# HOME CONTROL INTERNATIONAL LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1747)**

# ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board is pleased to announce the consolidated results of the Group for the year ended 31 December 2023, together with the comparative figures for the previous financial year.

The table below sets forth the reported net (loss)/profit of the Group and the adjusted net profit (non-IFRSs measure) of the Group:

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| **Reported Net (Loss)/Profit** | (1,619) | 4,575 |
| Add: Restructuring and severance costs | 2,511 | 12 |
| **Adjusted Net Profit (Non-IFRSs measure)** *(Note)* | 892 | 4,587 |

*Note:* To supplement the consolidated financial information of the Group prepared in accordance with the International Financial Reporting Standards ("**IFRSs**"), certain additional non-IFRSs measures (in terms of adjusted net profit) have been presented in this announcement. These unaudited non-IFRSs 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 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-IFRSs measures may be defined differently from similar terms used by other companies.

The adjusted net profit ("**Adjusted Net Profit (non-IFRSs measure)**") eliminates the effect of the non-recurring restructuring and severance costs incurred to optimise the cost structure so as to maintain competitiveness of the Group in the current business environment. The term of Adjusted Net Profit (non-IFRSs measure) is not defined under the IFRSs. The use of Adjusted Net Profit (non-IFRSs measure) 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 (non-IFRSs measure) is a significant component in understanding and assessing the operating and financial performance of the Group.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 31 December 2023*

| | Note | 2023<br>US$'000 | 2022<br>US$'000 |
|---|---|---|---|
| **Revenue** | 3 | **101,008** | 126,560 |
| Cost of sales | | **(77,697)** | (98,942) |
| **Gross profit** | | **23,311** | 27,618 |
| Other income | | **153** | 286 |
| Selling and distribution expenses | 4 | **(6,432)** | (7,184) |
| Administrative expenses | 4 | **(12,026)** | (10,869) |
| Provision for impairment loss: | | | |
| – Trade receivables | | **(192)** | (248) |
| – Financial asset at amortised costs | | **–** | (208) |
| Other expenses | 4 | **(4,274)** | (1,988) |
| Finance costs – net | 5 | **(2,103)** | (1,272) |
| **(Loss)/Profit before tax** | | **(1,563)** | 6,135 |
| Income tax expense | 6 | **(56)** | (1,560) |
| **(Loss)/Profit for the year and attributable to owners of the Company** | | **(1,619)** | 4,575 |
| **Other comprehensive income/(loss):** | | | |
| *Items that may be reclassified to profit or loss:* | | | |
| Exchange differences on translation of foreign operations | | **73** | (59) |
| **Other comprehensive income/(loss) for the year** | | **73** | (59) |
| **Total comprehensive (loss)/income for the year and attributable to owners of the Company** | | **(1,546)** | 4,516 |
| **Earnings per share for (loss)/profit attributable to owners of the Company:** | | | |
| Basic | 7 | **US (0.32) cents** | US 0.91 cents |
| Diluted | 7 | **US (0.32) cents** | US 0.91 cents |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*31 December 2023*

| | Note | 2023 US$'000 | 2022 US$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment and right-of-use assets | | **2,775** | 4,338 |
| Other intangible assets | | **12** | 31 |
| Goodwill | | **8,877** | 8,877 |
| Deferred tax assets | | **217** | – |
| Other receivables | | **628** | – |
| Financial asset at amortised costs | *12* | **–** | 3,229 |
| Total non-current assets | | **12,509** | 16,475 |
| **Current assets** | | | |
| Financial asset at amortised costs | *12* | **3,229** | – |
| Inventories | *8* | **11,135** | 17,466 |
| Trade receivables | *9* | **26,251** | 30,338 |
| Prepayments and other receivables | | **740** | 771 |
| Cash and cash equivalents | *11* | **16,872** | 15,317 |
| Total current assets | | **58,227** | 63,892 |
| **Total assets** | | **70,736** | 80,367 |
| **Current liabilities** | | | |
| Trade payables | *10* | **27,711** | 24,572 |
| Other payables and accruals | | **4,152** | 3,772 |
| Advance received from customer | | **53** | – |
| Interest-bearing bank loans | | **3,834** | 8,534 |
| Lease liabilities | | **393** | 549 |
| Provisions | | **131** | 54 |
| Tax payable | | **89** | 1,529 |
| Total current liabilities | | **36,363** | 39,010 |
| Net current assets | | **21,864** | 24,882 |
| Total assets less current liabilities | | **34,373** | 41,357 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

| | 2023 | 2022 |
|---|---|---|
| | *US$'000* | *US$'000* |
| **Non-current liabilities** | | |
| Interest-bearing bank loans | **11,171** | 16,006 |
| Lease liabilities | **114** | 397 |
| Provisions | **188** | 402 |
| Deferred tax liabilities | **89** | 248 |
| Total non-current liabilities | **11,562** | 17,053 |
| **Net assets** | **22,811** | 24,304 |
| **Equity** | | |
| Share capital | **5,067** | 5,042 |
| Reserves | **17,744** | 19,262 |
| **Total equity** | **22,811** | 24,304 |

# NOTES TO CONSOLIDATED FINANCIAL INFORMATION

*31 December 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 year, 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.

These consolidated financial information are presented in thousands of unit of United States Dollar ("**US$'000**"), unless otherwise stated. This consolidated financial statement has been approved for issue by the Board on 27 March 2024.

## 2. BASIS OF PREPARATION

The consolidated financial information has been prepared in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance (Cap.622). IFRS Accounting Standards comprise the following authoritative literature:

– IFRS Accounting Standards

– IAS Standards

– Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The consolidated financial information has been prepared on a historical cost basis, except as disclosed in the accounting policies below.

### (a) Amended standards and revised conceptual framework adopted by the Group

The Group has adopted all the revised standards and amendments that are relevant to the Group's operations and mandatory for annual period beginning 1 January 2023. The effect of the adoption of these revised standards and amendments was not material to the Group's results or financial position.

The Group has adopted the following amendments for the first time for annual reporting period beginning 1 January 2023:

| | |
|---|---|
| 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* |
| IFRS 17 | *Insurance Contracts* |

## 2. BASIS OF PREPARATION (continued)

### (b) New standards, amendments to existing standards, annual improvements, guideline and interpretation that have been issued but are not yet effective and have not been early adopted by the Group

The following standards and amendments were in issue but not yet effective and have not been early adopted by the Group:

| | |
|---|---|
| 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 IAS 7 and IFRS 7[(1)] | *Supplier Finance Arrangements* |
| Amendments to IFRS 16[(1)] | *Lease Liability in a Sale and Leaseback* |
| Amendments to IAS 21[(2)] | *Lack of exchangeability* |
| Amendments to IFRS 10 and IAS 28[(3)] | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* |

(1) Effective for annual periods beginning 1 January 2024
(2) Effective for annual periods beginning 1 January 2025
(3) New effective date to be determined

The Group is assessing the full impact of these new and amended standards. Certain of them may lead to changes 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.

## 3. 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.

**Geographical information**

***(a) Revenue from external customers***

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| North America | **34,836** | 38,044 |
| Europe | **32,605** | 46,813 |
| Asia | **22,969** | 23,024 |
| Latin America | **10,598** | 18,679 |
| | **101,008** | 126,560 |

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

***(b) Non-current assets***

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| North America | **30** | 30 |
| Europe | **180** | 183 |
| Asia | **2,577** | 4,156 |
| | **2,787** | 4,369 |

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

**Information about major customers**

Revenue from each major customer which accounted for 10% or more of the Group's revenue for year 2023 & 2022 is set out below:

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Customer 1 | **18,435** | 26,092 |
| Customer 2 | **11,218** | N/A* |

* The corresponding revenue from the customer was not disclosed as the revenue did not individually account for 10% or more of the Group's revenue for the year.

## NOTES TO CONSOLIDATED FINANCIAL INFORMATION (continued)

### 4. (LOSS)/PROFIT BEFORE TAX

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

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Cost of inventories sold | | |
| – *Cost of components* | **64,988** | 82,614 |
| – *Provision for inventories* | **122** | 314 |
| – *Outsourcing costs* | **9,819** | 12,236 |
| Depreciation of property, plant and equipment | **1,920** | 2,264 |
| Depreciation of right-of-use assets | **534** | 547 |
| Amortisation of other intangible assets | **18** | 27 |
| Loss on disposal of property, plant and equipment & right-of-use assets | **55** | 4 |
| Distribution costs | **839** | 1,711 |
| Foreign exchange differences, net | **91** | 289 |
| Auditor's remuneration | | |
| – *Audit services* | **409** | 398 |
| – *Non-audit services* | **132** | 68 |
| Expenses for short-term leases | **29** | 241 |
| Expenses for low-value leases | **3** | 3 |
| Reversal of IT service accrual *(Note (i))* | **–** | (1,074) |
| Employee benefits expense | | |
| – *Wages and salaries* | **10,316** | 10,341 |
| – *Pension scheme contributions* | **2,011** | 2,164 |
| – *Long service award* | **(71)** | (3) |
| – *Share award scheme* | **52** | 150 |
| – *Other employee benefits* | **287** | 275 |
| Restructuring and severance costs | **2,511** | 12 |

(i) During the financial year ended 31 December 2022, the reversal of IT service accrual pertained to the 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.

(ii) During the financial year ended 31 December 2023, the Group incurred expenses for the purpose of research and development of US$5,894,000 (2022: US$5,170,000), which comprised employee benefits expenses of US$4,327,000 (2022: US$4,570,000).

### 5. FINANCE COSTS – NET

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Modification loss on financial asset at amortised costs | **346** | 104 |
| Interests on: | | |
| – Bank borrowings | **1,664** | 1,065 |
| – Lease liabilities | **28** | 37 |
| Amortisation of loan arrangement, facility and legal fees | **65** | 66 |
| | **2,103** | 1,272 |

### 6. INCOME TAX

The Group is subject to income tax on an entity basis on profits 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 year.

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 5.4% (2022: 4.3%) on the estimated assessable profits arising in the United States of America during the year.

The 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 Small and Low-profit Enterprise and was subject to a preferential income tax rate of 5.0% (2022: 2.5%) for the reporting period. HCS (Suzhou) Limited qualified as a Technologically-advanced Service Enterprise and was subject to a preferential income tax rate of 15% (2022: 15%) for the year 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 year.

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 year.

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 are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Current tax – Singapore | | |
| Charge for the year | **150** | 1,397 |
| Under/(over) provision in prior years | **67** | (72) |
| Current tax – United States of America | | |
| Charge for the year | **103** | 175 |
| Current tax – China and Elsewhere | | |
| Charge for the year | **112** | 283 |
| | **432** | 1,783 |
| Deferred tax | | |
| Credit for the year | **(398)** | (192) |
| Under/(over) provision in prior years | **22** | (31) |
| | **(376)** | (223) |
| Total tax charge for the year | **56** | 1,560 |

### 6. INCOME TAX (continued)

A reconciliation of the tax expense applicable to (loss)/profit before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable statutory rates to the effective tax rates, are as follows:

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | ***US$'000*** | *%* | *US$'000* | *%* |
| (Loss)/Profit before tax | **(1,563)** | | 6,135 | |
| Tax at the domestic rates applicable to profits in the countries where the Group operates | **(178)** | **(11.4)** | 1,428 | 23.3 |
| Effect of partial tax exemption and enhanced deductions | **(33)** | **(2.1)** | (43) | (0.7) |
| Income not subjected to tax | **(12)** | **(0.8)** | (9) | (0.1) |
| Under/(over) provision in respect of prior years | **88** | **5.6** | (103) | (1.7) |
| Expenses not deductible for tax | **170** | **10.9** | 189 | 3.1 |
| Others | **21** | **1.3** | 98 | 1.5 |
| Income tax expense at the Group's effective rate | **56** | **3.6** | 1,560 | 25.4 |

### 7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on (loss)/profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares.

The calculation of the diluted earnings per share amounts is based on the (loss)/profit for the year 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 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 earnings per share are based on:

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Earnings | | |
| (Loss)/profit attributable to owners of the Company, used in the basic earnings per share calculation | **(1,619)** | 4,575 |

## 7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

| | Number of shares | |
|---|---|---|
| | **2023** | 2022 |
| Shares | | |
| Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation | **504,746,539** | 502,238,372 |
| Effect of dilution – weighted average number of ordinary shares: | | |
| Share awards | **–** | 2,508,171 |
| | **504,746,539** | 504,746,543 |

During the year ended 31 December 2023, 2,508,171 (2022: 2,508,166) shares were issued under the share award scheme.

The computation of diluted earnings per share for the year ended 31 December 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.

## 8. INVENTORIES

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Raw materials – components | **5,168** | 8,982 |
| Work-in-progress | **101** | 242 |
| Finished goods | **6,253** | 9,098 |
| | **11,522** | 18,322 |
| Less: Provision for inventories | **(387)** | (856) |
| | **11,135** | 17,466 |

## 9. TRADE RECEIVABLES

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Trade receivables | **26,584** | 30,591 |
| Impairment | **(333)** | (253) |
| | **26,251** | 30,338 |
| Denominated in: | | |
| US$ | **23,913** | 27,376 |
| Euro | **1,152** | 992 |
| RMB | **317** | 517 |
| British Pound Sterling | **869** | 1,453 |
| | **26,251** | 30,338 |

## NOTES TO CONSOLIDATED FINANCIAL INFORMATION (continued)

### 9. TRADE RECEIVABLES (continued)

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 impairment allowance, is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| 0-90 days | **23,473** | 23,017 |
| 91-180 days | **1,628** | 5,858 |
| More than 180 days | **1,150** | 1,463 |
| | **26,251** | 30,338 |

### 10. TRADE PAYABLES

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Trade payables | **27,711** | 24,572 |
| Denominated in: | | |
| US$ | **20,326** | 23,799 |
| RMB | **7,016** | 724 |
| Others | **369** | 49 |
| | **27,711** | 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:

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| 0-90 days | **20,546** | 18,006 |
| 91-180 days | **7,086** | 6,561 |
| More than 180 days | **79** | 5 |
| | **27,711** | 24,572 |

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

# NOTES TO CONSOLIDATED FINANCIAL INFORMATION (continued)

## 11. CASH AND CASH EQUIVALENTS

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Cash and cash equivalents | **16,872** | 15,317 |
| Denominated in: | | |
| US$ | **13,066** | 13,425 |
| Euro | **1,363** | 494 |
| Singapore Dollar | **204** | 73 |
| RMB | **1,382** | 961 |
| British Pound Sterling | **423** | 42 |
| Brazilian Real | **234** | 143 |
| Others | **200** | 179 |
| | **16,872** | 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.

Cash and cash equivalents of approximately US$1,382,000 (2022: US$961,000) and US$29,000 (2022: US$124,000) as at 31 December 2023 of the Group were denominated in RMB and US$ respectively and deposited with banks in the PRC. These bank balances are subject to the rules and regulations of foreign exchange control promulgated by the State Administration of Foreign Exchange.

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.

## 12. FINANCIAL ASSET AT AMORTISED COSTS

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Unlisted investment | | |
| – Non-current | **–** | 3,229 |
| – Current | **3,229** | – |

The above investment was a treasury management principal protected products issued by a licensed financial institution. The investment is denominated in HK$ and bears interest of 3.0% per annum. The investment matures initially 1.5 years from inception, and will be rolled over automatically unless the parties mutually agree to terminate it. The financial institution has the right to redeem the investment prior to its termination, and the discretion to determine the interest to be compensated.

The investment is classified as financial asset at amortised cost as the contractual cash flows are solely payments of principal and interest.

### 12. FINANCIAL ASSET AT AMORTISED COSTS (continued)

During the financial year ended 31 December 2022, the financial institution partially redeemed HK$12,760,000 (approximately US$1,625,000) of the investment and determined that no interest is payable for those amounts. The Group has re-assessed the contractual cash flows of the investment, and determined that US$104,000 and US$208,000 should be recorded as modification loss on the financial asset and impairment loss on the accrued interest respectively.

The remaining investment was rolled over in November 2022 and matures in May 2024.

### 13. DIVIDENDS

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Ordinary dividends | | |
| Final dividend paid in respect of the previous financial year of nil (2022: US0.38 cents) per ordinary share | **–** | 1,933 |

## 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, which had previously gone live with a leading TV brand, is in the process of rollout to other geographical regions.

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 high customer inventories as a result of slower-than-expected economic recovery worldwide, the Group's revenue for the year ended 31 December 2023 came in at approximately US$101.0 million, representing a decrease of approximately 20.2% from approximately US$126.6 million in the same period in 2022.

The Company has taken and will continue to take steps in cost management for shareholder value, including through operation cost control via automation. Due to challenging macro-economic factors, high interest rates and without taking into account the effect of the non-recurring restructuring and severance costs of approximately US$2.5 million incurred related to optimising the cost structure, the Group has turned in an adjusted net profit (non-IFRSs measure) of approximately US$0.9 million for the year ended 31 December 2023 as compared to an adjusted net profit (non-IFRSs measure) of approximately US$4.6 million for the year ended 31 December 2022.*(Note)*

*Note:* To supplement the consolidated financial information of the Group prepared in accordance with the IFRSs, certain additional non-IFRSs measures (in terms of adjusted net profit) have been presented in this announcement. These unaudited non-IFRSs 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 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-IFRSs measures may be defined differently from similar terms used by other companies.

The 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 (non-IFRSs measure) is not defined under the IFRSs. The use of Adjusted Net Profit (non-IFRSs measure) 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 (non-IFRSs measure) 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 has pivoted, but the instability of the political and economic situation arising from conflicts in Russia-Ukraine and the Middle East region, as well as the risk of global recession due to high interest rates not averted yet. These factors may impede 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 to diversify into several adjacent spaces of the business, as well as improvements of its supply chain to support the existing business and the imminent diversification. 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 year ended 31 December 2023.

## FINANCIAL REVIEW

### Revenue

Revenue of the Group for the year ended 31 December 2023 decreased by approximately 20.2% (approximately US$25.6 million) compared to the year ended 31 December 2022 mainly due to the decrease in revenue for Europe, North America and Latin America regions.

The following table sets forth the breakdown of revenue of the Group by the geographical location of customers for the years ended 31 December 2023 and 31 December 2022, respectively.

| | **2023** | | 2022 | | **Year-on-year Change** | |
|---|---|---|---|---|---|---|
| | ***US$'000*** | **% of Revenue** | *US$'000* | % of Revenue | *US$'000* | % |
| North America | **34,836** | **34.5%** | 38,044 | 30.1% | (3,208) | -8.4% |
| Europe | **32,605** | **32.3%** | 46,813 | 37.0% | (14,208) | -30.4% |
| Asia | **22,969** | **22.7%** | 23,024 | 18.2% | (55) | -0.2% |
| Latin America | **10,598** | **10.5%** | 18,679 | 14.7% | (8,081) | -43.3% |
| Total | **101,008** | **100%** | 126,560 | 100.0% | (25,552) | -20.2% |

### Cost of sales

The cost of sales of the Group mainly consisted of components including finished goods from ODM (original design manufacturing), outsourcing and overheads. The cost of sales amounted to approximately US$77.7 million and approximately US$98.9 million for the year ended 31 December 2023 and the year ended 31 December 2022 respectively, representing approximately 76.9% and approximately 78.1% of the total revenue for the corresponding periods.

The following table sets forth the breakdown of the cost of sales for the year ended 31 December 2023 and the year ended 31 December 2022.

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | ***US$'000*** | **%** | *US$'000* | % |
| Cost of components | **65,110** | **83.8%** | 82,928 | 83.8% |
| Outsourcing | **9,819** | **12.6%** | 12,236 | 12.4% |
| Overheads | **2,768** | **3.6%** | 3,778 | 3.8% |
| | **77,697** | **100.0%** | 98,942 | 100.0% |

**Gross profit**

Gross profit decreased by approximately US$4.3 million from approximately US$27.6 million for the year ended 31 December 2022 to approximately US$23.3 million for the year ended 31 December 2023. Gross profit has decreased mainly due to changes in product mix.

**Other income**

Other income decreased from approximately US$0.3 million for the year ended 31 December 2022 to approximately US$0.2 million for the year ended 31 December 2023. The decrease was primarily because of the decrease of approximately US$0.1 million in government grants for year ended 31 December 2023.

**Selling and distribution expenses**

Selling and distribution expenses decreased from approximately US$7.2 million for the year ended 31 December 2022 to approximately US$6.4 million for the year ended 31 December 2023. The decrease in selling and distribution expenses was mainly due to approximately US$0.9 million decrease in distribution expenses, approximately US$0.1 million decrease in salaries and wages partially offset by approximately US$0.2 million increase in professional fees.

**Administrative expenses**

Administrative expenses increased by approximately US$1.1 million, from approximately US$10.9 million for the year ended 31 December 2022 to approximately US$12.0 million for the year ended 31 December 2023. The increase was mainly due to the reversal of IT service accrual of approximately US$1.1 million for year ended 31 December 2022 that did not recur for year ended 31 December 2023.

**Provision for impairment loss**

Impairment loss of financial assets was approximately US$0.2 million for year ended 31 December 2023. There was an approximate US$0.1 million decrease in impairment loss on financial assets mainly due to lower specific doubtful debt provision made for trade receivables. There was an approximate US$0.2 million decrease for impairment loss on financial assets at amortised costs for the year ended 31 December 2023.

**Other expenses**

Other expenses increased from approximately US$2.0 million for the year ended 31 December 2022 to approximately US$4.3 million for the year ended 31 December 2023. The US$2.3 million increase was mainly due to approximately US$2.5 million restructuring expenses, partially offset by approximately US$0.2 million foreign exchange difference gain.

**Finance costs – net**

Comparing to the year ended 31 December 2022, finance cost incurred during the year ended 31 December 2023 increased by approximately US$0.8 million. The increase was mainly because of the increase of approximately US$0.6 million in interest on bank loans, and approximately US$0.2 million increase in modification loss on financial assets at amortised cost.

**(Loss)/Profit before tax**

Loss before tax for the year ended 31 December 2023 was approximately US$1.6 million, as compared to a profit before tax of approximately US$6.1 million for the year ended 31 December 2022. This was mainly due to the net impact of the reasons stated above.

**Income tax expense**

The Group's income tax expense decreased from approximately US$1.6 million for the year ended 31 December 2022 to approximately US$0.1 million for the year ended 31 December 2023. The income tax expense for the year ended 31 December 2023 was lower mainly due to a decrease in profit before tax.

**(Loss)/Profit for the year**

As a result of the above, the Group recorded a loss after tax of approximately US$1.6 million for the year ended 31 December 2023, representing a decrease of approximately US$6.2 million from the net profit after tax for the year ended 31 December 2022 of approximately US$4.6 million.

**(Loss)/Earnings per Share**

The basic and diluted (loss)/earnings per share for year ended 31 December 2023 is US(0.32) cents and US(0.32) cents (year ended 31 December 2022: US0.91 cents and US0.91 cents).

## LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2023, the Group had cash and cash equivalents of approximately US$16.9 million. The Board is of the opinion that the financial position of the Group is 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 our cash flows of the Group as at 31 December 2023 and 31 December 2022 respectively:

| | **2023** | 2022 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Net cash from operating activities | **14,069** | 1,393 |
| Net cash (used in)/from investing activities | **(724)** | 531 |
| Net cash used in financing activities | **(11,853)** | (4,075) |
| **Net increase/(decrease) in cash and cash equivalents** | **1,492** | (2,151) |
| Cash and cash equivalents at beginning of the year | **15,317** | 17,630 |
| Effects of exchange rate changes on cash and cash equivalents | **63** | (162) |
| **Cash and cash equivalents at end of the year** | **16,872** | 15,317 |

### Net cash flow from operating activities

The Group generates cash from operating activities primarily from sales of goods. Cash flows from operating activities reflects profit before taxation for the year adjusted for (i) non-cash item such as depreciation of property, plant and equipment, and amortization of intangible assets and other items, which lead to the operating profit before changes in working capital; and (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, long service awards paid and other item, which result in net cash from operating activities.

For the year ended 31 December 2023, the Group's net cash generated from operating activities was approximately US$14.1 million, primarily reflected (i) cash generated before working capital changes of approximately US$3.0 million; (ii) decrease in trade receivables of approximately US$3.9 million; (iii) decrease in inventories of approximately US$6.2 million; (iv) increase in trade payables of approximately US$3.1 million; and (v) increase in other payables and accruals of approximately US$0.4 million, partially offset by approximately US$1.9 million in net income tax paid.

### Net cash flow used in investing activities

Cash flow used in investing activities mainly relates to purchase of property, plant and equipment. For the year ended 31 December 2023, the Group's net cash used in investing activities was approximately US$0.7 million, which was primarily attributable to purchases of property, plant and equipment of approximately US$0.8 million, partially offset by approximately US$0.1 million of interest income received on bank deposit.

### Net cash flow used in financing activities

Cash flows used in financing activities mainly includes proceeds from interest-bearing bank loans and repayment of interest-bearing bank loans. For the year ended 31 December 2023, the Group's net cash flow used in financing activities was approximately US$11.9 million, mainly attributable to approximately US$17.1 million repayment of interest bearing bank loans, approximately US$1.7 million interest paid, and approximately US$0.6 million repayment of lease obligations. This was partially offset by approximately US$7.5 million proceeds from interest bearing bank loans.

## NET CURRENT ASSETS

The Group's net current assets decreased by approximately US$3.0 million from approximately US$24.9 million as at 31 December 2022 to approximately US$21.9 million as at 31 December 2023. The decrease was primarily due to (i) a decrease in inventories of approximately US$6.3 million, (ii) a decrease in trade receivables of approximately US$4.1 million, (iii) an increase in trade payables of approximately US$3.1 million, and (iv) an increase in other payables and accruals of approximately US$0.4 million, which were partially offset by (i) an increase in financial asset at amortised costs of approximately US$3.2 million, (ii) an increase in cash and cash equivalents of approximately US$1.6 million, (iii) a decrease in interest-bearing loans of approximately US$4.7 million and (iv) a decrease in tax payable of approximately US$1.4 million.

## CAPITAL EXPENDITURE

The Group's capital expenditure consisted of purchase costs relating to property, plant and equipment. For the year ended 31 December 2023, the Group's capital expenditure amounted to approximately US$0.8 million (2022: US$1.1 million) for the acquisition of property, plant and equipment. The Group funded such capital expenditure primarily with cash generated from operating activities.

### Capital and investment commitments

As at 31 December 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 consolidated financial statements.

## BANK LOANS AND CONTINGENT LIABILITIES

### Bank loans

The Group's bank loans primarily consisted of short and long-term trade financing from bank. As at 31 December 2023, the Group had approximately US$3.8 million (2022: US$8.5 million) and US$11.2 million (2022: US$16.0 million) from short and long-term bank loans, respectively.

As at 31 December 2023, there was a floating charge over bank accounts of Home Control Singapore Pte. Ltd. amounting to approximately US$11.0 million to secure the Group's bank loans.

### Contingent liabilities

As at 31 December 2023, the Group did not have any contingent liabilities and guarantees.

### Gearing ratio

Gearing ratio equals total debt divided by the adjusted total assets at the end of the year. Total debt includes all interest-bearing bank loans and lease liabilities. Adjusted total assets excludes goodwill. The gearing ratios as at 31 December 2023 and 31 December 2022 are approximately 25.1% 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 31 December 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 year ended 31 December 2023.

## FOREIGN EXCHANGE RISK MANAGEMENT

The functional currency of the Group is U.S. Dollar. The sales of the Group are mainly denominated in U.S. Dollar while purchases are mainly denominated in U.S. Dollar or RMB. 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 31 December 2023, the Group had 150 employees (31 December 2022: 178 employees). The employees benefit expense incurred during the year ended 31 December 2023 was approximately US$12.6 million (2022: US$12.9 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 year ended 31 December 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 year ended 31 December 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. On 5 October 2023, 2,508,171 Award Shares were vested and the Board has resolved to allot and issue a total of 2,508,171 new Shares, representing approximately 0.50% of the total issued Shares as at the date of this announcement of which (a) 1,191,381 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) 1,316,790 new Shares were allotted and issued to six non-connected Selected Grantees pursuant to general mandate. As at 31 December 2023, of the 5,016,337 Award Shares granted under the Share Award Scheme, no 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 31 December 2023:

| | | Planned use of IPO Proceeds (adjusted on a pro rata basis on the actual net proceeds) | Planned use of IPO Proceeds (adjusted on a pro rata basis on the actual net proceeds) | Unutilised IPO Proceeds as at beginning of the financial year i.e. 1 January 2023 | Proceeds utilised during the year ended 31 December 2023 | Utilised IPO Proceeds up to 31 December 2023 | Unutilised as at 31 December 2023 | Expected timeline for the unutilised IPO Proceeds |
|---|---|---|---|---|---|---|---|---|
| | | *HK$' million* | *US$' million* | *US$' million* | *US$' million* | *US$' million* | *US$' million* | |
| 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 | 0.15 | 0.55 | 1.21 | 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 | 0.15 | 4.08 | 6.75 | |

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 Proceeds 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.

## FINAL DIVIDEND

No dividend was proposed in respect of the financial year ended 31 December 2023 (2022: nil).

## EVENTS AFTER THE REPORTING PERIOD

No other significant events that require additional disclosures or adjustments occurred after the financial year ended 31 December 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 year ended 31 December 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.

## 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 year ended 31 December 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 of the Company 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 of the Company has reviewed the consolidated financial statements of the Group for the year ended 31 December 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.

## SCOPE OF WORK OF PRICEWATERHOUSECOOPERS LLP

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers LLP, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers LLP in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers LLP on this announcement.

## PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to amend the existing memorandum and articles of association of the Company ("**Memorandum and Articles of Association**") and to adopt an amended and restated Memorandum and Articles of Association ("**Proposed Amendments**") for the purpose of updating and bringing the existing Memorandum and Articles of Association in line with the amendments to the Listing Rules which mandate electronic dissemination of corporate communications by listed issuers to their securities holders from 31 December 2023 onwards, as well as other housekeeping changes. The Proposed Amendments will permit the Company and the Board to serve notices or documents to members without obtaining their prior written consent or deemed consent. The Proposed Amendments are subject to the approval of the Shareholders by way of a special resolution at the forthcoming AGM, and will become effective upon the approval by the Shareholders at the AGM.

A circular of the AGM containing, among other matters, details of the Proposed Amendments, together with a notice of the AGM will be despatched to the Shareholders in due course.

## ANNUAL GENERAL MEETING

The forthcoming AGM of the Company will be held on Friday, 21 June 2024 and the notice of the AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

## CLOSURE OF REGISTER OF MEMBERS

To ensure the eligibility to attend and vote at the AGM, the register of members of the Company will be closed on the following dates:

**For ascertaining Shareholders' right to attend and vote at the AGM:**

| | | |
|---|---|---|
| Latest time to lodge transfers | : | 4:30 p.m. on Friday, 14 June 2024 |
| Book closure dates | : | Monday, 17 June 2024 to Friday, 21 June 2024 (both days inclusive) |
| Record date | : | Friday, 21 June 2024 |

To be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than the aforementioned latest time.

## 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 year ended 31 December 2023.

## PUBLICATION OF RESULT ANNOUNCEMENT AND ANNUAL REPORT

This annual result announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.omniremotes.com. The Company's annual report for the year ended 31 December 2023 containing all the information required by the Listing Rules will be dispatched to the Shareholders and available on the above websites in due course.

## DEFINITIONS

| | |
|---|---|
| "AGM" | the annual general meeting of the Company to be held on Friday, 21 June 2024, or, where the context so admits, any adjournment of such annual general meeting |
| "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 C1 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 C3 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 |

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| "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, 27 March 2024

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