

# MATRIX

**Matrix Holdings Limited**  
**美力時集團有限公司**

(Incorporated in Bermuda with limited liability)

Stock Code : 1005

2024  
Interim Report

# Our Mission

- **Enhance customer satisfaction** through delivery of high quality products that meet **world safety standard**
- Be a **socially responsible employer** by providing **safe and pleasant** working environment to workers
- Be **environmentally responsible** in all its manufacturing processes through **recycling** and **adherence** to international environmental protection laws
- Optimise shareholders' return by pursuing **business growth, diversification** and **productivity enhancement**

# Corporate Information

## BOARD OF DIRECTORS

### *Executive Directors*

Cheng Yung Pun (*Chairman*)  
Cheng King Cheung  
Yip Hiu Har  
Shirley Marie Price (appointed on 12 March 2024)

### *Independent Non-executive Directors*

Loke Yu alias Loke Hoi Lam  
Mak Shiu Chung, Godfrey  
Heng Victor Ja Wei  
Chui Ka Hing

## AUDIT COMMITTEE & REMUNERATION COMMITTEE

Loke Yu alias Loke Hoi Lam (*Chairman*)  
Mak Shiu Chung, Godfrey  
Heng Victor Ja Wei  
Chui Ka Hing

## NOMINATION COMMITTEE

Cheng Yung Pun (*Chairman*)  
Loke Yu alias Loke Hoi Lam  
Mak Shiu Chung, Godfrey  
Heng Victor Ja Wei  
Chui Ka Hing

## COMPANY SECRETARY

Lai Mei Fong  
Lo Siu Ting

## AUDITOR

Crowe (HK) CPA Limited  
Registered Public Interest Entity Auditors  
9/F Leighton Centre,  
77 Leighton Road,  
Causeway Bay, Hong Kong

## REGISTERED OFFICE

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

## SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited  
4th floor North Cedar House  
41 Cedar Avenue Hamilton  
HM 12  
Bermuda

## BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Secretaries Limited  
17/F, Far East Finance Centre,  
16 Harcourt Road,  
Hong Kong

## PRINCIPAL PLACE OF BUSINESS

Unit 01, 10/F., Railway Plaza,  
39 Chatham Road South,  
Tsim Sha Tsui,  
Kowloon, Hong Kong

## PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

## WEBSITE

[www.irasia.com/listco/hk/matrix/index.htm](http://www.irasia.com/listco/hk/matrix/index.htm)

## STOCK CODE

1005 (Main Board of The Stock Exchange of  
Hong Kong Limited)

## Result Highlights

	FINANCIAL HIGHLIGHTS		
	Six months ended 30 June		
	2024	2023	% Change
Revenue (HK\$'000)	<b>194,250</b>	332,795	-41.6%
(LBITDA)/EBITDA (HK\$'000) <sup>(1)</sup>	<b>(55,792)</b>	32,599	-271.1%
(Loss)/profit attributable to owners of the Company (HK\$'000)	<b>(84,008)</b>	414	-20,391.8%
Basic (loss)/earnings per share (HK cents)	<b>(11.11)</b>	0.05	-22,320.0%
Interim dividend, declared (HK cents)	<b>1.5</b>	2.0	-25.0%
Gross profit margin ratio (%)	<b>38.6%</b>	46.2%	-16.5%

The board (the "Board") of directors (the "Directors") of Matrix Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023.

For the six months ended 30 June 2024, the Group's consolidated revenue decreased by approximately HK\$138,545,000 or 41.6% to approximately HK\$194,250,000 from approximately HK\$332,795,000 for the corresponding period of last year. The loss attributable to owners of the Company amounted to approximately HK\$84,008,000, as compared with the profit of approximately HK\$414,000 for the corresponding period of last year.

The Group's overall revenue in the first half of 2024 decreased as the world economy was facing severe headwinds amid weak growth prospects, elevated inflation and heightened uncertainties. Moreover, the increased integration of advanced automation within the Group's production processes has led to changes in product structure and design, resulting in necessary adjustments to the Group's customer portfolio. Additionally, it is important to note that the sales decline was attributed to high inventory levels among customers, influenced by the adverse global economic conditions. Consequently, customers have generally adopted a cautious approach to inventory management and order placement in the first half of 2024.

The Group seized the opportunities brought about by the rapid technology development and took actions to optimize its production technology and capacity, simplify its business processes and prudently managing its operating costs. The Board of Directors believes that the overall financial position of the Group remains sound and robust.

For the six months ended 30 June 2024, the US continued to be the largest customer market of the Group, which accounted for approximately 63.0% of the Group's total revenue (2023: 67.3%). The other significant customer markets for the Group included Europe, Canada and Australia and New Zealand, which accounted for approximately 16.5% (2023: 13.1%), 10.6% (2023: 9.7%) and 6.0% (2023: 4.7%) of the Group's total revenue respectively.

*Note 1:* (LBITDA)/EBITDA represents the (LBITDA)/EBITDA of the Company and subsidiary companies. (LBITDA)/EBITDA is defined as (loss)/earnings before interest, taxation, depreciation and amortisation. Information concerning (LBITDA)/EBITDA has been included in the Group's financial information. The Group considers (LBITDA)/EBITDA to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. (LBITDA)/EBITDA is not a measure of cash liquidity or financial performance under HKFRS and the (LBITDA)/EBITDA measures used by the Group may not be comparable to other similarly titled measures of other companies. (LBITDA)/EBITDA should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with HKFRS.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	4	194,250	332,795
Cost of sales		(119,325)	(178,928)
Gross profit		74,925	153,867
Other income		7,016	7,863
Other gains or losses		2,507	1,724
Distribution and selling costs		(76,933)	(73,798)
Administrative expenses		(79,226)	(75,603)
Research and development costs		(10,586)	(11,606)
Finance costs		(2,126)	(2,040)
(Loss)/profit before tax		(84,423)	407
Income tax expense	5	(96)	(20)
(Loss)/profit for the period	6	(84,519)	387
Other comprehensive (loss)/income for the period, net of tax			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(11,125)	2,904
Total comprehensive (loss)/income for the period, net of tax		(95,644)	3,291
(Loss)/profit for the period attributable to:			
Owners of the Company		(84,008)	414
Non-controlling interests		(511)	(27)
		(84,519)	387
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(95,133)	3,318
Non-controlling interests		(511)	(27)
		(95,644)	3,291
(Loss)/earnings per share attributable to owners of the Company for the period (expressed in HK cents per share)			
Basic (loss)/earnings per share	8	(11.11)	0.05
Diluted (loss)/earnings per share	8	(11.11)	0.05

# Condensed Consolidated Statement of Financial Position

At 30 June 2024

	Note	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	119,724	119,518
Right-of-use assets		232,196	214,462
Intangible assets	10	41,822	41,822
Deposits	11	113,963	121,086
Deferred tax assets		23,377	23,405
		<b>531,082</b>	520,293
<b>Current assets</b>			
Inventories		211,478	189,275
Trade receivables	11	73,732	113,521
Prepayments, deposits and other receivables	11	26,261	25,470
Current tax assets		1,595	1,595
Bank and cash balances		84,493	181,202
		<b>397,559</b>	511,063
<b>Current liabilities</b>			
Trade payables	12	37,515	30,305
Accruals and other payables	12	51,016	71,105
Contract liabilities		5,163	3,477
Amount due to a director	13	6,240	–
Bank borrowing	15	3,311	4,234
Lease liabilities		13,747	14,749
Current tax liabilities		23,894	23,894
		<b>140,886</b>	147,764
<b>Net current assets</b>		<b>256,673</b>	363,299
<b>Total assets less current liabilities</b>		<b>787,755</b>	883,592
<b>Non-current liabilities</b>			
Lease liabilities		53,193	30,620
Deferred tax liabilities		1,662	1,742
		<b>54,855</b>	32,362
<b>NET ASSETS</b>		<b>732,900</b>	851,230
<b>Capital and reserves</b>			
Share capital	14	75,620	75,620
Reserves		670,295	788,114
<b>Equity attributable to owners of the Company</b>		<b>745,915</b>	863,734
Non-controlling interests		(13,015)	(12,504)
<b>TOTAL EQUITY</b>		<b>732,900</b>	851,230

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	(Unaudited)							Non-controlling interests	Total
	Attributable to owners of the Company								
	Share capital	Share premium	Shareholders' contribution	Other reserves	Translation reserve	Retained profits	Total		
HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Balance at 1 January 2024 (audited)</b>	75,620	189,090	21,028	(150)	(68,097)	646,243	863,734	(12,504)	851,230
Total comprehensive loss for the period	-	-	-	-	(11,125)	(84,008)	(95,133)	(511)	(95,644)
Dividends paid (Note 7)	-	-	-	-	-	(22,686)	(22,686)	-	(22,686)
Changes in equity for the period	-	-	-	-	(11,125)	(106,694)	(117,819)	(511)	(118,330)
<b>Balance at 30 June 2024 (unaudited)</b>	75,620	189,090	21,028	(150)	(79,222)	539,549	745,915	(13,015)	732,900

	(Unaudited)							Non-controlling interests	Total
	Attributable to owners of the Company								
	Share capital	Share premium	Shareholders' contribution	Other reserves	Translation reserve	Retained profits	Total		
HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2023 (audited)	75,620	189,090	21,028	(150)	(62,641)	824,467	1,047,414	(11,649)	1,035,765
Total comprehensive income/(loss) for the period	-	-	-	-	2,904	414	3,318	(27)	3,291
Dividends paid (Note 7)	-	-	-	-	-	(60,496)	(60,496)	-	(60,496)
Changes in equity for the period	-	-	-	-	2,904	(60,082)	(57,178)	(27)	(57,205)
Balance at 30 June 2023 (unaudited)	75,620	189,090	21,028	(150)	(59,737)	764,385	990,236	(11,676)	978,560

Note:

The shareholders' contribution represented the deemed contribution arising from the loan from ultimate holding company which is non-current and interest-free.

# 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)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Cash used in Operating Activities	<b>(48,231)</b>	(36,649)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(21,514)</b>	(13,529)
Proceeds from disposal of property, plant and equipment	<b>244</b>	574
Interest received	<b>1,016</b>	1,627
Net Cash used in Investing Activities	<b>(20,254)</b>	(11,328)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	<b>(2,126)</b>	(2,040)
Increase in amount due to a director	<b>6,240</b>	–
Dividends paid	<b>(22,686)</b>	(60,496)
Repayments of bank borrowing	<b>(923)</b>	(823)
Repayments of lease liabilities	<b>(8,729)</b>	(8,829)
Net Cash used in Financing Activities	<b>(28,224)</b>	(72,188)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(96,709)</b>	(120,165)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>181,202</b>	258,959
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>84,493</b>	138,794



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 1. GENERAL INFORMATION

The principal activity of Matrix Holdings Limited (the “Company”) is investment holding.

The Company and its subsidiaries (collectively referred to as the “Group”), are principally engaged in the manufacturing and trading of toys and lighting products.

The Company is an exempted limited liability company incorporated in Bermuda. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This condensed consolidated financial statements are presented in thousands of Hong Kong dollar (“HK\$’000”), unless otherwise stated.

This condensed consolidated financial statements were approved for issue on 27 August 2024. This condensed consolidated financial statements have not been audited.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

## 3. MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023.

Except as described below, the accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2023.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The Group has not applied any new and amendments to HKFRSs that is not yet effective for the current interim period.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

## 4. SEGMENT INFORMATION

The executive directors of the Company, being the chief operating decision makers, regularly review revenue analysis by customers and by locations. The executive directors of the Company considered the operating activities of manufacturing and trading of toys and lighting products as a single operating segment. The operating segment has been identified on the basis of internal management reports prepared and is regularly reviewed by the executive directors of the Company. The executive directors of the Company review the overall results, assets and liabilities of the Group as a whole to make decisions about resources allocation.

The Group's reportable segments are based on the following geographic location of customers. Locations other than the following countries which are individually below 10 per cent are aggregated and presented under "other locations".

1. The United States
2. Europe
3. Mexico
4. Canada
5. South America
6. Australia and New Zealand

The accounting policies of the operating segments are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023.

For the purpose of monitoring segment performances and allocating resources between segments:

- Segment profits or losses do not include certain other income, other gains and losses, central administrative costs, directors' emoluments and finance costs;
- Segment assets do not include property, plant and equipment, right-of-use assets, intangible assets, deferred tax assets and other corporate assets, which are managed on a central basis; and
- Segment liabilities do not include, bank borrowing, deferred tax liabilities, lease liabilities and accrued central administration costs.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

## 4. SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment based on the geographic location of customers:

#### For the six months ended 30 June 2024 (unaudited)

	Reportable segments						Total reportable segments	Other locations	Unallocated	Consolidated
	The United States	Europe	Canada	South America	Australia and New Zealand	Mexico				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>										
External sales	122,352	32,019	20,572	1,591	11,684	3,292	191,510	2,740	-	194,250
<b>Results</b>										
Segment (loss)/profit	(8,519)	(10,110)	(4,329)	175	(4,279)	(1,084)	(28,146)	325	-	(27,821)
Unallocated other income										5,212
Unallocated expenses										(59,688)
Finance costs										(2,126)
Loss before income tax										(84,423)
Other segment information:										
Depreciation	18,209	1,856	1,260	89	1,448	183	23,045	153	3,307	26,505

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

## 4. SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results (Continued)

For the six months ended 30 June 2023 (unaudited)

	Reportable segments						Total reportable segments	Other locations	Unallocated	Consolidated
	The United States	Europe	Canada	South America	Australia and New Zealand	Mexico				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>										
External sales	224,096	43,664	32,235	5,834	15,585	4,417	325,831	6,964	-	332,795
<b>Results</b>										
Segment profit/(loss)	47,482	512	4,242	1,628	(962)	13	52,915	2,041	-	54,956
Unallocated other income										6,075
Unallocated expenses										(58,584)
Finance costs										(2,040)
Profit before income tax										407
Other segment information:										
Depreciation	21,219	1,620	1,182	209	1,202	158	25,590	249	4,313	30,152

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

## 4. SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities

The followings is an analysis of the Group's assets and liabilities by operating segment based on the geographical location of customers:

At 30 June 2024 (Unaudited)	Reportable segments						Total reportable segments HK\$'000	Other locations HK\$'000	Consolidated HK\$'000
	The United States HK\$'000	Europe HK\$'000	Canada HK\$'000	South America HK\$'000	Australia and New Zealand HK\$'000	Mexico HK\$'000			
<b>ASSETS</b>									
Segment assets	226,412	26,164	19,879	1,623	13,169	4,010	291,257	10,255	301,512
Reconciliation:									
Unallocated assets									
– Property, plant and equipment									119,724
– Intangible assets									41,822
– Deferred tax assets									23,377
– Right-of-use assets									232,196
– Other corporate assets									210,010
Total assets									928,641
<b>LIABILITIES</b>									
Segment liabilities	51,137	10,391	3,973	307	6,506	636	72,950	1,537	74,487
Reconciliation:									
Unallocated liabilities									
– Deferred tax liabilities									1,662
– Bank borrowing									3,311
– Lease liabilities									66,940
– Other corporate liabilities									49,341
Total liabilities									195,741

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

## 4. SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities (Continued)

At 31 December 2023 (Audited)	Reportable segments						Total reportable segments HK\$'000	Other locations HK\$'000	Consolidated HK\$'000
	The United States HK\$'000	Europe HK\$'000	Canada HK\$'000	South America HK\$'000	Australia and New Zealand HK\$'000	Mexico HK\$'000			
<b>ASSETS</b>									
Segment assets	245,563	25,430	17,544	3,691	14,536	3,704	310,468	11,821	322,289
Reconciliation:									
Unallocated assets									
– Property, plant and equipment									119,518
– Intangible assets									41,822
– Deferred tax assets									23,405
– Right-of-use assets									214,462
– Other corporate assets									309,860
Total assets									<u>1,031,356</u>
<b>LIABILITIES</b>									
Segment liabilities	67,992	9,404	3,662	682	4,739	577	87,056	1,696	88,752
Reconciliation:									
Unallocated liabilities									
– Deferred tax liabilities									1,742
– Bank borrowing									4,234
– Lease liabilities									45,369
– Other corporate liabilities									40,029
Total liabilities									<u>180,126</u>

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

## 4. SEGMENT INFORMATION (CONTINUED)

### Revenue from major products

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Toys	186,193	320,392
Lighting products	8,057	12,403
	<b>194,250</b>	<b>332,795</b>

### Geographical information

The Group's information about its non-current assets by location of assets are as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
	Hong Kong	1,044
Vietnam	250,218	263,980
The United States	71,550	58,149
The PRC	33,693	34,526
Europe	11,368	1,354
Other countries	25,869	16,455
	<b>393,742</b>	<b>375,802</b>

Note: The above non-current assets excluded long-term deposits and deferred tax assets.

### Information about major customers

For the six months ended 30 June 2024, there are 2 customers (2023: 2 customers) in the United States of America with revenue amounted to approximately HK\$56,967,000 (2023: 81,085,000) and HK\$23,929,000 (2023: 45,795,000), contributing to approximately 29.3% and 12.3% (2023: 24.4% and 13.8%) of the total revenue of the Group. There is no other single customer contributing over 10% of the total revenue of the Group.



# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

## 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current tax:		
Hong Kong	–	–
Other jurisdictions	96	20
Income tax expense	96	20

- Under the two tiered profits tax regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two tiered profits tax regime will continue to be taxed at a flat rate of 16.5%.
- The applicable tax rates for subsidiaries operating in Vietnam is 10.0% to 20.0% for the six months ended 30 June 2024 (2023: 10.0% to 20.0%).
- The applicable US enterprise income tax rate for subsidiaries operating in the United States is 21% (2023: 21%) for the period.

## 6. (LOSS)/PROFIT FOR THE PERIOD

Certain expenses included in cost of sales, distribution and selling costs, administrative expenses, research and development costs and other gains or losses are analysed as follows:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Auditor's remuneration	2,585	2,242
Depreciation of property, plant and equipment	15,918	19,275
Depreciation of right-of-use assets	10,587	10,877
Short-term lease expenses	6,163	3,159
Net exchange gain	(601)	(2,059)

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

## 7. DIVIDEND

A second interim dividend of HK\$22,686,000 that relates to the year ended 31 December 2023 was paid in June 2024 (2023: HK\$60,496,000).

On 27 August 2024, the board of directors has resolved to declare an interim dividend of HK1.5 cents per share (2023: HK2.0 cents per share), which is payable on 31 October 2024 to shareholders who are on the register at 18 October 2024. This interim dividend has not been recognised as a liability in these condensed consolidated financial statements. It will be recognised in shareholders' equity in the year ending 31 December 2024.

## 8. (LOSS)/EARNINGS PER SHARE

Basic and diluted (loss)/earnings per share are calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
<b>(Loss)/earnings</b>		
(Loss)/profit attributable to owners of the Company	<b>(84,008)</b>	414
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue	<b>756,203,000</b>	756,203,000

The diluted (loss)/earnings per share for the six months ended 30 June 2024 and 2023 is the same as basic (loss)/earnings per share as there were no potential dilutive shares during the period.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

## 9. PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) HK\$'000
<b>Six months ended 30 June 2024</b>	
Net book value as at 1 January 2024	119,518
Additions	21,514
Disposal	(144)
Depreciation	(15,918)
Exchange realignment	(5,246)
<b>Net book value as at 30 June 2024</b>	<b>119,724</b>
(Unaudited) HK\$'000	
<b>Six months ended 30 June 2023</b>	
Net book value as at 1 January 2023	155,881
Additions	13,529
Disposal	(516)
Depreciation	(19,275)
Exchange realignment	697
<b>Net book value as at 30 June 2023</b>	<b>150,316</b>

## 10. INTANGIBLE ASSETS

	(Unaudited) HK\$'000
<b>Six months ended 30 June 2024</b>	
Net book value as at 1 January 2024	41,822
Exchange realignment	–
<b>Net book value as at 30 June 2024</b>	<b>41,822</b>
(Unaudited) HK\$'000	
<b>Six months ended 30 June 2023</b>	
Net book value as at 1 January 2023	96,822
Exchange realignment	–
<b>Net book value as at 30 June 2023</b>	<b>96,822</b>

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

## 11. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Trade receivables – contract with customers	77,664	119,077
Less: allowance for doubtful debts	(3,932)	(5,556)
	<b>73,732</b>	113,521
Other receivables, deposits and prepayments	140,224	146,556
Less: Non-current portion	(113,963)	(121,086)
	<b>26,261</b>	25,470

The Group allows a credit period of 14 to 90 days to its customers. The ageing analysis of trade receivables based on the invoice date, and net of allowance is as follows:

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
0–60 days	56,352	82,216
61–90 days	6,825	5,403
More than 90 days	10,555	25,902
	<b>73,732</b>	113,521

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

### 12. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Trade payables	37,515	30,305
Other payables and accruals	51,016	71,105
	<b>88,531</b>	101,410

The ageing analysis of the trade payables based on invoice date is as follows:

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
0–60 days	27,973	25,252
61–90 days	4,338	2,006
More than 90 days	5,204	3,047
	<b>37,515</b>	30,305

### 13. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, non-interesting bearing and repayable on demand.

### 14. SHARE CAPITAL

	<b>Ordinary shares of HK\$0.1 each Number of shares (in thousands)</b>	<b>Share capital HK\$'000</b>
Ordinary shares, issued and fully paid:		
<b>At 1 January 2024 and 30 June 2024</b>	<b>756,203</b>	<b>75,620</b>
At 1 January 2023 and 30 June 2023	756,203	75,620

The total authorised number of ordinary shares are 1,000 million shares (2023: 1,000 million shares) with a par value of HK\$0.1 per share (2023: HK\$0.1 per share). All issued shares are fully paid.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

## 15. BANK BORROWING

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Bank borrowing	<b>3,311</b>	4,234

The carrying amounts of the Group's bank borrowing are denominated in HK\$.

Movements in bank borrowing are analysed as follows:

	<b>(Unaudited) HK\$'000</b>
<b>Six months ended 30 June 2024</b>	
Opening balance as at 1 January 2024	<b>4,234</b>
Repayments of bank borrowing	<b>(923)</b>
<b>Closing balance as at 30 June 2024</b>	<b>3,311</b>

	(Unaudited) HK\$'000
<b>Six months ended 30 June 2023</b>	
Opening balance as at 1 January 2023	5,945
Repayments of bank borrowing	(823)
Closing balance as at 30 June 2023	5,122

As at 30 June 2024, the effective interest rate of the bank borrowing was 6.35% (31 December 2023: 6.22%) per annum.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

## 16. CAPITAL COMMITMENTS

As at 30 June 2024, the capital commitments contracted but not provided for in the condensed consolidated interim financial information of the Group were HK\$864,000 (31 December 2023: HK\$780,000).

## 17. RELATED-PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had entered into the following transactions and balance with its related parties during the period.

The remunerations of directors and other members of key management in respect of the period are as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	5,741	5,901

## Interim Dividend

The Directors had resolved to declare an interim dividend of HK1.5 cents (2023: HK2.0 cents) in cash per share for the six months ended 30 June 2024, payable to shareholders whose names appear on the Register of Members of the Company on 18 October 2024.

The record date for the purpose of determining the shareholders which are entitled to dividend is 18 October 2024. In order to qualify for the interim dividend, all transfers and relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on 18 October 2024. The interim dividend will be paid on or around 31 October 2024.

## Management Discussion & Analysis

For the six months ended 30 June 2024, the Group's consolidated revenue decreased by approximately HK\$138,545,000 or 41.6% to approximately HK\$194,250,000 from approximately HK\$332,795,000 for the corresponding period of last year. The loss attributable to owners of the Company amounted to approximately HK\$84,008,000, as compared with the profit of approximately HK\$414,000 for the corresponding period of last year.

The Group's overall revenue in the first half of 2024 decreased as the global economy in the first half of 2024 has navigated through considerable complexities. Geopolitical conflicts in Russia and Israel have amplified uncertainties, disrupting markets and feeding into global inflation. Central banks' manoeuvres to balance inflation control with growth support highlighted the delicate nature of economic stewardship in uncertain times.

The Group seized the opportunities brought about by the rapid technology development and took actions to optimize its production technology and capacity, simplify its business processes and prudently managing its operating costs. The Board of Directors believes that the overall financial position of the Group remains sound and robust.



## Management Discussion & Analysis (Continued)

### FINANCIAL REVIEW

#### Revenue

Revenue of the period recorded approximately HK\$194,250,000, decreased by 41.6% from last period as the world economy was facing severe headwinds amid weak growth prospects, elevated inflation and heightened uncertainties. Moreover, the increased integration of advanced automation within the Group's production processes has led to changes in product structure and design, resulting in necessary adjustments to the Group's customer portfolio. Additionally, it is important to note that the sales decline was attributed to high inventory levels among customers, influenced by the adverse global economic conditions. Consequently, customers have generally adopted a cautious approach to inventory management and order placement in the first half of 2024.

#### Gross Profit

The Group's gross profit for the period decreased by approximately 51.3% to approximately HK\$74,925,000 due to the decrease of sales.

#### Distribution and selling costs

Distribution and selling costs increased by approximately 4.2% to approximately HK\$76,933,000 for the period. The increase was mainly attributable to the increase in advertising expenses.

#### Administrative expenses

Administrative expenses of the period increased by approximately 4.8% to approximately HK\$79,226,000, which mainly consisted of office staff salaries, rent and rates of offices, depreciation of property, plant and equipment and other administrative expenses. The increase resulted mainly from increase in office staff salaries and related expense during the period.

#### Finance costs and income tax

Finance costs of the period increased by approximately 4.2% to approximately HK\$2,126,000 as compared to last period due to increase in the interest of lease liabilities. Income tax expense of this period recorded approximately HK\$96,000 due to the increase in current tax expense.

#### Research and development costs

Research and development (R&D) costs decreased by approximately 8.8% to approximately HK\$10,586,000 for the period as less resources were allocated to conduct R&D for toys product during the period.

#### Trade receivables, prepayment, deposits and other receivables

Trade receivables of the period decreased by approximately 35.0% to approximately HK\$73,732,000 as compared to last year, mainly due to decrease in sales during the period. Prepayment, deposit and other receivables decreased by approximately 4.3% to approximately HK\$140,224,000, due to decrease in deposit paid.

#### Trade payables, accruals and other payables

Trade payables of the period increased by approximately 23.8% to approximately HK\$37,515,000 as compared to last year, mainly due to more purchases were made near the end of the reporting period. Accruals and other payables decreased by approximately 28.3% to approximately HK\$51,016,000, due to decrease in accrued employee benefit expenses and other payables and accruals.

#### Current ratio

The current ratio of the period was lower than last year which resulted mainly from the decrease in bank and cash balances and trade receivables during the period.

## Management Discussion & Analysis (Continued)

### FINANCIAL REVIEW (CONTINUED)

#### Quick ratio

The quick ratio of the period was lower than last year which resulted mainly from the decrease in bank and cash balances and trade receivables during the period.

#### Financial position and cash flows review

The Group's cash flow position was healthy and the bank borrowing was maintained at a minimum level.

#### Liquidity and financial resources

As at 30 June 2024, the Group had bank and cash balances of approximately HK\$84,493,000 (31 December 2023: HK\$181,202,000). As at 30 June 2024, the Group obtained banking facilities in a total of approximately HK\$70,000,000 (31 December 2023: HK\$70,000,000), which was mainly supported by a corporate guarantee.

As at 30 June 2024, the Group had bank borrowing of HK\$3,311,000 (31 December 2023: HK\$4,234,000).

The Group's gearing ratio, representing the total bank borrowing divided by equity attributable to owners of the Company, was 0.5% (31 December 2023: 0.5%), similar to last year.

During the period, net cash used in operating activities amounted to approximately HK\$48,231,000 (31 December 2023: net cash generated from HK\$32,219,000). The Group has maintained an adequate level of cash flows for its business operations and capital expenditures.

#### Capital expenditure and commitments

During the period, the Group acquired property, plant and equipment at a cost of approximately HK\$21,514,000 (31 December 2023: HK\$18,046,000) to further enhance and upgrade the facilities. These capital expenditures were financed primarily by internal fund.

#### Assets and liabilities

At 30 June 2024, the Group had total assets of approximately HK\$928,641,000 (31 December 2023: HK\$1,031,356,000), total liabilities of approximately HK\$195,741,000 (31 December 2023: HK\$180,126,000) and equity attributable to owners of the Company of approximately HK\$745,915,000 (31 December 2023: HK\$863,734,000). The net assets of the Group decreased by 13.9% to approximately HK\$732,900,000 as at 30 June 2024 (31 December 2023: HK\$851,230,000).

#### Exchange rate risk

Several subsidiaries of the Company have foreign currency sales, which expose the Group to foreign currency risk. Certain bank balances, trade receivables and trade payables of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

## Management Discussion & Analysis (Continued)

### BUSINESS REVIEW

The first half of 2024 has proved to be a tumultuous and transformative period for the global economy. The intertwining effects of geopolitical conflicts, shifting policy decisions, and economic indicators have created a complex landscape. The prolonged conflict between Russia and Ukraine continued to strain international relations and disrupt global supply chains, particularly in energy and agricultural sectors. Europe's dependence on Russian energy has forced the continent to seek alternative energy sources, driving up energy costs and contributing to inflationary pressures. Meanwhile, the intensifying tensions in the Middle East, particularly involving Israel, have further complicated the economic outlook. The region's volatility has unsettled financial markets, increased oil prices, and heightened uncertainty, which has had a ripple effect on global trade and investment.

Inflation has been a persistent challenge across global economies in the first half of 2024. In the USA, inflation remained stubbornly high, driven by strong wage growth, supply chain bottlenecks, and elevated energy prices. These inflationary pressures eroded purchasing power and strained household budgets, compelling policymakers to act assertively. In response to persistent inflationary pressures, central banks worldwide have continued to adjust interest rates. These measures, while necessary, have tightened financial conditions, tempering economic growth.

The Group had distribution offices in the United States, Canada, the United Kingdom, Australia, Mexico and France, and expanded its international presence by selling its products globally through mass market retailers. With well-diversified distribution network and geographical market segments, the Group remains vigilant to changes in the global as well as regional economic environment and reacts swiftly to cope with the changes. At the same time, the Group continues to control costs and maintain good customer relationship to strengthen its products and inventory management, thereby enhancing its competitiveness and mitigating operational risks.

### Manufacturing operations

The Group operates four plants at its main production site in Vietnam. We continue to improve production efficiency of our plants through automation and enhancing skill of workers. Lower labor cost and other operational cost in Vietnam give the Group competitive advantages over its market competitors whose major production plants are located in higher cost regions.

Whilst various industries in the world face challenges brought about by the rapid development in technology, in particular artificial intelligence, the Group considers this as an opportunity and take actions to optimize its production technology and capacity, expand its product and customer portfolios, simplify its business processes and prudently managing its operating costs.

### Segment Performance

The United States, Canada and Europe are major markets of the Group's products. The performance of these markets have weakened during the reporting period, partly due to the global economic condition mentioned above and partly due to the Group's strategy to the cautious approach. The Group adopted a cautious approach and continues to maintain a strong business relationship with its remaining major customers and at the same time make every effort in new business development to diversify geographical risk.

The Group continues to adopt the proven strategy of its established brands. We have launched the products under a new licensed brand 'TEENAGE MUTANT NINJA TURTLES'. A number of "CAT" new toy products were launched this year. Over the years, we have used the brand "Gazillion® Bubbles" to establish our own branded toys and related products and their sales have been satisfactory. The Group has been actively launching new marketing campaigns for toy products of brands such as "TEENAGE MUTANT NINJA TURTLES", "CAT" and "Fart Ninjas" and "Bright Fairy Friends".

## Management Discussion & Analysis (Continued)

### BUSINESS REVIEW (CONTINUED)

#### The United States (“US”)

The US remains a major export market of the Group’s products. Our revenue decreased by HK\$101,744,000 or 45.4% to HK\$122,352,000 in the first half of this year from HK\$224,096,000 for the corresponding period of last year.

Inflation in the US remained stubbornly high, driven by strong wage growth, supply chain bottlenecks, and elevated energy prices. These inflationary pressures eroded purchasing power and strained household budgets, compelling policymakers to act assertively.

The Group recorded a significant decline in sales of various products including toy car products “CAT” and “ROCKET LEAGUE” and the girl role play products. The Group would continue to maintain its authorised licensing business of major brands, enrich other product lines and retain existing distributors and clients, including Wal-Mart, Amazon and Marmaxx Group.

#### Europe

Our revenue in Europe decreased by HK\$11,645,000 or 26.7% to HK\$32,019,000 for the first half of this year from HK\$43,664,000 for the corresponding period of last year.

Europe faced the dual challenge of managing inflation while sustaining growth. Energy price volatility, a direct consequence of the Russian conflict, pushed consumer prices higher, impacting industrial output and consumer sentiment. The European Central Bank’s calibrated rate hikes sought to tame inflation without stifling the nascent recovery.

The sales of toy car products “CAT” products, outdoor products “Gazillion® Bubbles” and girl role play products were lower than the corresponding period of last year. Despite the sales in Finland, Greece, Hungary, Netherlands, Norway, Poland and Spain recorded increments, it was not enough to offset the decline in sales in Belgium, Croatia, Czech Republic, Denmark, France, Germany, Italy, Ireland, Lithuania, Portugal, Romania, Serbia, Slovenia, Switzerland and United Kingdom, resulting in an overall decrease in revenue for the first half of the year. The Group will continue its efforts to maintain existing distributors and clients.

#### Canada

Our revenue in the Canadian market decreased by HK\$11,663,000 or 36.2% to HK\$20,572,000 in the first half of this year from HK\$32,235,000 for the corresponding period of last year.

Canada also witnessed inflationary trends, exacerbated by housing market imbalances and rising commodity prices. The government’s targeted fiscal measures, aimed at shielding vulnerable populations, mitigated some of the adverse effects but also contributed to fiscal deficits.

The Group recorded a decrease in revenue in the Canadian market in the first half of the year due to decrease in the sales of the toy car products “CAT” and “ROCKET LEAGUE”, “Gazillion® Bubbles” outdoor products and girl products “MY LIFE AS”. These offset the increase in the sales of boy products “TEENAGE MUTANT NINJA TURTLES” and “FART NINJAS”. The Group will make efforts to maintain its existing distributors and clients, such as Costco Wholesale (Canada) and Wal-Mart.

#### Mexico

Our revenue in the Mexican market decreased by HK\$1,125,000 or 25.5% to HK\$3,292,000 in the first half of this year from HK\$4,417,000 for the corresponding period of last year.

Sales in the Mexican market dropped in the first half of 2024, mainly because the sales of toy car product “CAT”, boy product “FART NINJAS” and “Gazillion® Bubbles” outdoor products decreased.

## Management Discussion & Analysis (Continued)

### BUSINESS REVIEW (CONTINUED)

#### Australia and New Zealand

Our revenue in the Australia and New Zealand markets decreased by HK\$3,901,000 or 25.0% to HK\$11,684,000 in the first half of this year from HK\$15,585,000 for the corresponding period of last year.

Australia saw moderate inflation, buoyed by robust export performance and a resilient labor market. Nevertheless, global supply chain disruptions and rising import costs presented inflationary risks, prompting cautious monetary policy measures.

The sales of “CAT” and “FART NINJAS” recorded increase. However, the sales of “ROCKET LEAGUE”, girl product “BRIGHT FAIRY FRIENDS”, “TEENAGE MUTANT NINJA TURTLES” and “Gazillion” outdoor products decreased. The sales in Australian and New Zealand market dropped. The Group will continue its efforts to maintain existing distributors and clients such as Big W.

#### South America

Our revenue in the South America market decreased by HK\$4,243,000 or 72.7% to HK\$1,591,000 in the first half of this year from HK\$5,834,000 for the corresponding period of last year.

The Group recorded an increase in sales in Peru and Costa Rica in the first half of the year, but a decrease in sales in Argentina, Bolivia, Chile, Brazil, Colombia, Ecuador and Uruguay. Overall, the South America market recorded a decrease in revenue in the first half of the year.

### Environmental Protection

The Group believes that maintaining a healthy and harmonious relationship with its stakeholders and fulfilling its social responsibilities to the community is essential for building and preserving the value of the Group. Adhering to the principles of Reducing, Recycling and Reusing, the Group encourages green office practices such as double-sided printing and copying, setting up recycling bins, promoting usage of recycled paper and reducing energy consumption by switching off lightings and electrical appliances when not in use, and will consider implementing further eco-friendly measures and practices which become an integral part of the Group’s operation and businesses.

### Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Board and internal audit function team delegated by the Board monitor the Group’s policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. In accordance with the requirements of the laws, regulations and related policies in Hong Kong, the PRC, Vietnam and other relevant jurisdictions, the Group provides and maintains statutory benefits for its staff, including but not limited to mandatory provident fund, basic medical insurance, labour insurance, etc. Staff is entitled to statutory holidays. The Group has registered its products, domain name and trademarks in Hong Kong, the PRC and other relevant jurisdictions and takes all appropriate actions to protect and enforce its intellectual property rights.

## Relationship with Employees, Customers and Suppliers

The Group acknowledges that employees, customers and business partners are crucial to its sustainable growth. The Group is hence committed to building up close and caring relationship with its employees, providing excellent service to its customers and enhancing partnership with its business partners.

## Prospects

The second half of 2024 is likely to be characterized by a series of economic headwinds. One significant challenge is the ongoing geopolitical instability in various parts of the world. Conflicts, trade wars, and shifting alliances continue to create uncertainty, impacting global supply chains and trade flows. Additionally, inflationary pressures persist as central banks grapple with balancing interest rates to manage economic growth without stifling recovery efforts.

Despite these challenges, the second half of 2024 also brings a plethora of opportunities. Technological innovation remains a critical driver of economic growth. Businesses that can leverage technologies effectively are likely to gain a competitive edge.

The push toward sustainability is another significant opportunity. With growing awareness of climate change and environmental issues, there is increasing demand for green products and services. Companies that invest in sustainable practices and technologies can not only reduce their environmental impact but also attract a growing segment of eco-conscious consumers.

Despite the economic and geopolitical uncertainties, the Group will take an agile approach to enrich its product mix, especially in the development of sustainable and technological products; and enhance customer portfolio diversification. Besides, the Group will continue to prudently manage its financial and cash position, hence enhancing its resilience to adverse business operation environment. From the perspective of manufacturing, we will continue to enhance automation to improve efficiency.

The Group will continue to introduce a number of car toys under the well-known toy car brand "CAT", and meanwhile enrich the product range of "Fart Ninjas", "TEENAGE MUTANT NINJA TURTLES" and "Bright Fairy Friends", and actively promote its new products to other retailers. The Group will closely monitor its own development strategy and strive to develop a diversified portfolio for better income base, so as to create long-term and highest returns for shareholders. For instance, the continued growth of the Southeast Asia market strengthens our confidence in the potential investment in the relevant areas. The Groups intends to seize this opportunity by making property investment in Vietnam.

## Number of Employees and Remuneration Policies

As at 30 June 2024, the Group had a total of approximately 2,300 (31 December 2023: 2,310) employees in Hong Kong, the PRC, Vietnam, Australia, the US, Canada, Mexico and Europe. The Group provides its employees with competitive remuneration packages commensurate to the level of pay established by the market trend in comparable businesses. A share option scheme was adopted for selected participants (including full-time employees) as incentives or rewards for their contributions to the business and operation of the Group. A mandatory provident fund scheme and respective local retirement schemes also had been set up by our Group.

## Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Specified Undertaking of the Company or Any Other Associated Corporation

As at 30 June 2024, the interests and short positions of the Directors and chief executives and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of the Listing Companies were as follows:

### LONG POSITIONS IN ORDINARY SHARES OF THE COMPANY

#### Ordinary Shares of HK\$0.10 each of the Company

Name of Director/ chief executive officer		Personal Interests	Family Interests	Corporate Interests (Note 1)	Other Interests	Total	% of the issued share capital of the Company
Cheng Yung Pun (Director)	Long position	–	–	538,573,569	–	538,573,569	71.22%
Cheng King Cheung (Director)	Long position	12,112,000	–	–	–	12,112,000	1.60%
Yip Hiu Har (Director)	Long position	350,000	–	–	–	350,000	0.05%
Shirley Marie Price (Director)	Long position	88,000	–	–	–	88,000	0.01%

Note:

- The shares are held by Smart Forest Limited ("Smart Forest"), a company incorporated in the British Virgin Islands. The entire issued share capital of Smart Forest is wholly owned by Mr. Cheng Yung Pun.

### Share Option

There were no options remain outstanding and are granted, exercised, cancelled or lapsed during the six months ended 30 June 2024 (31 December 2023: nil).

Other than as disclosed above, none of the directors, chief executives nor their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2024.

## Arrangements to Purchase Shares and Debentures

Other than as disclosed in the section “Directors and Chief Executives’ Interests and Short Positions in Shares, Underlying shares and Debentures of the Company or any specified undertaking of the Company or any other associated corporation”, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, was a party to any arrangements to enable the directors of the Company and their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Substantial Shareholders

As at 30 June 2024, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

### LONG POSITIONS IN ORDINARY SHARES OF THE COMPANY

#### Ordinary Shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Smart Forest (Note)	Beneficial owner	538,573,569	71.22%

Note: Smart Forest, a company incorporated in the British Virgin Islands which is wholly owned by Mr. Cheng Yung Pun, director of the Company.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2024.

## Share Option Scheme

The life of the share option scheme of the Company adopted on 4 May 2012 (the “Share Option Scheme”) was until the tenth anniversary of this adoption date. Accordingly, the Share Option Scheme expired on 3 May 2022.

During the year under review and as at the latest practicable date, no new share option scheme was adopted and no shares available for issue of option. During the six months ended 30 June 2024, no options have been granted and remained outstanding carry rights to subscribe (31 December 2023: nil) of the shares in issue at that date. As at 30 June 2024 and as at the latest practicable date prior to the issue of this report, no options have been exercised, cancelled or lapsed (31 December 2023: nil share).

## Purchase, Sale or Redemption of Securities

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares.



## Compliance with the Corporate Governance Code

The Board has adopted the corporate governance code (the “CG Code”) and amended it from time to time, which is based on the principles set out in Appendix C1 (the “HKEx Code”) to the Listing Rules on the Stock Exchange.

None of the directors of the Company is aware of information that would reasonably indicate the Company is not or was not for any part of the period under review, in compliance with the HKEx Code and CG Code.

## Other Information of Directors

In the last three years, Dr. Loke Yu alias Loke Hoi Lam (“Dr. Loke”), INED of the Company, was a non-executive director of Veson Holdings Limited (formerly Known as SCUD Group Limited) (Stock Code: 1399). He was also an INED of the following companies whose shares are listed on the Stock Exchange: Hang Sang (Siu Po) International Holding Company Limited (Stock Code: 3626), and Zhenro Properties Group Limited (Stock Code: 6158).

Dr. Loke resigned as INED of the following companies whose shares are listed on the Stock Exchange: CIMC-TianDa Holdings Company Limited (Stock Code: 0445) from August 2006 to February 2021, Zhong An Group Limited (Stock Code: 0672) from June 2009 to June 2021, Chiho Environmental Group Limited (formerly known as Chiho-Tiande Group Limited) (Stock Code: 0976) from June 2010 to December 2021, Crazy Sports Group Limited (formerly known as V1 Group Limited) (Stock Code: 0082) from May 2005 to May 2022, Times Universal Group Holdings Limited (formerly known as Forebase International Holdings Limited) (Stock Code: 2310) from April 2016 to September 2022, TradeGo FinTech Limited (Stock Code: 8017) from August 2018 to February 2023, Tianjin Development Holdings Limited (Stock Code: 0882) from December 2012 to June 2023, China Silver Technology Holdings Limited (formerly known as TC Orient Lighting Holdings Limited) (Stock Code: 0515) from June 2018 to November 2023 and 3DG Holdings (International) Limited (formerly known as Hong Kong Resources Holdings Company Limited) (Stock Code: 2882) from May 2017 to February 2024.

Mr. Heng Victor Ja Wei (“Mr. Heng”), INED of the Company, resigned as INED of CIMC-TianDa Holdings Company Limited (Stock Code: 0445) on 1 February 2021, a company whose shares are listed on the Stock Exchange. Mr. Heng was appointed as an INED of TradeGo FinTech Limited (Stock Code: 8017) with effect from 8 February 2023. He was also appointed an INED of Bacui Technologies International Ltd (stock code: YYB) on 30 June 2023, a company listed on the Singapore Stock Exchange.

## Compliance with the Model Code Set out in Appendix C3 of the Listing Rules

The Company has adopted and amended from time to time a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix C3 Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) of the Listing Rules. Having made specific enquiry of all the directors, all the directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

## Board Committees

The Nomination Committee comprises the Company's Chairman, Mr. Cheng Yung Pun and four INEDs, namely Dr. Loke Yu alias Loke Hoi Lam, Mr. Mak Shiu Chung, Godfrey, Mr. Heng Victor Ja Wei and Mr. Chui Ka Hing, appointed by the Board and meets at least once a year. The Audit Committee comprises the said INEDs who have extensive experience in financial matters and meet at least twice a year. The Remuneration Committee also comprises the said INEDs and meets at least once a year. All Committees have adopted terms of reference (containing the minimum prescribed duties) that are in line with the HKEx Code and CG Code.

## Other Required Disclosure Pursuant to Rule 13.18 of the Listing Rules

The Company has received two revised facility letters with the same facility amount of the old facility, that is, in an aggregate not exceeding HK\$70,000,000, provided to three indirect wholly-owned subsidiaries effective on 18 September 2020 (the "revised facilities" which are subject to annual review). All these two revised facility letters' terms and conditions included, inter alia, a condition to the effect that Mr. Cheng Yung Pun (a controlling shareholder of the Company) should maintain not less than 51% of shareholding (whether directly or indirectly) of the Company. A breach of the above condition will constitute an event of default under the revised facilities. The Bank will discuss for remedy actions including obtaining waiver for the breach or seeking for any viable solutions or alternatives. Nevertheless, the revised facilities will be uncommitted lines and the Bank reserves the right to request repayment on demand.

## Review of Interim Results

The unaudited interim results for the six months ended 30 June 2024 have been reviewed by the Audit Committee, who are of the opinion that these interim results comply with applicable accounting standard and legal requirements, and that adequate disclosures have been made.

By Order of the Board  
**Cheng Yung Pun**  
*Chairman*

Hong Kong, 27 August 2024