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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 2022**

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 2022 as follows:

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

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3	265,758	365,837
Cost of sales		<u>(250,037)</u>	<u>(334,450)</u>
Gross profit		15,721	31,387
Other gains/(losses), net	5	12,204	(55)
Distribution costs		(2,960)	(7,778)
Administrative expenses		(44,857)	(44,568)
Gain on disposal of subsidiaries		15,904	–
(Impairment loss)/reversal of impairment losses of trade receivables		(222)	626
Impairment loss on prepayments		(3,994)	–
Impairment loss on property, plant and equipment		(19)	(2,658)
Impairment loss on right-of-use assets		<u>(2,602)</u>	<u>–</u>
Loss from operations		(10,825)	(23,046)
Finance costs		(641)	(1,282)

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before tax		(11,466)	(24,328)
Income tax expenses	6	<u>–</u>	<u>(100)</u>
Loss for the year	7	<u>(11,466)</u>	<u>(24,428)</u>
Other comprehensive (expense)/income after tax:			
<i>Items that will not be reclassified to profit or loss:</i>			
(Loss)/gain on revaluation of properties		(1,692)	4,468
Deferred tax effect arising on revaluation of properties		423	(1,117)
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		4,526	10,596
Exchange differences reclassified to profit or loss on disposal of subsidiaries		<u>(8,663)</u>	<u>–</u>
Other comprehensive (expense)/income for the year, net		<u>(5,406)</u>	<u>13,947</u>
Total comprehensive expense for the year		<u>(16,872)</u>	<u>(10,481)</u>
Loss per share			
Basic and diluted (<i>HK cents</i>)	8	<u>(2.57)</u>	<u>(5.48)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		56	97,640
Right-of-use assets		7,593	2,939
Deposits, prepayments and other receivables		9,745	1,772
		17,394	102,351
Current assets			
Inventories		69,009	69,550
Trade receivables	10	49,060	74,790
Deposits, prepayments and other receivables		33,188	18,110
Bank and cash balances		12,362	27,987
		163,619	190,437
Current liabilities			
Trade payables	11	53,831	55,794
Accruals and other payables		9,218	32,127
Contract liabilities		10,961	7,492
Loans from related parties	12	–	58,095
Lease liabilities		3,917	163
Bank borrowings and overdrafts		26,349	31,461
Tax liabilities		–	3,564
		104,276	188,696
Net current assets		59,343	1,741
Total assets less current liabilities		76,737	104,092
Non-current liabilities			
Deferred tax liabilities		–	16,785
Lease liabilities		6,302	–
		6,302	16,785
NET ASSETS		70,435	87,307
Capital and reserves			
Share capital		446	446
Reserves		69,989	86,861
TOTAL EQUITY		70,435	87,307

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 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 2022, China Yuen Capital Limited (“**CYC**”), a company incorporated in the British Virgin Islands, is the immediate holding company of the Company; Luckever Holdings Limited, a company incorporated in the British Virgin Islands, is the ultimate holding company of the Company.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. 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 locations 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	
	2022 HK\$’000	2021 HK\$’000	2022 HK\$’000	2021 HK\$’000
Europe	148,135	184,357	–	–
Asia	105,162	149,472	17,394	102,351
North and South America	8,991	26,562	–	–
Australia	3,234	1,354	–	–
Africa	236	4,092	–	–
	<u>265,758</u>	<u>365,837</u>	<u>17,394</u>	<u>102,351</u>

Information about major customers

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

	2022 HK\$’000	2021 HK\$’000
Customer A	89,796	166,016
Customer B	38,779	42,535
Customer C	10,657*	57,860
Customer D	<u>33,072</u>	<u>–</u>

* Revenue from this customer did not exceed 10% of total revenue in the respective year. This amount was shown for comparative purpose.

5. OTHER GAINS/(LOSSES), NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	21	25
Compensation received in respect of cancelled orders	3,971	1,026
Income from sale of mould	3,349	1,554
Sales of samples	1,139	1,158
Penalty from vendors for bad quality or late delivery	156	1,101
Government grant	885	1,536
Net foreign exchange loss	(211)	(8,787)
Design income	2,439	–
Gain on early termination of the lease agreement	–	1,617
Sundry income	455	715
	<u>12,204</u>	<u>(55)</u>

6. INCOME TAX EXPENSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PRC Enterprise Income Tax		
Provision for the year	–	(116)
Over provision in prior years	–	16
	<u>–</u>	<u>(100)</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 qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax regime of the estimated assessable profit for both years. No Hong Kong Profits Tax has been provided in the consolidated financial statement as the subsidiaries of the Group operating in Hong Kong are either suffering from tax losses, or the assessable profits are wholly absorbed by tax losses brought forwards for both years.

The reconciliation between the income tax expenses and the product of loss before tax multiplied by the PRC enterprise income tax rate is as follows:

	2022	2021
	HK\$'000	HK\$'000
Loss before tax	<u>(11,466)</u>	<u>(24,328)</u>
Tax at the tax rate of 25% (2021: 25%)	(2,867)	(6,082)
Tax effect of expenses not deductible for tax purposes	1,232	1,286
Tax effect of income not taxable for tax purposes	(5,451)	(404)
Tax effect of tax exemptions granted (<i>note</i>)	–	2,393
Over provision in prior years	–	(16)
Tax effect of deductible temporary differences not recognised	496	664
Tax effect of tax loss not recognised	7,815	2,292
Tax effect of utilisation of tax losses not previously recognised	<u>(1,225)</u>	<u>(33)</u>
Income tax expense	<u>–</u>	<u>100</u>

Note:

The amount mainly represents the tax effect of the 50% of assessable profit/loss of a wholly-owned subsidiary of the Company, Kenford Industrial Company Limited (“**Kenford Industrial**”), which is exempted under Departmental Interpretation and Practice Notes No.21 issued by the Inland Revenue Department of Hong Kong in respect of claiming 50% of manufacturing profit/loss as offshore profit/loss. During the year ended 31 March 2022, the Group is not entitled to claiming 50% of manufacturing profit/loss as offshore profit/loss.

7. LOSS FOR THE YEAR

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration	660	695
Depreciation of right-of-use assets	1,401	85
Depreciation of property, plant and equipment	1,941	3,509
(Reversal of write-down of)/write-down of inventories (included in cost of inventories sold)	(2,573)	1,639
Cost of inventories sold	250,037	334,450
Directors' remuneration		
As directors (independent non-executive directors)	302	291
For management (executive directors)	786	786
Retirement benefits contributions	40	45
	1,128	1,122
Staff costs (not including directors' emoluments)		
Salaries, bonus and allowances	78,693	101,314
Retirement benefits scheme contributions	6,469	3,898
	85,162	105,212
Total staff costs (including directors' emoluments)	86,290	106,334

Cost of inventories sold includes staff costs and depreciation of HK\$55,812,000 (2021: HK\$75,011,000) which are included in the amounts disclosed separately above.

8. LOSS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss:		
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	(11,466)	(24,428)
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	445,646	445,646

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 2022 and 2021.

10. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 14 to 95 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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	49,563	75,141
Less: loss allowance	(503)	(351)
	<u>49,060</u>	<u>74,790</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 60 days	20,269	72,299
61 to 120 days	26,339	515
121 to 365 days	134	531
Over 1 year	2,318	1,445
	<u>49,060</u>	<u>74,790</u>

As at 31 March 2022, total bill receivables amounting to HK\$1,592,000 (2021: HK\$2,641,000) are held by the Group for future settlement of trade receivables. All bills received by the Group are with a maturity period of less than one year.

Reconciliation of loss allowance for trade receivables:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At the beginning of the year	351	977
Allowance/(reversal of allowance) for the year	222	(626)
Disposal of subsidiaries	(70)	–
	<u>503</u>	<u>351</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 2022							
Weighted average expected loss rate	0%	0%	0%	0%	4%	23%	
Receivable amount (HK\$'000)	35,436	5,534	5,444	329	773	2,047	49,563
Loss allowance (HK\$'000)	-	-	-	1	29	473	503
At 31 March 2021							
Weighted average expected loss rate	0%	0%	0%	0%	2%	19%	
Receivable amount (HK\$'000)	68,654	2,879	817	515	531	1,745	75,141
Loss allowance (HK\$'000)	-	-	-	1	12	338	351

11. TRADE PAYABLES

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

	2022 HK\$'000	2021 HK\$'000
0 to 60 days	22,760	37,615
61 to 120 days	23,728	8,496
121 to 365 days	4,717	5,384
Over 1 year	2,626	4,299
	<u>53,831</u>	<u>55,794</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 drawn down date.

	Notes	2022 HK\$'000	2021 HK\$'000
CYC	(a)	-	18,095
Mr. Lam Wai Ming	(b)	-	40,000
		<u>-</u>	<u>58,095</u>

- (a) CYC is the Company's immediate holding company. During the year ended 31 March 2022, the loan of HK\$18,095,000 brought forward from 31 March 2021 and a new loan of HK\$8,350,000 incurred during the year ended 31 March 2022 were set off by the Disposal (as defined below). Please refer to note 13 for details.
- (b) Mr. Lam Wai Ming is the key management personnel of the Group. The loans of HK\$40,000,000 were set off by the Disposal (as defined below). Please refer to note 13 for details.

13. DISPOSAL OF SUBSIDIARIES

On 31 December 2021, the Group completed the disposal of its 100% equity interest in a subsidiary, Sky Ocean Group Limited, and its subsidiaries to Mr. Lam Wai Ming, the key management personnel of the Group, at a total consideration of HK\$72,400,000 (the "Disposal"). A net gain on disposal of subsidiaries of HK\$15,904,000 was recognised in the consolidated statement of profit or loss. The gain on disposal of subsidiaries are summarised as follows:

Net assets at the date of disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	97,995
Right-of-use assets	2,973
Inventories	6,582
Trade receivables	4,831
Deposits, prepayments and other receivables	7,409
Bank and cash balances	1,085
Trade payables	(9,915)
Accruals and other payables	(11,222)
Contract liabilities	(365)
Loans from a related party	(12,639)
Tax liabilities	(4,607)
Deferred tax liabilities	(16,968)
	<hr/>
Net assets disposed of	65,159
Release of foreign currency translation reserve	(8,663)
Gain on disposal of subsidiaries	15,904
	<hr/>
Total consideration	<u>72,400</u>
Satisfied by:	
Cash	5,955
Setting off against loans from related parties (<i>note 12(a) and (b)</i>)	66,445
	<hr/>
	<u>72,400</u>
Net cash inflow arising on disposal:	
Cash consideration received	5,955
Bank and cash balances disposed of	(1,085)
	<hr/>
	<u>4,870</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year ended 31 March 2022, the Group recorded a revenue of approximately HK\$265,758,000 (2021: HK\$365,837,000), a decrease of approximately 27.4% from the last financial year. The decrease in revenue was mainly due to the persistence of COVID-19 pandemic, which continued to rampage in the global economy, the lock down measures of foreign countries and the cancellation of international flight, of which negatively affected the cross-border delivery, thereby affecting the Group's sales.

During the financial year, the Group reported a gross profit of approximately HK\$15,721,000 (2021: HK\$31,387,000), representing a gross profit margin of approximately 5.9% (2021: 8.6%). The decrease was mainly due to the increase in material costs, especially electronic and metal related components and overhead costs as well as the absence of government subsidies of approximately HK\$4,000,000 recorded in the last financial year as compared to the current financial year.

The Group recorded continuous loss for the years ended 31 March 2022 and 2021. The management of the Group concluded there was impairment indication and conducted a review of the recoverable amounts of the property, plant and equipment, right-of-use assets and prepayments and determined the recoverable amount of these assets. Based on the result of the assessment, the management of the Group determined that the recoverable amounts of these assets were lower than their carrying amounts. An impairment loss of approximately HK\$19,000 on property, plant and equipment, approximately HK\$2,602,000 on right-of-use assets and approximately HK\$3,994,000 on prepayments (2021: an impairment loss of approximately HK\$2,658,000 on property, plant and equipment) had been recognised.

As a result of the above factors, loss before taxation for the year ended 31 March 2022 was approximately HK\$11,466,000 (2021: HK\$24,328,000), representing a decrease of 52.9% against the previous financial year. The significant decrease was mainly due to the gain on disposal of subsidiaries of approximately HK\$15,904,000. When compared with the revenue, distribution costs and administrative expenses were approximately 1.1% and 16.9% of the revenue respectively for the year ended 31 March 2022 as compared to approximately 2.1% and 12.2% in the last financial year. In dollar term, administrative expenses was approximately HK\$44,857,000, representing a minor increase of 0.6% when compared to that in the last financial year. Such increase was caused by the increased legal and professional fee and PRC government management fee.

Loss for the year was approximately HK\$11,466,000, representing a decrease of approximately 53.1% when compared to loss of approximately HK\$24,428,000 in the last financial year.

Basic loss per share for the year amounted to HK2.57 cents, representing a decrease of approximately 53.1% when compared to loss of HK5.48 cents in the last financial year.

During the year ended 31 March 2022, no dividend was declared and paid (2021: Nil).

BUSINESS REVIEW

Market Review

The continuous emergence of new series of COVID variants during the financial year, the variation in vaccination rollout globally and a new series of travel and transportation restrictions had contributed consequential impact to the differences in the economic recovery. In addition, there were high demand in various raw materials which caused the breakdown of a number of supply chains and led to rising costs and global inflationary pressures. Energy crises and international political dynamics had further hampered the pace of the recovery of the world economy. As a result, the Group recorded significantly lower revenue by 27.4% as compared to that of last financial year.

After more than two years since the outbreak of COVID-19, the pandemic has impacted the global business environment and the livelihood of people and caused a widespread global supply chain disruption. The Group's projects had been adversely affected due to severe supply chain shortage as well as constraint on manpower resources and our export sales volume was therefore significantly affected. Nevertheless, during the financial year, some countries had gradually reopening borders with caution due to high vaccination rate, such as Italy and Hungary. Our revenue to these countries had increased by 113% and 11% respectively, when compared to last financial year.

Most of the Group's customers are famous global brands. Our five major customers accounted for approximately 72.1% and 80.5% of the Group's total revenue 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 shortage in shipping containers, which has caused drastic disruptions to the supply chain worldwide. The manufacturing industry was not immune, and business plans of the Group's domestic and overseas suppliers have also been affected. This has led to a tightened supply of both imported and domestic materials, which caused the average price of raw materials significantly high during the year.

Despite the intensified competition and the high raw materials, 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 the production capacity and efficiency, alleviate the pressure from shortage of production line workers and eliminate wastes which ultimately reduce costs. Consequently, the variable cost had decreased continuously 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 enhance its market share and achieve a long term relationship with its customers.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the Group had approximately HK\$12,362,000 bank and cash balances (2021: HK\$27,987,000). The decrease in bank and cash balances was mainly attributable to the repayment of bank borrowings. The net current assets as at 31 March 2022 amounted to approximately HK\$59,343,000 (2021: HK\$1,741,000). Current ratio of the Group as at 31 March 2022 was approximately 1.6 (2021: 1.0).

As at 31 March 2022, the Group had aggregate banking facilities of HK\$53,400,000 (2021: HK\$83,400,000), of which approximately HK\$26,349,000 (2021: HK\$31,461,000) had been used. The borrowings comprised of trade finance facilities of approximately HK\$25,564,000 (2021: HK\$31,461,000) and bank overdrafts of approximately HK\$785,000 (2021: Nil). The borrowings and overdrafts due within one year amounted to approximately HK\$26,349,000 (2021: HK\$31,461,000). The bank borrowings and overdrafts carried interest rates ranging from HIBOR/LIBOR plus 1.8% to 2.0% (2021: 1.8% to 2.0%) or 1% (2021: 1%) below Prime Rate and 8% over Prime Rate (2021: N/A), respectively.

As at 31 March 2022, the Group's net gearing ratio was approximately 19.9% (2021: 4.0%). This was calculated by dividing the net amount of borrowings (including bank borrowings and overdrafts after deduction of cash and cash equivalents) by total equity attributable to owners of the Company as at 31 March 2022. The increase was mainly due to the decrease in total equity resulted from the loss incurred during the financial year.

The Group has adopted a prudent financial and surplus funds management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2022. 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 2022 (2021: Nil).

SIGNIFICANT DISPOSAL

Disposal of Sky Ocean Group Limited, an indirectly wholly-owned subsidiary of the Company, a connected transaction under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”)

On 25 August 2021, Mr. Lam Wai Ming (“**Mr. Lam**”) (a connected person of the Company at the subsidiary level) and Kenford Industrial Company Limited (“**Kenford Industrial**”) (an indirectly wholly-owned subsidiary of the Company) entered into the sale and purchase agreement, pursuant to which, Kenford Industrial agreed to sell and Mr. Lam agreed to purchase the entire shares capital of Sky Ocean Group Limited (“**Sky Ocean**”) (an indirectly wholly-owned subsidiary of the Company), for a consideration of HK\$72.4 million. The said transaction was completed on 31 December 2021. The transaction constituted a major transaction of the Company as one or more of the applicable percentage ratios in respect of the sale and purchase agreement are more than 25% but are less than 75%. Accordingly, the transaction is subject to the reporting, announcement, circular and shareholders’ approval requirements pursuant to Chapter 14 of the Listing Rules. For details, please refer to the Company’s announcement dated 25 August 2021 and 31 December 2021, respectively; and circular dated 21 September 2021.

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 2022, the Group had capital commitments of approximately HK\$1,089,000 (2021: HK\$823,000).

CONTINGENT LIABILITIES

As at 31 March 2022, the Group had no material contingent liabilities (2021: Nil).

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2022, the Group had a total workforce of 776 (2021: 1,223) including 24 employees (2021: 28) in Hong Kong. Employee costs, including directors' emoluments, amounted to approximately HK\$86,290,000 for the year ended 31 March 2022 (2021: HK\$106,334,000). 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 2022.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Thursday, 25 August 2022 (the "2022 AGM"). A notice convening the 2022 AGM will be published and despatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 22 August 2022 to Thursday, 25 August 2022 (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 2022 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 Friday, 19 August 2022.

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 global logistics issues, 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, we believe that the COVID-19 pandemic and raw materials price fluctuations remain as key factors affecting the economy and overall business outlook. The Group anticipates an upsurge in raw material costs and fluctuating market consumption patterns and we will closely monitor the situation. We will protect our business fundamentals and maintain our agility, vigilance and discipline whilst continuing to adapt to the changing dynamics in customer behavior, channels and the market arena. The Group remains cautious but optimistic, and is confident in our team and corporate values to capture the foreseeable recover.

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

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2022.

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 2022.

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. On 1 January 2022, the amendments to the Corporate Governance Code (the “**New CG Code**”) came into effect and the requirements under the New CG Code will apply to corporate governance reports for financial year commencing on or after 1 January 2022. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly, tightened regulatory requirements and to meet the rising expectations of the shareholders and investors of the Company.

The Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company were in line with the CG Code during the year ended 31 March 2022.

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 2022.

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 2022 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 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement of the Company for the year ended 31 March 2022 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 2022 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
Chairman and Executive Director

Hong Kong, 29 June 2022

As at the date of this announcement, the Board of the Company comprises four executive Directors, namely Mr. Zhang Huijun, Ms. Cai Dongyan, 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