HOME CONTROL INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1747)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023, together with the comparative figures for the corresponding period of 2022, as follows:

The table below sets forth the adjusted net profit of the Group:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Reported Net (Loss)/Profit	**(1,489)**	3,193
Add: Restructuring and severance costs	**2,033**	12
Adjusted Net Profit *(Note)*	**544**	3,205

Note: To supplement the interim condensed consolidated financial information of the Group prepared in accordance with the IFRSs, certain additional non-IFRSs financial measures (in terms of adjusted net profit) have been presented in this announcement. These unaudited non-IFRSs financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with the IFRSs. These non-IFRSs measures could provide additional information to investors and others in understanding and evaluating the interim condensed consolidated financial information of operations of the Group in the same manner as they help the management compare the financial results across accounting periods and with those of other peer companies. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The adjusted net profit ("**Adjusted Net Profit**") eliminates the effect of the non-recurring restructuring and severance costs incurred related to optimising the cost structure so as to maintain competitiveness of the Group in the current business environment. The term of Adjusted Net Profit is not defined under the IFRSs. The use of Adjusted Net Profit has material limitations as an analytical tool, as they do not include all items that impact the profit/loss for the relevant periods. The effect of items eliminated from the Adjusted Net Profit is a significant component in understanding and assessing the operating and financial performance of the Group.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	***US$'000***	*US$'000*
Revenue	*6*	**50,246**	64,998
Cost of sales		**(38,953)**	(50,371)
Gross profit		**11,293**	14,627
Other income	*6*	**77**	106
Selling and distribution expenses		**(2,986)**	(3,996)
Administrative expenses		**(6,076)**	(5,024)
Impairment of trade receivables		**(29)**	(82)
Other expenses		**(3,189)**	(1,083)
Finance income		**–**	74
Finance costs		**(923)**	(448)
(Loss)/profit before tax	*7*	**(1,833)**	4,174
Income tax credit/(expense)	*8*	**344**	(981)
(Loss)/profit for the period and attributable to owners of the Company		**(1,489)**	3,193
Other comprehensive loss			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(10)**	(176)
Other comprehensive loss		**(10)**	(176)
Total comprehensive (loss)/income for the period and attributable to owners of the Company		**(1,499)**	3,017
Earnings per share for (loss)/profit attributable to owners of the Company			
Basic	*9*	**US(0.30) cents**	US0.64 cents
Diluted	*9*	**US(0.30) cents**	US0.63 cents

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2023 (Unaudited) US$'000	As at 31 December 2022 (Audited) US$'000
Non-current assets			
Property, plant and equipment and right-of-use assets		**3,525**	4,338
Other intangible assets		**21**	31
Goodwill		**8,877**	8,877
Deferred tax assets		**405**	–
Financial assets at amortised costs		**–**	3,229
Total non-current assets		**12,828**	16,475
Current assets			
Inventories		**14,148**	17,466
Trade receivables	*10*	**28,658**	30,338
Prepayments and other receivables		**841**	771
Financial assets at amortised costs		**3,229**	–
Cash and cash equivalents	*12*	**12,794**	15,317
Total current assets		**59,670**	63,892
Total assets		**72,498**	80,367
Current liabilities			
Trade payables	*11*	**27,024**	24,572
Other payables and accruals		**3,053**	3,772
Interest-bearing bank loans		**3,534**	8,534
Lease liabilities		**490**	549
Provisions		**–**	54
Tax payable		**694**	1,529
Total current liabilities		**34,795**	39,010
Net current assets		**24,875**	24,882
Total assets less current liabilities		**37,703**	41,357

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at 30 June 2023 (Unaudited) *US$'000*	As at 31 December 2022 (Audited) *US$'000*
Non-current liabilities		
Interest-bearing bank loans	**14,239**	16,006
Lease liabilities	**125**	397
Provisions	**396**	402
Deferred tax liabilities	**106**	248
Total non-current liabilities	**14,866**	17,053
Total liabilities	**49,661**	56,063
Net assets	**22,837**	24,304
Equity		
Share capital	**5,042**	5,042
Reserves	**17,795**	19,262
Total equity	**22,837**	24,304

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. During the period, the Company and its subsidiaries were principally involved in providing solutions for sensing and control technologies marketed in the smart home automation, consumer electronics and set-top-box segments.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since the listing date on 14 November 2019.

The immediate holding company of the Company is NHPEA IV Home Control Netherlands B.V., which is incorporated in the Netherlands and the ultimate holding company of the Company is Morgan Stanley, which is listed on the New York Stock Exchange and is incorporated in the United States of America.

This interim condensed consolidated financial information is presented in thousands of unit of United States Dollars ("**US$'000**"), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board on 18 August 2023.

This interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

The preparation of the interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. In preparing this unaudited interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

Taxes on (losses)/income for the six months periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

The interim condensed consolidated financial information has been prepared under the historical cost convention.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the new standards and amendments to its existing standards which are relevant to the Group's operations and are applicable to the Group's accounting periods beginning on 1 January 2023. The Group has adopted all the new and revised standards, amendments and interpretations that are relevant to the Group's operations and mandatory for annual period beginning 1 January 2023. The effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group's current and prior years' results or financial position.

The Group has adopted the following revised IFRSs for the first time for annual period beginning 1 January 2023

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

Standards and amendments which are not yet effective and not early adopted

Amendments to IAS 1(1)	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1(1)	*Non-current Liabilities with Covenants*
Amendments to IFRS 16(1)	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7(1)	*Supplier Finance Arrangement*
Amendments to IFRS 10 and IAS 28(2)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

(1) Effective for annual periods beginning 1 January 2024
(2) New effective date to be determined

The Group is assessing the full impact of these new and amended standards, interpretation and accounting guideline. Some of them may give rise to change in presentation, disclosure and measurements of certain items on the Group's results of operations and financial position, but the impacts are not expected to be significant.

4. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has determined that the carrying amounts of cash and cash equivalents, trade receivables, financial assets at amortised cost, financial assets included in prepayments and other receivables, trade payables, financial liabilities included in other payables and accruals, dividend payable, current portion of interest-bearing bank loans, reasonably approximate to their fair values because these financial instruments are mostly short term in nature. The carrying amounts of long-term interest-bearing bank loans, which incur interest at floating interest rates, also approximate to their fair values as the interest rate is periodically adjusted to the market rate.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

5. OPERATING SEGMENT INFORMATION

An operating segment, in part, is a component of an enterprise whose operating results are regularly reviewed by chief operating decision-maker ("**CODM**") to make decisions about resources to be allocated to the segment and assess its performance. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management team of the Group. Operating segments may be aggregated only to a limited extent. CODM reviews the financial information about revenues and operating results as a whole for purpose of making operating decisions and assessing financial performance. Accordingly, the Group only has a single operating and reportable segment. Therefore, no further information about the operating segment is presented other than the entity-wide disclosures.

Entity-wide Disclosures

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
North America	**14,013**	17,652
Europe	**14,907**	26,931
Asia	**13,251**	10,850
Latin America	**8,075**	9,565
	50,246	64,998

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	30 June 2023	31 December 2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
North America	**15**	30
Europe	**99**	183
Asia	**3,432**	4,156
	3,546	4,369

The non-current asset information above is based on the locations of the non-current assets and excludes financial assets at amortised costs and goodwill.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the six months ended 30 June 2023 and 2022 is set out below:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Customer 1	**N/A***	12,267
Customer 2	**6,963**	N/A*

* Represent less than 10% of revenue for the respective year.

6. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of goods	**50,134**	64,453
Royalty income	**112**	545
	50,246	64,998

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
At a point in time		
– Sale of goods	**50,134**	64,453
Overtime		
– Royalty income	**112**	545
Total revenue from contracts with customers	**50,246**	64,998

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon passage of control of goods.

Payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Royalty income

The performance obligation is satisfied over time based on each licensed product manufactured by the licensee.

An analysis of other income is as follows:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Government grants	**10**	105
Gain on disposal of right-of-use assets	**32**	–
Others	**35**	1
	77	106

7. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**32,176**	41,862
Provision for inventories	**98**	107
Outsourcing costs	**5,018**	6,246
Depreciation of plant and equipment	**1,005**	1,185
Depreciation of right-of-use assets	**274**	274
Loss on disposal of property, plant and equipment	**4**	–
Loss on phishing attack*	**340**	–
Amortisation of other intangible assets	**10**	14
Foreign exchange differences, net	**49**	34
Withholding tax	**21**	20
Auditor's remuneration (group auditor)		
– *audit service*	**229**	205
– *non-audit services*	**59**	48
Restructuring and severance costs	**2,033**	12
Expenses for short-term leases	**29**	154
Expenses for low value leases	**2**	1
Employee benefits expense:		
– *Wages and salaries*	**5,199**	5,444
– *Pension scheme contributions*	**1,099**	1,151
– *Long service awards*	**(2)**	(10)
– *Share award scheme*	**32**	75
– *Other employee benefits*	**157**	138
Reversal of accrual for IT services**	**–**	(1,074)
Distribution expenses	**186**	1,162

During the six months ended 30 June 2023, the Group incurred expenses for the purpose of research and development of US$3,053,000 (2022: US$2,711,000), which comprised employee benefits expenses of US$ US$2,220,000 (2022: US$2,276,000).

* The Group recorded approximately US$340,000 in "other expenses" in the Interim Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2023 relating to two business email compromise attacks. These two payments made out to fictitious invoices were reported to relevant law enforcement authorities and investigated by a forensic firm and the Group.

The respected loss is being assessed for claiming under insurance.The relevant internal control system was further strengthened.

** The reversal of IT service accrual pertains to release of liability which was accrued in the past in relation to services received. Management, after seeking legal advice on the Limitation Act, considered there to be no further payment obligation after the period of the statute of limitation.

8. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which entities of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company and HCIL Master Option Limited are not subject to any income tax in this jurisdiction.

The Singapore statutory income tax for Home Control Singapore Pte. Ltd. has been provided at the rate of 17% (2022: 17%) on the estimated assessable profits arising in Singapore during the reporting period.

The federal tax for Premium Home Control Solutions LLC has been provided at the rate of 21% (2022: 21%), and the state tax has been provided at the rate of 4.3% (2022: 4.3%) on the estimated assessable profits arising in the United States of America during the reporting period.

The provision for Mainland China income tax has been provided at the applicable income tax rate of 25% (2022: 25%) on the estimated assessable profits of the PRC subsidiaries of the Group in accordance with the PRC Corporate Income Tax Law. Home Control Solutions (Suzhou) Limited was qualified as a Micro-sized Enterprise and was subject to a preferential income tax rate of 2.5% (2022: 5%) for the reporting period. HCS (Suzhou) Limited was qualified as an Advanced Technology Service Enterprise and was subject to a preferential income tax rate of 15% (2022: 15%) for the reporting period until November 2024.

The corporate income tax rate for Home Control Europe NV has been provided at the rate of 25% (2022: 25%) on the estimated assessable profits arising in Belgium during the reporting period.

The corporate income tax rate for Omni Remotes do Brasil Ltda has been provided at the rate of 24% (2022: 24%) on the estimated assessable profits arising in Brazil during the reporting period.

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense as follows:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current tax – Singapore		
Charge for the period	**87**	654
Under provision in prior periods	**–**	17
Current tax – United States of America		
Charge for the period	**85**	157
Over provision in prior periods	**–**	(1)
Current tax – China and elsewhere		
Charge for the period	**31**	230
Under provision in prior periods	**–**	16
	203	1,073
Deferred tax	**(547)**	(92)
Total tax (credit)/charge for the period	**(344)**	981

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic (loss)/earnings per share amounts is based on (loss)/profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 502,238,372 (2022: 501,633,663) in issue.

The calculation of the diluted (loss)/earnings per share amounts is based on the (loss)/profit for the period attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted (loss)/earnings per share are based on:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Earnings		
(Loss)/Profit attributable to owners of the Company, used in the basic (loss)/earnings per share calculation	**(1,489)**	3,193

	Number of shares For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	**502,238,372**	501,633,663
Effect of dilution – weighted average number of ordinary shares:		
Share options *(Note)*	**–**	–
Share awards	**2,508,171**	5,016,337
	504,746,543	506,650,000

Note:

The computation of diluted earnings per share for the six months ended 30 June 2022 does not assume the exercise of the Company's outstanding share options before it expired during the year since they would have an anti-dilutive impact to the basic earnings per share. All the share options were expired during the year ended 31 December 2022.

10. TRADE RECEIVABLES

	30 June 2023	31 December 2022
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade receivables	**28,940**	30,591
Impairment	**(282)**	(253)
	28,658	30,338

Trade receivables are non-interest bearing and are generally on 30 to 90 days' credit terms. They are recognised at their original invoice amounts on initial recognition.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2023	31 December 2022
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0-90 days	**22,256**	23,017
91 to 180 days	**4,282**	5,858
More than 180 days	**2,120**	1,463
	28,658	30,338

The movements in the loss allowance for impairment of trade receivables are as follows:

	30 June 2023	30 June 2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
At beginning of period	**253**	192
Impairment	**29**	82
At end of period	**282**	274

11. TRADE PAYABLES

	30 June 2023	31 December 2022
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade payables	**27,024**	24,572

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023	31 December 2022
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0-90 days	**18,388**	18,006
91 to 180 days	**8,560**	6,561
More than 180 days	**76**	5
	27,024	24,572

The trade payables are non-interest-bearing and are normally settled on 90-day credit terms.

12. CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Cash and cash equivalents	**12,794**	11,517
Term-deposit with maturity date within 3 months	**–**	3,800
Total cash and cash equivalents	**12,794**	15,317
Denominated in:		
United States Dollar	**10,790**	13,425
Euro	**966**	494
Singapore Dollar	**286**	73
Chinese Renminbi ("**RMB**")	**374**	961
Hong Kong Dollar	**163**	164
Others	**215**	200
	12,794	15,317

Cash at banks earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

13. DIVIDENDS

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Ordinary dividends		
Final declared and paid in respect of the previous financial year – 2023: Nil (2022: US0.38 cents) per ordinary share	**–**	1,933

No dividend was proposed in respect of the financial year ended 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a globally leading home control solution provider headquartered in Singapore with worldwide presence in North America, Europe, Asia and Latin America. Originally established as the home control division of Philips prior to the acquisition of the entire stake of Home Control Singapore Pte. Ltd. by the Company from Philips in April 2015, the Group has been operating in this industry for almost 30 years. Under the brand "Omni Remotes", the Group develops and offers high quality and bespoke remote controls for a vast array of pay television (TV) operators and consumer electronics brands. The products are shipped to over 40 countries, with a blue-chip customer base that includes AT&T Services Inc. in North America, Sky CP Limited, British Telecommunications PLC, Vodafone Group Services Limited, and Liberty Global Services B.V. in Europe, as well as Reliance Retail Limited, Bharti Airtel Limited, and Hisense Electric Co., Ltd. in Asia.

The Group maintains a strong focus on innovation, with over 200 invention patents and owning one of the most comprehensive Infrared (IR) and code databases in the world. Simple Setup, its intelligent multi-device control solution, has been deployed to dozens of customers in the pay television (TV) operator domain since its inception 5 years ago. The new cloud-enabled Simple Setup Hybrid, having launched with a major pan-European operator, is constantly generating meaningful field data to help improve the user experience. In addition, a new version of Simple Setup Hybrid for deployment with Smart TVs, has gone live with a leading TV brand.

The Company continues to invest in various remote control technologies, including in the areas of advanced user input, recognition and far field voice, filing new inventions in the area of artificial intelligence for personalized experience in various jurisdictions.

BUSINESS REVIEW

Due to the high customers inventories as a result of slower than expected economy recovery momentum worldwide, the Group's revenue for the six months ended 30 June 2023 came in at approximately US$50.2 million, representing a decrease of approximately 22.7% from approximately US$65.0 million in the same period in 2022.

The Company has taken and will continue to take steps in cost management for shareholder value and through operation cost control via automation. Due to challenging macro-economic factors, rising interest rates and without taking into account the effect of the non-recurring restructuring and severance costs of approximately US$2.0 million incurred related to optimising the cost structure so as to maintain competitiveness of the Group in the current business environment, the Group has turned in an adjusted net profit of approximately US$0.5 million for the six months ended 30 June 2023 as compared to adjusted net profit of approximately US$3.2 million for the six months ended 30 June 2022. *(Note)*

Note: To supplement the interim condensed consolidated financial information of the Group prepared in accordance with the IFRSs, certain additional non-IFRSs financial measures (in terms of adjusted net profit) have been presented in this announcement. These unaudited non-IFRSs financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with the IFRSs. These non-IFRSs measures could provide additional information to investors and others in understanding and evaluating the interim condensed consolidated financial information of operations of the Group in the same manner as they help the management compare the financial results across accounting periods and with those of other peer companies. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The adjusted net profit ("**Adjusted Net Profit**") eliminates the effect of the non-recurring restructuring and severance costs incurred related to optimising the cost structure so as to maintain competitiveness of the Group in the current business environment. The term of Adjusted Net Profit is not defined under the IFRSs. The use of Adjusted Net Profit has material limitations as an analytical tool, as they do not include all items that impact the profit/loss for the relevant periods. The effect of items eliminated from the Adjusted Net Profit is a significant component in understanding and assessing the operating and financial performance of the Group.

PROSPECT AND OUTLOOK

The persistent and heightened worldwide inflation, the instability of the political and economic situation arising from the Russia-Ukraine conflict, and the risk of global recession are impacting the momentum of customer resumptions of new projects and consumer acquisitions. It is difficult to estimate the full impact given the dynamic nature of these circumstances. The Group will pay continuous attention to the situation, adhere to government measures and recommendations, continue to mitigate foreseeable risks with all sites and subsidiaries, and endeavor to operate with minimal impact on any function serving the business and the customers.

The Group will continue with its investments in research & development, sales force expansion into several adjacent spaces of the business, as well as improvements of its supply chain for its existing business. Its new digital automated production site located in the Hunan province of China has started mass production according to plan and is running at the planned capacity during the six months ended 30 June 2023.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the six months ended 30 June 2023 decreased by approximately 22.7%, as compared to the six months ended 30 June 2022. This is mainly due to an approximate US$17.2 million decrease in revenue in the North America, Europe and Latin America region, partially offset by an approximate US$2.4 million increase in the revenue from Asia region.

The following table sets forth the breakdown of revenue of the Group by the geographical location of customers for the six months ended 30 June 2023 and 30 June 2022, respectively.

	For the six months ended 30 June 2023 (unaudited)		For the six months ended 30 June 2022 (unaudited)		Changes	
	US$'000	***%***	*US$'000*	*%*	*US$'000*	*%*
North America	**14,013**	**27.9**	17,652	27.2	(3,639)	(20.6)
Europe	**14,907**	**29.7**	26,931	41.4	(12,024)	(44.6)
Asia	**13,251**	**26.4**	10,850	16.7	2,401	22.1
Latin America	**8,075**	**16.0**	9,565	14.7	(1,490)	(15.6)
Total	**50,246**	**100.0**	64,998	100.0	(14,752)	(22.7)

Cost of Sales

The cost of sales of the Group mainly consists of components including finished goods from ODM (original design manufacturing), outsourcing and overheads. The cost of sales amounted to approximately US$39.0 million and approximately US$50.4 million for the six months ended 30 June 2023 and the six months ended 30 June 2022 respectively, representing approximately 77.5% and approximately 77.5% of the total revenue for the corresponding periods.

The following table sets forth the breakdown of the cost of sales for the six months ended 30 June 2023 and the six months ended 30 June 2022, respectively.

	For the six months ended 30 June 2023 (unaudited)		For the six months ended 30 June 2022 (unaudited)	
	US$'000	*%*	*US$'000*	*%*
Cost of Components	**32,274**	**82.9**	41,969	83.3
Outsourcing	**5,019**	**12.9**	6,246	12.4
Overheads	**1,660**	**4.2**	2,156	4.3
	38,953	**100.0**	50,371	100.0

Gross profit

As a result of the changes in revenue and cost of sales above, the Group's gross profit was approximately US$11.3 million for the six months ended 30 June 2023, which was lower than the gross profit of US$14.6 million for the six months ended 30 June 2022.

Other income

Other income of the Group was approximately US$0.1 million for the six months ended 30 June 2023 and 30 June 2022.

Selling and distribution expenses

Selling and distribution expenses of the Group were approximately US$1.0 million lower for the six months ended 30 June 2023, as compared to six months ended 30 June 2022. This is mainly due to an approximate US$1.0 million decrease in distribution costs.

Administrative expenses

Administrative expenses of the Group increased by approximately US$1.1 million from approximately US$5.0 million for the six months ended 30 June 2022 to approximately US$6.1 million for the six months ended 30 June 2023. The increase was mainly due to the reversal of information and technology service accrual of approximately US$1.1 million that occurred during six months ended 30 June 2022, but not for six months ended 30 June 2023.

Other expenses

Other expenses of the Group increased from approximately US$1.1 million for the six months ended 30 June 2022 to approximately US$3.2 million for the six months ended 30 June 2023. The increase was mainly due to approximately US$2.0 million increase in restructuring and severance costs incurred related to optimising the cost structure so as to maintain competitiveness of the Group in the current business environment.

Finance income and finance costs

Comparing to the six months ended 30 June 2022, net finance costs of the Group incurred during the six months ended 30 June 2023 increased by approximately US$0.5 million. The increase was mainly due to an approximate US$0.5 million increase in interest expenses.

Loss before tax

Loss before tax of the Group for the six months ended 30 June 2023 was approximately US$1.8 million which was approximately US$6.0 million lower than the profit before tax of approximately US$4.2 million for the six months ended 30 June 2022. This was mainly due to the changes of the profit and loss items mentioned above.

Income tax credit/(expense)

The Group's income tax expense decreased from approximately US$1.0 million for the six months ended 30 June 2022 to a tax credit of approximately US$0.3 million for the six months ended 30 June 2023. The income tax expense for the six months ended 30 June 2023 was lower mainly because of lower chargeable income for the six months ended 30 June 2023.

Loss for the period

As a result of the above, the Group recorded a loss of approximately US$1.5 million for the six months ended 30 June 2023, as compared to a net profit after tax of approximately US$3.2 million for the six months ended 30 June 2022.

Loss per share

The basic and diluted loss per share of the Group for the six months ended 30 June 2023 is US0.30 cents and US0.30 cents, respectively.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2023, the Group had cash and cash equivalents of approximately US$12.8 million. The Board is of the opinion that the financial position of the Group is strong and healthy, and the Group has sufficient resources to support its operations and meet its foreseeable capital expenditures.

Cash flow

The following table sets forth a summary of the cash flows of the Group for the six months ended 30 June 2023 and 30 June 2022, respectively:

	For the six months ended	
	30 June 2023	30 June 2022
	(unaudited)	(unaudited)
	US$'000	*US$'000*
Net cash generated from/(used in) operating activities	**5,951**	(1,095)
Net cash used in from investing activities	**(501)**	(642)
Net cash (used in)/generated from financing activities	**(7,990)**	613
Net decrease in cash and cash equivalents	**(2,540)**	(1,124)
Cash and cash equivalents at beginning of the period	**15,317**	17,630
Effects of exchange rate changes on cash and cash equivalents	**17**	(185)
Cash and cash equivalents at end of the period	**12,794**	16,321

Net cash flow generated from operating activities

The Group generates cash from operating activities primarily from sales of goods. Cash flow from operating activities reflects profit before taxation for the six months ended 30 June 2023 adjusted for (i) non-cash item such as depreciation of property, plant and equipment, and amortization of intangible assets, plant and equipment and other items, which lead to the operating loss before changes in working capital; (ii) effects of cash flows arising from changes in working capital, including changes in inventories, trade and other receivables and trade and other payables and other items, which lead to cash generated from operations; and income tax paid and other items, which result in net cash generated from operating activities.

For the six months ended 30 June 2023, the Group's net cash generated from operating activities was approximately US$6.0 million, primarily due to (i) decrease in inventories of approximately US$3.2 million, increase in trade payables of approximately US$2.5 million; cash generated before working capital changes of approximately US$0.5 million and decrease in trade receivables of approximately US$1.7 million; partially offset by (ii) decrease of approximately US$0.7 million in other payables and accruals and net income tax paid of approximately US$1.0 million.

Net cash flow used in investing activities

Cash flow used in investing activities mainly relates to purchase of property, plant and equipment of US$0.5 million. For the six months ended 30 June 2023, the Group's net cash used in investing activities was approximately US$0.5 million.

Net cash flow used in financing activities

Cash flow used in financing activities mainly includes proceeds from interest-bearing bank loans and repayment of interest-bearing bank loans. For the six months ended 30 June 2023, the Group's net cash flow used in financing activities was approximately US$8.0 million, mainly attributable to an approximate US$6.8 million repayment of interest-bearing bank loans, an approximate US$0.9 million interest paid on loans, and repayment of principal and interest portions of lease obligations of approximately US$0.3 million.

NET CURRENT ASSETS

The Group's net current asset was approximately US$24.9 million as at 30 June 2023 and US$24.9 million as at 31 December 2022.

CAPITAL EXPENDITURE

The Group's capital expenditure consisted of purchase costs relating to property, plant and equipment. For the six months ended 30 June 2023, the Group's capital expenditure amounted to approximately US$0.5 million for the acquisition of property, plant and equipment.

Capital and investment commitments

As at 30 June 2023, the Group did not have any capital and investment expenditure contracted for as at the end of the reporting period but not recognised in the interim condensed consolidated financial information.

BANK LOANS AND CONTINGENT LIABILITIES

Bank loans

The Group's bank loans primarily consisted of short and long-term trade financing from bank loans. As at 30 June 2023 and 31 December 2022, the Group had approximately US$17.8 million and approximately US$24.5 million respectively from bank loans.

As at 30 June 2023, there was a floating charge over bank accounts of Home Control Singapore Pte. Ltd. to secure the Group's bank loans.

Contingent liabilities

As at 30 June 2023, the Group did not have any contingent liabilities and guarantees.

Gearing ratio

Gearing ratio equals total debt divided by the adjusted total assets of the Group. Total debt includes all interest-bearing bank loans and lease liabilities. Adjusted total assets excludes goodwill. The gearing ratios as at 30 June 2023 and 31 December 2022 are approximately 28.9% and approximately 35.7%, respectively.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have other plans for material investments or capital assets as at 30 June 2023.

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2023.

FOREIGN EXCHANGE RISK MANAGEMENT

The functional currency of the Group is United States Dollar. The sales of the Group are mainly denominated in U.S. Dollar while purchases are mainly denominated in U.S. Dollar or RMB (only in the case of sales and purchases in the PRC). In addition, the Group has its headquarters in Singapore and operating subsidiaries in the U.S., Belgium, the PRC and Brazil, of which overheads are settled in local currencies and therefore the Group is exposed to foreign exchange risks. Fluctuations in foreign exchange rates may be caused by various factors such as change in government policies, change in domestic and international economic and political conditions, and is always unpredictable. The Group had not entered into any agreements to hedge its exchange rate exposure, as the Group's results of operations has generally been partially mitigated by the natural offset of foreign currency receivables with foreign currency payables. Going forward, the Group expects that exchange rates of SGD, RMB and US$ will continue to fluctuate. Changes in the foreign exchange rates between the Group's functional currencies and reporting currency may have an adverse impact on the Group's finance costs, sales and product margins, and may reduce the value of, and dividends payable on, the Shares. The Group's business and financial position may be materially and adversely affected. The management of the Group will continue to monitor the Group's foreign currency exchange exposure and will take prudent measures to minimise that currency exchange risk.

EMPLOYEES, REMUNERATION POLICY

As at 30 June 2023, the Group had 154 employees (31 December 2022: 178 employees). The employees benefit expense incurred during the six months ended 30 June 2023 was approximately US$6.7 million. As required by the applicable laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local government. The Group's remuneration policy rewards employees and Directors based on individual's performance, demonstrated capabilities, involvement, market comparable information and the performance of the Group. The Group improves the professional skills and management level of its employees through internal and external training. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Performance bonuses are offered to qualified employees based on individual and the Group's performance. The Group did not experience any material labour disputes during the six months ended 30 June 2023. The Company adopted the Scheme on 1 May 2015 as incentive for eligible employees. As at 1 May 2022, the Scheme was terminated upon the expiry of the Scheme period. No new options were granted and exercised thereunder during six months ended 30 June 2023. As at 1 May 2022, all options granted and accepted prior to such termination and not yet exercised under the Scheme were lapsed in accordance with the terms of the Scheme. The Company adopted the Share Award Scheme on 20 August 2020 in order to recognise the contributions of such Selected Grantees and in driving the continuous business operation and development of the Group. The Share Award Scheme shall terminate on the earlier of (i) the tenth (10th) anniversary date of the 20 August 2020; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Grantees under the Share Award Scheme. On 5 October 2020, the Board has resolved to award a total of not more than 5,016,337 Award Shares, representing approximately 1.00% of the total issued Shares as at the date of this announcement, to ten Selected Grantees pursuant to the Share Award Scheme. On 5 October 2022, 2,508,166 Award Shares were vested and the Board has resolved to allot and issue a total of 2,508,166 new Shares, representing approximately 0.50% of the total issued Shares as at the date of this announcement of which (a) 1,191,379 new Shares were allotted and issued to four connected Selected Grantees (being Mr. Alain PERROT, Chairman of the Board, an executive Director and Chief Executive Officer of the Company, and three other connected Selected Grantees who are directors of certain subsidiaries of the Company) pursuant to specific mandate; and (b) 1,316,787 new Shares were allotted and issued to six non-connected Selected Grantees pursuant to general mandate. During the six months ended 30 June 2023, no Award Shares were granted. As at 30 June 2023, of the 5,016,337 Award Shares granted under the Share Award Scheme, 2,508,171 Award Shares remained unvested. The details of the Share Award Scheme are disclosed in the announcements of the Company dated 20 August 2020, 5 October 2020 and 12 November 2020; and the circular of the Company dated 27 October 2020.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the date of this announcement, the Group had not entered into any off-balance sheet transactions.

USE OF PROCEEDS FROM LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date and the net proceeds raised from this initial public offering after deducting underwriting fees and other related listing expenses amounted to approximately HK$84.93 million (equivalent to approximately US$10.83 million) (the "**IPO Proceeds**").

As disclosed in the Company's annual report for 2022, the unutilised IPO Proceeds would be applied in the same manner as set out in the prospectus of the Company dated 31 October 2019 ("**Prospectus**") and were expected to be fully utilised by the end of year 2021 (the "**Original Timeline**"). However, due to the prolonged outbreak of COVID-19, the global economic environment has been unstable and has hindered business discussions and due diligence procedures, the Original Timeline has been delayed.

Based on the Directors' best estimation and assumption of future market conditions, the unutilised IPO Proceeds are expected to be fully utilised by 2024. Set out below is the Group's planned use and actual use of the IPO Proceeds as at 30 June 2023:

		Planned use of IPO Proceeds (adjusted on a pro rata basis on the actual net proceeds) *HK$' million*	Planned use of IPO Proceeds (adjusted on a pro rata basis on the actual net proceeds) *US$' million*	Unutilised IPO Proceeds as at beginning of the financial year i.e. 1 January 2023 *US$' million*	Proceeds utilised during the six months ended 30 June 2023 *US$' million*	Utilised IPO Proceeds up to 30 June 2023 *US$' million*	Unutilised as at 30 June 2023 *US$' million*	Expected timeline for the unutilised IPO Proceeds
1	Strategic investments or acquisitions in the over-the-top ("**OTT**") system and/or smart home security products	23.01	2.93	2.93	–	–	2.93	The unutilised IPO Proceeds are expected to be fully utilised by 2024.
2	Repayment of bank borrowing	21.12	2.69	–	–	2.69	–	–
3	R&D and develop the products for OTT segment and extend product lines in smart home products	14.27	1.82	1.82	–	–	1.82	The unutilised IPO Proceeds are expected to be fully utilised by 2024.
4	Expansion of professional sales force to support business expansion	13.8	1.76	1.36	0.10	0.50	1.26	The unutilised IPO Proceeds are expected to be fully utilised by 2024.
5	Strengthen the supply chain management and investment by extending beyond the PRC	6.57	0.84	–	–	0.84	–	–
6	Working capital and general corporate purposes	6.16	0.79	0.79	–	–	0.79	The unutilised IPO Proceeds are expected to be fully utilised by 2024.
		84.93	10.83	6.90	0.10	4.03	6.80	

The Directors expect that the use of IPO Proceeds can bring further improvements to the Group's overall business performance.

The Directors will constantly evaluate the Group's business strategies and specific needs from time to time. As at the date of this announcement, the Directors are not aware of any material change to the planned use of IPO Proceed as set out in the Prospectus. Further announcement will be made if there are any changes on the use of proceeds as and when appropriate.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

EVENTS AFTER THE REPORTING PERIOD

No other significant events that require additional disclosures or adjustments occurred after the six months period ended 30 June 2023.

CORPORATE GOVERNANCE CODE

The Group is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its Shareholders.

The Company has adopted a corporate governance policy with provisions no less exacting than the Corporate Governance Code and complied with all the applicable code provisions set out in the Corporate Governance Code throughout the six months ended 30 June 2023 except for the deviation as detailed below.

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current structure of the Company, Mr. Alain PERROT is the Chairman and CEO. The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision C.2.1 of the Corporate Governance Code is acceptable in such circumstance. In addition, under the supervision of the Board which, apart from Mr. Alain PERROT being the executive Director, comprises two non-executive Directors and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders.

Following the resignation of Mr. Edmond Ming Siang JAUW with effect from 3 February 2023, the Company had two independent non-executive Directors and each of the Audit Committee and the Nomination Committee comprised only two members. Accordingly, the Company fails to meet the requirements set out in (i) rule 3.10(1) of the Listing Rules that the Company must have at least three independent non-executive Directors; (ii) rule 3.10A of the Listing Rules that the Company must appoint independent non-executive Directors representing at least one-third of the Board; (iii) rule 3.21 of the Listing Rules and paragraphs 2.1 and 2.2 of the Audit Committee Terms of Reference that the Audit Committee must comprise a minimum of three members and majority of its members must be independent non-executive Directors; and (iv) rule 3.27A of the Listing Rules and paragraph 2.1 of the Nomination Committee Terms of Reference that the Nomination Committee must comprise a majority of independent non-executive Directors. Following the appointment of Ms. Keet Yee LAI as the independent non-executive Director with effect from 10 February 2023, the Company has fully complied with the requirements as set out in rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules, paragraphs 2.1 and 2.2 of the Audit Committee Terms of Reference and paragraph 2.1 of the Nomination Committee Terms of Reference. For details, please refer to the announcements of the Company dated 3 February 2023 and 10 February 2023.

The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for Shareholders.

INTERIM DIVIDEND

The Board did not recommend to declare any interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors and relevant employees. Upon specific enquiry of all Directors, all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2023.

REVIEW OF FINANCIAL INFORMATION BY THE AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the Corporate Governance Code. As at the date of this announcement, the Audit Committee consists of the three independent non-executive Directors, namely, Dr. Shou Kang CHEN (Chairman), Mr. Werner Peter VAN ECK and Ms. Keet Yee LAI.

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023 and discussed with the management the accounting principles and practices adopted by the Group, risk management and internal controls and financial reporting matters of the Group and results announcement. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

PUBLICATION OF INTERIM RESULTS AND DISPATCH OF INTERIM REPORT

This interim results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.omniremotes.com. The interim report for the six months ended 30 June 2023 containing all information required by the Listing Rules will be dispatched to the Shareholders and made available on the above websites in due course.

DEFINITIONS

"Audit Committee"	the audit committee of the Board
"Award Shares"	in respect of a Selected Grantee, such number of Shares determined by and granted by the Board pursuant to the Share Award Scheme
"Board"	the board of Directors
"CEO"	the chief executive officer of the Company
"Chairman"	the chairman of the Board
"China" or "PRC"	the People's Republic of China and for the purpose of this announcement, excludes, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Company"	Home Control International Limited, a company incorporated in the Cayman Islands on 24 December 2014 as an exempted company with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1747)
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of the Shares of the Company on the Main Board of the Stock Exchange
"Listing Date"	14 November 2019
"Listing Rules"	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
"Model Code"	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board

"Philips"	Koninklijke Philips N.V., one of the largest electronics companies in the world, incorporated under the laws of the Netherlands and headquartered in Amsterdam
"RMB"	Renminbi, the lawful currency of the PRC
"Scheme"	the stock option plan of the Company as approved by the Board on 1 May 2015
"Selected Grantee(s)"	the eligible participant(s) being selected for participation in the Share Award Scheme and conditionally awarded the Award Shares
"SGD"	Singapore dollar(s), the lawful currency of the Republic of Singapore
"Share(s)"	ordinary share(s) with nominal value of US$0.01 each in the share capital of the Company
"Share Award Scheme"	the share award scheme adopted by the Company on 20 August 2020, as amended from time to time
"Shareholder(s)"	the holder(s) of Share(s) of the Company
"Singapore"	the Republic of Singapore
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"U.S." or "United States"	the United States of America
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States

On behalf of the Board
Home Control International Limited
Alain PERROT
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 18 August 2023

As of the date of this announcement, the Board comprises Mr. Alain PERROT as executive Director; Mr. Wei ZHOU and Mr. Kwok King Kingsley CHAN as non-executive Directors; and Mr. Werner Peter VAN ECK, Dr. Shou Kang CHEN and Ms. Keet Yee LAI as independent non-executive Directors.