK\$52,427,000 (six months ended 30 June 2022: HK\$76,365,000), respectively. The existing bank loans carry variable interest rates ranging from 1.9% to 2.1% over 1-month Hong Kong Interbank Offered Rate and 0.64% over 1-year loan prime rate published by the National Interbank Funding Center per annum. Included in the bank loans is an amount of HK\$33,083,000 (31 December 2022: HK\$49,647,000) which are repayable after one year but contain repayment on demand clause.

During the current interim period, the Group also raised and repaid loans related to bills discounted with recourse of HK\$70,868,000 (six month ended 30 June 2022: HK\$153,187,000) and HK\$88,199,000 (six months ended 30 June 2022: HK\$269,655,000), which carry fixed interest rate of 1.9% and 2.15% per annum (six months ended 30 June 2022: fixed interest rate of 2.9% per annum) and are with a maturity period of 3 months or less (six months ended 30 June 2022: 4 months or less).

14. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2022, 30 June 2022, 31 December 2022, 1 January 2023 and 30 June 2023	4,000,000	400,000
Issued and fully paid:		
At 1 January 2022, 30 June 2022, 31 December 2022, 1 January 2023 and 30 June 2023	600,000	60,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

15. CAPITAL COMMITMENTS

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment and land use rights	25,511	29,350

16. RELATED PARTY TRANSACTIONS

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

Name of related party	Nature of transaction	Six months ended	
		30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
Ming Fung (Holdings) Limited (controlled by Mr. Yiu)	Fee received for management and administrative service	126	126
Fengtai (Dongguan) Technology Development Service Company Limited ("Fengtai") (controlled by Mr. Yiu and Mr. Yiu Tat Sing)	Interest expenses on lease liabilities	52	98
Mr. Yiu	Interest expenses on lease liabilities	9	14

At 30 June 2023, the lease liabilities due to Fengtai and Mr. Yiu were HK\$2,258,000 and HK\$1,375,000 (31 December 2022: HK\$1,047,000 and HK\$316,000), respectively.

During the six months ended 30 June 2023, the Group entered into several new lease agreements for the use of buildings with Fengtai and Mr. Yiu respectively for fixed terms of 2 years.

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

(b) The key management personnel are the directors of the Company. During the six months ended 30 June 2023, the remuneration of the key management personnel includes short-term employee benefits of HK\$3,172,000 and post-employment benefits of HK\$82,000 (six months ended 30 June 2022: short-term employee benefits of HK\$2,978,000 and post-employment benefits of HK\$83,000).

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company is committed to establishing and maintaining high standard of corporate governance and believes that good corporate governance system provides a sustainable and solid foundation for the Company to manage business risks, enhance transparency, advance accountability and maximise shareholders' interests.

The Company has applied the principles of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and complied with all the applicable code provisions of the CG Code throughout the six months ended 30 June 2023.

At the annual general meeting of the Company held on 29 May 2023, Mr. Yiu Hon Ming, Ms. Law Wai Ping, Mr. Chau Kam Wing, Donald and Mr. Wu Ming Lam retired and were re-elected as Directors. As at the date of this report, the Board comprises:

Executive Directors

Mr. Yiu Hon Ming (*Chairman*)
Mr. Yiu Tat Sing (*Deputy Chairman*)
Mr. Li Chin Keung (*Managing Director*)
Ms. Law Wai Ping
Mr. Chau Kam Wing Donald (*Finance Director*)
Ms. Yiu Ho Ting

Independent Non-executive Directors

Mr. Au Wai Ming
Mr. Carson Wen
Professor Wong Lung Tak Patrick
Mr. Wu Ming Lam

The audit committee of the Company ("Audit Committee") was established on 25 June 2011 with written terms of reference specifying its authority and duties which is available on the websites of the Stock Exchange and the Company. As at the date of this report, the Audit Committee comprises four Independent Non-executive Directors. The Audit Committee has reviewed with the senior management and the external auditor of the Company the interim results of the Group for the six months ended 30 June 2023 as well as the accounting principles and practices adopted by the Group, internal controls and financial reporting matters.

The Group's internal audit function is performed by its internal audit team. The internal audit team plays an important part in the assessment of the effectiveness of the risk management and internal control systems of the Group and reports directly to the Audit Committee. The team conducts internal audit reviews on material internal control systems covering major financial, operational and compliance controls, as well as risk management functions. The team reports to the Audit Committee on a quarterly basis and recommends remedial plans to the management for any internal control deficiencies identified. The team monitors the implementation of its recommendations by the management and reports the outcome to the Audit Committee. Details of the Group's risk management framework and the responsibilities of each delegated group are disclosed in the 2022 Annual Report of the Company.

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in the securities of the Company by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2023.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE COMPANY'S SECURITIES

As at 30 June 2023, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company have taken or deemed to have under such provisions of the SFO); (ii) recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) THE COMPANY

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

Notes:

- Mr. Yiu Hon Ming ("Mr. Yiu") is legally and beneficially interested in 60% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is directly interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 396,000,000 shares of the Company, representing 66% of the entire issued share capital of the Company. Mr. Yiu is the husband of Ms. Law Wai Ping ("Ms. Law"). By virtue of the SFO, Mr. Yiu is deemed to be interested in the same block of ordinary shares in which Ms. Law is interested.
- Ms. Law is legally and beneficially interested in 40% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is directly interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 396,000,000 shares of the Company, representing 66% of the entire issued share capital of the Company. In addition, Ms. Law is directly and beneficially interested in 2,040,000 shares of the Company. Ms. Law is the wife of Mr. Yiu. By virtue of the SFO, Ms. Law is deemed to be interested in the same block of ordinary shares in which Mr. Yiu is interested.
- Ms. Yiu Ho Ting ("Ms. Yiu") is directly and beneficially interested in 5,688,000 shares of the Company. In addition, her husband, Mr. Cheung Justin Chi Yen ("Mr. Cheung"), is directly interested in 1,221,600 shares of the Company. By virtue of the SFO, Ms. Yiu is deemed to be interested in the same block of ordinary shares in which Mr. Cheung is interested.
- Mr. Yiu Tat Sing is directly and beneficially interested in 1,980,000 shares of the Company. In addition, he has an interest of approximately 11.77% of the entire issued share capital of Winholme Holdings Limited which holds 51,000,000 shares of the Company, representing 8.50% of the entire issued share capital of the Company.
- Ms. Cheung Wing Yan ("Ms. Cheung"), wife of Mr. Li Chin Keung ("Mr. Li"), is directly interested in 964,800 shares of the Company. By virtue of the SFO, Mr. Li is deemed to be interested in the same block of ordinary shares in which Ms. Cheung is interested. In addition, Mr. Li has an interest of approximately 8.82% of the entire issued share capital of Winholme Holdings Limited which holds 51,000,000 shares of the Company, representing 8.50% of the entire issued share capital of the Company.

(b) ASSOCIATED CORPORATIONS

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

Notes:

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

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive have taken or deemed to have under such provisions of the SFO); (ii) entered in the register required to be kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY'S SECURITIES

As at 30 June 2023, each of the following persons and entities, other than a Director and chief executive of the Company, had or were deemed to have interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

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

Notes:

- Ming Fung Holdings (Hong Kong) Limited is interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited.
- Mr. Li Chin Keung, the Managing Director of the Company and an Executive Director, is the legal and beneficial owner of approximately 8.82% of the entire issued share capital of Winholme Holdings Limited. Mr. Yiu Tat Sing, the Deputy Chairman of the Board and an Executive Director, is the legal and beneficial owner of approximately 11.77% of the entire issued share capital of Winholme Holdings Limited.
- Ms. Tang Wai Fong is the legal and beneficial owner of approximately 44.12% of the entire issued share capital of Winholme Holdings Limited.
- Mr. Chan Kai Ming is the legal and beneficial owner of approximately 35.29% of the entire issued share capital of Winholme Holdings Limited.
- Ms. Leung Wai Yin Edith is the wife of Mr. Chan Kai Ming. By virtue of the SFO, she is deemed to be interested in the same block of shares in which Mr. Chan Kai Ming is interested.
- Of the 36,392,000 shares of the Company held by Mr. David Michael Webb, 13,992,000 shares of the Company were held directly by him, while 22,400,000 shares of the Company were held through his wholly-owned company, Preferable Situation Assets Limited.

Save as disclosed above, as at 30 June 2023, the Company has not been notified by any person or entity who had or were deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTIONS

During the six months ended 30 June 2023, the Company did not have any share option schemes.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

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

On 22 October 2021, Max Surplus, as borrower, entered into a letter of banking facility with the same financial institution for a revolving loan facility in a principal amount of USD1,000,000 and a term loan facility in a principal amount of HK\$150,000,000. The revolving loan under these facilities was used for premium financing of a life insurance policy. The term loan under these facilities will be used to finance the capital expenditure requirements of the Group and is repayable by 60 equal monthly instalments, commencing one month after drawdown. The undrawn amount under the term loan facility will be cancelled after 29 February 2024. The USD1,000,000 loan, which was drawn on 4 January 2022 from the revolving loan facility, was fully repaid on 17 May 2023 and HK\$20,000,000 was drawn on 16 January 2023 from the term loan facility.

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

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

As at 30 June 2023, the amount of loan outstanding under these loan facilities was approximately HK\$48,083,000 and the unutilised facilities available for drawdown amounted to HK\$132,000,000.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of HK1.5 cents per ordinary share, totaling HK\$9,000,000, for the six months ended 30 June 2023. The interim dividend will be payable on Friday, 6 October 2023 to shareholders of the Company whose names appear on the Company's register of members on Monday, 18 September 2023.

For the purpose of ascertaining the shareholders' entitlement to the interim dividend, the Company's register of members will be closed from Thursday, 14 September 2023 to Monday, 18 September 2023 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be entitled to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 13 September 2023.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2023 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Hong Kong Institute of Certified Public Accountants, by Messrs. Deloitte Touche Tohmatsu. The interim results of the Group for the six months ended 30 June 2023 have also been reviewed by the Audit Committee.

INVESTOR RELATIONS

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