



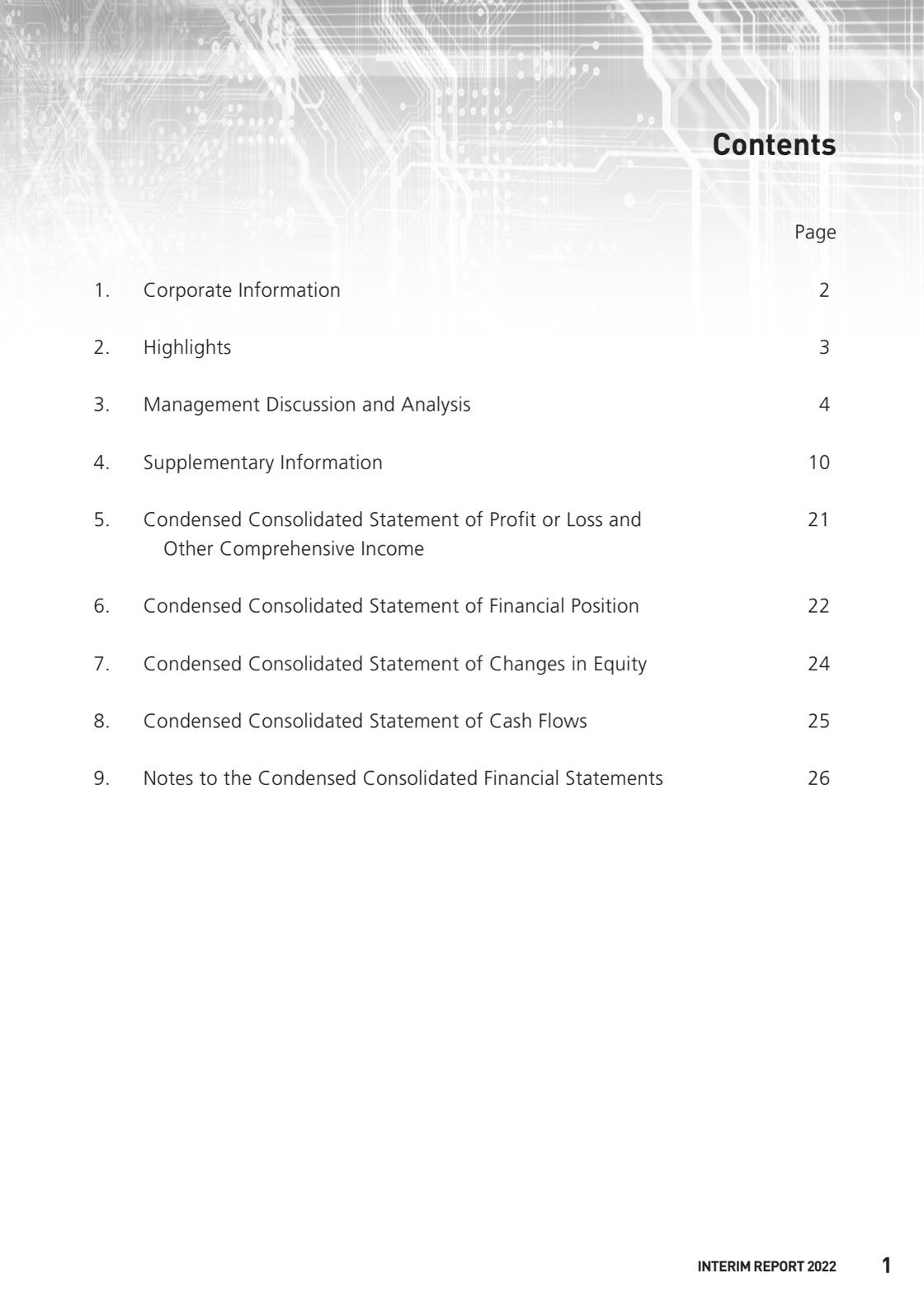
# China Overseas Nuoxin International Holdings Limited 中國海外諾信國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 00464

# 2022

## INTERIM REPORT



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Gao Jianbo (*chairman*)

Ms. Cai Dongyan

(*chief executive officer*)

Ms. Pauline Lam

Mr. Zhang Huijun

Mr. Lin Liangyong

### Independent Non-Executive Directors

Mr. Lam Yick Man

Mr. Hu Zhigang

Mr. Zhang Jiayou

### COMPANY SECRETARY

Mr. Shiu Wing Yan

### AUDIT COMMITTEE

Mr. Lam Yick Man (*chairman*)

Mr. Hu Zhigang

Mr. Zhang Jiayou

### NOMINATION COMMITTEE

Mr. Hu Zhigang (*chairman*)

Mr. Lam Yick Man

Mr. Zhang Jiayou

### REMUNERATION COMMITTEE

Mr. Hu Zhigang (*chairman*)

Mr. Zhang Huijun

Mr. Lam Yick Man

Mr. Zhang Jiayou

### REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

### PRINCIPAL PLACE OF BUSINESS

Unit B, 12/F

Hang Seng Causeway Bay Building

28 Yee Wo Street

Causeway Bay, Hong Kong

Telephone: (852) 3757 5650

Facsimile: (852) 3016 9882

Email: [Info@co-nuoxin.com](mailto:Info@co-nuoxin.com)

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited

Suite 3204, Unit 2A

Block 3, Building D

P.O. Box 1586

Gardenia Court, Camana Bay

Grand Cayman, KY1-1100

Cayman Islands

### BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong

Investor Services Limited

Shop 1712–1716,

17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

### AUDITOR

ZHONGHUI ANDA CPA Limited

### LEGAL ADVISER

Chungs Lawyers in association with

DeHeng Law Offices

### PRINCIPAL BANKERS

Hang Seng Bank Limited

The Hongkong and Shanghai

Banking Corporation Limited

Dah Sing Bank Limited

### CORPORATE WEBSITE

[www.co-nuoxin.com](http://www.co-nuoxin.com)

### STOCK CODE

00464

# Highlights

	<b>Six months ended 30 September</b>	
	<b>2021 (Unaudited) HK\$'000</b>	2020 (Unaudited) HK\$'000
<b>Operating results</b>		
Revenue	<b>148,350</b>	193,997
Gross profit	<b>11,247</b>	23,027
Net loss	<b>(13,069)</b>	(2,115)
<b>Per share data</b>	<b>HK cents</b>	HK cents
Basic loss per share	<b>(2.933)</b>	(0.475)
Net assets per share	<b>17.4</b>	22.9
<b>Financial position</b>	<b>HK\$'000</b>	HK\$'000
Cash	<b>25,518</b>	25,567
Net Cash (Bank and cash balances less interest bearing borrowings)	<b>N/A</b>	N/A
Total assets	<b>289,335</b>	352,080
Net assets	<b>77,413</b>	102,217
<b>Financial ratio</b>		
Gross profit margin	<b>7.6%</b>	11.9%
Net loss to revenue	<b>(8.8%)</b>	(1.1%)
Return on equity	<b>(16.9%)</b>	(2.1%)
Net gearing ratio	<b>5.4%</b>	13.1%

# Management Discussion and Analysis

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 2021.

## FINANCIAL RESULTS

The Group’s turnover for the six months ended 30 September 2021 (the “**Current Period**”) was approximately HK\$148,350,000, which represents a decrease of approximately 23.5% from HK\$193,997,000 during the corresponding period last year (the “**Last Corresponding Period**”). The decrease was mainly due to the persistent COVID-19 pandemic, which adversely affected the demand of the Group’s products from customers of the European and Asian markets.

Gross profit for the Current Period amounted to approximately HK\$11,247,000, which represented a decrease of approximately 51.2% from approximately HK\$23,027,000 in the Last Corresponding Period. Gross profit over revenue (“**Gross Profit Margin**”) during the Current Period was approximately 7.6% compared to 11.9% in the Last Corresponding Period, which represented a decrease of 4.3 percentage points. The decrease was mainly caused by the increase in material costs, especially electronic and metal related components, and overhead costs; and the absence of government subsidies of approximately HK\$4,000,000 recorded in the Last Corresponding Period as compared to the Current Period.

Net loss for the Current Period was approximately HK\$13,069,000, which represented an increase of approximately 517.9% from approximately HK\$2,115,000 in the Last Corresponding Period.

Basic loss per share was HK2.933 cents, which represented an increase of 517.5% from a loss per share of HK0.475 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 2021 (six months ended 30 September 2020: Nil).

# Management Discussion and Analysis

## 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 People's Republic of China ("PRC"), with its products mainly sold on original design manufacturing (ODM) and original equipment manufacturing (OEM) base.

In the first half of 2021, the ongoing COVID-19 pandemic has continuously dampened consumer sentiment in the global retail market. Even though the global economic activities are gradually increasing because of the increasing global vaccination rate, companies from all sectors still concern about the business environment and continuously monitor and adjust their business approaches with caution. The retail industry in particular was suffering from huge hit as a result of the epidemic consumers sentiment. The Group is no exception. Nonetheless, with the long partnerships with our customers and profound financial risk management, the Group has minimized the impact with various cost savings efforts.

During the Current Period, the Group continued to face strong pressure from customers requesting price reductions for mature products, 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 72% and 79% 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.

# Management Discussion and Analysis

## 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 difficulties in recruiting production line operators. As the COVID-19 pandemic continues to ravage the economy, rising raw material costs, tight overseas transportation and appreciation of the renminbi, market conditions remain challenging. 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 relentlessly strives for 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.

On the other hand, the Group puts extra efforts on improving the competitiveness of its high quality products together with bolstering its R&D capabilities with an aim to enhance its market share and achieved a long term relationship with its customers.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group had approximately HK\$25,518,000 in bank and cash balances as at 30 September 2021 (31 March 2021: HK\$27,987,000). The Group's net current liabilities were approximately HK\$9,448,000 (31 March 2021: net current assets HK\$1,741,000). The current ratio was 1.0 (31 March 2021: 1.0).

# Management Discussion and Analysis

## **LIQUIDITY AND FINANCIAL RESOURCES (Continued)**

The Group had aggregate banking facilities of approximately HK\$83,400,000 (31 March 2021: HK\$83,400,000), of which approximately HK\$29,732,000 (31 March 2021: HK\$31,461,000) was utilized. The borrowings comprised trade finance facilities of approximately HK\$29,732,000 (31 March 2021: HK\$31,461,000) 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 2021: 1.8% to 2.0%) or 1% (31 March 2021: 1%) below the prime rate.

As at 30 September 2021, the Group's net gearing ratio was approximately 5.4% (31 March 2021: 4.0%). 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 30 September 2021.

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 rate risk in this respect. To manage the fluctuation of the Renminbi exchange rate, the Group has successfully generated revenue in Mainland China to hedge Renminbi receipts and payments on an ongoing basis. The Group has not used any financial instrument to hedge its foreign exchange risk. All of the Group's bank loan facilities were denominated in Hong Kong dollars and carry interest at floating rates.

# Management Discussion and Analysis

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors, as at the latest practicable date prior to the printing of this report, the Company has maintained sufficient public float of its issued shares as required under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

## CONTRACTUAL AND CAPITAL COMMITMENTS

As at 30 September 2021, the Group had capital commitments of approximately HK\$1,723,000 (31 March 2021: HK\$823,000).

## CONTINGENT LIABILITIES

As at 30 September 2021, the Group had no material contingent liabilities (31 March 2021: Nil).

## EMPLOYMENT AND REMUNERATION POLICY

As at 30 September 2021, the Group employed 24 staff in Hong Kong (30 September 2020: 29) and a total work force of 1,079 people (30 September 2020: 1,222) inclusive of all its staff and workers in China. For the Current Period, the total staff costs (including Directors’ remuneration) were approximately HK\$44,836,000 (Last Corresponding Period: HK\$50,185,000) and the decrease in staff costs was mainly attributable to the decrease in the size of the total work force. 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.

# Management Discussion and Analysis

## OUTLOOK AND PROSPECTS

With reference to the existing principal haircare appliances businesses, the Group anticipates that the businesses will face several key challenges. These include sluggish demand due to the COVID-19 pandemic, pressure from shortage of skilled labour in Mainland China 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 ahead.

Although the COVID-19 pandemic is generally under control in China, the global economy suffered immeasurable adverse impact given the uncertainties in respect of the epidemic prevention and control outside China. In addition, the implementation of the policy of electricity supply control in China will have an additional impact on the supply of raw materials and decrease the production capacity. In light of the complicated domestic and global economic conditions, the Group will continue to optimize and recalibrate the composition of raw materials supply, while identifying new suppliers to secure a sufficient supply.

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 maximize the return to the Company and its shareholders in the long run.

# Supplementary Information

## SHARE CAPITAL

As at 30 September 2021, the listed shares of HK\$0.001 each in the share capital of the Company (the “**Shares**”) was 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 2021 (six months ended 30 September 2020: Nil).

## DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at 30 September 2021, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”), as recorded in the register maintained by the Company under Section 352 of the SFO; or as notified to the Company and the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules.

## Supplementary Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at 30 September 2021, the interests and short positions of the persons, other than Directors and chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

#### Long Position in the Shares of the Company

Name of Substantial Shareholders	Capacity and Nature of Interest	Number of Shares held	Approximate percentage of issued Shares
China Yuen Capital Limited (Note 1)	Beneficial owner	253,132,500	56.80%
China Investment International Limited (Note 1)	Interest of controlled corporation	253,132,500	56.80%
Asia Glory Management Group Limited (Note 1)	Interest of controlled corporation	253,132,500	56.80%
Luckever Holdings Limited (Note 1)	Interest of controlled corporation	253,132,500	56.80%
Li Yuelan (Note 1)	Interest of controlled corporation	253,132,500	56.80%
Liu Xuezhong (Note 1)	Interest of controlled corporation	253,132,500	56.80%
Tianjin Xian Tong Investment Management Co., Ltd* (天津仙童投資管理有限責任公司)	Investment manager	50,575,000	11.35%

# Supplementary Information

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY (Continued)

### Long Position in the Shares of the Company (Continued)

Name of Substantial Shareholders	Capacity and Nature of Interest	Number of Shares held	Approximate percentage of issued Shares
Tianjin Wei Tong Yuan Asset Management Co., Ltd* (天津禱童源資產管理有限公司)	Investment manager	44,500,000	9.99%
Donghai International Financial Holdings Company Limited (Note 2)	Security interest in Shares	227,332,500	51.01%
東海證券股份有限公司 (Note 2)	Security interest in Shares	227,332,500	51.01%

*Note:*

- (1) China Yuen Capital Limited is owned as to 100% by China Investment International Limited, which is owned as to 100% by Asia Glory Management Group Limited, which in turn is owned as to 100% by Luckever Holdings Limited. Luckever Holdings Limited is owned as to 60.87% by Mr. Liu Xuezhong and 39.13% by Ms. Li Yuelan (the spouse of Mr. Liu Xuezhong). By virtue of the SFO, each of China Investment International Limited, Asia Glory Management Group Limited, Luckever Holdings Limited, Mr. Liu Xuezhong and Ms. Li Yuelan was taken to be interested in the 253,132,500 Shares held by China Yuen Capital Limited.
- (2) 東海證券股份有限公司 is the 100% immediate holding company of Donghai International Financial Holdings Company Limited. By virtue of the SFO, 東海證券股份有限公司 is taken to be interested in the 227,332,500 Shares held by Donghai International Financial Holdings Company Limited.

\* For identification purpose only

## Supplementary Information

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY (Continued)**

#### **Long Position in the Shares of the Company (Continued)**

Save as disclosed above, as at 30 September 2021, no person (other than Directors and chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

#### **SHARE OPTION SCHEME**

On 27 May 2005, the Company adopted a Share Option Scheme (“**2005 Share Option Scheme**”) which was matured on 26 May 2015. Pursuant to a resolution passed on 6 August 2015, the Company adopted a new share option scheme which will remain in force for a period of ten (10) years. There was no option granted under the new share option scheme during the six months ended 30 September 2021 (31 March 2021: Nil).

There was no outstanding option as at 30 September 2021 (31 March 2021: Nil).

#### **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

Save as disclosed above, at no time during the Current Period were there any rights to acquire benefits by means of the acquisition of securities of the Company granted to any Director or their respective spouse or children under 18 years of age, or were there any such rights exercised by them; or was the Company, its holding company, its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

# Supplementary Information

## COMPETING INTERESTS

Save and except for interests in the Group, none of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the Listing Rules) had any interest in any other companies as at 30 September 2021 which may, directly or indirectly, compete with the Group's business.

## CORPORATE GOVERNANCE

### 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 2021.

### 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 specific enquiry by the Company, all of 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 2021.

# Supplementary Information

## CORPORATE GOVERNANCE (Continued)

### Board of Directors

The Board comprises eight Directors, five of which are executive Directors, namely, Mr. Gao Jianbo (chairman), Ms. Cai Dongyan (chief executive officer), Mr. Zhang Huijun, Ms. Pauline Lam and Mr. Lin Liangyong, and three of which are independent non-executive Directors, namely, Mr. Hu Zhigang, Mr. Lam Yick Man and Mr. Zhang Jiayou.

### 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. Lam Yick Man and Mr. Zhang Jiayou and one executive Director, Mr. Zhang Huijun. Mr. Hu Zhigang was appointed as chairman of the Remuneration Committee.

# Supplementary Information

## CORPORATE GOVERNANCE (Continued)

### 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. Lam Yick Man and Mr. Zhang Jiayou. Mr. Hu Zhigang was appointed as the chairman of the Nomination Committee.

### 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.

# Supplementary Information

## **CORPORATE GOVERNANCE (Continued)**

### **Audit Committee (Continued)**

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Hu Zhigang, Mr. Lam Yick Man and Mr. Zhang Jiayou. Mr. Lam Yick Man 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 report and the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 September 2021.

## **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 practice in the market.

# Supplementary Information

## INTERNAL CONTROL

The Board has the overall responsibility in maintaining sound and effective internal control and risk management systems within the Group and reviewing their effectiveness, particularly in respect of the 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 to an acceptable level.

Appropriate policies and procedures are provided to our 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 Disposal of the Entire Issued Share Capital in Sky Ocean Group Limited (the "Disposal")

On 25 August 2021 (after trading hours of the Stock Exchange), Mr. Lam Wai Ming, (the "**Purchaser**") and Kenford Industrial Company Limited, (the "**Vendor**") (an indirectly wholly-owned subsidiary of the Company) entered into the sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase the entire issued share capital in Sky Ocean Group Limited (the "**Disposed Company**"), for a consideration of HK\$72.4 million. Completion is subject to the fulfilment or waiver (as the case maybe) of the disposal conditions. Upon completion, the Disposed Company will cease to be a subsidiary of the Company.

## Supplementary Information

### **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS (Continued)**

#### **The Disposal of the Entire Issued Share Capital in Sky Ocean Group Limited (Continued)**

The transaction contemplated under the Sale and Purchase Agreement constitutes 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 Disposal is subject to the reporting, announcement, circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules. The Purchaser is a director of certain subsidiaries of the Company. Accordingly, the Purchaser is a connected person of the Company at the subsidiary level and the transaction contemplated under the Sale and Purchase Agreement will constitute a connected transaction of the Company. For further details of the above transactions, please refer to the Company's announcement dated 25 August 2021 and the Circular dated 21 September 2021.

As at the date of this report, the Disposal was not completed.

### **PUBLICATION OF INTERIM RESULTS**

All details on the financial and related information of the Company containing all information as required by paragraph 46(1) to 46(9) of Appendix 16 to the Listing Rules are published on the website of the Stock Exchange. It will also be dispatched to the shareholders of the Company and available to the public for collection in the following places in early December 2021:

1. Principal place of business in Hong Kong: Unit B, 12/F, Hang Seng Causeway Bay Building, 28 Yee Wo Street, Causeway Bay, Hong Kong.
2. Website: [www.co-nuoxin.com](http://www.co-nuoxin.com)

## Supplementary Information

### OTHER DISCLOSURE

Save as disclosed, the Group either has had no material changes from the information disclosed in the latest annual report of the Company or such changes are considered not significant to the Group's operations, and thus no additional disclosure has been made in this report.

### 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**

*Executive Director*

Hong Kong, 29 November 2021

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		For the six months ended 30 September	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
	Notes		
<b>Revenue</b>	3	<b>148,350</b>	193,997
Cost of sales		<b>(137,103)</b>	(170,970)
Gross profit		<b>11,247</b>	23,027
Other income, gains and losses		<b>3,834</b>	2,100
Distribution costs		<b>(1,485)</b>	(2,895)
Administrative expenses		<b>(25,571)</b>	(23,438)
Finance costs		<b>(264)</b>	(890)
<b>Loss before taxation</b>	6	<b>(12,239)</b>	(2,096)
Income tax expenses	7	<b>(830)</b>	(19)
<b>Loss for the period attributable to owners of the Company</b>		<b>(13,069)</b>	(2,115)
<b>Other comprehensive income</b>			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>3,175</b>	6,544
<b>Total comprehensive (expenses)/ income for the period attributable to owners of the Company</b>		<b>(9,894)</b>	4,429
<b>Loss per share (HK cents)</b>	8		
— Basic		<b>(2.933)</b>	(0.475)

## Condensed Consolidated Statement of Financial Position

		As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	10	98,904	97,640
Right-of-use assets		3,877	2,939
Deposits paid for acquisition of property, plant and equipment		1,593	1,772
		<b>104,374</b>	102,351
<b>Current assets</b>			
Inventories		67,616	69,550
Trade and bills receivables	11	65,623	74,790
Deposits, prepayments and other receivables		26,204	18,110
Bank and cash balances		25,518	27,987
		<b>184,961</b>	190,437
<b>Current liabilities</b>			
Trade payables	12	55,318	55,794
Accruals and other payables		33,218	32,127
Contract liabilities		8,419	7,492
Loans from related parties	13	61,995	58,095
Lease liabilities		549	163
Bank borrowings		29,732	31,461
Tax liabilities		5,178	3,564
		<b>194,409</b>	188,696
<b>Net current (liabilities)/assets</b>		<b>(9,448)</b>	1,741
<b>Total assets less current liabilities</b>		<b>94,926</b>	104,092

## Condensed Consolidated Statement of Financial Position

	<b>As at 30 September 2021 (Unaudited) HK\$'000</b>	<b>As at 31 March 2021 (Audited) HK\$'000</b>
<b>Non-current liabilities</b>		
Lease liabilities	<b>378</b>	–
Deferred tax liabilities	<b>17,135</b>	16,785
	<b>17,513</b>	16,785
<b>Net assets</b>	<b>77,413</b>	87,307
<b>Capital and reserves</b>		
Share capital	<b>446</b>	446
Reserves	<b>76,967</b>	86,861
<b>Total equity</b>	<b>77,413</b>	87,307

Notes

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# Condensed Consolidated Statement of Changes in Equity

## Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Properties		Accumulated Loss HK\$'000	Total HK\$'000
				revaluation reserve HK\$'000	Translation reserve HK\$'000		
At 1 April 2021 (audited)	446	63,099	942	51,110	8,949	(37,239)	87,307
Loss for the period	-	-	-	-	-	(13,069)	(13,069)
Other comprehensive income for the period	-	-	-	-	3,175	-	3,175
Total comprehensive income/ (expenses) for the period	-	-	-	-	3,175	(13,069)	(9,894)
At 30 September 2021 (unaudited)	446	63,099	942	51,110	12,124	(50,308)	77,413

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Properties		Accumulated Loss HK\$'000	Total HK\$'000
				revaluation reserve HK\$'000	Translation reserve HK\$'000		
At 1 April 2020 (audited)	446	63,099	942	47,759	(1,647)	(12,811)	97,788
Loss for the period	-	-	-	-	-	(2,115)	(2,115)
Other comprehensive income for the period	-	-	-	-	6,544	-	6,544
Total comprehensive income/ (expenses) for the period	-	-	-	-	6,544	(2,115)	4,429
At 30 September 2020 (unaudited)	446	63,099	942	47,759	4,897	(14,926)	102,217

# Condensed Consolidated Statement of Cash Flows

For the six months  
ended 30 September

	<b>2021</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2020 (Unaudited) HK\$'000
Net cash (used in)/generated from operating activities	<b>(4,631)</b>	6,540
Investing activities		
Purchase of property, plant and equipment	<b>(505)</b>	(1,865)
Deposits paid for acquisition of property, plant and equipment	<b>(530)</b>	(154)
Other investing cash flows	<b>12</b>	13
Net cash used in investing activities	<b>(1,023)</b>	(2,006)
Financing activities		
New bank borrowings raised	<b>39,173</b>	37,852
Repayment of bank borrowings	<b>(40,902)</b>	(50,154)
Loans from related parties	<b>3,900</b>	650
Other financing cash flows	<b>(264)</b>	(890)
Net cash generated from/(used in) financing activities	<b>1,907</b>	(12,542)
Net decrease in cash and cash equivalents	<b>(3,747)</b>	(8,008)
Cash and cash equivalents at beginning of period	<b>27,987</b>	31,060
Effect of foreign exchange rate changes	<b>1,278</b>	2,515
Cash and cash equivalents at end of period, represented by bank and cash balances	<b>25,518</b>	25,567
Analysis of cash and cash equivalents		
Bank and cash balances	<b>25,518</b>	25,567

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 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 ultimate holding company is Luckever Holdings Limited, a company incorporated in the British Virgin Islands. The registered office and principal place of business of the Company is 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 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 condensed consolidated financial statements have been prepared on the historical cost basis except for buildings in PRC, which are measured at revalued amounts.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2021.

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 2021 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, 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	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Europe	92,275	102,789
Asia	50,046	74,802
North and South America	4,148	13,718
Australia	1,646	2,595
Africa	235	93
	<b>148,350</b>	<b>193,997</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Cost of inventories recognised as expenses	135,140	171,132
Depreciation of property, plant and equipment	1,326	1,283
Depreciation of right-of-use assets	185	43
Interests on lease liabilities	11	18
Interests on bank borrowings	253	872
Total staff costs (including Directors' remuneration)	44,836	50,185
Allowance for inventories	2,480	–
Net foreign exchange loss	2,009	3,798

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 7. INCOME TAX EXPENSES

	Six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current Tax:		
— Hong Kong Profits Tax	(830)	—
— PRC Enterprise Income Tax (“EIT”)	—	(248)
— Over provision in prior years	—	229
	<b>(830)</b>	<b>(19)</b>

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2020: 16.5%) of the estimated assessable profits for the period.

Under the Law of the PRC on EIT (the “EIT” Law) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (six months ended 30 September 2020: 25%).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 8. LOSS PER SHARE

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

	<b>Six months ended 30 September</b>	
	<b>2021 (Unaudited) HK\$'000</b>	<b>2020 (Unaudited) HK\$'000</b>
Loss for the purposes of calculating basic loss per share (Loss for the period attributable to owners of the Company)	<b>(13,069)</b>	(2,115)
	<b>Number of shares</b>	
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	<b>445,646</b>	445,646
Basic loss per share (HK cents)	<b>(2.933)</b>	(0.475)

There was no diluted loss per share for the six months ended 30 September 2021 and 2020 as there was no potential ordinary share issued during the respective periods.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 9. DIVIDENDS

The directors have resolved not to declare the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment at a cost of approximately HK\$505,000 (six months ended 30 September 2020: HK\$1,865,000). There was no material disposal of property, plant and equipment during six months ended 30 September 2021 and 2020.

In the opinion of the directors of the Company, the aggregate carrying amount of the Group's buildings as at the end of the current interim period that is carried at revalued amounts does not differ significantly from their estimated fair value. Consequently, no revaluation surplus or deficit has been recognised in the current interim period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 11. TRADE AND BILLS RECEIVABLES

The credit periods granted by the Group ranged from 14 to 90 days. For those major customers, a credit term up to 120 days from the invoice date is allowed.

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
Trade receivables	<b>66,177</b>	72,499
Less: Loss allowance	<b>(830)</b>	(351)
	<b>65,347</b>	72,148
Bills receivables	<b>276</b>	2,642
Total trade and bills receivables	<b>65,623</b>	74,790

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:

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
Within 60 days	<b>35,572</b>	72,299
61–120 days	<b>26,543</b>	515
121–365 days	<b>1,452</b>	531
Over 365 days	<b>2,056</b>	1,445
	<b>65,623</b>	74,790

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 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 invoice date at the end of the reporting period is as follows:

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
Within 60 days	<b>26,461</b>	37,615
61–120 days	<b>21,266</b>	8,496
121–365 days	<b>4,301</b>	5,384
Over 365 days	<b>3,290</b>	4,299
	<b>55,318</b>	55,794

## 13. LOANS FROM RELATED PARTIES

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

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
Notes		
China Yuen Capital Limited ("CYC")	<b>21,995</b>	18,095
Mr. Lam Wai Ming	<b>40,000</b>	40,000
	<b>61,995</b>	58,095

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 13. LOANS FROM RELATED PARTIES (Continued)

Notes:

- (a) CYC is the Company's immediate holding company. During the Current Period, the loan of HK\$18,095,000 (2020: HK\$14,245,000) brought forward from 31 March 2021 was extended for one year and a new loan of HK\$3,900,000 (2020: HK\$650,000) was raised such that both loan amounts are repayable within one year from 31 March 2021.
- (b) Mr. Lam Wai Ming is the key management personnel of the Group (2020: from Mr. Tam Chi Sang and Mr. Lam Wai Ming, the key management personnel of the Group).

## 14. SHARE CAPITAL

	<b>Number of shares '000</b>	<b>Nominal value HK\$'000</b>
Authorised:		
Ordinary shares of HK\$0.001 (2020: HK\$0.001) each		
At 1 April 2020, 31 March 2021, 1 April 2021 and 30 September 2021	1,000,000	1,000
Issued and fully paid:		
Ordinary shares of HK\$0.001 (2020: HK\$0.001) each		
At 1 April 2020, 31 March 2021, 1 April 2021 and 30 September 2021	445,646	446

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

## 15. CAPITAL COMMITMENTS

Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements

<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
<b>1,723</b>	823

## 16. RELATED PARTY TRANSACTIONS

The remuneration of Directors and other members of key management during the Current Period were as follows:

	<b>Six months ended 30 September 2021 (Unaudited) HK\$'000</b>	2020 (Unaudited) HK\$'000
Key management personnel compensation:		
— salaries and other allowances and benefits	<b>1,517</b>	1,499
— contributions to defined contribution plan	<b>56</b>	46
	<b>1,573</b>	1,545

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, including Directors and other senior management, totaling 9 individuals (six months ended 30 September 2020: 8 individuals).