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中國海外諾信國際控股有限公司

CHINA OVERSEAS NUOXIN INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 00464)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of 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 2021 as follows:

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

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3	365,837	450,800
Cost of sales		(334,450)	(422,078)
Gross Profit		31,387	28,722
Other (losses)/gains, net	5	(55)	6,995
Distribution costs		(7,778)	(6,543)
Administrative expenses		(44,568)	(57,683)
Reversal of impairment losses/(impairment losses) of trade receivables		626	(1,307)
Impairment loss on property, plant and equipment		(2,658)	(5,632)
Impairment loss on right-of-use assets		–	(2,708)
Loss from operations		(23,046)	(38,156)
Financial costs		(1,282)	(1,923)
Loss before tax		(24,328)	(40,079)
Income tax (expense)/credit	6	(100)	8
Loss for the year	7	(24,428)	(40,071)

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Other comprehensive income/(expense) after tax:			
Items that will not be reclassified to profit or loss:			
Gain/(loss) on revaluation of properties		4,468	(26)
Deferred tax effect arising on revaluation of properties		(1,117)	6
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		10,596	(8,589)
		<u>13,947</u>	<u>(8,609)</u>
Other comprehensive income/(expense) for the year, net		13,947	(8,609)
		<u>13,947</u>	<u>(8,609)</u>
Total comprehensive expense for the year		(10,481)	(48,680)
		<u>(10,481)</u>	<u>(48,680)</u>
Loss per share			
Basic and diluted (<i>HK cents</i>)	8	(5.48)	(8.99)
		<u>(5.48)</u>	<u>(8.99)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		97,640	87,696
Right-of-use assets		2,939	2,781
Deposits paid for acquisition of property, plant and equipment		1,772	1,846
		102,351	92,323
Current assets			
Inventories		69,550	106,470
Trade receivables	<i>10</i>	74,790	78,305
Deposits, prepayments and other receivables		18,110	21,581
Bank and cash balances		27,987	31,060
		190,437	237,416
Current liabilities			
Trade payables	<i>11</i>	55,794	71,490
Accruals and other payables		32,127	28,107
Contract liabilities		7,492	5,403
Loans from related parties	<i>12</i>	58,095	54,245
Lease liabilities		163	2,088
Bank borrowings		31,461	51,211
Tax liabilities		3,564	4,579
		188,696	217,123
Net current assets		1,741	20,293
Total assets less current liabilities		104,092	112,616
Non-current liabilities			
Deferred tax liabilities		16,785	14,180
Lease liabilities		–	648
		16,785	14,828
Net assets		87,307	97,788
Capital and reserves			
Share capital		446	446
Reserves		86,861	97,342
Total equity		87,307	97,788

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 was at Office 810, Unit 1908, 19/F, 9 Queen’s Road Central, Hong Kong and was changed to Unit B, 12/F, Hang Seng Causeway Bay Building, 28 Yee Wo Street, Causeway Bay, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are design, manufacture and sales of electrical haircare products.

To the best knowledge of the Directors, as at 31 March 2021, China Yuen Capital Limited (“**CYC**”), a company incorporated in the British Virgin Islands, is the immediate holding company of the Company; China Investment International 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 2020. 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 sales of electrical haircare products.

4. SEGMENT INFORMATION

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. Accordingly, only geographical information and major customers are presented.

Geographical information

The Group’s revenue is mainly derived from customers located in Europe, Asia, North and South America, Australia and Africa while the Group’s business activities are conducted predominantly in Hong Kong and the People’s Republic of China (the “**PRC**”).

The Group's revenue from external customers by geographical location of customers irrespective of the origin of the goods, and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Europe	184,357	222,132	–	–
Asia	149,472	176,717	102,351	92,323
North and South America	26,562	47,483	–	–
Australia	1,354	3,028	–	–
Africa	4,092	1,440	–	–
	<u>365,837</u>	<u>450,800</u>	<u>102,351</u>	<u>92,323</u>

Information about major customers

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	166,016	228,469
Customer B	42,535	57,502
Customer C	<u>57,860</u>	<u>49,485</u>

5. OTHER (LOSSES)/GAINS, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	25	45
Compensation received in respect of cancelled orders	1,026	377
Income from sale of mould	1,554	3,767
Sales of samples	1,158	389
Penalty from vendors for bad quality or late delivery	1,101	397
Rental income	–	277
Government grant	1,536	–
Sundry income	715	1,030
Net foreign exchange (loss)/gain	(8,787)	713
Gain on early termination of the lease agreement	<u>1,617</u>	<u>–</u>
	<u>(55)</u>	<u>6,995</u>

6. INCOME TAX (EXPENSE)/CREDIT

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
PRC Enterprise Income Tax		
Provision for the year	(116)	–
Over provision in prior years	<u>16</u>	<u>8</u>
	<u>(100)</u>	<u>8</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%. No PRC Enterprise Income Tax has been provided in the consolidated financial statements as the PRC subsidiaries are suffering from tax losses for both years.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the 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.

7. LOSS FOR THE YEAR

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor’s remuneration	695	1,238
Depreciation of right-of-use assets	85	1,536
Depreciation of property, plant and equipment	3,509	3,100
Write-down of inventories (included in cost of inventories sold)	1,639	1,973
Cost of inventories sold	334,450	422,078
Directors’ remuneration		
As directors (independent non-executive directors)	291	295
For management (executive directors)	786	2,339
Retirement benefits scheme contributions	45	73
	1,122	2,707
Staff costs (not including directors’ emoluments)		
Salaries, bonus and allowances	101,314	129,499
Retirement benefits scheme contributions	3,898	5,088
	<u>105,212</u>	<u>134,587</u>
Total staff costs (including directors’ emoluments)	<u>106,334</u>	<u>137,294</u>

Cost of inventories sold includes staff costs and depreciation of HK\$75,011,000 (2020: HK\$99,356,000) which are included in the amounts disclosed separately above.

8. LOSS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <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>(24,428)</u>	<u>(40,071)</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>445,646</u>	<u>445,646</u>

No diluted loss per share for the current and prior year 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 2021 and 2020.

10. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 14–90 days. For those major customers, a credit term up to 120 days from the invoice date would be allowed. 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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	75,141	79,282
Less: loss allowance	<u>(351)</u>	<u>(977)</u>
Total trade receivables	<u>74,790</u>	<u>78,305</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 60 days	72,299	29,752
61 – 120 days	515	44,116
121 – 365 days	531	4,201
Over 1 year	<u>1,445</u>	<u>236</u>
	<u>74,790</u>	<u>78,305</u>

Reconciliation of loss allowance for trade receivables:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At the beginning of the year	977	571
(Reversal of allowance)/allowance for the year	(626)	1,307
Write-off	–	(901)
	<u> </u>	<u> </u>
At the end of the year	<u>351</u>	<u>977</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	1–30 days past due	31–60 days past due	61–120 days past due	121 days– 1 year past due	Over 1 year past due	Total
At 31 March 2021							
Weighted average expected loss rate	0%	0%	0%	0%	2%	19%	
Receivable amount (<i>HK\$'000</i>)	68,654	2,879	817	515	531	1,745	75,141
Loss allowance (<i>HK\$'000</i>)	<u>–</u>	<u>–</u>	<u>–</u>	<u>1</u>	<u>12</u>	<u>338</u>	<u>351</u>
At 31 March 2020							
Weighted average expected loss rate	0%	0%	0%	0%	5%	73%	
Receivable amount (<i>HK\$'000</i>)	68,578	5,117	2,670	707	938	1,272	79,282
Loss allowance (<i>HK\$'000</i>)	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>44</u>	<u>933</u>	<u>977</u>

11. TRADE PAYABLES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 60 days	37,615	33,437
61 to 120 days	8,496	18,126
121 to 365 days	5,384	12,134
Over 1 year	4,299	7,793
	<u> </u>	<u> </u>
	<u>55,794</u>	<u>71,490</u>

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

12. LOANS FROM RELATED PARTIES

The amount are unsecured, interest-free and repayable within one year from the drawdown date.

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
CYC ^(a)	18,095	14,245
Mr. Lam Wai Ming ^(b)	40,000	40,000
	<u>58,095</u>	<u>54,245</u>

- (a) CYC is the Company's immediate holding company. During the year ended 31 March 2021, the loan of HK\$14,245,000 (2020: HK\$10,045,000) brought forward from 31 March 2020 (2020: 31 March 2019) was extend for one year and a new loan of HK\$3,850,000 (2020: HK\$4,200,000) was raised such that both loan amounts are repayable within one year from the end of the reporting period.
- (b) Mr. Lam Wai Ming is key management personnel of the Group. (2020: from Mr. Tam Chi Sang and Mr. Lam Wai Ming, the key management personnel of the Group).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year ended 31 March 2021, the Group recorded a turnover of HK\$365,837,000 (2020: HK\$450,800,000), a decrease of approximately 18.8% from the previous financial year. The decrease in turnover was mainly attributable to the decrease in demand from our overseas customers, especially U.S.A., France, China and Russia. However, the year of 2020 witnessed the rare pandemic in human history. Almost every part of the world has been affected by COVID-19 one after another and the pandemic is still menacing. Because of different political, economic and social environment, countries are not doing equally well in fighting against the pandemic, which directly dampened the demand for electrical haircare appliances in the world-wide market, thereby affecting the Group's sales.

During the financial year, the Group reported a gross profit of HK\$31,387,000 (2020: HK\$28,722,000), representing a gross profit margin of approximately 8.6% (2020: 6.4%). The increase was mainly due to the increased sales of high-end products during the year, which drove gross profit margin upwards.

The Group recorded continuous loss for the years ended 31 March 2021 and 2020. The management of the Group concluded there was impairment indication and conducted a review of the recoverable amount of the property, plant and equipment and right-of-use assets and determined the recoverable amount of these assets. Based on the result of the assessment, management of the Group determined that the recoverable amounts of these assets were lower than their carrying amounts. An impairment loss of HK\$2,658,000 on property, plant and equipment (2020: an impairment loss of HK\$5,632,000 on property, plant and equipment and an impairment loss of HK\$2,708,000 on right-of-use assets) had been recognised.

As a result of the above factors, loss before taxation for the year ended 31 March 2021 was HK\$24,328,000 (2020: HK\$40,079,000), representing a decrease of 39.3% against the previous financial year. Expressed proportionately as a percentage of revenue, distribution costs and administrative expenses were about 2.1% and 12.2% respectively for the year ended 31 March 2021 as compared to 1.5% and 12.8% in the last corresponding year. In dollars term, administrative expenses was HK\$44,568,000, representing a decrease of 22.7% when compared to that in the previous financial year. Such decrease was caused by decreased staff salaries and legal and professional fee. Besides, the Group received government grant of HK\$1,536,000 under the Employment Support Scheme, an anti-epidemic fund.

Loss for the year was HK\$24,428,000, representing a decrease of 39.0% when compared to loss of HK\$40,071,000 in the last financial year.

Basic loss per share for the year amounted to HK5.48 cents, representing a decrease of 39.0% when compared to loss of HK8.99 cents in the last financial year.

During the year ended 31 March 2021, no dividend was declared and paid (2020: Nil).

BUSINESS REVIEW

Market Review

During the first half of 2020, the outbreak of COVID-19 and its escalation on a global scale had triggered unprecedented disruptions to the economy and business operations nationwide. The Group inevitably felt the severe impact of a much weakened North America and Mainland China economy resulted from the COVID-19 outbreak amid the ongoing US-China trade friction. The Group's business gradually picked up in the second half of the year, but the recovery of many SMEs in China including the Group lagged behind the recovery speed of the overall economy. As a result and on an annual basis, the Group recorded significantly lower revenue by 18.8% as compared to that of last year.

Even though the turnover contribution from the Asian market slightly increased to 40.9% during this financial year from 39.2% in the last financial year, the turnover contribution from Mainland China decreased to 4.9% in this financial year from 8.8% in the last financial year. Nevertheless, as some new models had been launched to the Japanese market during the year, the turnover contributions from the Japanese market had increased to 19.0% for this financial year compared to 15.5% in the last financial year.

Most of the Group's customers are famous global brands. Our five major customers accounted for approximately 80.5% and 87.1% of the Group's total turnover in the current financial year and the previous financial year, respectively.

Operation Review

The operating environment was still very tough for all PRC based manufacturers. During the financial year, the Group had faced various operating challenges similar to those of other manufacturers in the Mainland China, such as the rise of raw material cost caused by the Chinese government continuing to promote economic and environmental development reforms and strictly implement environmental protection regulations. This has led to a tightened supply of both imported and domestically produced waste paper, which caused the average price of raw paper remaining high during the year.

Despite of the intensified competition and higher raw material cost, the Group pursued relentlessly strict controls over materials purchase cost, rational investment in machinery and manpower and rigorous product quality control so as to boost production capacity and efficiency and alleviate the pressure from shortage of production line workers, eliminate wastes and ultimately reduce costs. Consequently, the variable cost had decreased significantly during the year.

As always, the Group had exerted extra efforts in improving the competitiveness of its high quality products together with bolstering its R&D capabilities with an aim to enhancing its market share and achieving a long term relationship with its customers.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Group had approximately HK\$27,987,000 cash and bank deposits (2020: HK\$31,060,000). The decrease in cash and bank deposits was mainly attributable to repayment of bank borrowings. Its net current assets as at 31 March 2021 amounted to approximately HK\$1,741,000 (2020: HK\$20,293,000). Current ratio of the Group as at 31 March 2021 was 1.0 (2020: 1.1).

As at 31 March 2021, the Group had aggregate banking facilities of HK\$83,400,000 (2020: HK\$93,400,000), of which HK\$31,461,000 (2020: HK\$51,211,000) had been used. The borrowings comprised trade finance facilities of HK\$31,461,000 (2020: HK\$51,211,000). The borrowings due within one year amounted to HK\$31,461,000 (2020: HK\$51,211,000). The bank borrowings carried interest rates ranging from HIBOR/LIBOR plus 1.8% to 2.0% (2020: 1.8% to 2.0%) or 1% (2020: 1%) below Prime Rate.

As at 31 March 2021, the Group's net gearing ratio was approximately 4.0% (2020: 20.6%). This was calculated by dividing the net amount of borrowings (including bank borrowings after deduction of cash and cash equivalents) by total equity attributable to owners of the Company as at 31 March 2021.

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 ended 31 March 2021. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the sufficient financial resources are available in order to meet its funding requirements and commitment timely.

CHARGES ON ASSETS

The Group had no charges on assets as at 31 March 2021 (2020: 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 2021, the Group had capital commitments of HK\$823,000 (2020: HK\$1,065,000).

CONTINGENT LIABILITIES

As at 31 March 2021, the Group had no material contingent liabilities (2020: Nil).

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2021, the Group had a total workforce of 1,223 (2020: 1,513) including 28 employees (2020: 27) in Hong Kong. Employee costs, including directors' emoluments, amounted to HK\$106,334,000 for the year ended 31 March 2021 (2020: HK\$137,294,000). 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 option schemes, 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 ended 31 March 2021.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Friday, 27 August 2021 (the "**2021 AGM**"). A notice convening the 2021 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 Tuesday, 24 August 2021 to Friday, 27 August 2021 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the forthcoming annual general meeting. During such period no transfer of shares of the Company will be registered and no shares will be allotted and issued. In order to be eligible to attend and vote at the 2021 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 Monday, 23 August 2021.

PROSPECTS

With reference to the existing principal haircare appliances businesses, the Group anticipates that the business will be confronted with several key challenges. These include sluggish demand due to the COVID-19 pandemic, the pressure from customers to lower its selling price, a shortage of skilled labour in Mainland China, the shorter product life cycles of consumer electronic products as well as volatile capital markets and currency fluctuations. At the same time, the predictability of future sales orders received is comparatively low which presents difficulties in planning the allocation of resources.

Looking ahead, it is expected that the COVID-19 and the Sino-US trade war will continue to pose challenges to all industries. Although the Group are facing unpredictable challenges and uncertainties, we remain optimistic towards our business development in medium and long run. In terms of market demand, as the COVID-19 vaccination rate worldwide is increasing, many countries are loosening business and social activities restrictions. Hopefully, it will lead to a rapid economic recovery and resume a higher demand for our products. Simultaneously, the Group will monitor the business operations, control and reduce unnecessary expenses so as to save costs.

The Group will continue to explore opportunities, to 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 ended 31 March 2021.

EVENTS AFTER THE REPORTING PERIOD

The group has no other significant events after the current period up to the date of this announcement.

CORPORATE GOVERNANCE

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 14 of the Listing Rules throughout the financial year ended 31 March 2021, except for the deviation from the CG Code A.6.7 as explained below.

To enhance accountability, transparency, independence, responsibility and fairness to the shareholders and stakeholders, the Company is dedicated to develop an appropriate framework of corporate governance for the Group. The Group will keep on reviewing and improving its corporate governance practices and procedures from time to time to ensure its commitment to the corporate governance standard and strive for the enhancement of shareholder value.

Code Provision A.6.7 stipulates that independent non-executive Directors and other non-executive Directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Two independent non-executive Directors, Mr. Hu Zhigang and Mr. Huang Zhiwei, did not attend the annual general meeting of the Company held on 28 August 2020 due to other business engagements.

Save as disclosed above, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company were in line with the Code Provisions during the year ended 31 March 2021.

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 10 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 ended 31 March 2021.

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 ended 31 March 2021 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 ended 31 March 2021 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 ended 31 March 2021. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance 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 ended 31 March 2021 is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.co-nuoxin.com). The annual report for the year ended 31 March 2021 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. I would further 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.

By Order of the Board
CHINA OVERSEAS NUOXIN
INTERNATIONAL HOLDINGS LIMITED
Zhang Huijun
Director

Hong Kong, 29 June 2021

As at the date of this announcement, the Board of the Company comprises five executive Directors, namely Mr. Gao Jianbo, Ms. Cai Dongyan, Mr. Zhang Huijun, Ms. Pauline Lam and Mr. Lin Liangyong, and three independent non-executive Directors, namely Mr. Lam Yick Man, Mr. Hu Zhigang and Mr. Zhang Jiayou.

Website: www.co-nuoxin.com