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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

RESULTS HIGHLIGHTS

	Six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Operating results		
Revenue	70,200	108,272
Gross profit	8,340	2,703
Net loss	(8,335)	(19,154)
Per share data		
	HK cents	HK cents
Basic loss per share	(1.862)	(4.298)
Net assets per share	8.3	12.2
Financial position		
	HK\$'000	HK\$'000
Bank and cash balances	34,831	12,967
Total assets	96,431	127,784
Net assets	44,180	54,345
Financial ratio		
Gross profit margin	11.9%	2.5%
Net loss to revenue	(11.9%)	(17.7%)
Return on equity	(18.9%)	(35.3%)
Net gearing ratio	–	18.8%
Net cash to equity ratio	34.8%	–

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Overseas Nuoxin International Holdings Limited (the “**Company**”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2023 (the “**Current Period**”) together with the comparative figures for the corresponding period last year (the “**Last Corresponding Period**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	For the six months ended	
		2023	2022
		(Unaudited)	(Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	70,200	108,272
Cost of sales		<u>(61,860)</u>	<u>(105,569)</u>
Gross profit		<u>8,340</u>	<u>2,703</u>
Other income, gains and losses, net		(213)	363
Distribution costs		(1,266)	(1,330)
Administrative expenses		(14,948)	(20,313)
Finance costs		<u>(248)</u>	<u>(577)</u>
Loss before taxation	6	(8,335)	(19,154)
Income tax expenses	7	<u>—</u>	<u>—</u>
Loss for the period attributable to owners of the Company		(8,335)	(19,154)
Other comprehensive income			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>4,027</u>	<u>3,064</u>
Total comprehensive expenses for the period attributable to owners of the Company		<u>(4,308)</u>	<u>(16,090)</u>
Loss per share (<i>HK cents</i>)	8		
— Basic and diluted		<u>(1.862)</u>	<u>(4.298)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2023 (Unaudited) <i>HK\$'000</i>	As at 31 March 2023 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	<i>10</i>	808	914
Right-of-use assets		2,858	4,594
Deposits, prepayments and other receivables		2,946	4,549
Deferred tax assets		1,956	1,956
		8,568	12,013
Current assets			
Inventories		15,730	13,735
Trade and bills receivables	<i>11</i>	32,786	25,249
Deposits, prepayments and other receivables		4,516	12,869
Tax recoverable		–	30
Bank and cash balances		34,831	8,878
		87,863	60,761
Current liabilities			
Trade payables	<i>12</i>	17,361	17,083
Accruals and other payables		4,233	5,750
Contract liabilities		6,649	8,883
Loans from a shareholder	<i>13</i>	3,995	1,420
Lease liabilities		3,506	3,589
Bank borrowings and overdrafts		15,447	7,352
		51,191	44,077
Net current assets		36,672	16,684
Total assets less current liabilities		45,240	28,697

		As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Non-current liabilities			
Lease liabilities		<u>1,060</u>	<u>2,713</u>
Net assets		<u>44,180</u>	<u>25,984</u>
Capital and reserves			
Share capital	<i>14</i>	533	446
Reserves		<u>43,647</u>	<u>25,538</u>
Total equity		<u>44,180</u>	<u>25,984</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 November 2004 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its shares have been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 16 June 2005. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its immediate holdings company is China Yuen Capital Limited (“**CYC**”), a company incorporated in the British Virgin Islands. Its ultimate holding company is Luckever Holdings Limited, a company incorporated in the British Virgin Islands. The principal place of business of the Company is at Unit 2302, 23/F, New World Tower 1, 18 Queen’s Road Central, Central, Hong Kong.

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

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), and all values are rounded to nearest thousand unless otherwise stated.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

Certain new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) have been issued by the HKICPA. The Directors considered that the adoption of those new HKFRSs which are effective for the accounting periods beginning on 1 April 2023 will not have any material impact on the preparation and presentation of the results and financial conditions of the current period and previous periods. For the HKFRSs that are not yet effective nor have not been early adopted, the Group is in the process of making an assessment of the potential impact of the newly issued HKFRSs.

3. REVENUE

Revenue represents the net amounts received and receivable from sale of electrical haircare appliances, which are recognised at a point in time.

4. SEASONALITY OF OPERATIONS

The Group on average experiences higher sales in the second and third quarters of the financial year, compared to other quarters in the financial year, due to the increased retail demand for its products during the Christmas holiday and the Chinese New Year period. The Group anticipates this demand by increasing its production to build up inventories during the second quarter of the financial year. Those built-up inventories still held at the end of the interim reporting period are sold off in the third quarter of the financial year.

5. SEGMENT INFORMATION

Information reported to the executive Directors, being the chief operating decision maker for the purposes of resources allocation and assessment of performance of a single reportable and operating segment, which is the design, manufacture and sale of electrical haircare appliances.

Revenue associated with the sale of products are recognised at the point in time when control of the promised goods has been transferred to the customers. The point in time when control transfers to the customer depends on the contractually agreed upon shipping terms, but typically occurs once the product has been shipped. Transportation and handling activities that occur before the customers obtain control over the relevant goods are considered as fulfilment activities.

The Group's revenue from external customers by geographical location of customers irrespective of the origin of the goods is as follows:

	Six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Europe	44,600	56,207
Asia	23,766	41,322
North and South America	1,391	7,287
Australia	443	3,456
	70,200	108,272

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories recognised as expenses	61,674	105,113
Depreciation of property, plant and equipment	106	23
Depreciation of right-of-use assets	1,736	2,013
Interests on lease liabilities	110	188
Interests on bank borrowings	127	352
Total staff costs (including Directors' remuneration)	23,520	40,994
Allowance for inventories	186	737
Net foreign exchange loss	3,507	3,625
	<u>61,674</u>	<u>105,113</u>

7. INCOME TAX EXPENSES

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current Tax:		
— Hong Kong Profits Tax	—	—
	<u>—</u>	<u>—</u>

Under the Law of the People's Republic of China (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% (six months ended 30 September 2022: 25%).

No PRC Enterprise Income Tax has been provided in the condensed consolidated financial statement as the subsidiaries of the Group operating in the PRC are suffering from tax losses for the both periods.

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2022: 16.5%) of the estimated assessable profits for the period.

No Hong Kong Profits Tax has been provided in the condensed 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 the both periods.

8. LOSS PER SHARE

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

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company for the purposes of calculating basic loss per share	<u>(8,335)</u>	<u>(19,154)</u>
	Number of shares	
	'000	'000
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	<u>447,559</u>	<u>445,646</u>
Basic loss per share (<i>HK cents</i>)	<u>(1.862)</u>	<u>(4.298)</u>

There was no diluted loss per share for the six months ended 30 September 2023 and 2022 as there was no potential ordinary share issued during the respective periods.

9. DIVIDENDS

The Directors have resolved not to declare the payment of an interim dividend for the six months ended 30 September 2023 (six month ended 30 September 2022: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment at a cost of approximately HK\$Nil (six months ended 30 September 2022: HK\$287,000). There was no material disposal of property, plant and equipment during six months ended 30 September 2023 and 2022.

11. TRADE AND BILLS RECEIVABLES

The credit periods granted by the Group ranged from 14 to 95 days. For those major customers, a credit term up to 120 days from the invoice date is allowed.

	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Trade receivables	28,800	25,612
Less: loss allowance	(835)	(1,184)
	27,965	24,428
Bills receivables	4,821	821
Total trade and bills receivables	32,786	25,249

The aging analysis of trade and bills receivables, net of allowance for bad and doubtful debts, presented based on invoice date at the end of the reporting period, which approximates to the respective date of revenue recognition, is as follows:

	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
0 to 60 days	22,043	12,155
61–120 days	9,144	10,875
121–365 days	200	1,322
Over 365 days	1,399	897
	32,786	25,249

12. TRADE PAYABLES

The credit periods on purchases of goods ranged from 30 to 120 days. The aging analysis of trade payables presented based on the date of receipt of goods at the end of the reporting period is as follows:

	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
0 to 60 days	5,705	8,755
61–120 days	7,488	4,362
121–365 days	815	1,453
Over 365 days	3,353	2,513
	17,361	17,083

13. LOANS FROM A SHAREHOLDER

The amounts are unsecured, interest-free and repayable within one year from the drawn down date.

		30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
	<i>Note</i>		
CYC	(a)	<u><u>3,995</u></u>	<u><u>1,420</u></u>

Note:

- (a) CYC is the Company's immediate holding company. During the Current Period, the loans of HK\$1,420,000 were brought forward from 31 March 2023 and new loans of HK\$2,575,000 were raised.

14. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.001 (2022: HK\$0.001) each At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	<u><u>1,000,000</u></u>	<u><u>1,000</u></u>
Issued and fully paid:		
Ordinary shares of HK\$0.001 (2022: HK\$0.001) each At 1 April 2022, 31 March 2023 and 1 April 2023	445,646	446
Issuance of shares under subscriptions (<i>note</i>):		
Ordinary shares of HK\$0.001 each	<u>87,508</u>	<u>87</u>
At 30 September 2023	<u><u>533,154</u></u>	<u><u>533</u></u>

Note: On 11 September 2023, the Company entered into the subscription agreements, pursuant to which the subscribers had conditionally agreed to subscribe for 87,508,000 new shares at the subscription price of HK\$0.275 per subscription share. The subscriptions was completed and 87,508,000 of new shares were issued and allotted on 27 September 2023.

15. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following balances with its related parties as at the end of reporting periods and transactions with its related parties during the reporting periods:

	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Balances with its related parties:		
Deposits and prepayments to companies controlled by Mr. Lam Wai Ming (“Mr. Lam”) (note) included in deposits, prepayments and other receivables	4,542	6,614
Trade payables to a company controlled by Mr. Lam included in trade payables	–	32
	<u>–</u>	<u>32</u>
	30 September 2023 (Unaudited) HK\$'000	30 September 2022 (Unaudited) HK\$'000
Transactions with its related parties:		
Purchase from a company controlled by Mr. Lam	19,288	26,453
Sales of raw materials to a company controlled by Mr. Lam	–	1,370
Rent paid to a company controlled by Mr. Lam	1,636	1,730
	<u>1,636</u>	<u>1,730</u>

Key management personnel emoluments

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including Directors and other key management of the Group.

The key management personnel emoluments during the reporting periods were as follows:

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Basic salaries and allowances	958	995
Retirement benefit contributions	25	25
	<u>983</u>	<u>1,020</u>

Note: Mr. Lam is directors of some subsidiaries of the Group and is the key management personnel of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's turnover for the Current Period was approximately HK\$70,200,000, which represents a decrease of approximately 35.2% from approximately HK\$108,272,000 during the Last Corresponding Period. The decrease was mainly due to the low consumer sentiment resulting from the post-pandemic economic uncertainties and the prolonged Russia-Ukraine conflict. It adversely affected our orders from European and Asian markets for the Current Period.

Gross profit for the Current Period amounted to approximately HK\$8,340,000, which represented an increase of approximately 208.5% from approximately HK\$2,703,000 in the Last Corresponding Period. Gross profit margin during the Current Period was approximately 11.9% as compared to 2.5% in the Last Corresponding Period, which represented an increase of 9.4 percentage points. The increase was mainly caused by the gradual decline of overall prices of raw materials from the peak level, which helped reducing the production cost of the Group and mitigating the pressure on gross profit margin.

Net loss for the Current Period was approximately HK\$8,335,000, which represented a decrease of approximately 56.5% from approximately HK\$19,154,000 in the Last Corresponding Period.

Basic loss per share was HK1.862 cents, which represented a decrease of approximately 56.7% from the loss per share of HK4.298 cents in the Last Corresponding Period.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

BUSINESS REVIEW

Market Review

The Group is principally engaged in the design, manufacture and sale of electrical haircare appliances. The Group's manufacturing base is located in Dongguan, the PRC, with its products mainly sold on original design manufacturing (ODM) and original equipment manufacturing (OEM) basis.

The temporary retardation of economic growth in the PRC, coupled with tighter monetary policy in the US and Europe and global hyperinflation, have not only dampened consumer sentiment but also hampered the pace of the economic recovery of the world.

In addition, part of our key customers being overstocked resulting from the low market demand is one of a critical issues affecting our performance for the Current Period. In the past few years, many countries were enforced to be locked down due to the pandemic and supply chains were disrupted. Due to fear of supply chain ruptures, most brand owners have aggressively increased their inventory level and led to inventory gluts in the post pandemic era which has put brand owners in a tough spot, including some major customers of the Group.

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

Most of the Group's customers are renowned global brands. The five major customers have accounted for approximately 86% and 62% of its total turnover during the Current Period and the Last Corresponding Period, respectively. The Group believes that the European and Asian markets will remain the major geographic revenue contributors in the coming years even the orders from those markets reduced during the Current Period.

Operation Review

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

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group had approximately HK\$34,831,000 in bank and cash balances as at 30 September 2023 (31 March 2023: HK\$8,878,000). The Group's net current assets were approximately HK\$36,672,000 (31 March 2023: HK\$16,684,000). The current ratio was approximately 1.7 (31 March 2023: 1.4).

At at 30 September 2023, the Group had aggregate banking facilities of approximately HK\$80,361,000 (31 March 2023: HK\$53,400,000), of which approximately HK\$15,447,000 (31 March 2023: HK\$7,352,000) was utilized. The borrowings comprised trade finance facilities of approximately HK\$15,447,000 (31 March 2023: trade finance facilities of HK\$3,763,000 and bank overdrafts of HK\$3,589,000) with maturity due within one year. The bank borrowings carry interest at rates ranging from HIBOR/LIBOR plus 1.8% to 2.0% (31 March 2023: 1.8% to 2.0%) or 1% (31 March 2023: 1%) below the prime rate and 8% (31 March 2023: 8%) over Prime Rate, respectively.

As at 30 September 2023, the Group's net cash to equity ratio was approximately 34.8% (31 March 2023: 0.4%). This was calculated by dividing the net amount of cash (including cash and cash equivalents after deduction of loans from a shareholder and bank borrowings and overdrafts) by total equity attributable to owners of the Company as at 30 September 2023.

The Group has adopted a prudent financial and funds management approach towards its treasury policies and will continuously monitor financial resources to ensure sufficient funding to meet working capital and capital expenditure requirements.

FOREIGN EXCHANGE EXPOSURE

The Group's financial statements are denominated in Hong Kong dollars. The Group conducts its 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 is no material exchange risk in this respect. All of the Group's bank loan facilities have been denominated in Hong Kong dollars and carry interest at floating rates. During the Current Period, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign exchange risk.

CONTRACTUAL AND CAPITAL COMMITMENTS

As at 30 September 2023, the Group had capital commitments of HK\$1,072,000 (31 March 2023: HK\$1,142,000).

CONTINGENT LIABILITIES

As at 30 September 2023, the Group had no material contingent liabilities (31 March 2023: Nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 30 September 2023, the Group employed 17 staff in Hong Kong (30 September 2022: 16) and a total work force of 492 people (30 September 2022: 589) inclusive of all its staff and workers in the PRC. For the Current Period, the total staff costs (including Directors' remuneration) were approximately HK\$23,520,000 (Last Corresponding Period: HK\$40,994,000) and the decrease in staff costs was mainly attributable to the decrease in the size of the total work force, partially offset by the increase in minimum wage in Guangdong Province of the PRC and the redundancy payment. The Group's remuneration policy is underscored by the principle of awarding equitable packages to employees, incentive-based where applicable, with remuneration 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 scheme, performance-based bonuses, provident fund contributions and medical insurance coverage.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE

On 11 September 2023 (after trading hours of the Stock Exchange), the Company, as the issuer, entered into eight subscription agreements with eight subscribers pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 87,508,000 subscription shares in aggregate at the subscription price of HK\$0.275 per subscription share. The subscriptions were completed and 87,508,000 new shares of the Company were issued and allotted to the subscribers on 27 September 2023. The aggregate nominal value of the subscription shares were HK\$87,508. The net proceeds from the subscriptions amounted to approximately HK\$22.50 million, which were intended for future business development and general working capital. The net proceeds were not utilised during the Current Period and are expected to be utilised by the end of 2023. For details of the subscriptions, please refer to the announcements of the Company dated 11 September 2023, 14 September 2023 and 27 September 2023.

OUTLOOK AND PROSPECTS

At the beginning of 2023, many governments in worldwide had adjusted its COVID-19 approach and eased most of the anti-epidemic restrictions. However, as a result of the impact of post-pandemic environment with uncertain economic outlook and geopolitical tensions, the position of the manufacturing industry of the PRC in the global supply chain has undergone major changes and the orders from overseas were reduced. The Group expected the challenge will continue in the second half of 2023. Looking ahead to 2024, it is expected that the pace of worldwide economic recovery will accelerate and a strong impetus is expected in the consumer market.

In this regard, we strongly believe research and development and innovation could help improve the designs and specifications of our products and hence retain market share. The Group would continue to devote resources to enhance the research and development capabilities of our R&D team.

Meanwhile, the Group plans to expand its business into big data platform business segment to create new revenue stream. It is in line with the business development strategy of the Group. The Group will start the business of provision of big data platform and digital solutions services in the PRC with a business partner in the second half of the year ending 31 March 2024.

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

SHARE CAPITAL

As at 30 September 2023, the listed shares of HK\$0.001 each in the share capital of the Company (the “**Shares**”) was 533,154,000 shares (31 March 2023: 445,646,000 shares).

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company during the Current Period.

INTERIM DIVIDENDS

The Board has resolved not to declare payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

CORPORATE GOVERNANCE PRACTICES

To enhance accountability, transparency, independence, responsibility and fairness to the shareholders and stakeholders, the Company is dedicated to develop the appropriate framework of corporate governance for the Group. The Group will keep on reviewing and improving the 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.

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 six months ended 30 September 2023.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 six months ended 30 September 2023.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 29 April 2005 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules published on both the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are, inter alia, to review and supervise the financial reporting process, risk management and internal control system of the Group, to review the financial statements focusing particularly on (i) any changes in accounting policies and practices of the Group; (ii) the compliance with accounting standards and (iii) the compliance with the legal requirements, as well as to review the Company’s annual reports and interim reports.

The Audit Committee has the responsibilities and powers set forth in the terms of reference of the Audit Committee. Committee members shall meet at least twice to consider the interim and final results prepared by the Board.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Hu Zhigang, Mr. Zhang Jiayou and Mr. Ma Yu-heng. Mr. Ma Yu-heng was appointed as the chairman of the Audit Committee. None of the Audit Committee members are members of the former or existing auditors of the Company.

The Audit Committee has discussed with the management the accounting principles and policies adopted by the Group, and reviewed this announcement and the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 September 2023.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “**Remuneration Committee**”) was established with the purpose (i) to review and give comment to the overall remuneration policy and remuneration packages of the Group; (ii) to review and give comment to the basic salary of the executive Directors and senior management of the Group; (iii) to review and give comment to the performance bonus of the executive Directors; (iv) to note the fact that no compensation had been paid to the executive Directors and senior management of the Group in relation to their resignation, if any; and (v) to recommend the remuneration packages of the executive Directors and senior management of the Group for each financial year prior to recommending them to the Board for determination.

The Remuneration Committee comprises of three independent non-executive Directors namely, Mr. Hu Zhigang, Mr. Zhang Jiayou and Mr. Ma Yu-heng and one executive Director, Mr. Zhang Huijun. Mr. Hu Zhigang was appointed as chairman of the Remuneration Committee.

NOMINATION COMMITTEE

The nomination committee of the Company (the “**Nomination Committee**”) was established to formulate nomination policy for the consideration of the Board and to implement the nomination policy laid down by the Board. It has adopted the terms of reference, which are in line with the CG Code under Appendix 14 to the Listing Rules.

The Nomination Committee comprises three independent non-executive Directors namely, Mr. Hu Zhigang, Mr. Zhang Jiayou and Mr. Ma Yu-heng. Mr. Hu Zhigang was appointed as the chairman of the Nomination Committee.

INTERNAL AUDIT

The Company has set up an internal audit department since February 2008. The Audit Committee has met with the internal auditor and discussed with the Board about the internal control report. The Board also through the Audit Committee conducted a review of the effectiveness of the systems of internal control and risk management of the Group which cover all material controls, including strategic, financial, operational and compliance controls. The Audit Committee considers the systems effective and adequate.

The Company has engaged an accountant with appropriate working experiences in the Finance & Accounting Department of the Group. The Board was also satisfied with the adequacy of resources, staff qualifications and experiences, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

RISK MANAGEMENT

The Board recognises risk management as one of the key elements to the success of the Company. The Group takes a pragmatic approach to manage different risks to align with its business development strategically. The management identifies potential risks, assesses their impact and likelihood and develops appropriate action plans to mitigate risks to a level that the Company is willing to take in achieving the Company's objectives on a regular basis. The Group will continue to enhance the risk management practices and internal control system and adopt a stringent governance framework with reference to the best practices in the market.

INTERNAL CONTROL

The Board has overall responsibility for maintaining sound and effective internal control and risk management systems within the Group and reviewing their effectiveness, particularly in respect of financial, operational, and compliance controls, and setting appropriate policies so that the objectives of the Group can be effectively and efficiently achieved and the associated risks can be identified, managed and mitigated at an acceptable level.

Appropriate policies and procedures are provided to the staff to take all measures that can (i) safeguard assets against unauthorised use or disposition; (ii) keep proper and accurate accounting records and enhance the reliability of financial reporting; and (iii) ensure efficiency and effectiveness of operations and compliance with applicable laws and regulations. The design of the internal control and risk management systems is to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage and minimise the risk of failure in the Group's operational systems.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

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

EVENTS AFTER THE REPORTING PERIOD

As at 27 October 2023, Mega Talent Investment Holding Limited (“**Mega Talent**”), a wholly-owned subsidiary of the Company, entered into a joint venture agreement (the “**JV Agreement**”) with a joint venture partner (the “**JV Partner**”), pursuant to which the parties agreed to establish Xiamen Tianyang Digital Technology Company Limited* (廈門天洋數字科技有限公司) (“**Xiamen Tianyang**”) which will be principally engaged in the business of provision of big data platform and digital solutions services in the PRC. Xiamen Tianyang is owned as to 51% and 49% by Mega Talent and the JV Partner, respectively. It will become an indirectly non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group. For the details, please refer to the announcement of the Company dated 27 October 2023.

Save as disclosed above, there have been no important events subsequent to 30 September 2023 and up to the date of this announcement, which would affect the Group’s business operations in material aspects.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at Website: www.co-nuoxin.com under “Announcement/Circular”. The interim report will be dispatched to the shareholders and published on the above websites in due course.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all members of the staff for their dedication and commitment and the continuing support from our customers, suppliers, banks and shareholders.

By order of the Board
China Overseas Nuoxin International Holdings Limited
Zhang Huijun
Chairman

Hong Kong, 29 November 2023

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

Website: www.co-nuoxin.com

* For identification purposes only