

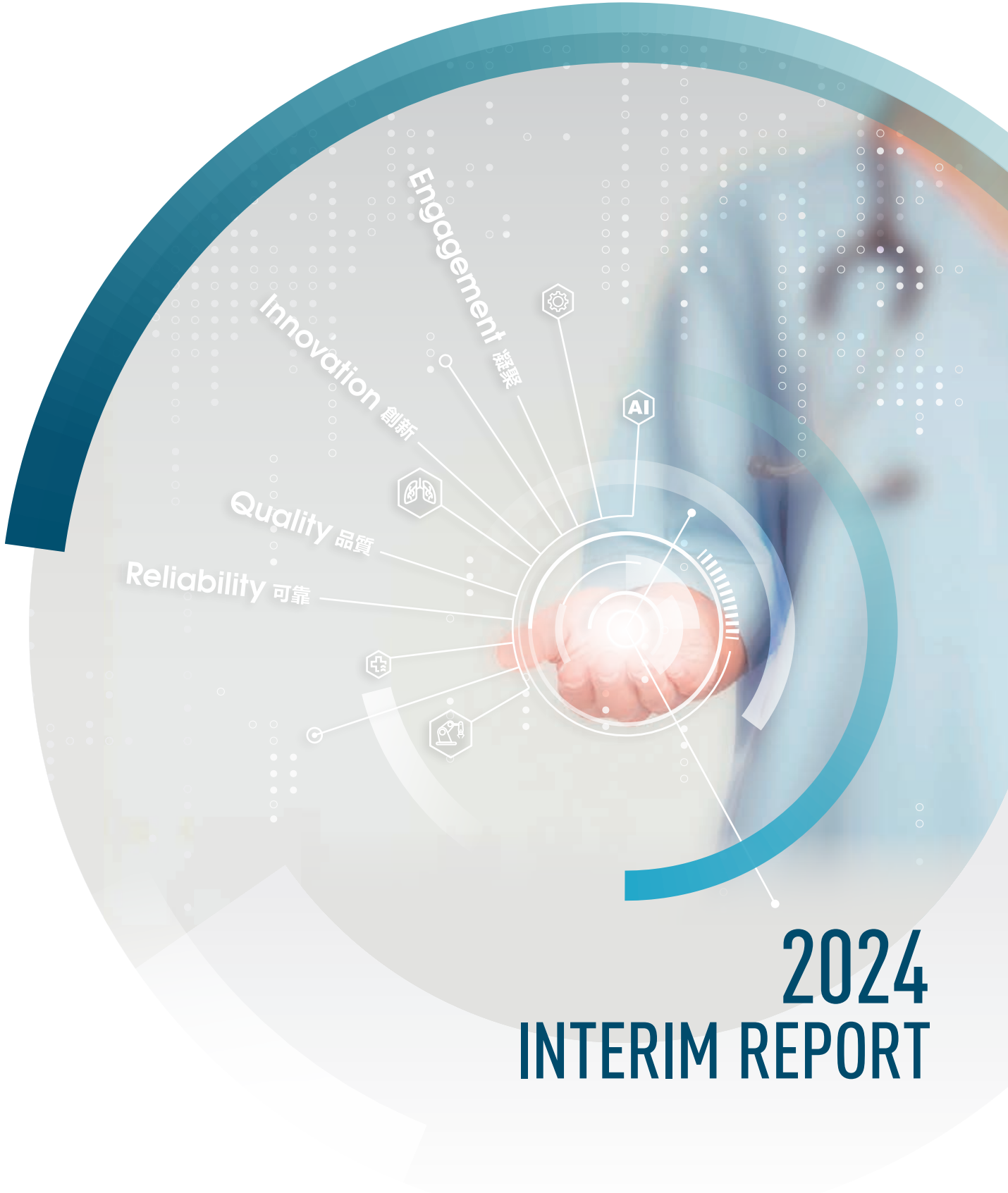


**Vincent
Medical**

VINCENT MEDICAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1612



2024 INTERIM REPORT



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BOARD OF DIRECTORS**Executive Directors**

Mr. CHOI Man Shing (*Chairman*)
Mr. CHOI Cheung Tai Raymond (*Chief Executive Officer*)
Mr. KOH Ming Fai
Mr. FU Kwok Fu

Non-executive Director

Dr. LEUNG Ming Chu

Independent Non-executive Directors

Mr. MOK Kwok Cheung Rupert
Mr. AU Yu Chiu Steven
Prof. YUNG Kai Leung

BOARD COMMITTEE**Audit Committee**

Mr. AU Yu Chiu Steven (*Chairman*)
Mr. MOK Kwok Cheung Rupert
Prof. YUNG Kai Leung

Nomination Committee

Mr. CHOI Man Shing (*Chairman*)
Mr. MOK Kwok Cheung Rupert
Prof. YUNG Kai Leung

Remuneration Committee

Mr. MOK Kwok Cheung Rupert (*Chairman*)
Mr. CHOI Man Shing
Prof. YUNG Kai Leung

Risk Management Committee

Mr. KOH Ming Fai (*Chairman*)
Ms. HU Fang
Mr. ZHANG Changqing
Mr. LAI Hoi Ming

Environmental, Social and Governance Committee

Mr. FU Kwok Fu (*Chairman*)
Mr. LAI Hoi Ming
Ms. TSUI Lai Ki Vicki

COMPANY SECRETARY

Ms. TSUI Lai Ki Vicki

AUTHORISED REPRESENTATIVES

Mr. CHOI Man Shing
Mr. CHOI Cheung Tai Raymond

REGISTERED OFFICE

Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman,
KY1-1111, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1604-07A, 16/F., Two Harbourfront,
22 Tak Fung Street,
Hung Hom, Kowloon,
Hong Kong

AUDITOR

RSM Hong Kong
Certified Public Accountants
Registered Public Interest Entity Auditor
29th Floor, Lee Garden Two,
28 Yun Ping Road,
Causeway Bay, Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman,
KY1-1111, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F., Far East Finance Centre,
16 Harcourt Road,
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited

INVESTOR RELATIONS CONTACTS

IR Department – Vincent Medical Holdings Limited
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Email : investors@vincentmedical.com

STOCK CODE

1612

COMPANY WEBSITE

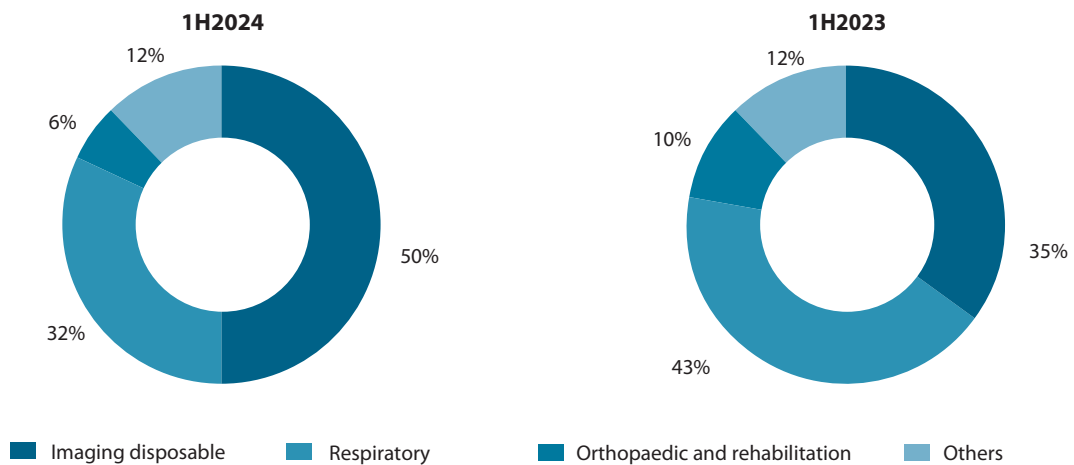
www.vincentmedical.com



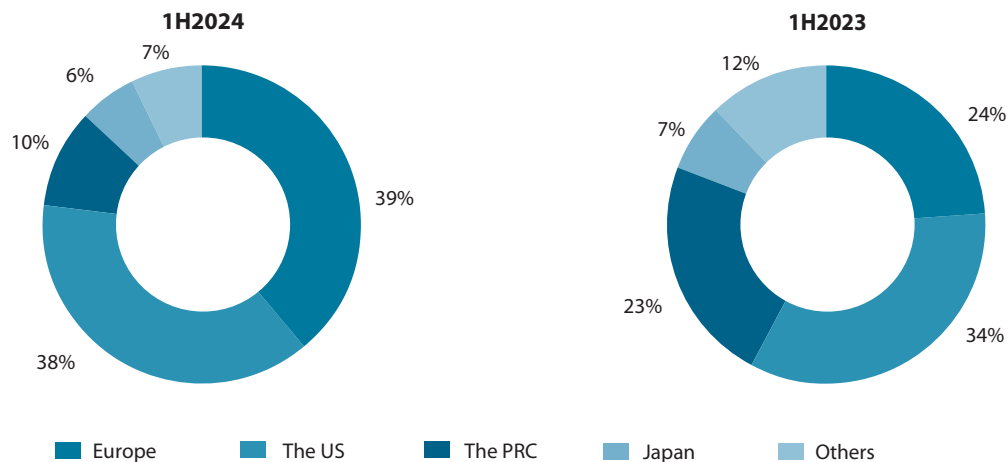
	For the six months ended 30 June (unaudited)	
	2024 HK\$'000	2023 HK\$'000
Revenue	380,706	361,235
Gross profit	119,181	118,826
Profit for the Period	33,561	27,094
Profit attributable to owners of the Company	33,288	26,600
Basic earnings per share (HK cents)	5.17	4.10
Interim dividend per share (HK cents)	1.60	1.25

REVENUE ANALYSIS

By Product Category



By Geography





MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Vincent Medical Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**” or “**Vincent Medical**”) for the six months ended 30 June 2024 (“**1H2024**” or the “**Period**”), together with the comparative figures for the six months ended 30 June 2023 (“**1H2023**”). This report has been reviewed by RSM Hong Kong, the Company’s auditor, and the audit committee of the Company (the “**Audit Committee**”).

In the first half of 2024, the global economy faced substantial challenges, with the World Bank expecting growth to slow to 2.6% due to persistent inflation, geopolitical tensions and evolving regulatory landscapes. The downward trend was also applicable to the medical equipment sector, where there was significant pressure on government budgets and medical institutions’ spending. Compounded by the high inventory levels and rising operating and finance costs, some major industry players exited certain niche markets during the Period, highlighting the broader struggles within the industry, where price competition became increasingly intense.

Despite such challenging conditions, Vincent Medical was able to leverage its established market position, industry know-how, manufacturing excellence and diversification strategy, to deliver a set of positive results during the Period. The Group’s revenue increased by 5.4% to HK\$380.7 million (1H2023: HK\$361.2 million), supported by the strong performance from its imaging disposable products segment and growing contributions from the manufacturing and sales of healthcare and wellness products.

In addition to revenue growth, the Group implemented various efficiencies enhancement and operational improvements initiatives during the Period. The sum of selling and distribution expenses, administrative expenses, research and development expenses, and finance costs for the Period has decreased from 24.8% of the total revenue for 1H2023 to 22.5% for the Period. Along with the reversal of income tax provision, the Group recorded a 23.9% increase in profit for the Period, from HK\$27.1 million to HK\$33.6 million.

In view of the sound financial performance and position, the Board has resolved to declare an interim dividend of HK1.6 cents per share of the Company (the “**Share(s)**”), in line with the dividend policy of the Company.

Meanwhile, the construction of the new research and development (“**R&D**”) and production facility (the “**New Production Facility**”) in Kaiping City, Jiangmen City, Guangdong Province, the People’s Republic of China (the “**PRC**”), is progressing well. Trial operation of the New Production Facility is anticipated towards the end of 2025, with the Group holding high hopes for this crucial investment that would greatly enhance its market competitiveness in the long run. In view of the changing global economic dynamics, the Group is also keeping a keen eye on overseas business and manufacturing presence, in order to further diversify its supply chain and exposure.

IMAGING DISPOSABLE PRODUCTS SEGMENT

The Group manufactures and sells imaging disposable products on an OEM basis to one of the world’s leading solutions providers of diagnostic imaging. As a trusted partner, the Group supports its customer in the design and manufacturing of various contrast media injectors and disposable components, and remains an integral part of its growth strategy worldwide.

Fueled by deepening collaborations and robust global demand for medical imaging diagnostic services, the Group successfully capitalised on the rising demand for imaging disposable products. During the Period, revenue of the imaging disposable products segment reached HK\$189.7 million (1H2023: HK\$125.7 million), representing a growth of 50.9%, accounting for 49.8% of the total revenue. Segment gross profit margin slightly decreased to 30.2% (1H2023: 30.4%) due to the changes in product mix and the increase in cost of key components.



RESPIRATORY PRODUCTS SEGMENT

The respiratory products segment remains an integral part of the Group's product offering. However, due to the weak global demand, the exit of certain key players from the sleep and mechanical ventilation market, as well as the absence of a respiratory disease outbreak in the PRC that was seen in early 2023, revenue from the respiratory products segment decreased by 22.6% to HK\$120.4 million (1H2023: HK\$155.6 million), accounting for 31.6% of the total revenue.

Despite increase in allowance for inventories, segment gross profit margin improved from 36.2% to 36.8%, primarily attributable to the depreciation of Renminbi ("RMB") and the improvement in manufacturing efficiency, following the Group's effort in optimising production flow.

Riding on its unique position as one of the very few companies that offers both respiratory devices and disposables under one roof, the Group sees ample opportunities to capture additional market share. The long-term global respiratory and ventilator market is projected to grow over time, especially in areas with unmet needs, with certain industry players exiting the market. To support its market penetration, the Group will continue to drive product innovation and expand its product pipeline, in order to offer additional value to its customers and patients.

ORTHOPAEDIC AND REHABILITATION PRODUCTS SEGMENT

Certain customers in the United States (the "US") are strategically reducing their reliance on foreign manufacturing setups, which has affected the Group's orthopaedic and rehabilitation products segment. In 1H2024, segment revenue decreased by 32.5% to HK\$23.6 million (1H2023: HK\$35.0 million), accounting for 6.2% of the total revenue. Segment gross profit margin decreased from 37.0% to 29.9%, primarily due to the decrease in production scale and intensifying price competition.

OTHER PRODUCTS

During the Period, revenue from healthcare and wellness products increased by 56.0%, from HK\$10.9 million to HK\$17.0 million. Segment gross profit margin increased from 21.3% to 25.5%, as a result of the expanding product portfolio.

Other products also include moulds, surgical disposables, surgical patient warming devices and related disposables, and plastic disposable products. During the Period, revenue from these products decreased by 11.8%, from HK\$34.0 million to HK\$30.0 million, primarily due to the lower sales volume of surgical patient warming devices and related disposables.

INVESTMENT AND COLLABORATION

During the Period, Inovytec Medical Solutions Ltd. ("Inovytec") continued to deliver its line of Ventway portable ventilators to its major markets, including the US, Europe and certain countries in Asia. With the Group already kickstarted the registration process of the National Medical Products Administration of the PRC for the distribution of the Ventway ventilator, the Group remains optimistic about its business prospects and future performance.

Looking ahead, the Group will continue to invest in R&D, seek opportunities to acquire new technologies, and strive to maximise the value of its investments.



MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Moving forward, Vincent Medical is committed to pursuing a diversified growth strategy. This strategy includes putting imaging disposable products and respiratory products at its core, while exploring new opportunities that can leverage its technical expertise and manufacturing excellence.

For imaging disposable products, the Group will strengthen its collaboration with its key partner, particularly on new product development, so that the Group can foster a mutual beneficial relationship, and continue to be an integral part of the key partner's growth strategy. The solid relationship is also expected to generate steady cash flow and financial contributions, supporting the Group's other ventures, such as healthcare and wellness products and Internet of Things (IoT) wearables.

On the respiratory side, the Group will accelerate product R&D to fulfil latest regulations, and will continue to expand its product offerings and market coverage. Supported by its growing manufacturing capability, the Group is also looking to secure more manufacturing intellectual properties, so that it can raise its value proposition to its existing and potential customers, and in turn, yield higher order book stability and visibility. Considering the broader trend and solid demand for its disposable products, the Group will also seek new collaboration and consolidation opportunities, in an attempt to gain further market share.

FINANCIAL REVIEW

REVENUE

Total revenue for the Period amounted to HK\$380.7 million (1H2023: HK\$361.2 million), representing an increase of 5.4%. This was mainly attributable to the 50.9% increase in revenue from the imaging disposable products segment and the increasing revenue contribution from healthcare and wellness products, more than offsetting the decrease in revenue from the respiratory products segment and orthopaedic and rehabilitation products segment.

In terms of geographical market, the US and Spain accounted for 38.2% (1H2023: 34.2%) and 31.8% (1H2023: 16.6%) of the total revenue, respectively. Sales generated from the PRC decreased by 55.1% to HK\$36.9 million (1H2023: HK\$82.1 million), accounting for 9.7% (1H2023: 22.7%) of the total revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit increased marginally by 0.3% to HK\$119.2 million (1H2023: HK\$118.8 million). Gross profit margin decreased from 32.9% to 31.3%, as a result of the changes in product mix and the increase in allowance for inventories from HK\$2.5 million to HK\$5.1 million.

OTHER INCOME, OTHER GAINS AND LOSSES

Other income, other gains and loss decreased primarily due to the increase in impairment of trade receivables from HK\$0.8 million to HK\$3.7 million during the Period.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased by 1.3% to HK\$18.5 million (1H2023: HK\$18.8 million), largely similar level when compared with 1H2023. As a percentage of the total revenue, such expenses slightly decreased to 4.9% (1H2023: 5.2%).

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by 0.3% to HK\$51.5 million (1H2023: HK\$51.6 million), accounting for 13.5% of the total revenue (1H2023: 14.3%).



RESEARCH AND DEVELOPMENT EXPENSES

The Group continued to put considerable effort into technology innovation, manufacturing improvement and intellectual property acquisitions. Research and development expenses for the Period amounted to HK\$14.9 million (1H2023: HK\$18.1 million), corresponding to 3.9% (1H2023: 5.0%) of the total revenue.

INCOME TAX EXPENSE

During the Period, the Group recorded a HK\$5.0 million decrease in income tax expense primarily due to the reversal of income tax provision for a wholly-owned subsidiary in Hong Kong.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the foregoing, the Group recorded a profit attributable to owners of the Company of HK\$33.3 million (1H2023: HK\$26.6 million).

PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2024, property, plant and equipment was HK\$131.3 million (31 December 2023: HK\$101.2 million). The increase was mainly attributable to the construction of the New Production Facility in Kaiping City, Jiangmen City, Guangdong Province, the PRC.

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at 30 June 2024, right-of-use assets and lease liabilities amounted to HK\$39.9 million (31 December 2023: HK\$47.8 million) and HK\$9.0 million (31 December 2023: HK\$16.3 million), respectively. The decrease was attributable to the depreciation of right-of-use assets, lease rentals paid and exchange differences.

INVENTORIES

Inventories as at 30 June 2024 was HK\$170.2 million (31 December 2023: HK\$173.8 million), mainly consisting of raw materials, work-in-progress and finished goods. The Group will continue to apply stringent inventory control, carefully anticipating future demand and potential supply chain volatility.

TRADE RECEIVABLES

Trade receivables as at 30 June 2024 was HK\$163.4 million (31 December 2023: HK\$172.4 million). The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing its credit exposure.

CONTRACT ASSETS

As at 30 June 2024, contract assets amounted to HK\$21.0 million (31 December 2023: HK\$14.8 million), primarily attributable to the growth of the imaging disposable products segment during the Period.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2024, prepayments, deposits and other receivables (including non-current deposits) slightly increased to HK\$65.6 million (31 December 2023: HK\$61.8 million), primarily due to the increase in deposits for purchases of property, plant and equipment and value-added tax receivables.

TRADE PAYABLES

Trade payables as at 30 June 2024 was HK\$47.4 million (31 December 2023: HK\$59.9 million), the decrease was primarily attributable to the faster pace of settlements to suppliers in the PRC.

OTHER PAYABLES AND ACCRUALS

As at 30 June 2024, other payables and accruals increased to HK\$131.2 million (31 December 2023: HK\$115.7 million), primarily due to the increase in provision for construction costs for the New Production Facility in Kaiping City, Jiangmen City, Guangdong Province, the PRC.

LIQUIDITY AND FINANCIAL RESOURCES AND BORROWINGS

As at 30 June 2024, the Group's bank and cash balances remained at a healthy level of HK\$166.7 million (31 December 2023: HK\$175.8 million). Current ratio also improved to 2.44 (31 December 2023: 2.42), with gearing ratio dropping further to 3.3% (31 December 2023: 3.9%). As at 30 June 2024, the Group had unutilised bank facilities of HK\$125.8 million.

HUMAN RESOURCES

As at 30 June 2024, the total number of full-time employees of the Group was 1,375 (31 December 2023: 1,264). The remuneration of employees was determined according to their experience, qualifications, result of operations of the Group and market conditions. We offered senior management and key executive performance-based bonuses and share options to reward and retain high-calibre employees. We also adopted commission and incentive plans to motivate and reward our sales and marketing team.

During the Period, staff costs including Directors' emoluments amounted to HK\$104.5 million (1H2023: HK\$96.7 million), representing 27.5% (1H2023: 26.8%) of the total revenue.

CAPITAL STRUCTURE

The Company manages its capital structure with the objectives of maintaining a sustainable growth in business and providing a long-term reasonable return to the shareholders of the Company (the "Shareholders"). The Group's financial position remained healthy and stable. During the Period, the Group mainly financed with its own working capital and borrowings. As at 30 June 2024, the issued share capital of the Company was HK\$6.5 million (31 December 2023: HK\$6.5 million), comprising 653,336,332 Shares (31 December 2023: 653,336,332 Shares) of nominal value of HK\$0.01 per Share.

SIGNIFICANT INVESTMENT

As at 30 June 2024, the Company considered that the following equity investment at fair value through other comprehensive income is significant in nature:

Name of company	Principal business	Approximate percentage of shareholding	Total investment	Fair value of the equity investment		Assets ratio defined under the Listing Rules	
				30 June 2024 (unaudited)	31 December 2023 (audited)	30 June 2024 (unaudited)	31 December 2023 (audited)
Inovytec	An Israeli company that develops medical devices with a focus on routine and emergency respiratory and cardiac failures.	13.68%	US\$3.0 million (equivalent to HK\$23.4 million)	US\$3.9 million (equivalent to HK\$30.5 million)	US\$3.4 million (equivalent to HK\$26.8 million)	3.8%	3.4%

For additional information regarding the performance during the Period and prospects of the above significant investment, please refer to the paragraph headed "Investment and Collaboration" above.



MATERIAL ACQUISITIONS AND DISPOSALS

During the Period, the Group had no material acquisitions or disposals of subsidiaries and associated companies.

EVENTS AFTER THE REPORTING PERIOD

On 17 July 2024, Guangdong Vincent Medical Technology Co., Limited* (廣東永勝醫療科技有限公司) (“**VM Guangdong**”), an indirect wholly-owned subsidiary of the Company, entered into the warehouse facility purchase agreement with BlueSword Intelligent Technology Co., Ltd.* (蘭劍智能科技股份有限公司) in relation to the procurement of the automated warehouse facility in the New Production Facility at a consideration of RMB33.5 million (equivalent to HK\$36.0 million). On the same date, VM Guangdong entered into the fire protection system construction contract with Jiangmen Hefeng Water Electricity Decoration Engineering Co., Ltd.* (江門市合豐水電裝飾工程有限公司) in relation to the construction of the fire protection system in the New Production Facility at a consideration of RMB18.0 million (equivalent to HK\$19.3 million). For details, please refer to the Company’s announcement dated 17 July 2024.

Saved as disclosed above, there were no other significant events after the reporting period up to the date of this announcement.

CHARGES ON THE GROUP’S ASSETS

As at 30 June 2024, none of the assets of the Group were pledged.

FOREIGN EXCHANGE EXPOSURE

While some of the Group’s costs and expenses are denominated in RMB, there was a substantial amount of sales denominated in US dollars (“**USD**”) and Japanese Yen (“**JPY**”) given the export-oriented nature of the Group’s business. Thus, any appreciation of RMB against USD and JPY may subject the Group to increased costs and lower profitability. The Directors have assessed the impact of such foreign currency risk and considered that it may materially affect the Group’s profitability. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have contingent liabilities.

* For identification purposes only

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK1.6 cents per Share (the “**Interim Dividend**”) for the Period (1H2023: HK1.25 cents) to the Shareholders whose names appear on the register of members of the Company at the close of business on Monday, 9 September 2024, being the record date for ascertaining the Shareholders’ entitlement to the Interim Dividend. The Interim Dividend will be paid to the Shareholders on or around Friday, 27 September 2024.

The register of members of the Company will be closed from Thursday, 5 September 2024 to Monday, 9 September 2024, both days inclusive, during which period no transfer of the Shares will be registered. In order to establish entitlements to the Interim Dividend, the Shareholders must lodge all transfer forms accompanied by the relevant share certificates for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harbour Road, Hong Kong no later than 4:30 p.m. on Wednesday, 4 September 2024.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2024, to the best knowledge of the Directors and chief executives of the Company, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“**SFO**”)) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) were as follows:

Interests in Shares and underlying Shares

Name of Director	Name of the Group member/associated corporation	Capacity/Type of interest	Number and class of Shares (L) (Note 1)	Approximate percentage of shareholding
Mr. Choi Man Shing (“ Mr. Choi ”)	The Company	Beneficial owner/ Interest of controlled corporations	393,189,890 Shares (Note 2)	60.18% (Note 8)
	VINCENT RAYA INTERNATIONAL LIMITED (“ VRI ”) (Note 3)	Beneficial owner	2,750 ordinary shares of US\$1.00 each	57.89%
		Interest of spouse (Note 4)	2,000 ordinary shares of US\$1.00 each	42.11%
Mr. Choi Cheung Tai Raymond (“ Mr. Raymond Choi ”)	The Company	Beneficial owner	11,700,000 Shares (Note 5)	1.79% (Note 8)
Mr. Koh Ming Fai (“ Mr. Koh ”)	The Company	Beneficial owner/ Interest of spouse	7,645,166 Shares (Note 6)	1.17% (Note 8)
Mr. Fu Kwok Fu (“ Mr. Fu ”)	The Company	Beneficial owner/ Interest of spouse	7,867,166 Shares (Note 7)	1.20% (Note 8)

Notes:

- (1) The letter "L" denotes the person's long position in the Shares or the underlying Shares or the shares in the share capital of the relevant associated corporation.
- (2) These interests represented:
 - (a) 11,000,000 Shares held by Mr. Choi, the Chairman and an Executive Director;
 - (b) 381,939,890 Shares held by VRI. Mr. Choi holds 57.89% of the issued share capital of VRI. By virtue of the SFO, Mr. Choi is deemed to be interested in all the Shares in which VRI is interested; and
 - (c) 250,000 Shares held by VINCENT RAYA CO., LIMITED (永勝宏基集團有限公司) ("VRHK"). VRI holds the entire issued share capital of VRHK and therefore by virtue of the SFO, Mr. Choi is deemed to be interested in all the Shares in which VRHK is interested.
- (3) As at 30 June 2024, VRI was the holding company of the Company, and hence an associated corporation of the Company under Part XV of the SFO.
- (4) As at 30 June 2024, Ms. Liu Pui Ching ("**Ms. Liu**") holds 42.11% of the issued share capital of VRI. Since Ms. Liu is the spouse of Mr. Choi, Mr. Choi is deemed to be interested in all the shares in VRI in which Ms. Liu is interested by virtue of the SFO.
- (5) These interests represented:
 - (a) 9,700,000 Shares held by Mr. Raymond Choi, the Chief Executive Officer and an Executive Director; and
 - (b) 2,000,000 options granted to Mr. Raymond Choi, which are subject to certain vesting conditions pursuant to the share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes and Share Award Scheme" in this report.
- (6) These interests represented:
 - (a) 4,941,166 Shares held by Mr. Koh, an Executive Director;
 - (b) 174,000 Shares held by the spouse of Mr. Koh. By virtue of the SFO, Mr. Koh is deemed to be interested in all the Shares in which his spouse is interested;
 - (c) 528,834 options granted to Mr. Koh, which are subject to certain vesting conditions pursuant to the pre-IPO share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes and Share Award Scheme" in this report; and
 - (d) 2,001,166 options granted to Mr. Koh, which are subject to certain vesting conditions pursuant to the share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes and Share Award Scheme" in this report.
- (7) These interests represented:
 - (a) 5,691,166 Shares held by Mr. Fu, an Executive Director;
 - (b) 396,000 Shares held by the spouse of Mr. Fu. By virtue of the SFO, Mr. Fu is deemed to be interested in all the Shares in which his spouse is interested;
 - (c) 528,834 options granted to Mr. Fu, which are subject to certain vesting conditions pursuant to the pre-IPO share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes and Share Award Scheme" in this report; and
 - (d) 1,251,166 options granted to Mr. Fu, which are subject to certain vesting conditions pursuant to the share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes and Share Award Scheme" in this report.
- (8) Approximate percentage of shareholding of the Company was calculated based on the 653,336,332 Shares in issue as at 30 June 2024.

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2024, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had an interest or short position in the Shares and the underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interests in Shares

Name of Shareholder	Capacity/Type of interest	Number of Shares (L) (Note 1)	Approximate percentage of shareholding (Note 4)
Ms. Liu Pui Ching	Interest of spouse/Interest of controlled corporations	393,189,890 Shares (Note 2)	60.18%
VRI	Beneficial owner/Interest of a controlled corporation	382,189,890 Shares (Note 3)	58.50%

Notes:

- (1) The letter "L" denotes the person/entity's long position in the Shares or the shares in the share capital of the relevant associated corporation.
- (2) These interests represented:
 - (a) 11,000,000 Shares held by Mr. Choi. Mr. Choi is the spouse of Ms. Liu. By virtue of the SFO, Ms. Liu is deemed to be interested in all the Shares in which Mr. Choi is interested;
 - (b) 381,939,890 Shares held by VRI. Ms. Liu holds 42.11% and Mr. Choi holds 57.89% of the issued share capital of VRI, respectively. By virtue of the SFO, Ms. Liu is deemed to be interested in all the Shares in which VRI is interested; and
 - (c) 250,000 Shares held by VRHK. VRI holds the entire issued share capital of VRHK and therefore by virtue of the SFO, Ms. Liu is deemed to be interested in all the Shares in which VRHK is interested.
- (3) These interests represented:
 - (a) 381,939,890 Shares held by VRI; and
 - (b) 250,000 Shares held by VRHK. VRI holds the entire issued share capital of VRHK and therefore by the virtue of the SFO, VRI is deemed to be interested in all the Shares held by VRHK.
- (4) Approximate percentage of shareholding of the Company was calculated based on the 653,336,332 Shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other corporation or individual (other than the Directors or chief executives of the Company) who had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or was recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES AND SHARE AWARD SCHEME

1. Pre-IPO Share Option Scheme adopted on 17 June 2016

The pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”) was adopted by the Company on 17 June 2016. The purpose of the Pre-IPO Share Option Scheme is to recognise and acknowledge the contributions made by certain executives, Directors, employees and/or consultants of the Group to the growth of the Group by granting options to them as rewards and further incentives. The Pre-IPO Share Option Scheme will expire on 16 June 2026 and the remaining life of the Pre-IPO Share Option Scheme as at 21 August 2024, being the date of this report (the “**Date of Interim Report**”) is around 2 years.

Pursuant to the Pre-IPO Share Option Scheme, on 17 June 2016, the Company conditionally granted the options to subscribe for an aggregate of 19,684,000 Shares to a total of 91 grantees at exercise price of HK\$0.80 per Share which is an amount equal to 80% of the final price (i.e. HK\$1.00) for each offer share of the Hong Kong public offering and the international placing in connection with the Company’s listing of the Shares on the Main Board of the Stock Exchange on 13 July 2016. A consideration of HK\$1.00 was payable by each grantee upon acceptance of the offer of the option. Save for the options which have been granted on 17 June 2016, no further options will be granted under the Pre-IPO Share Option Scheme.

For the Period, no share options were exercised in accordance with the terms of the Pre-IPO Share Option Scheme and no share options were cancelled or lapsed.

As at 30 June 2024 and the Date of Interim Report, the total number of Shares available for issue upon exercise of all outstanding options granted under the Pre-IPO Share Option Scheme was 1,986,668 Shares, representing approximately 0.3% of the Company’s issued share capital as at such dates.

Details of the outstanding share options under the Pre-IPO Share Option Scheme during the Period are as follows:

Grantee	Date of grant	Vesting schedule	Exercise period	Exercise price (HK\$)	Number of Shares underlying the share options granted				Outstanding as at 30 June 2024
					Outstanding as at 1 January 2024	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	
Directors									
Mr. Koh Ming Fai	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020, respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020, respectively to 16 June 2026	0.80	528,834	-	-	-	528,834
Mr. Fu Kwok Fu	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020, respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020, respectively to 16 June 2026	0.80	528,834	-	-	-	528,834
In aggregate					1,057,668	-	-	-	1,057,668
Senior management and other employees									
In aggregate	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020, respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020, respectively to 16 June 2026	0.80	929,000	-	-	-	929,000
Total					1,986,668	-	-	-	1,986,668

2. Share Option Scheme adopted on 24 June 2016 and terminated on 22 May 2024

The share option scheme (the “**Terminated Share Option Scheme**”) was adopted by the Company on 24 June 2016. The purpose of the Terminated Share Option Scheme is to recognise and acknowledge the contributions of eligible participants of the Terminated Share Option Scheme including any executive, Director, employee, advisor, consultant, professional, agent, contractor, customer, provider of goods and/or services or business or joint-venture partner to the Group by granting options to them as incentives or rewards. The Terminated Share Option Scheme was terminated on 22 May 2024 (the “**Termination Date**”) pursuant to the passing of a resolution by the Shareholders on the annual general meeting of the Company held on 22 May 2024.

The initial total number of Shares which may be issued upon exercise of all options to be granted under the Pre-IPO Share Option Scheme and the Terminated Share Option Scheme shall not in aggregate exceed 63,800,000 Shares, being 10% of the total number of Shares in issue at the time dealings in the Shares first commenced on the Stock Exchange. The total number of Shares issued and to be issued upon the exercise of the options granted under the Terminated Share Option Scheme (including exercised, cancelled and outstanding options) to each eligible participant in any 12 consecutive months up to and including the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

The maximum number of share options available for grant under the Terminated Share Option Scheme as at 1 January 2024 was 35,668 Shares, representing approximately 0.0055% of the Company's issued share capital as at such date. Share options granted prior to the Termination Date shall continue to be valid and exercisable in accordance with the rules of the Terminated Share Option Scheme. No further options can be granted under the Terminated Share Option Scheme after the Termination Date. In other words, the number of share options available for grant under the Terminated Share Option Scheme was nil as at 30 June 2024.

For each of the previous grant of share options under the Terminated Share Option Scheme, the exercise price per Share was determined by the Board and notified to the grantee at the time of offer of the options. The exercise price should at least be the highest of:

- (i) the nominal value of the Shares;
- (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer, which must be a day on which the Stock Exchange is open for the business of dealing in securities (the "**Business Day**"); and
- (iii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the date of offer,

or (where applicable) such price as from time to time adjusted pursuant to the Terminated Share Option Scheme.

Also, a consideration of HK\$1.00 was payable by each grantee upon acceptance of an offer of the option. Any offer of option may be accepted in writing received by any Director or the secretary of the Company until 5:00 p.m. on the date specified in the offer provided that no such offer shall be open for acceptance after expiry of the scheme period or the termination of the Terminated Share Option Scheme. The vesting period of the option was determined by the Board at the time of the offer of the option. No performance targets were attached to share options granted under the Terminated Share Option Scheme.

For the period from 1 January 2024 and up to the Termination Date, no options were granted pursuant to the Terminated Share Option Scheme. For the Period, a total of 700,000 share options were lapsed in accordance with the terms of the Terminated Share Option Scheme and no share options were exercised or cancelled.

As at 30 June 2024 and the Date of Interim Report, the total number of Shares available for issue upon exercise of all outstanding options granted under the Terminated Share Option Scheme was 27,986,332 Shares, representing approximately 4.28% of the Company's issued share capital as at such dates.

Details of the outstanding share options under the Terminated Share Option Scheme during the Period are as follows:

Grantee	Date of grant	Vesting schedule	Exercise period	Exercise Price (HK\$)	Number of Shares underlying the share options granted					Outstanding as at 30 June 2024
					Outstanding as at 1 January 2024	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	
Directors										
Mr. Choi Cheung Tai Raymond	25 August 2021	25% of options will vest on each of 25 August 2022, 2023, 2024 and 2025, respectively	25% of options will be exercisable from each of 25 August 2022, 2023, 2024 and 2025, respectively to 23 June 2026	1.14	1,000,000	-	-	-	-	1,000,000
	13 June 2022	25% of options will vest on each of 13 June 2023, 2024, 2025 and 2026, respectively	25% of options will be exercisable from each of 13 June 2023, 2024, 2025 and 2026, respectively to 23 June 2026	0.80	1,000,000	-	-	-	-	1,000,000
Mr. Koh Ming Fai	28 May 2018	25% of options will vest on each of 28 May 2019, 2020, 2021 and 2022, respectively	25% of options will be exercisable from each of 28 May 2019, 2020, 2021 and 2022, respectively to 23 June 2026	0.80	1,500,000	-	-	-	-	1,500,000
	13 June 2022	25% of options will vest on each of 13 June 2023, 2024, 2025 and 2026, respectively	25% of options will be exercisable from each of 13 June 2023, 2024, 2025 and 2026, respectively to 23 June 2026	0.80	501,166	-	-	-	-	501,166
Mr. Fu Kwok Fu	28 May 2018	25% of options will vest on each of 28 May 2019, 2020, 2021 and 2022, respectively	25% of options will be exercisable from each of 28 May 2019, 2020, 2021 and 2022, respectively to 23 June 2026	0.80	750,000	-	-	-	-	750,000
	13 June 2022	25% of options will vest on each of 13 June 2023, 2024, 2025 and 2026, respectively	25% of options will be exercisable from each of 13 June 2023, 2024, 2025 and 2026, respectively to 23 June 2026	0.80	501,166	-	-	-	-	501,166
In aggregate					5,252,332	-	-	-	-	5,252,332



Grantee	Date of grant	Vesting schedule	Exercise period	Exercise Price (HK\$)	Number of Shares underlying the share options granted					
					Outstanding as at 1 January 2024	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as at 30 June 2024
Senior management and other employees	28 May 2018	25% of options will vest on each of 28 May 2019, 2020, 2021 and 2022, respectively	25% of options will be exercisable from each of 28 May 2019, 2020, 2021 and 2022, respectively to 23 June 2026	0.80	3,950,000	-	-	-	-	3,950,000
	25 March 2019	25% of options will vest on each of 25 March 2020, 2021, 2022 and 2023, respectively	25% of options will be exercisable from each of 25 March 2020, 2021, 2022 and 2023, respectively to 23 June 2026	0.80	1,550,000	-	-	-	-	1,550,000
	25 August 2021	25% of options will vest on each of 25 August 2022, 2023, 2024 and 2025, respectively	25% of options will be exercisable from each of 25 August 2022, 2023, 2024 and 2025, respectively to 23 June 2026	1.14	6,992,000	-	-	-	(300,000)	6,692,000
	13 June 2022	25% of options will vest on each of 13 June 2023, 2024, 2025 and 2026, respectively	25% of options will be exercisable from each of 13 June 2023, 2024, 2025 and 2026, respectively to 23 June 2026	0.80	10,942,000	-	-	-	(400,000)	10,542,000
In aggregate					<u>23,434,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(700,000)</u>	<u>22,734,000</u>
Total					<u>28,686,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(700,000)</u>	<u>27,986,332</u>

3. Share Option Scheme adopted on 22 May 2024

The share option scheme (the “**New Share Option Scheme**”) was adopted by the Company on 22 May 2024 (the “**Adoption Date**”). The adoption of the New Share Option Scheme was to replace the Terminated Share Option Scheme, in light of the amendments made to Chapter 17 of the Listing Rules relating to share schemes which took effect on 1 January 2023. The purpose of the New Share Option Scheme is to enable the Group to grant share options (the “**Options**”) to the eligible participants (including employee participants, related entity participants and service providers (the “**Service Providers**”) as defined in the New Share Option Scheme, collectively the “**Share Option Eligible Participants**”) as incentives or rewards for their contribution to the Group and/or to enable the Group to attract, recruit and retain high-calibre personnel that are valuable to the Group and whose contributions are important to the long-term growth and profitability of the Group. The New Share Option Scheme will expire on 21 May 2034 and the remaining life of the New Share Option Scheme as at the Date of Interim Report is around 10 years. A summary of rules of the New Share Option Scheme is set out in Appendix III to the Company’s circular dated 19 April 2024.

The subscription price in respect of any particular Option will be such price as determined by the Board in its discretion at the time of the grant of the relevant Option but in any event the subscription price shall be at least the highest of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 Business Days immediately preceding the date of offer; and (iii) the nominal value of the Shares on the date of offer.

An offer shall be deemed to have been accepted by an Share Option Eligible Participant concerned in respect of all Shares under the Option which are offered to such Share Option Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Share Option Eligible Participant with the number of Shares in respect of which the offer is accepted as stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from the date of offer). Such remittance shall in no circumstances be refundable.

The vesting period of the Options granted under the New Share Option Scheme shall be determined by the Board subject to a minimum period of no less than 12 months. The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board and provided in the offer of the grant of the relevant Option, there is no performance target which must be achieved before an Option can be exercised under the rules of the New Share Option Scheme nor any clawback mechanism for the Company to recover or withhold any Options granted to any Share Option Eligible Participant.

During the period from the Adoption Date to 30 June 2024, and up to the Date of Interim Report, no Options were granted pursuant to the New Share Option Scheme.

4. Share Award Scheme adopted on 2 December 2021 and amended on 22 May 2024

The share award scheme (the “**Share Award Scheme**”) was initially adopted by the Company on 2 December 2021 and as amended and restated on 22 May 2024 (the “**Amended Share Award Scheme**”), so as to bring the Share Award Scheme in line with the amendments made to Chapter 17 of the Listing Rules relating to share schemes which took effect on 1 January 2023. The Amended Share Award Scheme had incorporated and consolidated all the proposed amendments to the Share Award Scheme, the details of which are set out in Appendix IV to the Company’s circular dated 19 April 2024.

The purposes of the Amended Share Award Scheme are to through the Shares awarded or provisionally awarded (the “**Award(s)**” or “**Award Share(s)**”) (a) to recognise and reward the contribution of certain eligible participants (including employee participants and related entity participants as defined in the Amended Share Award Scheme, collectively the “**Share Award Eligible Participants**”) to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (b) to attract suitable personnel for further development of the Group. The Amended Share Award Scheme will expire on 1 December 2031 and the remaining life of the Amended Share Award Scheme as at the Date of Interim Report is around 7 years.



Subject to the terms and conditions of the Amended Share Award Scheme and the requirements of the Listing Rules, the Board or a duly authorised committee or other person(s) from time to time delegated by the Board with the power and authority to administer the Amended Share Award Scheme (the “**Committee**”) may, from time to time at its absolute discretion, select any Share Award Eligible Participants to participate in the Amended Share Award Scheme as a selected participant (the “**Selected Participant**”), make an offer to the Selected Participants and grant Award Shares to such Selected Participants, and such Award Shares can be satisfied by (i) Shares purchased by the trustee on the Stock Exchange or off the market as directed by the Board or the Committee, the purchase price for such purchases shall not be higher than the lower of the following: (1) the closing market price on the date of such purchase, and (2) the average closing market price for the 5 preceding trading days on which the Shares were traded on the Stock Exchange; or (ii) new Shares to be subscribed by the trustee, with the Company having complied with the applicable Listing Rules (in particular Chapter 17 of the Listing Rules) and subject to the limitation of the Scheme Mandate Limit (as defined below).

Upon approval of any grant of Award(s) by the Board to any Selected Participant, the Board or the Committee shall notify the Selected Participant by a written award notice of the terms and conditions of any Award, including but not limited to any purchase price of the Award Shares, vesting schedule and vesting conditions relating to the performance targets and/or clawback mechanism. An Award shall be deemed to be irrevocably declined by a Selected Participant unless the Selected Participant shall within 5 Business Days (or if any, such other period as prescribed on the notice given to the Selected Participant as referred hereto) after receipt of such notice from the Board or the Committee notify the Company in writing that he would accept such Award. The Selected Participants shall not be required to bear or pay any price or fee for the acceptance of an Award.

The vesting schedule is determined by the Board or the Committee at the time of the offer of the Award. The earliest vesting date shall be a date of at least 12 months following the date on which the Award was or is to be provisionally granted to the Selected Participant or such other period as the Listing Rules may prescribe or permit.

The maximum number of Awards available for grant under the Share Award Scheme as at 1 January 2024 is 32,820,516 Shares and those under the Amended Share Award Scheme as at 30 June 2024 was 32,820,516 Shares, which is also subject to the limitation of the Scheme Mandate Limit.

As at 30 June 2024, the balance of number of Shares held by the trustee was 10,000,000 Shares, representing approximately 1.53% of the Company’s issued share capital as at such date.

During the Period and up to the Date of Interim Report, no Award were granted pursuant to the Share Award Scheme and/or Amended Share Award Scheme.

5. **Scheme Mandate Limit and Service Provider Sublimit**

The total number of Shares which may be allotted and issued upon exercise of all Options and Awards to be granted under the New Share Option Scheme, the Amended Share Award Scheme and any other schemes shall not in aggregate 10% of the issued share capital of the Company as at its adoption date (the “**Scheme Mandate Limit**”). Within the Scheme Mandate Limit, a maximum of Shares being 1% of the issued share capital of the Company as at its adoption date (the “**Service Provider Sublimit**”) has set for allotment and issue in respect of all Options to be granted to the Service Providers under the New Share Option Scheme. The existing Scheme Mandate Limit and Service Provider Sublimit were adopted on 22 May 2024 (the “**Scheme Limit Adoption Date**”) and were 65,333,633 Shares and 6,533,363 Shares, respectively, representing 10% of the issued share capital of the Company and 1% of the issued share capital of the Company, respectively as at such date.

OTHER INFORMATION

The number of Options and Awards available for grant under the existing Scheme Mandate Limit as at the Scheme Limit Adoption Date and 30 June 2024 was 65,333,633 Shares and 65,333,633 Shares, respectively. Within the Scheme Mandate Limit, the number of Options available for grant under the Service Provider Sublimit as at the Scheme Limit Adoption Date and 30 June 2024 was 6,533,363 Shares and 6,533,363 Shares, respectively.

The maximum entitlement of the participants under the New Share Option Scheme and the Amended Share Award Scheme shall be that any grant of Options or Awards to each such participant shall not result in the Shares issued and to be issued in respect of all Options and Awards granted (excluding any Options and Awards lapsed in accordance with the terms of the New Share Option Scheme and the Amended Share Award Scheme) to such participant in the 12-month period up to and including the date of such grant representing in aggregate to exceed the limits as set out below:

	Percentage of Shares in issue	
	New Share Option Scheme	Amended Share Award Scheme
Share Option/Share Award Eligible Participant (other than those as provided for in this table below) (Note 1)	1%	1%
Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates (Note 2)	1%	0.1%
Independent Non-executive Director or a substantial Shareholder or any of their respective associates (Note 2)	0.1%	0.1%

Notes:

- (1) In case of any further grant of Options or Awards exceeding the above percentage of Shares in issue, such further grant of Options or Awards must be separately approved by the Shareholders in a general meeting of the Company with such participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting and subject to the terms and conditions provided under the New Share Option Scheme or the Amended Share Award Scheme as the case may be.
- (2) In case of any further grant of Options or Awards exceeding the above percentage of Shares in issue, such further grant of Options or Awards must be separately approved by the Shareholders in a general meeting of the Company with such participant and his/her close associates and all core connected persons of the Company abstaining from voting and subject to the terms and conditions provided under the New Share Option Scheme or the Amended Share Award Scheme as the case may be.

For the Period, as no Options and Awards have been granted, the number of Shares that may be issued in respect of Options and Awards granted under all schemes (i.e. the Pre-IPO Share Option Scheme, the Terminated Share Option Scheme, the New Share Option Scheme and the Amended Share Award Scheme) of the Company during the Period was 0 Shares, and divided by the weighted average number of Shares of 653,336,332 Shares as at 30 June 2024 was 0%.

Further details of the share options and share awards are set out in Note 15 to the condensed consolidated financial statements of this report.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, there were no changes in information of Directors, as notified to the Company, subsequent to the date of the 2023 annual report.

The biographies of Directors are available in “About Us” section of the Company’s website (www.vincentmedical.com).

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to achieving and maintaining the highest possible standards of corporate governance, and strives to maintain transparent, responsible and value-driven management practices that will enhance and safeguard the interests of the Shareholders. The Board believes that effective and good corporate governance is an essential platform for creating value for the Shareholders. The Board is committed to continuously reviewing and improving the Group’s corporate governance practices, and maintaining the highest standards of ethical corporate behaviour across the organisation.

The Company has adopted the principles and code provisions set out in Corporate Governance Code (the “CG Code”) as contained in Part 2 of Appendix C1 to the Listing Rules and its subsequent amendments from time to time as its own code of corporate governance. The corporate governance principles of the Company emphasise a quality Board, sound internal controls and risk management, and transparency and accountability to all Shareholders. In the opinion of the Directors, the Company has complied with the code provisions set out in the CG Code throughout the Period and up to the Date of Interim Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) RESPONSIBILITY

The Group adheres determinedly to the fundamental mission and values of engaging and aligning all stakeholders towards to the same goals and creating mutual values for better lives, and providing innovative, quality and reliable medical devices. The Group longs for the pursuit of sustainability, continuously incorporating environmental and social initiatives in our business. Further information about the sustainable development of the Group and our commitments, practices and performance in all ESG aspects can be found in the Group’s ESG report contained in the 2023 annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding their transactions throughout the Period and up to the Date of Interim report.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference which deal clearly with its authority and duties. The Audit Committee currently consists of three Independent Non-executive Directors, namely Mr. Au Yu Chiu Steven, Mr. Mok Kwok Cheung Rupert and Prof. Yung Kai Leung. Mr. Au Yu Chiu Steven is the chairman of the Audit Committee.

The Group’s unaudited consolidated interim results for the Period have been reviewed by the Audit Committee.

RSM Hong Kong, the Company’s auditor, has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 June 2024 in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The auditor’s independent review report is set out in the section “Independent Review Report” of this report.

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 (including treasury shares) during the Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Company had maintained a sufficient public float of not less than 25% of its total issued Shares as required under the Listing Rules during the Period and up to the Date of Interim Report.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2024 containing all the relevant information required by the Listing Rules and the relevant laws and regulations has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.vincentmedical.com), respectively.

By Order of the Board
Vincent Medical Holdings Limited
Choi Man Shing
Chairman and Executive Director

Hong Kong, 21 August 2024



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TO THE BOARD OF DIRECTORS OF VINCENT MEDICAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 24 to 44 which comprises the condensed consolidated statement of financial position of Vincent Medical Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

RSM Hong Kong

Certified Public Accountants

21 August 2024



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	5	380,706	361,235
Cost of sales		(261,525)	(242,409)
Gross profit		119,181	118,826
Other income, other gains and losses		493	3,033
Selling and distribution expenses		(18,542)	(18,781)
Administrative expenses		(51,453)	(51,623)
Research and development expenses		(14,942)	(18,147)
Profit from operations		34,737	33,308
Finance costs		(714)	(952)
Share of losses of associates		(176)	–
Share of profits of joint ventures		13	13
Profit before tax		33,860	32,369
Income tax expense	6	(299)	(5,275)
Profit for the period	7	33,561	27,094
Attributable to:			
Owners of the Company		33,288	26,600
Non-controlling interests		273	494
		33,561	27,094
Earnings per share	9		
Basic		HK5.17 cents	HK4.10 cents
Diluted		n/a	n/a

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024



	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Profit for the period	33,561	27,094
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes of equity investments at fair value through other comprehensive income ("FVTOCI")	3,688	(1,752)
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(4,769)	(13,582)
Other comprehensive income for the period, net of tax	(1,081)	(15,334)
Total comprehensive income for the period	32,480	11,760
Attributable to:		
Owners of the Company	32,983	11,598
Non-controlling interests	(503)	162
	32,480	11,760



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	Note	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	131,251	101,200
Right-of-use assets		39,894	47,816
Other intangible assets		6,626	4,826
Investments in associates		2,527	2,701
Investments in joint ventures		3,271	3,317
Equity investments at FVTOCI		30,490	26,802
Non-current deposits	12	30,516	26,002
Deferred tax assets		382	1,295
Total non-current assets		244,957	213,959
Current assets			
Inventories		170,207	173,848
Trade receivables	11	163,430	172,394
Contract assets		21,008	14,820
Prepayments, deposits and other receivables	12	35,123	35,804
Bank and cash balances		166,730	175,784
Total current assets		556,498	572,650
TOTAL ASSETS		801,455	786,609
EQUITY AND LIABILITIES			
Share capital		6,533	6,533
Reserves		558,038	535,310
Equity attributable to owners of the Company		564,571	541,843
Non-controlling interests		3,261	1,248
Total equity		567,832	543,091
Non-current liabilities			
Lease liabilities		936	1,839
Deferred tax liabilities		5,016	5,052
Total non-current liabilities		5,952	6,891
Current liabilities			
Trade payables	13	47,397	59,858
Other payables and accruals	14	131,195	115,725
Lease liabilities		8,029	14,500
Borrowings		18,776	21,046
Current tax liabilities		22,274	25,498
Total current liabilities		227,671	236,627
TOTAL EQUITY AND LIABILITIES		801,455	786,609
Net current assets		328,827	336,023
Total assets less current liabilities		573,784	549,982

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024



	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium account HK\$'000	Shares held for share award scheme HK\$'000	Share-based payments reserve HK\$'000	Merger reserve HK\$'000	Foreign currency translation reserve HK\$'000	FVTOCI reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2023 (audited)	6,533	161,709	(1,085)	7,486	12,094	(14,726)	(22,709)	348,709	498,011	602	498,613
Total comprehensive income for the period	-	-	-	-	-	(13,250)	(1,752)	26,600	11,598	162	11,760
Purchase of shares for share award scheme	-	-	(3,273)	-	-	-	-	-	(3,273)	-	(3,273)
Share-based payments	-	-	-	1,177	-	-	-	-	1,177	-	1,177
Acquisition of equity interests in a subsidiary from non-controlling interests	-	-	-	-	-	-	-	(17)	(17)	17	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(80)	(80)
Changes in equity for the period	-	-	(3,273)	1,177	-	(13,250)	(1,752)	26,583	9,485	99	9,584
At 30 June 2023 (unaudited)	6,533	161,709	(4,358)	8,663	12,094	(27,976)	(24,461)	375,292	507,496	701	508,197
At 1 January 2024 (audited)	6,533	161,709	(4,358)	9,363	12,094	(21,041)	(20,382)	397,925	541,843	1,248	543,091
Total comprehensive income for the period	-	-	-	-	-	(3,993)	3,688	33,288	32,983	(503)	32,480
Share-based payments	-	-	-	609	-	-	-	-	609	-	609
Capital contributions from non-controlling interests and dilution of interests in a non-wholly subsidiary	-	-	-	-	-	-	-	(1,214)	(1,214)	2,563	1,349
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(47)	(47)
Dividend paid	-	-	-	-	-	-	-	(9,650)	(9,650)	-	(9,650)
Transfers	-	-	-	-	-	-	8,124	(8,124)	-	-	-
Changes in equity for the period	-	-	-	609	-	(3,993)	11,812	14,300	22,728	2,013	24,741
At 30 June 2024 (unaudited)	6,533	161,709	(4,358)	9,972	12,094	(25,034)	(8,570)	412,225	564,571	3,261	567,832



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	33,373	34,888
Deposit for acquisition of right-of-use assets	–	(9,165)
Purchases of property, plant and equipment	(20,262)	(2,126)
Other investing cash flows (net)	(2,031)	341
NET CASH USED IN INVESTING ACTIVITIES	(22,293)	(10,950)
Purchase of shares for share award scheme	–	(3,273)
Borrowings raised	10,000	2,262
Repayment of borrowings	(12,163)	(28,500)
Principal elements of lease payments	(7,180)	(8,369)
Capital contributions from non-controlling interests	1,349	–
Dividend paid to non-controlling interests	(47)	(80)
Dividend paid to owners of the Company	(9,650)	–
NET CASH USED IN FINANCING ACTIVITIES	(17,691)	(37,960)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,611)	(14,022)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	175,784	159,341
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(2,443)	(3,504)
CASH AND CASH EQUIVALENTS AT 30 JUNE, REPRESENTED BY	166,730	141,815
Bank and cash balances	166,730	141,815

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2023 annual financial statements. Except as described below, the accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023.

2. NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS

(a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to HKAS 1;
- Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (Revised);
- Lease Liability in Sale and Leaseback – Amendments to Hong Kong Financial Reporting Standards (“HKFRS”) 16; and
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7.

As a result of the adoption of the amendments to HKAS 1, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.”

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.

(b) Impact of new and amended standards issued but not yet adopted by the Group

In September 2023, HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The management does not expect the amendment to have a material impact on the consolidated financial statements.

In July 2024, HKICPA issued HKFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The management is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

3. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(a) Disclosures of level in fair value hierarchy at 30 June 2024:

Description	Fair value measurements as at 30 June 2024 (unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000

Recurring fair value measurements:

Financial assets at FVTOCI

– Unlisted equity securities

–	–	30,490	30,490
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Description	Fair value measurements as at 31 December 2023 (audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000

Recurring fair value measurements:

Financial assets at FVTOCI

– Unlisted equity securities

–	–	26,802	26,802
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



3. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Reconciliation of financial assets measured at fair value based on level 3:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Financial assets at FVTOCI		
At 1 January	26,802	24,475
Total gains or losses recognised in other comprehensive income	3,688	(1,752)
At 30 June	30,490	22,723

The total gains or losses recognised in other comprehensive income are presented in fair value changes of equity investments at FVTOCI in the condensed consolidated statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2024:

The Group's chief financial officer is responsible for the fair value measurements of financial assets and financial liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the Board of Directors of the Company (the "Board") for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value at 30 June 2024	Fair value at 31 December 2023
					HK\$'000 (unaudited)	HK\$'000 (audited)
Unlisted equity securities classified as financial assets at FVTOCI	Discounted cash flows	Weighted average cost of capital	22.5% (31 December 2023: 21%)	Decrease	30,490	26,802
		Discount for lack of marketability	25% (31 December 2023: 25%)	Decrease		
		Long-term growth rate	2% (31 December 2023: 2%)	Increase		

There were no changes in the valuation techniques used.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. SEGMENT INFORMATION

Information about reportable segment profit or loss:

	OEM HK\$'000 (unaudited)	OBM HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
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Six months ended 30 June 2024

Revenue from external customers
Segment profit/(loss)

Revenue from external customers	302,691	78,015	380,706
Segment profit/(loss)	46,947	(4,694)	42,253

Six months ended 30 June 2023

Revenue from external customers
Segment profit

Revenue from external customers	229,626	131,609	361,235
Segment profit	38,132	3,720	41,852

Reconciliation of reportable segment profit or loss:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Total profit or loss of reportable segments	42,253	41,852
Interest income	852	341
Interest expenses	(714)	(952)
Share-based payments	(609)	(1,177)
Share of losses of associates	(176)	–
Share of profits of joint ventures	13	13
Unallocated corporate income	3,316	3,492
Unallocated corporate expenses	(11,075)	(11,200)
Consolidated profit before tax	33,860	32,369

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



4. SEGMENT INFORMATION (CONTINUED)

Revenue from a major customer:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
OEM segment Customer A	191,505	129,335

5. REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by product category, geographical market and timing of revenue recognition.

	Six months ended 30 June (unaudited)					
	OEM		OBM		Total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
By product category						
Imaging disposable products	189,718	125,721	–	–	189,718	125,721
Respiratory products	45,149	28,177	75,220	127,407	120,369	155,584
Orthopaedic and rehabilitation products	20,834	30,813	2,795	4,202	23,629	35,015
Other products	46,990	44,915	–	–	46,990	44,915
	302,691	229,626	78,015	131,609	380,706	361,235



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

5. REVENUE (CONTINUED)

	Six months ended 30 June (unaudited)					
	OEM		OBM		Total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
By geographical market						
The United States	142,129	120,725	3,117	2,795	145,246	123,520
Spain	119,982	59,646	1,249	378	121,231	60,024
The People's Republic of China (the "PRC")	129	–	36,735	82,116	36,864	82,116
Japan	6,293	6,379	14,796	18,949	21,089	25,328
The Netherlands	10,464	10,105	381	535	10,845	10,640
Australia	7,077	8,487	1,014	406	8,091	8,893
Sweden	7,416	3,864	–	–	7,416	3,864
Costa Rica	1,883	11,168	–	–	1,883	11,168
Others	7,318	9,252	20,723	26,430	28,041	35,682
	302,691	229,626	78,015	131,609	380,706	361,235
By timing of revenue recognition						
Products transferred at a point in time	112,973	103,905	78,015	131,609	190,988	235,514
Products transferred over time	189,718	125,721	–	–	189,718	125,721
	302,691	229,626	78,015	131,609	380,706	361,235

The following table provides information about receivables and contract assets from contracts with customers:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Receivables, which are included in "trade receivables"	163,430	172,394
Contract assets	21,008	14,820

Contract assets primarily consist of unbilled amount resulting from sales of OEM products transferred over time. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	3,638	2,091
(Over)/under-provision in prior years	(5,737)	299
	(2,099)	2,390
Current tax – the PRC		
Provision for the period	967	2,289
(Over)/under-provision in prior years	(5)	288
	962	2,577
Current tax – Others		
Provision for the period	451	870
Under-provision in prior years	90	–
	541	870
Deferred tax	895	(562)
	299	5,275

Under the two-tiered profits tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rate regime will continue to be taxed at a rate of 16.5% (six months ended 30 June 2023: 16.5%).

PRC Corporate Income Tax has been provided at tax rates ranging from 15% to 25% for the six months ended 30 June 2024 (six months ended 30 June 2023: 15% to 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

7. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging/(crediting) the followings:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Allowance for inventories (included in cost of sales)	5,064	2,486
Amortisation	1,104	1,764
Cost of inventories sold	255,485	239,118
Depreciation of property, plant and equipment	9,484	9,817
Depreciation expenses of right-of-use assets		
– Depreciation of right-of-use assets	7,500	8,265
– Amount capitalised	(314)	–
	7,186	8,265
Directors' emoluments	3,586	3,507
Equity-settled share-based payments	609	1,177
Exchange gains, net (included in other gains and losses)	(2,522)	(2,626)
Impairment of trade receivables (included in other gains and losses)	3,675	800
Staff costs including directors' emoluments	104,540	96,692
Write off of inventories (included in cost of sales)	976	805
Write off of property, plant and equipment (included in other gains and losses)	99	7

8. DIVIDEND

The Board has resolved to declare an interim dividend of HK1.6 cents per share for the six months ended 30 June 2024 (six months ended 30 June 2023: HK1.25 cents per share).

The final dividend of HK1.5 cents amounting to approximately HK\$9,800,000 for the year ended 31 December 2023 has been approved and paid on 21 June 2024. This included the dividends of HK\$150,000 paid to shares held in trust under the share award scheme of the Company adopted on 2 December 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Earnings		
Profit attributable to owners of the Company	<u>33,288</u>	<u>26,600</u>

	'000	'000
Number of shares		
Weighted average number of ordinary shares less shares held for share award scheme for the purpose of calculating basic earnings per share	<u>643,336</u>	648,023
Effect of dilutive potential ordinary shares arising from share options issued by the Company (Note)	<u>n/a</u>	<u>n/a</u>
Weighted average number of ordinary shares less shares held for share award scheme for the purpose of calculating diluted earnings per share	<u>n/a</u>	<u>n/a</u>

Note:

During the six months ended 30 June 2023 and 2024, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment of approximately HK\$39,939,000 (six months ended 30 June 2023: HK\$3,803,000).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

11. TRADE RECEIVABLES

The general credit terms of the Group granted to its customers range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
0 to 30 days	68,094	64,091
31 to 60 days	47,372	54,048
61 to 90 days	31,091	31,315
Over 90 days	16,873	22,940
	163,430	172,394

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Deposits for purchases of goods	21,337	25,063
Deposits for purchases of property, plant and equipment	29,424	24,909
Prepaid expenses	3,061	4,244
Rental and other deposits	1,709	2,455
Value-added tax and other receivables	10,108	5,135
	65,639	61,806
Less: Non-current deposits	(30,516)	(26,002)
	35,123	35,804

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



13. TRADE PAYABLES

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
0 to 30 days	41,456	37,275
31 to 60 days	2,541	12,676
Over 60 days	3,400	9,907
	47,397	59,858

14. OTHER PAYABLES AND ACCRUALS

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Accrued staff costs	43,643	48,195
Other accrued expenses	6,371	6,459
Other payables	45,309	23,524
Provision for warranties	403	405
Contract liabilities	35,469	37,142
	131,195	115,725



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

15. SHARE OPTION AND SHARE AWARD SCHEMES

(a) Share option schemes

Pre-IPO share option scheme adopted on 17 June 2016

A pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) was approved and adopted on 17 June 2016. The purpose of the Pre-IPO Share Option Scheme is to recognise and acknowledge the contributions made by certain executives, directors, employees and/or consultants of the Group to the growth of the Group by granting options to them as rewards and further incentives. The Pre-IPO Share Option Scheme will expire on 16 June 2026.

Each option granted under the Pre-IPO Share Option Scheme is subject to the following vesting schedule:

Tranche	Vesting Date	Percentage of an option vested
First	First anniversary of 13 July 2016 (the “Listing Date”)	25%
Second	Second anniversary of the Listing Date	25%
Third	Third anniversary of the Listing Date	25%
Fourth	Fourth anniversary of the Listing Date	25%

Each vested tranche of an option is exercisable during a period from and including the vesting date of the relevant tranche to and including the business day immediately preceding the tenth anniversary of the date of grant of the option.

The subscription price per share shall be HK\$0.80. On 17 June 2016, 19,684,000 options were granted. No further options will be offered or granted under the Pre-IPO Share Option Scheme.

Details of each tranche of options are as follows:

Tranche	Date of grant	Vesting period	Exercise period	Exercise price HK\$
First	17 June 2016	17 June 2016 to 13 July 2017	13 July 2017 to 16 June 2026	0.80
Second	17 June 2016	17 June 2016 to 13 July 2018	13 July 2018 to 16 June 2026	0.80
Third	17 June 2016	17 June 2016 to 13 July 2019	13 July 2019 to 16 June 2026	0.80
Fourth	17 June 2016	17 June 2016 to 13 July 2020	13 July 2020 to 16 June 2026	0.80

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



15. SHARE OPTIONS AND SHARE AWARD SCHEMES (CONTINUED)

(a) Share option schemes (continued)

Pre-IPO share option scheme adopted on 17 June 2016 (continued)

If the options remain unexercised after a period of ten years from the date of grant, the options will be expired. Options are lapsed if the directors, employees and/or consultants leave the Group.

Details of the movement of share options during the period are as follows:

	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the period and at the end of the period	1,986,668	0.80
Exercisable at the end of the period	1,986,668	0.80

Share option scheme adopted on 24 June 2016 and terminated on 22 May 2024

A share option scheme (the “**Terminated Share Option Scheme**”) was approved and adopted on 24 June 2016. Pursuant to the Terminated Share Option Scheme, the Board may, as its discretion, grant share options to any executive, director, employee, advisor, consultant, professional, agent, contractor, customer, provider of goods and/or services or partner of the Group. The Terminated Share Option Scheme was terminated on 22 May 2024 (the “**Termination Date**”) pursuant to the passing of a resolution by the shareholders of the Company on the annual general meeting of the Company held on 22 May 2024.

Share options granted prior to the Termination Date shall continue to be valid and exercisable in accordance with the rules of the Terminated Share Option Scheme. Save for the options which have been granted previously, no further options can be granted under the Terminated Share Option Scheme.

The subscription price per share shall be determined by the Board and notified to the grantee at the time of offer of the option.

On 28 May 2018, the Group granted 14,300,000 share options with exercise price of HK\$0.80 per share to certain directors and employees. 25% of the options will vest on each of 28 May 2019, 2020, 2021 and 2022 respectively and will be exercisable from each of 28 May 2019, 2020, 2021 and 2022 respectively to 23 June 2026.

On 25 March 2019, the Group further granted 4,600,000 share options with exercise price of HK\$0.80 per share to certain employees and consultant. 25% of the options will vest on each of 25 March 2020, 2021, 2022 and 2023 respectively and will be exercisable from each of 25 March 2020, 2021, 2022 and 2023 respectively to 23 June 2026.

On 25 August 2021, the Group further granted 11,788,000 share options with exercise price of HK\$1.14 per share to certain employees. 25% of the options will vest on each of 25 August 2022, 2023, 2024 and 2025 respectively and will be exercisable from each of 25 August 2022, 2023, 2024 and 2025 respectively to 23 June 2026.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

15. SHARE OPTIONS AND SHARE AWARD SCHEMES (CONTINUED)

(a) Share option schemes (continued)

Share option scheme adopted on 24 June 2016 and terminated on 22 May 2024 (continued)

On 13 June 2022, the Group further granted 13,392,332 share options with exercise price of HK\$0.80 per share to certain directors and employees. 25% of the options will vest on each of 13 June 2023, 2024, 2025 and 2026 respectively and will be exercisable from each of 13 June 2023, 2024, 2025 and 2026 respectively to 23 June 2026.

If the options remain unexercised after 23 June 2026, the options will be expired. Options are lapsed if the directors, employees and/or consultants leave the Group.

Details of the movement of share options during the period are as follows:

	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the period	28,686,332	0.89
Lapsed during the period	<u>(700,000)</u>	0.95
Outstanding at the end of the period	<u>27,986,332</u>	0.89
Exercisable at the end of the period	<u>17,868,166</u>	0.87

Share option scheme adopted on 22 May 2024

A share option scheme (the "New Share Option Scheme") was approved and adopted on 22 May 2024 (the "Adoption Date"). The adoption of the New Share Option Scheme was to replace the Terminated Share Option Scheme. Pursuant to the New Share Option Scheme, the Board may, as its discretion, grant share options to the eligible participants (including employee participants, related entity participants and service providers as defined in the New Share Option Scheme). The New Share Option Scheme will expire on 21 May 2034.

The subscription price in respect of any particular share option granted will be such price as determined by the Board in its discretion at the time of the grant of the relevant share option.

During the period from the Adoption Date to 30 June 2024, no share options were granted pursuant to the New Share Option Scheme.

(b) Share award scheme adopted on 2 December 2021 and amended on 22 May 2024

A share award scheme (the "Share Award Scheme") was approved and adopted on 2 December 2021 and as amended and restated on 22 May 2024 (the "Amended Share Award Scheme"). The purposes of the Amended Share Award Scheme are (i) to recognise and reward the contribution of certain eligible participants (including director, employee, advisor, consultant and any other parties who have contributed or may contribute to the growth and development of the Group) to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Amended Share Award Scheme will expire on 1 December 2031.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



15. SHARE OPTIONS AND SHARE AWARD SCHEMES (CONTINUED)

(b) Share award scheme adopted on 2 December 2021 and amended on 22 May 2024 (continued)

The Group may, from time to time at its absolute discretion, select any eligible participants for participation in the Amended Share Award Scheme and determine the terms and conditions of the awards and the number of shares to be awarded.

During the period, no award was granted under the Share Award Scheme and/or Amended Share Award Scheme.

Details of the movement of the shares held for the Share Award Scheme and/or Amended Share Award Scheme during the period are as follows:

	Number of shares	HK\$'000
Balance at the beginning of the period and at the end of the period	10,000,000	4,358

16. RELATED PARTY TRANSACTIONS

The Group had the following transactions and balances with its related parties during the period:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Catering service fee paid to a related company (Note (a))	325	814
Metal supplies and processing service fee to a related company (Note (a))	4,375	4,706
Purchases of goods from related companies (Note (a))	1,733	458
Rental expenses paid to related companies (Note (a))	5,386	6,639
Sales of goods to an associate	4,546	13,987
Service fee paid to a related company (Note (b))	180	–

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
	Trade receivables from an associate	5,162
Other payables to related companies (Note (a))	11,382	12,217
Other receivable from a related company (Note (a))	84	88
Other payable to an associate	3,457	3,457
Other receivable from a joint venture	995	–

Notes:

- (a) Mr. Choi Man Shing, an executive director of the Company has beneficial interest in these related companies.
- (b) Dr. Leung Ming Chu, a non-executive director of the Company has beneficial interest in this related company.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2024 (at 31 December 2023: Nil).

18. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of reporting period but not yet incurred are as follows:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Property, plant and equipment	<u>156,468</u>	<u>170,584</u>

19. EVENTS AFTER THE REPORTING PERIOD

On 17 July 2024, an indirect wholly-owned subsidiary of the Company, entered into (a) a purchase agreement with an independent supplier in relation to the procurement of automated warehouse facility at a consideration of RMB33.5 million (equivalent to approximately HK\$36.0 million); and (b) a construction contract with an independent contractor in relation to the construction of the fire protection system at a consideration of approximately RMB18.0 million (equivalent to approximately HK\$19.3 million). Details please refer to the Company's announcement dated 17 July 2024.

20. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board on 21 August 2024.