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**Peiport Holdings Ltd.**

**彼岸控股有限公司**

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

**(Stock Code: 2885)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Peiport Holdings Ltd. (the “**Company**”) herein announces the unaudited interim condensed consolidated financial results of the Company and its subsidiaries (collectively known as the “**Group**”) for the six months ended 30 June 2023 (the “**Period**”) together with the comparative unaudited and restated figures for the six months ended 30 June 2022 and certain comparative audited and restated figures as at 31 December 2022.

### **INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*Six months ended 30 June 2023*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b> <b>(Restated)</b>
<b>REVENUE</b>	4	<b>116,404</b>	119,397
Cost of sales		<b>(76,794)</b>	(80,873)
<b>Gross profit</b>		<b>39,610</b>	38,524
Other income and gains, net	4	<b>1,031</b>	1,532
Selling and distribution expenses		<b>(13,633)</b>	(12,187)
Administrative expenses		<b>(16,653)</b>	(15,639)
Other expenses		<b>(6,916)</b>	(8,764)
Finance costs		<b>(310)</b>	(268)
<b>PROFIT BEFORE TAX</b>	5	<b>3,129</b>	3,198
Income tax expense	6	<b>(629)</b>	(701)
<b>PROFIT FOR THE PERIOD</b>		<b>2,500</b>	2,497

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Restated)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(1,665)</u>	<u>(2,162)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>	<u>(1,665)</u>	<u>(2,162)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><u>835</u></u>	<u><u>335</u></u>
Profit/(loss) attributable to:		
Owners of the parent	<b>2,618</b>	2,725
Non-controlling interests	<u>(118)</u>	<u>(228)</u>
	<u><u>2,500</u></u>	<u><u>2,497</u></u>
Total comprehensive income/(loss) attributable to:		
Owners of the parent	<b>953</b>	563
Non-controlling interests	<u>(118)</u>	<u>(228)</u>
	<u><u>835</u></u>	<u><u>335</u></u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>		
Basic and diluted	<b>8</b> <u><u>HK0.65 cents</u></u>	<u><u>HK0.68 cents</u></u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*30 June 2023*

		<b>30 June 2023</b>	31 December 2022
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited) (Restated)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>7,302</b>	7,688
Right-of-use assets		<b>8,326</b>	9,317
Intangible assets		<b>701</b>	883
Deferred tax assets		<b>8,490</b>	7,313
		<hr/>	<hr/>
Total non-current assets		<b>24,819</b>	25,201
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories		<b>73,609</b>	52,938
Trade and bills receivables	9	<b>63,326</b>	75,098
Prepayments, deposits and other receivables		<b>14,345</b>	21,983
Cash and cash equivalents		<b>231,931</b>	244,598
		<hr/>	<hr/>
Total current assets		<b>383,211</b>	394,617
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>15,001</b>	20,759
Other payables and accruals		<b>9,813</b>	17,250
Contract liabilities		<b>20,964</b>	15,460
Lease liabilities		<b>6,079</b>	5,142
Tax payable		<b>5,783</b>	4,268
		<hr/>	<hr/>
Total current liabilities		<b>57,640</b>	62,879
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>325,571</b>	331,738
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>350,390</b>	356,939
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>2,388</b>	4,382
Deferred tax liabilities		<b>86</b>	76
		<hr/>	<hr/>
Total non-current liabilities		<b>2,474</b>	4,458
		<hr/>	<hr/>
Net assets		<b>347,916</b>	352,481
		<hr/> <hr/>	<hr/> <hr/>

		<b>30 June</b>	31 December
		<b>2023</b>	2022
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
			<b>(Restated)</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	<i>11</i>	<b>4,000</b>	4,000
Reserves		<b>343,788</b>	348,235
		<u><b>347,788</b></u>	<u>352,235</u>
Non-controlling interests		<u><b>128</b></u>	<u>246</u>
Total equity		<u><b>347,916</b></u>	<u>352,481</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 30 June 2023

### 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the Group were principally engaged in the provision of (i) thermal imaging products and services; (ii) self-stabilised imaging products and services; and (iii) general aviation products and services.

In the opinion of the Directors, the ultimate holding company of the Group is Peiport Alpha Ltd., which is incorporated in the British Virgin Islands.

### 2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The preparation of the unaudited interim condensed consolidated financial statements in conformity with HKAS 34 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.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements 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 following new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The quantitative impact on the financial information is summarised below.

Impact on the interim condensed consolidated statement of financial position:

		<b>As at</b>	<b>Increase</b>	<b>As at</b>
		<b>30 June</b>	As at	As at
		<b>2023</b>	31 December	1 January
		<b>2023</b>	2022	2022
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Assets</b>				
Deferred tax assets	<i>(i)</i>	<u>27</u>	39	79
Total non-current assets		<u>27</u>	39	79
Total assets		<u><u>27</u></u>	<u>39</u>	<u>79</u>
<b>Liabilities</b>				
Deferred tax liabilities	<i>(i)</i>	<u>1</u>	–	3
Total non-current liabilities		<u>1</u>	–	3
Total liabilities		<u><u>1</u></u>	<u>–</u>	<u>3</u>
<b>Net assets</b>		<u><u>26</u></u>	<u>39</u>	<u>76</u>
<b>Equity</b>				
Retained profits (included in reserves)		<u>26</u>	38	72
Equity attributable to owners of the parent		<u>26</u>	38	72
Non-controlling interests		<u>–</u>	1	4
Total equity		<u><u>26</u></u>	<u>39</u>	<u>76</u>

*Note (i):* The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

Impact on the interim condensed consolidated statement of profit or loss and other comprehensive income:

	<b>Decrease</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income tax expense	(13)	(32)
Loss for the period	<u>(13)</u>	<u>(32)</u>
Attributable to:		
Owners of the parent	(12)	(31)
Non-controlling interests	<u>(1)</u>	<u>(1)</u>
	<u>(13)</u>	<u>(32)</u>
Total comprehensive loss for the period	<u>(13)</u>	<u>(32)</u>
Attributable to:		
Owners of the parent	(12)	(31)
Non-controlling interests	<u>(1)</u>	<u>(1)</u>
	<u>(13)</u>	<u>(32)</u>

The adoption of amendments to HKAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the interim condensed consolidated statement of cash flows for the six months ended 30 June 2023 and 2022.

- (b) The other new and revised HKFRSs do not have material impact on the unaudited interim condensed consolidated financial statements of the Group.

### 3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of thermal imaging products and services, self-stabilised imaging products and services and general aviation products and services. Information reported to the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

## Geographical information

### (a) Revenue from external customers

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Mainland China	91,469	95,061
Hong Kong and Macau	21,299	20,592
Overseas	3,636	3,744
	<u>116,404</u>	<u>119,397</u>

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

### (b) Non-current assets

	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Mainland China	7,561	7,080
Hong Kong	8,768	10,808
	<u>16,329</u>	<u>17,888</u>

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

## Information about major customers

Revenue derived from sales to individual customer which contributed over 10% of the total revenue of the Group during the six months ended 30 June 2023 and 2022 is as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	22,407	20,022
Customer B	13,010	N/A*

\* The corresponding revenue from this customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the respective period.

#### 4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue, other income and gains, net is as follows:

##### Revenue

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Thermal imaging products and services		
— Sales of goods <sup>Note (A)</sup>	30,674	38,129
— Rendering of maintenance services and equipment rental <sup>Note (B)</sup>	6,495	4,174
	<u>37,169</u>	<u>42,303</u>
Self-stabilised imaging products and services		
— Sales of goods <sup>Note (A)</sup>	15,760	3,744
— Rendering of maintenance services and equipment rental <sup>Note (B)</sup>	2,613	8,841
	<u>18,373</u>	<u>12,585</u>
General aviation products and services		
— Sales of goods <sup>Note (A)</sup>	59,399	63,785
— Rendering of maintenance services <sup>Note (B)</sup>	687	497
	<u>60,086</u>	<u>64,282</u>
Others	<u>776</u>	<u>227</u>
Total	<u>116,404</u>	<u>119,397</u>

Note (A) The revenue from sale of goods was recognised at a point in time.

Note (B) The revenue from the rendering of maintenance services and equipment rental was recognised over time. No operating lease income was included for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$268,000).

##### Other income and gains, net

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Reversal of doubtful receivables, net	3	1,008
Government grants	221	339
Bank interest income	626	75
Others	181	110
	<u>1,031</u>	<u>1,532</u>

## 5. PROFIT BEFORE TAX

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Cost of inventories sold	<b>73,299</b>	76,194
Cost of services provided	<b>3,495</b>	4,679
Depreciation of property, plant and equipment	<b>888</b>	1,513
Depreciation of right-of-use assets	<b>3,611</b>	3,247
Amortisation of intangible assets	<b>173</b>	321
Research and development costs	<b>4,694</b>	3,935
Reversal of doubtful receivables, net	<b>(3)</b>	(1,008)
Written-off of trade receivables	<b>828</b>	3,317
Reversal of inventory obsolescence, net	<b>–</b>	(343)
Employee benefit expense (excluding Directors' and chief executive officer's remuneration):		
Wages and salaries	<b>17,390</b>	16,973
Pension scheme contributions (defined contribution scheme)	<b>3,239</b>	3,136
	<b>20,629</b>	20,109
Foreign exchange differences, net	<b>5,945</b>	5,447
Loss on disposal of items of property, plant and equipment	<b>139</b>	–

## 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (six months ended 30 June 2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2022: 16.5%).

Pursuant to the People's Republic of China (the "PRC") Income Tax Law and the respective regulations, corporate income tax has been provided at the rate of 25% (six months ended 30 June 2022: 25%) on the taxable income of the subsidiaries operating in Mainland China during the Period, except for certain subsidiaries of the Group, which are qualified small and micro-sized enterprises under preferential tax treatment. Pursuant to the preferential tax policy, the first RMB1,000,000 of taxable income and the remaining part within RMB1,000,000 to RMB3,000,000 shall be calculated at 25% and 25% (six months ended 30 June 2022: 12.5% and 25%) of taxable income respectively, with a reduced tax rate of 20%.

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
Current	<b>2,088</b>	132
Deferred	<b>(1,459)</b>	569
Total tax charge for the period	<b>629</b>	701

## 7. DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the Period attributable to ordinary equity holders of the parent of HK\$2,618,000 (six months ended 30 June 2022 (restated): HK\$2,725,000), and the weighted average number of ordinary shares of 400,000,000 (six months ended 30 June 2022: 400,000,000) in issue during the Period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

## 9. TRADE AND BILLS RECEIVABLES

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Trade receivables	62,187	66,125
Bills receivables	<u>3,362</u>	<u>11,245</u>
	<b>65,549</b>	77,370
Impairment	<u>(2,223)</u>	<u>(2,272)</u>
	<u><b>63,326</b></u>	<u>75,098</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing.

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

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Less than 3 months	16,736	27,093
3 to 6 months	6,459	2,183
6 to 12 months	6,005	3,056
Over 1 year	<u>34,126</u>	<u>42,766</u>
	<u><b>63,326</b></u>	<u>75,098</u>

## 10. TRADE PAYABLES

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

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Within 1 month	3,480	6,894
1 to 3 months	267	1,005
Over 3 months	11,254	12,860
	<u>15,001</u>	<u>20,759</u>

The trade payables are interest-free and are normally settled ranging from 30 to 90 days.

## 11. SHARE CAPITAL

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Issued and fully paid: 400,000,000 (31 December 2022: 400,000,000) ordinary shares of HK\$0.01 each	<u>4,000</u>	<u>4,000</u>

## 12. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 28 August 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the provision of thermal imaging products and services, self-stabilised imaging products and services, and general aviation products and services in Mainland China and Hong Kong.

During the Period under review, while major economies were gradually recovering from the pandemic and showing signs of improvement, there is an increasingly challenging market landscape. The Russia-Ukraine conflict, rising inflation, tighter monetary policies and aggressively increased interest rates, amplifying financing costs and debt pressures across the world. The economy of Mainland China has been negatively affected. For the first half of 2023, the gross domestic product of Mainland China grows 5.5%. Mainland China's economic growth was below market expectations despite the effort to boost the post-coronavirus pandemic recovery.

Despite this, the Group was able to maintain the revenue and profit under the complex external environment. We worked relentlessly to maintain effective operations and overcame numerous difficulties. During the Period, the Group recorded the revenue of approximately HK\$116.4 million, a decrease of approximately 2.5% on a period-to-period basis. The net profit attributable to owners of the parent declined by approximately HK\$0.1 million to approximately HK\$2.6 million on a period-to-period basis.

A summary of revenue from different business segments of the Group is set out below:

#### **(1) Sale of thermal imaging products and provision of services**

Our products and services in this business segment can broadly be divided into three categories: (i) products under our own brand name, PTi; (ii) products of other brands; and (iii) thermal imaging inspection and rental services. Our products are widely used in general consumption, commercial and industrial fields.

During the Period, the Group recorded a decrease in revenue of approximately 12.3% from this business segment. Revenue generated from this business segment during the Period was approximately HK\$37.1 million (six months ended 30 June 2022: HK\$42.3 million). It accounted for approximately 31.9% (six months ended 30 June 2022: 35.3%) of the Group's revenue during the Period.

## **(2) Sale of self-stabilised imaging products and provision of services**

The products in this business segment are designed to be mounted on moving platforms such as aircrafts, helicopters, vessels and ships. The Group deploys a self-stabilisation technology whereby the imaging products are mounted on a multiple-axis gimbaled structure so as to achieve maximum stabilisation. The products are traded under own brand name, SkyEye, SeaVision and PGs. We also rent our self-stabilised imaging products for aircrafts to our customers for a fixed period at a rental fee as well as provide product training and technical assistance to our customers based on their requirements.

During the Period, the revenue generated from this business segment increased by approximately 46.0% from approximately HK\$12.6 million to approximately HK\$18.4 million on a period-to-period basis. The significant increase was mainly attributable to the increase in demand for self-stabilised imaging products for aircraft from our existing customers. It accounted for approximately 15.8% (six months ended 30 June 2022: 10.6%) of the Group's revenue during the Period.

## **(3) Sale of general aviation products and provision of services**

The services and products in this business segment can be broadly divided into three categories, namely (i) light and ultra-light aircraft engines and related components distribution; (ii) maintenance training courses; and (iii) maintenance and support services. Our maintenance training courses and maintenance and support services are mainly carried out in our maintenance centre with a gross floor area of approximately 1,200 square metres which is located in Zhuhai City, Guangdong Province. Our customers in this business segment include light and ultra- light aircraft manufacturers, flight schools, flying entertainment clubs, light aircraft research institutions and private flight owners.

The revenue from this business segment decreased by approximately 6.5% on a period-to-period basis. Revenue generated from this business segment during the Period was approximately HK\$60.1 million (six months ended 30 June 2022: HK\$64.3 million). It accounted for approximately 51.6% (six months ended 30 June 2022: 53.9%) of the Group's revenue during the Period.

## PROSPECT

In the second half of 2023, pressure remains in external environment. Against the backdrop of the current complex international environment and sluggish global economic growth, the Group is committed to investing significant resources in addressing these challenges, strive to achieve stable growth and to maintain our competitive advantages. We will continue to consolidate our market leadership so as to strive for collaboration with companies with marketing capabilities and to become key provider in the industry.

We will strive to further increase our research and development capabilities. We will continue to grow our team and talent base in order to maintain the competitive edges.

The Group is well placed to meet the challenging environment and we would continue focusing on our core value and strive to create better value for our shareholders.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group was principally derived from business consisting of: (i) thermal imaging products and services; (ii) self-stabilised imaging products and services; and (iii) general aviation products and services.

For the six months ended 30 June 2023, the total revenue of the Group decreased by approximately 2.5% from approximately HK\$119.4 million for the six months ended 30 June 2022 to approximately HK\$116.4 million. The decrease was primarily attributable to the following reasons:

(i) *Thermal imaging products and services*

Revenue derived from thermal imaging products and services decreased by approximately HK\$5.2 million, or 12.3%, from approximately HK\$42.3 million for the six months ended 30 June 2022 to approximately HK\$37.1 million for the six months ended 30 June 2023. The decrease was primarily attributable to a decrease in sales of SF6 gas imaging cameras and ultrasonic products from our existing customers due to decrease in demand in relevant products.

(ii) *Self-stabilised imaging products and services*

Revenue derived from self-stabilised imaging products and services increased by approximately HK\$5.8 million, or 46.0%, from approximately HK\$12.6 million for the six months ended 30 June 2022 to approximately HK\$18.4 million for the six months ended 30 June 2023. The increase was mainly attributable to an increase in demand for self-stabilised imaging products for aircraft from our existing customers.

*(iii) General aviation products and services*

Revenue derived from general aviation products and services decreased by approximately HK\$4.2 million, or 6.5%, from approximately HK\$64.3 million for the six months ended 30 June 2022 to approximately HK\$60.1 million for the six months ended 30 June 2023. The decrease was mainly attributable to the decrease in demand from our existing customers as a result of an decrease in market demand for light and ultra-light aircraft engines.

**Gross Profit and Gross Profit Margin**

Gross profit for the Group increased from approximately HK\$38.5 million for the six months ended 30 June 2022 to approximately HK\$39.6 million for the six months ended 30 June 2023, while the gross profit margin also increased by approximately 1.8% from approximately 32.2% for the six months ended 30 June 2022 to approximately 34.0% for the six months ended 30 June 2023.

*(i) Gross profit margin of thermal imaging products and services*

The gross profit margin of thermal imaging products and services increased from approximately 26.5% for the six months ended 30 June 2022 to approximately 29.9% for the six months ended 30 June 2023. The increase was primarily attributable to an increase in the rendering of maintenance services to the existing customers, which had a relatively higher gross profit margin.

*(ii) Gross profit margin of self-stabilised imaging products and services*

The gross profit margin of self-stabilised imaging products and services decreased from approximately 57.9% for the six months ended 30 June 2022 to approximately 50.0% for the six months ended 30 June 2023. The decrease was primarily attributable to an decrease in the rendering of maintenance services and equipment rental to the existing customers, which had a relatively higher gross profit margin.

*(iii) Gross profit margin of general aviation products and services*

The gross profit margin of general aviation products and services remained relatively stable at approximately 31.1% and 31.6% for the six months ended 30 June 2022 and 2023, respectively.

**Other Income and Gains, Net**

The Group's other income and gains decreased by approximately HK\$0.5 million, or by 33.3%, from approximately HK\$1.5 million for the six months ended 30 June 2022 to approximately HK\$1.0 million for the six months ended 30 June 2023, which was primarily attributable to the decrease in reversal of doubtful receivables, net during the Period.

## **Selling and Distribution Expenses**

The Group's selling and distribution expenses increased by approximately HK\$1.4 million, or by 11.5%, from approximately HK\$12.2 million for the six months ended 30 June 2022 to approximately HK\$13.6 million for the six months ended 30 June 2023, which was primarily attributable to increase in staff costs of our sales and marketing personnel due to increase in salary and commission.

## **Administrative Expenses**

The Group's administrative expenses increased by approximately HK\$1.1 million, or by 7.1%, from approximately HK\$15.6 million for the six months ended 30 June 2022 to approximately HK\$16.7 million for the six months ended 30 June 2023, which was primarily attributable to an increase in research and development costs as a result of increase in staff costs for the research and development centres in Hong Kong and Mainland China, which was primarily attributable to the increase in salary.

## **Other Expenses**

The Group's other expenses decreased by approximately HK\$1.9 million, or by 21.6%, which was primarily attributable to the decrease in written-off of trade receivables for the six months ended 30 June 2023.

## **Income Tax Expense**

The Group's income tax expense remained relatively stable at approximately HK\$0.6 million for the six months ended 30 June 2023 (six months ended 30 June 2022 (restated): HK\$0.7 million), while the effective tax rates decreased by approximately 1.8% from approximately 21.9% for the six months ended 30 June 2022 (restated) to approximately 20.1% for the six months ended 30 June 2023.

## **Profit for the Period Attributable to Owners of the Parent**

As a result of the cumulative effect of the above factors, the Group's profit for the period attributable to the owners of the parent remained relatively stable at approximately HK\$2.6 million for the six months ended 30 June 2023 (six months ended 30 June 2022 (restated): HK\$2.7 million).

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the Period, the Group maintained a healthy liquidity position, with working capital financed mainly by internal resources.

As at 30 June 2023, the Group reported net current assets of approximately HK\$325.6 million (31 December 2022: HK\$331.7 million). As at 30 June 2023, the Group's cash and cash equivalents was approximately HK\$231.9 million, representing a decrease of approximately HK\$12.7 million as compared to approximately HK\$244.6 million as at 31 December 2022.

For the six months ended 30 June 2023, the net cash used in operating activities was approximately HK\$3.8 million (six months ended 30 June 2022: HK\$4.0 million). The cash used in operating activities was mainly from the procurement of inventories during the Period.

The net cash used in investing activities was approximately HK\$10.8 million (six months ended 30 June 2022: HK\$0.4 million). The net cash used in financing activities was approximately HK\$3.7 million (six months ended 30 June 2022: HK\$3.4 million). The net cash used in investing activities was mainly for the investment in time deposits with original maturity more than three months. The net cash used in financing activities was mainly attributable to the principal portion of lease payment.

## **CONTINGENT LIABILITIES**

As at 30 June 2023, the Group had no significant contingent liabilities (31 December 2022: Nil).

## **CAPITAL STRUCTURE**

There was no material change in the capital structure of the Company during the six months ended 30 June 2023. Details of the movements in the Company's share capital are set out in note 11 of this interim results announcement ("**Interim Results Announcement**").

## **FOREIGN EXCHANGE EXPOSURE**

Functional currency of the Group's operating subsidiaries is either Hong Kong dollar or Renminbi, while some of the Group's business transactions and cost of sales are denominated in United States dollar (the "US\$") and Euro.

The Group has transactional currency exposures and such exposures arise from sales or purchases made by subsidiaries in currencies other than the subsidiaries' functional currencies. The Group's foreign currency exposure also comprises assets and liabilities denominated in US\$. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

## **PLEDGE OF ASSETS**

As at 30 June 2023, the Group did not pledge any assets (31 December 2022: Nil).

## **GEARING RATIO**

As at 30 June 2023, since we did not have any bank borrowings, gearing ratio was not applicable to our Group.

## USE OF PROCEEDS

The final offer price for the listing of the Company's shares (the "**Listing**") was HK\$1.25 per share, and the actual net proceeds from the Listing were approximately HK\$81.2 million (after deduction of the listing expenses).

The Company intends to continue to apply the net proceeds according to the purposes as set out in the section headed "Future Plans and Use of Proceeds" of the prospectus dated 31 December 2018 (the "**Prospectus**").

As disclosed in the announcement of the Company dated 18 October 2022 (the "**Announcement**"), the ongoing Coronavirus Disease 2019 pandemic, which had led to travel restrictions and/or quarantine requirements, has made it more difficult for the Company's management to locate suitable premise and develop the research and development centre in the PRC in 2022. The Board considers it is appropriate to reallocate the unutilised net proceeds initially intended for the establishment of research and development centre in the PRC to other imminent needs of the Group. For further details, please refer to the Announcement.

As at 30 June 2023, the net proceeds from the Listing were utilised as follows:

	Original allocation of net proceeds according to the Prospectus <i>HK\$'000</i>	Revised allocation of the proceeds <i>HK\$'000</i>	Amount utilised as at 30 June 2023 <i>HK\$'000</i>	Amount unutilised as at 30 June 2023 <i>HK\$'000</i>	Expected timeline for utilisation of the remaining proceeds
Establish new research and development centres in the PRC and Hong Kong	39,600	19,600	(16,743)	2,857	By the end of 2024
Enhance the recognition and qualification of our products	17,300	27,300	(22,158)	5,142	By the end of 2024
Strengthen our sales capacity and capture new sales opportunities	21,100	31,100	(27,446)	3,654	By the end of 2024
Purchase new information technology hardware and software	2,500	2,500	(2,500)	-	N/A
Working capital	700	700	(700)	-	N/A
	<u>81,200</u>	<u>81,200</u>	<u>(69,547)</u>	<u>11,653</u>	

All the unutilised balances have been placed in a licensed bank in Hong Kong.

## **RESTRUCTURING AND SIGNIFICANT INVESTMENTS**

During the Period, the Group did not have any restructuring and significant investments.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2023, the Group had a total of 153 (31 December 2022: 149) employees. Total staff costs of the Group (excluding the Directors' and chief executive officer's remuneration) for the Period was approximately HK\$20.6 million (six months ended 30 June 2022: HK\$20.1 million). The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees.

## **OTHER INFORMATION**

### **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Board is of the view that the Company has complied with all the applicable code provisions set out in part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023.

### **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors in the securities of the Company and other matters covered by the Model Code.

Having made specific enquiries, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2023.

### **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The audit committee of the Company (the “**Audit Committee**”) was established by our Company pursuant to a resolution of the Board on 18 December 2018 with written terms of reference in compliance with the Rule 3.22 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. NIU Zhongjie, Ms. YEUNG Hiu Fu Helen and Mr. HOU Min. Ms. YEUNG Hiu Fu Helen is the chairwoman of the Audit Committee.

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have been reviewed by the Audit Committee. The Audit Committee considers that this Interim Results Announcement had been prepared in accordance with appropriate accounting policies and the applicable requirements of the Listing Rules and adequate disclosures have been made.

## **INTERIM DIVIDENDS**

The Board does not recommend the payment of interim dividend for the Period (six months ended 30 June 2022: Nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The interim results announcement for the six months ended 30 June 2023 required by the Listing Rules will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.peiport.com](http://www.peiport.com). The 2023 interim report containing all the information will be dispatched to the shareholders of the Company and made available on the above websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to express our sincere gratitude to the management and the staff of the Group for their hard work and dedication, as well as our shareholders, customers, suppliers, business partners and other stakeholders for their continuous support to the Group.

By order of the Board  
**Peiport Holdings Ltd.**  
**YEUNG Lun Ching**  
*Chairman and Executive Director*

Hong Kong, 28 August 2023

*As at the date of this announcement, the executive Directors are Mr. YEUNG Lun Ching, Ms. WONG Kwan Lik and Mr. YEUNG Chun Tai, and the independent non-executive Directors are Mr. NIU Zhongjie, Ms. YEUNG Hiu Fu Helen and Mr. HOU Min.*