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 2023 AND RESUMPTION OF TRADING

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 2023 (the "**Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Revenue	*3*	**168,700**	265,758
Cost of sales		**(186,951)**	(250,037)
Gross (loss)/profit		**(18,251)**	15,721
Other gains, net	*5*	**9,117**	12,204
Distribution costs		**(2,490)**	(2,960)
Administrative expenses		**(32,173)**	(44,857)
Gain on disposal of subsidiaries		**–**	15,904
Impairment loss on trade receivables		**(681)**	(222)
Impairment loss on prepayments		**(641)**	(3,994)
Impairment loss on property, plant and equipment		**–**	(19)
Impairment loss on right-of-use assets		**–**	(2,602)
Loss from operations		**(45,119)**	(10,825)
Finance costs		**(1,217)**	(641)

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Loss before tax		**(46,336)**	(11,466)
Income tax credit	*6*	**1,956**	–
Loss for the year	*7*	**(44,380)**	(11,466)
Other comprehensive expenses after tax:			
Items that will not be reclassified to profit or loss:			
Loss on revaluation of properties		**–**	(1,692)
Deferred tax effect arising on revaluation of properties		**–**	423
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(71)**	4,526
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**–**	(8,663)
Other comprehensive expenses for the year, net		**(71)**	(5,406)
Total comprehensive expenses for the year		**(44,451)**	(16,872)
Loss per share			
Basic and diluted *(HK cents)*	*8*	**(9.96)**	(2.57)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2023

	Notes	**2023** **HK$'000**	2022 *HK$'000*
Non-current assets			
Property, plant and equipment		**914**	56
Right-of-use assets		**4,594**	7,593
Deposits, prepayments and other receivables		**4,549**	9,745
Deferred tax assets		**1,956**	–
		12,013	17,394
Current assets			
Inventories		**13,735**	69,009
Trade receivables	*10*	**25,249**	49,060
Deposits, prepayments and other receivables		**12,869**	33,188
Tax recoverable		**30**	–
Bank and cash balances		**8,878**	12,362
		60,761	163,619
Current liabilities			
Trade payables	*11*	**17,083**	53,831
Accruals and other payables		**5,750**	9,218
Contract liabilities		**8,883**	10,961
Loans from related parties	*12*	**1,420**	–
Lease liabilities		**3,589**	3,917
Bank borrowings and overdrafts		**7,352**	26,349
		44,077	104,276
Net current assets		**16,684**	59,343
Total assets less current liabilities		**28,697**	76,737
Non-current liabilities			
Lease liabilities		**2,713**	6,302
NET ASSETS		**25,984**	70,435
Capital and reserves			
Share capital		**446**	446
Reserves		**25,538**	69,989
TOTAL EQUITY		**25,984**	70,435

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 had changed from Unit B, 12/F, Hang Seng Causeway Bay Building, 28 Yee Wo Street, Causeway Bay, Hong Kong to 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 sales of electrical haircare products.

To the best knowledge of the Directors, as at 31 March 2023, 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 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 2022. 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 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**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**93,000**	148,135	**–**	–
Asia	**61,553**	105,162	**9,488**	16,682
North and South America	**9,587**	8,991	**–**	–
Australia	**4,560**	3,234	**–**	–
Africa	**–**	236	**–**	–
	168,700	265,758	**9,488**	16,682

Information about major customers

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

	2023	2022
	HK$'000	*HK$'000*
Customer A	**38,095**	89,796
Customer B	**29,507**	38,779
Customer C	**26,286**	15,096*
Customer D	**4,687***	33,072

* Revenue from this customer did not exceed 10% of total revenue in the respective year. These amounts were shown for comparative purpose.

5. OTHER GAINS, NET

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	**20**	21
Compensation received in respect of cancelled orders	**4,735**	3,971
Income from sale of mould	**425**	3,349
Sales of samples	**1,071**	1,139
Penalty from vendors for bad quality or late delivery	**7**	156
Government grant	**1,685**	885
Net foreign exchange loss	**(832)**	(211)
Design income	**–**	2,439
Sales of raw materials	**1,159**	–
Sub-contracting income	**561**	–
Sundry income	**286**	455
	9,117	12,204

6. INCOME TAX CREDIT

	2023	2022
	HK$'000	*HK$'000*
Deferred tax	**1,956**	–

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 credit and the product of loss before tax multiplied by the PRC enterprise income tax rate is as follows:

	2023	2022
	HK$'000	*HK$'000*
Loss before tax	**(46,336)**	(11,466)
Tax at the tax rate of 25% (2022: 25%)	**(11,584)**	(2,867)
Tax effect of expenses not deductible for tax purposes	**2,799**	1,728
Tax effect of income not taxable for tax purposes	**(437)**	(5,451)
Tax effect of tax loss not recognised	**13,310**	7,815
Tax effect of utilisation of tax losses not previously recognised	**(4,088)**	(1,225)
Tax effect of tax losses previously not recognised	**(1,956)**	–
Income tax credit	**(1,956)**	–

7. LOSS FOR THE YEAR

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

	2023	2022
	HK$'000	*HK$'000*
Auditor's remuneration	**680**	660
Depreciation of right-of-use assets	**2,999**	1,401
Depreciation of property, plant and equipment	**121**	1,941
Write-down/(reversal of write-down) of inventories (included in cost of inventories sold)	**5,221**	(2,573)
Cost of inventories sold	**186,951**	250,037
Directors' remuneration		
As directors (independent non-executive Directors)	**372**	302
For management (executive Directors)	**636**	786
Retirement benefits contributions	**32**	40
	1,040	1,128
Staff costs (not including directors' emoluments)		
Salaries, bonus and allowances	**57,543**	78,693
Retirement benefits scheme contributions	**3,892**	6,469
	61,435	85,162
Total staff costs (including directors' emoluments)	**62,475**	86,290

Cost of inventories sold includes staff costs and depreciation of approximately HK$43,639,000 (2022: HK$55,812,000) 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:

	2023	2022
	HK$'000	*HK$'000*
Loss:		
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	**(44,380)**	(11,466)
	'000	*'000*
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 years 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 2023 and 2022.

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.

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**26,433**	49,563
Less: loss allowance	**(1,184)**	(503)
	25,249	49,060

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

	2023	2022
	HK$'000	*HK$'000*
0 to 60 days	**12,155**	20,269
61 to 120 days	**10,875**	26,339
121 to 365 days	**1,322**	134
Over 1 year	**897**	2,318
	25,249	49,060

As at 31 March 2023, total bill receivables amounting to HK$821,000 (2022: HK$1,592,000) 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:

	2023	2022
	HK$'000	*HK$'000*
At the beginning of the year	**503**	351
Allowance for the year	**681**	222
Disposal of subsidiaries	**–**	(70)
At the end of the year	**1,184**	503

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	1–90 days past due	91 days–1 year past due	Over 1 year past due	Total
At 31 March 2023					
Weighted average expected loss rate	**0%**	**1%**	**24%**	**48%**	
Receivable amount *(HK$'000)*	**19,432**	**4,000**	**1,300**	**1,701**	**26,433**
Loss allowance *(HK$'000)*	**20**	**32**	**313**	**819**	**1,184**
At 31 March 2022					
Weighted average expected loss rate	0%	0%	4%	23%	
Receivable amount *(HK$'000)*	35,436	11,307	773	2,047	49,563
Loss allowance *(HK$'000)*	–	1	29	473	503

11. TRADE PAYABLES

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

	2023 *HK$'000*	2022 *HK$'000*
0 to 60 days	**8,755**	22,760
61 to 120 days	**4,362**	23,728
121 to 365 days	**1,453**	4,717
Over 1 year	**2,513**	2,626
	17,083	53,831

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

12. LOANS FROM RELATED PARTIES

	Notes	**2023** *HK$'000*	2022 *HK$'000*
CYC	*(a)*	**1,420**	–
Mr. Lam Wai Ming	*(b)*	**–**	–
		1,420	–

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

(b) Mr. Lam Wai Ming is the key management personnel of the Group. During the year ended 31 March 2022, 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:

	HK$'000
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)
Net assets disposed of	65,159
Release of foreign currency translation reserve	(8,663)
Gain on disposal of subsidiaries	15,904
Total consideration	72,400
Satisfied by:	
Cash	5,955
Setting off against loans from related parties *(note 12(a) and (b))*	66,445
	72,400
Net cash inflow arising on disposal:	
Cash consideration received	5,955
Bank and cash balances disposed of	(1,085)
	4,870

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the Year, the Group recorded a revenue of approximately HK$168,700,000 (2022: HK$265,758,000), a decrease of approximately 36.5% from the last financial year. The decrease in revenue was mainly due to the impact on global economy brought by the prolonged Russia-Ukraine conflict, which adversely affected the demand of the Group's products especially from customers of the European markets. Moreover, 8% of the revenue of the Group for the year ended 31 March 2022 generated from Sky Ocean Group Limited and its subsidiaries (the "**Disposed Group**"), which were disposed on 31 December 2021.

During the Year, the Group reported a gross loss of approximately HK$18,251,000 (2022: gross profit HK$15,721,000), representing a gross loss margin of approximately 10.8% (2022: gross profit margin 5.9%). The increase in loss was mainly due to the increase in material costs, especially metal-related components, resulting from the restrictive measures in respect of COVID-19 pandemic in the People's Republic of China (the "**PRC**") during the first half of 2022, and overhead costs, such as labour costs as the minimum wage in Guangdong Province of the PRC raised by 10.5% effective from 1 December 2021.

The Group recorded continuous loss for the years ended 31 March 2023 and 2022. 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 amounts of these assets. Based on the result of the assessment, the management of the Group determined that the recoverable amount of prepayments (2022: property, plant and equipment, right-of-use assets and prepayments) was lower than its carrying amount. An impairment loss of approximately HK$641,000 on prepayments (2022: 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) had been recognised.

The Group has assessed the net realisable value of the inventories and recognised a provision of approximately of HK$5,221,000 (2022: reversal of provision HK$2,573,000) for the inventories. It included slow-moving inventories of approximately HK$4,945,000 aged over 1 year mainly due to customers' discontinued projects.

As a result of the above factors, loss before taxation for the Year was approximately HK$46,336,000 (2022: HK$11,466,000), representing an increase of 304.1% against the last financial year. The significant increase was mainly due to the gain on disposal of Disposed Group of approximately HK$15,904,000 in the last financial year. When compared with the revenue, distribution costs and administrative expenses were approximately 1.5% and 19.1% of the revenue respectively, for the Year as compared to approximately 1.1% and 16.9% in the last financial year. In dollar term, administrative expenses was approximately HK$32,173,000, representing a decrease of 28.3% as compared to that in the last financial year. Such decrease was mainly due to exclusion of the expenses of the Disposed Group in the Year.

Loss for the Year was approximately HK$44,380,000, representing an increase of approximately 287.1% when compared to loss of approximately HK$11,466,000 in the last financial year.

Basic loss per share for the Year amounted to HK9.96 cents, representing an increase of approximately 287.5% when compared to loss of HK2.57 cents in the last financial year.

During the Year, no dividend was declared and paid (2022: Nil).

BUSINESS REVIEW

Market Review

In the first half of 2022, the widespread COVID-19 pandemic outbreak in multiple cities across the world and in the PRC resulted in stringent lockdown and temporary suspension of import and export economic activities from February to May 2022, which led to decrease of inventory turnover of the worldwide customers from June to August 2022; disruption of product delivery and raw material supply, and the increase in the production cost and logistics cost.

Although the revenue contribution from the North and South American and Australian markets increased by 6.6% and 41.0% respectively comparing to the last financial year, energy crises and international political dynamic hampered the pace of the recovery of the world economy and the Group recorded a significant decrease in revenue for the Year. The revenue from European and Asian markets decreased by 37.2% and 41.5% comparing to the last financial year, respectively.

Most of the Group's customers are famous global brands. Our five major customers accounted for approximately 68.0% and 72.1% of the Group's total revenue in the Year and the last financial year, respectively.

Operation Review

The Group's major production center remains in the PRC. During the Year, similar to other manufacturers in the PRC, the Group has faced a series of operating challenges, such as slow recovery in export markets, difficulties in recruiting skilled production line operators, the increasing raw material costs and other operational expenses, such as logistic costs. In addition, the factory in Dongguan was voluntarily closed down from late 2022 to early 2023 due to the COVID-19 pandemic infection by some workers. It affected the traditional production peak season before the Lunar New Year holiday and thus affected the shipment.

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 the long term relationship with its customers.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group had approximately HK$8,878,000 bank and cash balances (2022: HK$12,362,000). The decrease in bank and cash balances was mainly attributable to the repayment of bank borrowings. The net current assets as at 31 March 2023 amounted to approximately HK$16,684,000 (2022: HK$59,343,000). Current ratio of the Group as at 31 March 2023 was approximately 1.4 (2022: 1.6).

As at 31 March 2023, the Group had aggregate banking facilities of HK$53,400,000 (2022: HK$53,400,000), of which approximately HK$7,352,000 (2022: HK$26,349,000) had been used. The borrowings comprised of trade finance facilities of approximately HK$3,763,000 (2022: HK$25,564,000) and bank overdrafts of approximately HK$3,589,000 (2022: HK$785,000). The borrowings and overdrafts due within one year amounted to approximately HK$7,352,000 (2022: HK$26,349,000). The bank borrowings and overdrafts carried interest rates ranging from HIBOR/LIBOR plus 1.8% to 2.0% (2022: 1.8% to 2.0%) or 1% (2022: 1%) below Prime Rate and 8% (2022: 8%) over Prime Rate, respectively.

As at 31 March 2023, the Group's net cash to equity ratio was approximately 5.9% (2022: net gearing ratio 19.9%). This was calculated by dividing the net amount of cash (including cash and cash equivalents after deduction of bank borrowings and overdrafts) by total equity attributable to owners of the Company as at 31 March 2023. The increase was mainly due to the decrease in bank borrowings and overdrafts during the 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. 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 2023 (2022: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group's consolidated financial statements are presented in Hong Kong dollars. The Group conducts business transactions mainly in Hong Kong dollars, United States dollars and Renminbi. As the Hong Kong dollar remains pegged to the United States dollar, there has been no material exchange risk in this respect. To manage fluctuation of the Renminbi, the Group has been able to hedge Renminbi receipts and Renminbi payments on an ongoing basis with revenue generated in Mainland China. All of the Group's bank loan facilities are denominated in Hong Kong dollars and carry interest at floating rates.

CONTRACTUAL AND CAPITAL COMMITMENTS

As at 31 March 2023, the Group had capital commitments of approximately HK$1,142,000 (2022: HK$1,089,000).

CONTINGENT LIABILITIES

As at 31 March 2023, the Group had no material contingent liabilities (2022: Nil).

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2023, the Group had a total workforce of 560 (2022: 776) including 16 employees (2022: 24) in Hong Kong. Employee costs, including directors' emoluments, amounted to approximately HK$62,475,000 for the year ended 31 March 2023 (2022: HK$86,290,000). 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 2023.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Tuesday, 12 September 2023 (the "**2023 AGM**"). A notice convening the 2023 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 Thursday, 7 September 2023 to Tuesday, 12 September 2023 (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 (the "**Shares**") will be registered and no Shares will be allotted and issued. In order to be eligible to attend and vote at the 2023 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 Wednesday, 6 September 2023.

PROSPECTS

Post-pandemic economy recovery in the world is challenging. The global markets remain uncertain with high inflation rate, weak consumer sentiment and the international political dynamic. The Group is cautiously optimistic as China has relieved the pandemic restrictive measure and the impacts of the COVID-19 pandemic towards our operations are going to be minimised. Given that the high inflation rate in western markets, the Group has been actively capturing the opportunities arising from the recovery of new customers beyond Europe, including South America and Asia.

Recently, several customers plan to revisit our office and production site which shows their eagerness to move forward with their new projects and to embrace the booming opportunities arising in the post-pandemic era. The Group also resumes frequent visits and on-site communications with suppliers to maintain good relationships to secure a sufficient supply and cost reduction.

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 2023.

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 year ended 31 March 2023.

EVENTS AFTER THE REPORTING PERIOD

The group has no other significant events after the Year 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 2023.

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 2023.

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 2023.

ADOPTION OF NEW ARTICLES OF ASSOCIATION

By the special resolutions passed at the annual general meeting of the Company held on 29 August 2022, the articles of association of the Company have been amended and restated to (1) bring the Articles of Association in line with the amendments made to Appendix 3 to the Listing Rules which took effect on 1 January 2022 and applicable laws of the Cayman Islands; (2) allow the Company to hold hybrid and virtual meetings of Shareholders; and (3) make other consequential and housekeeping amendments. The adoption of new articles of association became effective on 29 August 2022. For details of the adoption of new articles of association, please refer to the circular of the Company dated 21 July 2022 and the announcement of the Company dated 29 August 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 2023 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 2023 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 2023 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 2023 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.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended from 9:00 a.m. on 3 July 2023 pending the release of this announcement. An application has been made to the Stock Exchange to resume the trading in the Shares from 9:00 a.m. on 26 July 2023.

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

Hong Kong, 25 July 2023

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhang Huijun, Ms. Cai Dongyan, Ms. Pauline Lam and Mr. Lin Liangyong, and four independent non-executive Directors, namely Mr. Lam Yick Man, Mr. Hu Zhigang, Mr. Zhang Jiayou and Mr. Ma Yu-heng.

Website: www.co-nuoxin.com