



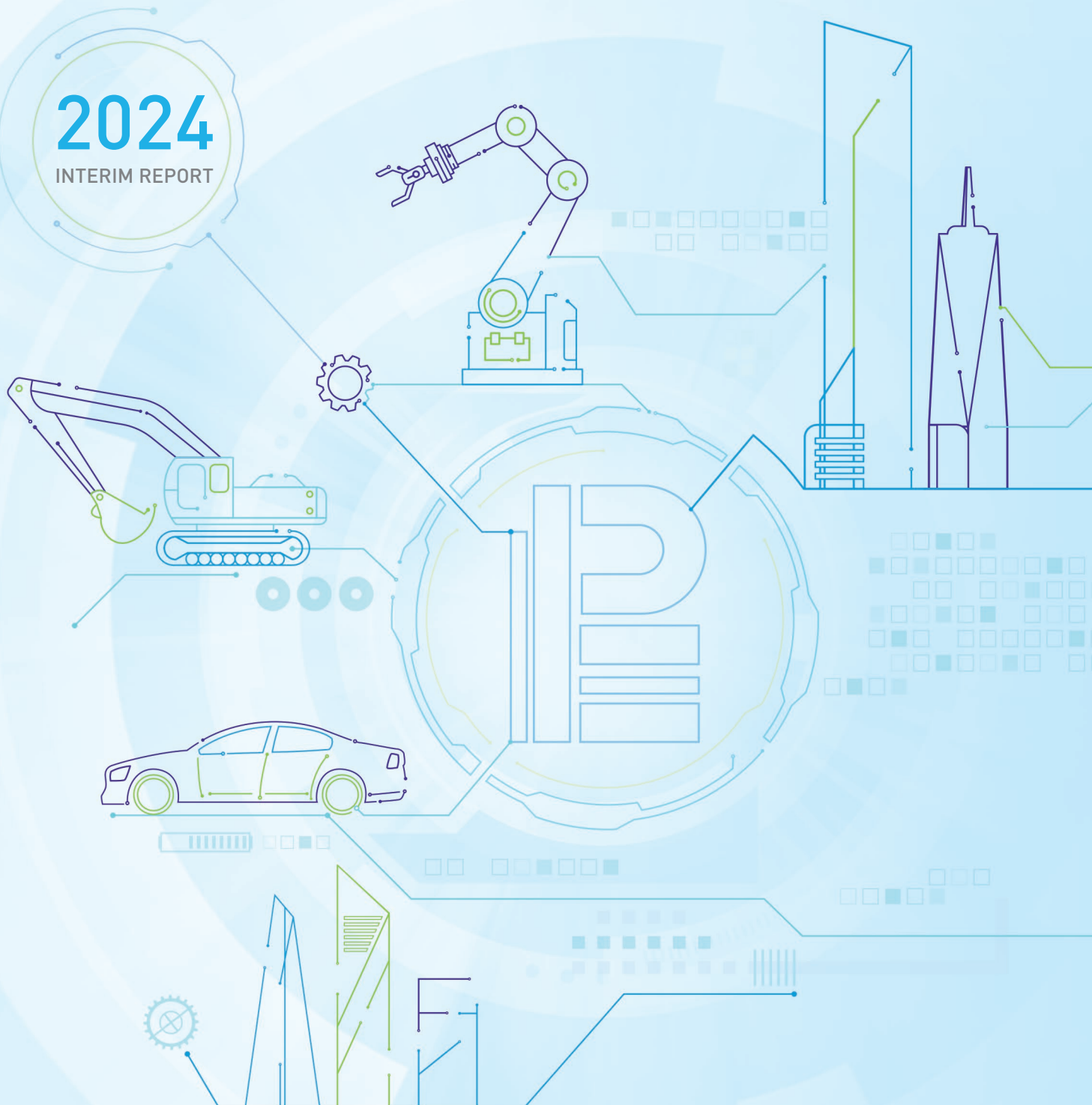
國際精密集團

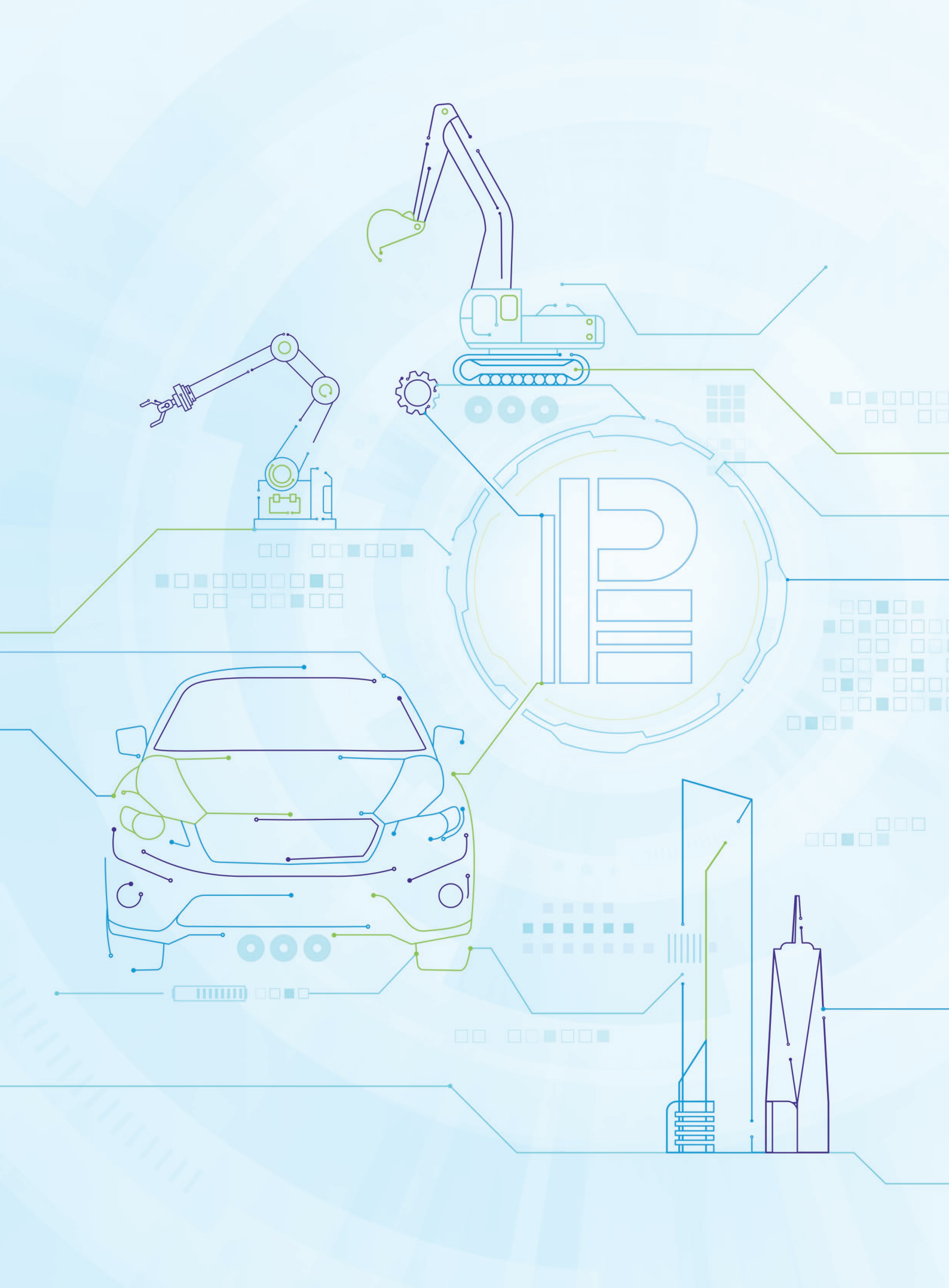
IPE Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 929)

2024

INTERIM REPORT





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zeng Guangsheng
(Chairman and Chief Executive Officer)
Mr. Ng Hoi Ping

Non-executive Directors

Ms. Zeng Jing
Mr. Chen Kuangguo

Independent Non-executive Directors

Mr. Yang Rusheng
Mr. Cheung, Chun Yue Anthony
Mr. Zhu Jianbiao

AUTHORISED REPRESENTATIVES

Mr. Zeng Guangsheng
Mr. Tam Yiu Chung

COMPANY SECRETARY

Mr. Tam Yiu Chung

AUDIT COMMITTEE

Mr. Yang Rusheng *(Chairman)*
Mr. Cheung, Chun Yue Anthony
Mr. Zhu Jianbiao

REMUNERATION COMMITTEE

Mr. Cheung, Chun Yue Anthony *(Chairman)*
Mr. Zeng Guangsheng
Mr. Yang Rusheng
Mr. Zhu Jianbiao

NOMINATION COMMITTEE

Mr. Zeng Guangsheng *(Chairman)*
Mr. Yang Rusheng
Mr. Cheung, Chun Yue Anthony
Mr. Zhu Jianbiao

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Cheung, Chun Yue Anthony *(Chairman)*
Mr. Zeng Guangsheng
Mr. Yang Rusheng
Mr. Zhu Jianbiao

LEGAL ADVISERS TO THE COMPANY

King & Wood Mallesons

WEBSITE

<http://www.ipegroup.com>



CORPORATE INFORMATION

REGISTERED OFFICE

89 Nexus Way
Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 5–6, 23/F
Enterprise Square Three
39 Wang Chiu Road, Kowloon Bay
Kowloon, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No.8 Zhuzian Road, Yue Hu Cun
Zengcheng, Guangzhou
Guangdong Province, The PRC
Post code: 511335

PRINCIPAL PLACE OF BUSINESS IN THAILAND

99/1 Mu Phaholyothin Road, Sanubtueb
Wangnoi, Ayutthaya 13170, Thailand

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Nanyang Commercial Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

AUDITORS

Forvis Mazars CPA Limited
(Formerly known as “Mazars CPA Limited”)
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with
the Financial Reporting Council Ordinance

STOCK CODE

929

LISTING VENUE

Main Board of The Stock Exchange of Hong Kong Limited



CORPORATE PROFILE



IPE Group Limited (the “Company” or “IPE Group”) was incorporated in the Cayman Islands as an exempted company with limited liability on 10 July 2002. The Company is an investment holding company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacture and sale of high precision metal components.

The Group started its high precision components business in 1990 in Singapore and now produces high precision metal components and assembled parts used in automotive parts, hydraulic equipment, electronic equipment component and other devices.

The Group’s highly valued customers are top-tier multinational corporations in the information technology, fluid power, automotive and electronic sectors where optimal precision is vital. Apart from supplying high volume precision components according to customer specifications, we are providing solutions to our global partners and working very closely with them in implementing new projects. Such projects typically take longer time to come to fruition as they involve development of many metal and plastic parts, and electronic circuits and the necessary know-how in final assembly and testing of the assembled device before shipment to the end customers can take place. The Group has developed a team of high caliber engineers which are able to provide solutions to our global partners.



CORPORATE MILESTONE

2023

Guangzhou Huitong was accredited with High and New-Technology Enterprise
 Dongguan Koda was accredited with High and New-Technology Enterprise
 Jiangsu Kemai was awarded the Mechanical Industry Science and Technology Award by the China Machinery Industry Federation
 Guangzhou Xin Hao was recognized as a New Small and Medium-sized Specialized Enterprise in 2023

2022

Jiangsu Kemai was one of the Top 100 in the seventh Maker in China and Jiangsu SME Innovation and Entrepreneurship Competition
 Jiangsu Kemai was a provincial engineering center for "Multi-mode Intelligent Load-sensitive Valve Technology" in Jiangsu Province
 Guangzhou Xin Hao obtained the certification for integrated management system of two-oriented society
 Guangzhou Xin Hao and Guangzhou Huitong were accredited with the ISO 9001 certification
 Changshu Keyu Greystone Machining Company Limited passed the 2022 Changshu Industry and Innovation Integration Platform Carrier Certification

2021

Guangzhou Xin Hao established the Guangdong Precision Manufacturing (Xin Hao) Engineering Technology Research Center
 Guangzhou Xin Hao was awarded the Supplier Quality Excellence Award by GM Group
 Guangzhou Xin Hao became the Graduate School-Enterprise Education Partnership Base of Yanshan University

2020

Guangzhou Xin Hao was one of the Top 500 Enterprises in Guangdong Manufacturing Industry
 Dongguan Koda received the Supplier Best Progress Award from Dongguan Lingyi Precision Manufacturing Technology Co., Ltd
 Guangzhou Xin Hao received the Long Service Award from Bosch Rexroth (China) Limited in recognition of providing consistent quality of products and services

2019

IPE Group Limited was appointed an executive member of the China Robot Industry Alliance
 Guangzhou Xin Hao was appointed a founding executive member of Guangzhou Robot Association
 IPE Group Limited was nominated as premium supplier by Schaeffler and Continental

2018

Signed a strategic framework cooperation agreement with Huanan Industrial Technology Research Institute of Zhejiang University
 Guangzhou Xin Hao was accredited with High and New-Technology Enterprise
 Changshu Keyu Greystone and Dongguan Koda were accredited IATF16949 certification — automotive certification

2017

Successfully setup a Graduate School-Enterprise Education Partnership Base with Graduate School at Shenzhen, Tsinghua University
 Guangzhou Xin Hao was accredited IATF16949 certification — automotive certification

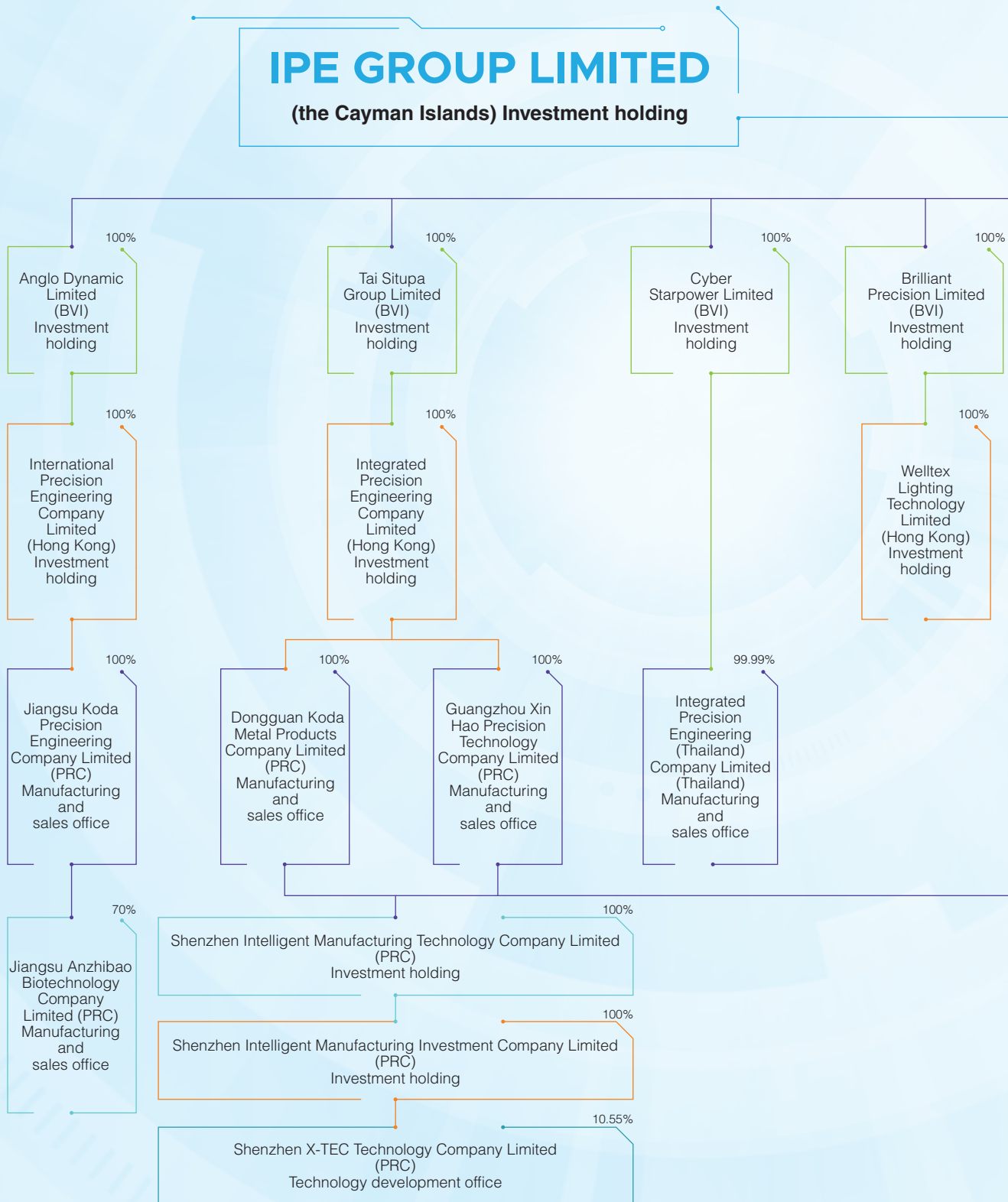
Before 2015

Success developed own brandname robots in 2015
 Jiangsu Koda completed construction of Phase 1 of the development of our Changshu site which provided 40,000 m² of production area in 2014
 Established Jiangsu Koda in Jiangsu Province, The PRC, purchased 166,631 m² of land in Changshu in 2011
 Listed on the Main Board of The Stock Exchange of Hong Kong Limited on 1 November 2004
 Established Guangzhou Xin Hao in Guangdong Province, The PRC in 2002
 Established IPE (Thailand) in Thailand in 1997
 Established IPE (Hong Kong) in Hong Kong and Dongguan Koda in Guangdong Province, The PRC in 1994
 Established IPE (Singapore) in Singapore in 1990



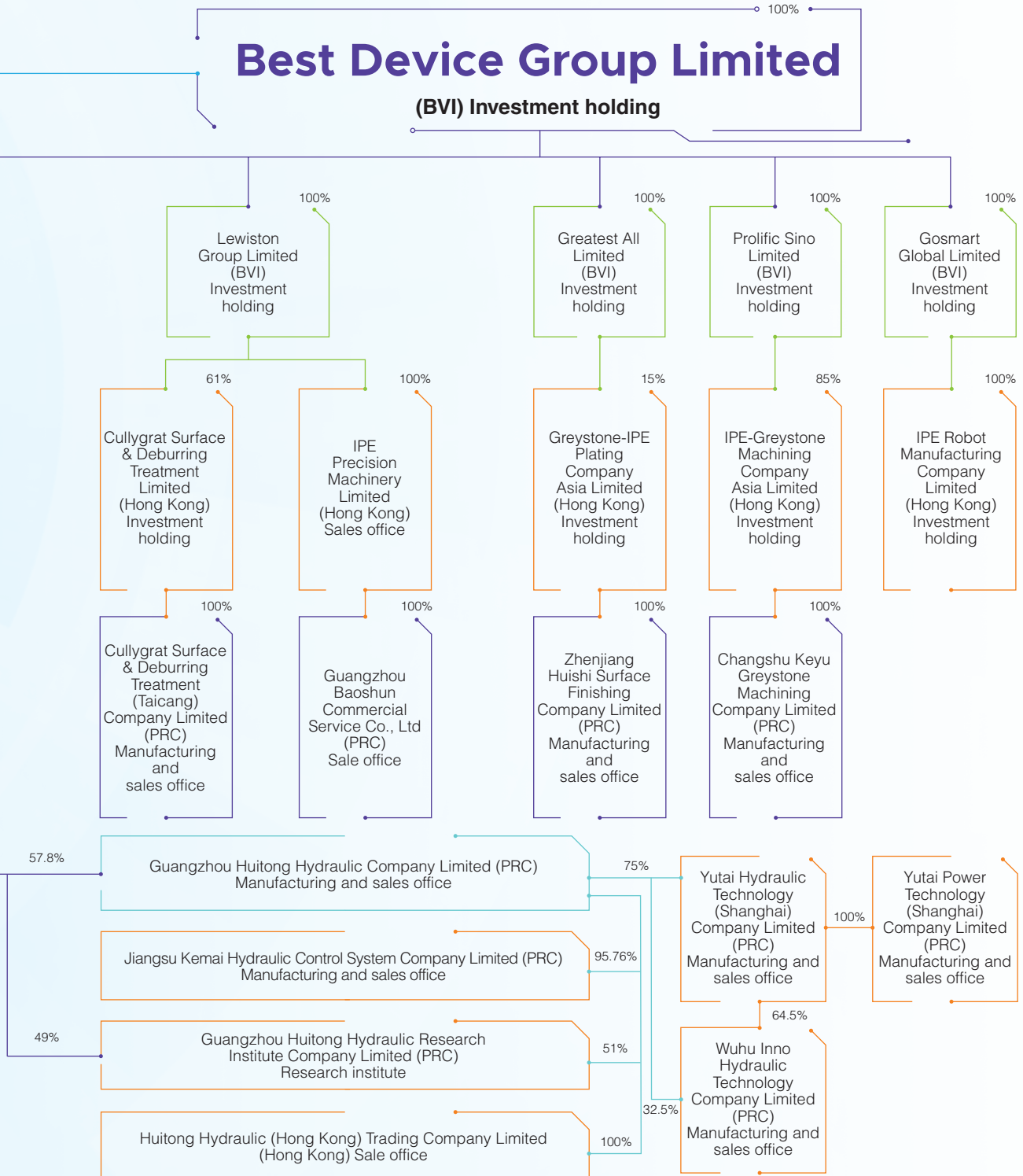
CORPORATE STRUCTURE

Principal subsidiaries and associate of the Company as at 30 June 2024



CORPORATE STRUCTURE

Principal subsidiaries and associate of the Company as at 30 June 2024



FINANCIAL HIGHLIGHTS

RATIO ANALYSIS

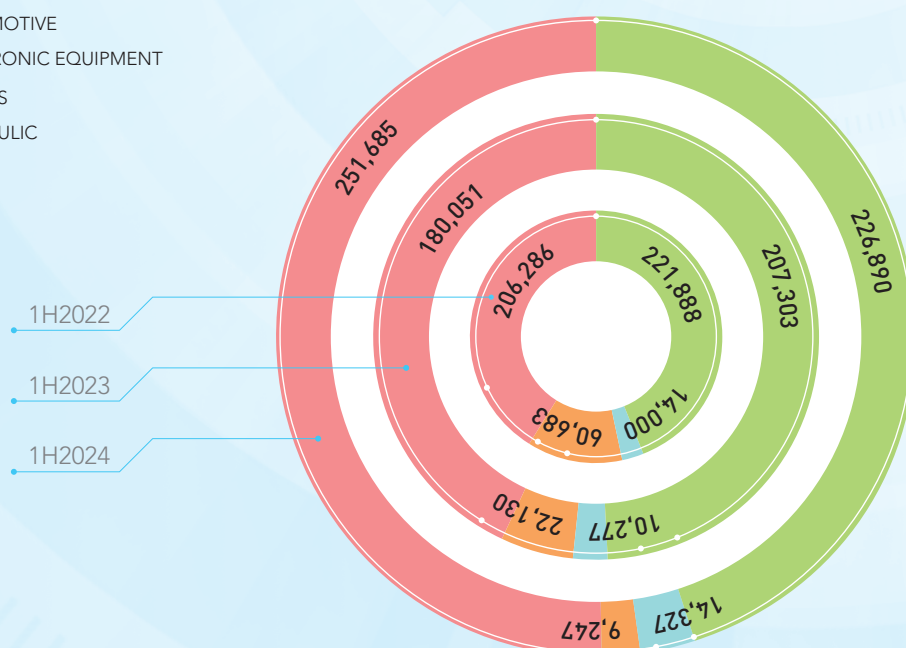
	30 June 2024	2023	Year ended 31 December		
			2022	2021	2020
KEY STATISTICS:					
Current ratio	4.12	3.43	5.87	4.21	6.42
Net cash to equity ratio	0.14	0.25	0.28	0.34	0.38
Gearing ratio [#]	15.6%	9.4%	10.2%	7.3%	10.9%
Dividend payout ratio	N/A	N/A	N/A	N/A	N/A
Gross profit margin	27.4%	24.8%	28.5%	25.9%	23.0%
EBITDA margin	14.1%	15.9%	14.4%	20.8%	16.9%
Net profit margin	2.5%	1.7%	2.9%	8.8%	4.0%
Average days of debtor turnover	122 days	127 days	115 days	97 days	115 days
Average days of inventory turnover	159 days	177 days	170 days	128 days	138 days
PER SHARE DATA:					
Net asset value per share (HK\$)	1.84	1.87	1.82	1.96	1.79
Dividend per share	Nil	Nil	Nil	Nil	Nil
Earnings per share – basic	HK0.2 cents	HK0.54 cents	HK0.83 cents	HK7.7 cents	HK2.6 cents
Earnings per share – diluted	HK0.2 cents	HK0.54 cents	HK0.83 cents	HK7.7 cents	HK2.6 cents

[#] The gearing ratio is calculated as interest bearing loan divided by equity.

BUSINESS SEGMENTS

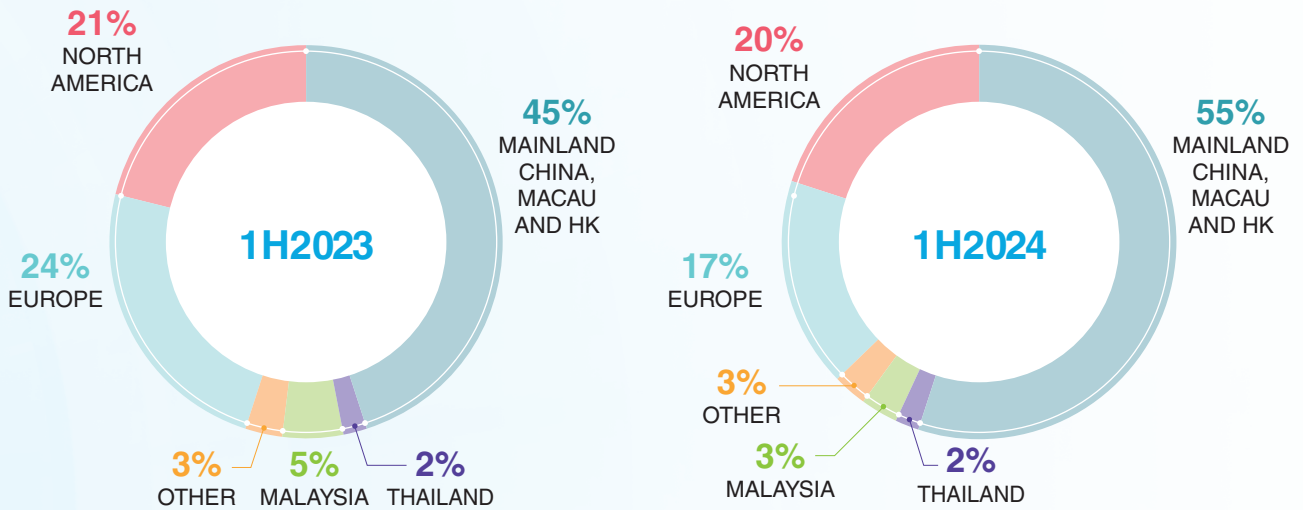
HK\$'000

- AUTOMOTIVE
- ELECTRONIC EQUIPMENT
- OTHERS
- HYDRAULIC



FINANCIAL HIGHLIGHTS

GEOGRAPHICAL COMBINATION

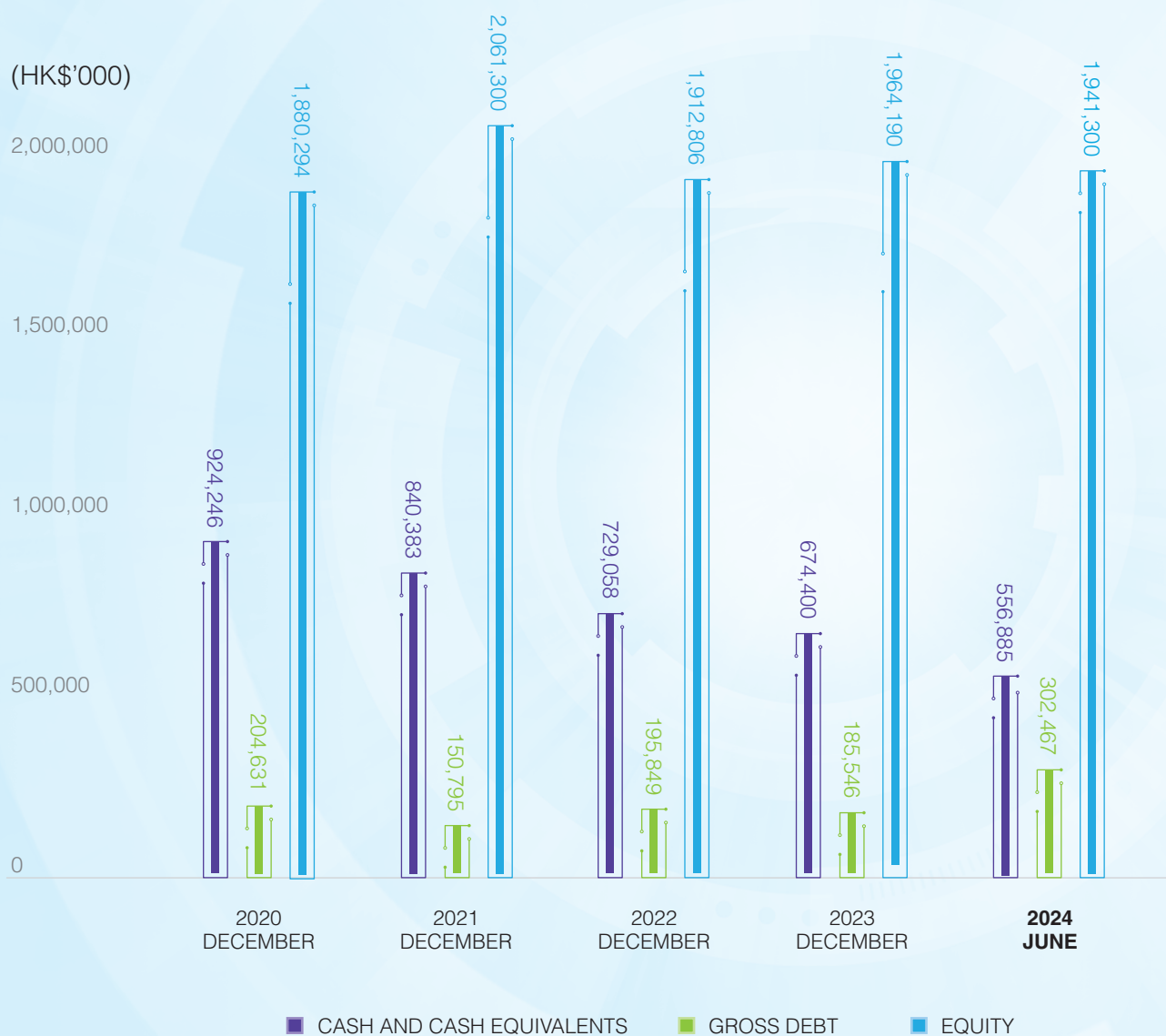


NET CASH TO EQUITY RATIO



FINANCIAL HIGHLIGHTS

CASH AND CASH EQUIVALENTS, GROSS DEBT AND EQUITY



MANAGEMENT DISCUSSION AND ANALYSIS

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board"), I present to shareholders the first half-year results of IPE Group Limited ("IPE" or the "Company") and its subsidiaries (collectively referred to as the "Group" or "IPE Group") as of 30 June 2024.

BUSINESS REVIEW

Facing a weak external economy, consumer power is not as strong as before, the Company accelerated the implementation of the development objectives. Sales of the hydraulic equipment components business observed prominent increase through the successful acquisition of Yutai Hydraulic Technology (Shanghai) Co., Ltd., Yutai Power Technology (Shanghai) Co., Ltd. and Wuhu Inno Hydraulic Technology Co., Ltd. last year, coupled with the orders rebound for the automotive components business, sales amounted to HK\$502,149,000 for the first half of this year, compared to HK\$419,761,000 for the corresponding period last year, an increase of HK\$82,388,000 or 19.6%.

The hydraulic equipment components business of the Company, after the merger and acquisition, has contributed to the sales in the first half of this year. Coupled with the synergies with the original hydraulic equipment components business, the sales of the hydraulic equipment components business in the first half of this year amounted to HK\$251,685,000, compared to HK\$180,051,000 in the corresponding period of last year, representing a year-on-year increase of HK\$71,634,000. As a result, the sales of the hydraulic equipment components business has accounted for more than half of the Company's total sales for the year. In addition to the effect of the merger and acquisition, the original hydraulic equipment components business of the Company has also achieved growth to a certain extent, which is attributable to the team's efforts in sourcing new customers and launching new products, as to expand into different markets.

For the automotive components business, in Europe, the ban on the sale of fossil-fuel vehicles in the United Kingdom and Germany has been postponed to 2035, which in turn stimulates the fossil-fuel vehicle market. The sales orders of the automotive components business have rebounded, and the sales of the automotive components business in the first half of this year amounted to HK\$226,890,000, representing an increase of HK\$19,587,000, or 9.4%, when compared to the corresponding period of last year.

Sales order for traditional Hard Disk Drive (HDD) continued to drop, which brought adverse effect on the Company's electronic equipment components business. Sales for the business amounted to HK\$14,237,000 in the first half of this year, representing a decrease of HK\$7,803,000 when compared to the corresponding period of last year. With the growth in the hydraulic equipment components business, coupled with the rebound in the automotive components business, sales of electronic equipment components business accounted for approximately 2.8% of the Company's total sales, which is no longer the Company's core business in terms of sales contribution.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (Continued)

The following table shows the sales and comparative data of each of the Group's businesses for the first half of 2024:

	1H 2024		1H 2023		Change
	HK\$'000	%	HK\$'000	%	%
Automotive components	226,890	45.2	207,303	49.4	+9.4
Hydraulic equipment components	251,685	50.1	180,051	42.9	+39.8
Electronic equipment components	14,327	2.9	22,130	5.3	-35.3
Others	9,247	1.8	10,277	2.4	-10.0
Total	502,149	100	419,761	100	+19.6

The Company has expanded into new businesses from multiple angles, cultivated new customers, and explored new domestic and international markets, leading to an increase in order completion rates and sales revenue. On the other hand, the Company has strictly adhered to quality control, comprehensively implemented lean production management, automated upgrades, and continuous optimization of production processes. These efforts, combined with earlier cost reduction initiatives, improvements in key expenses, and ongoing discussions to reduce defect rates, have resulted in improved gross profit margins. The gross profit margin in the first half of this year reached 27.4%, a 4.4% increase year-on-year. Consequently, net profit in the first half of this year reached HK\$12,688,000, a year-on-year increase of HK\$4,457,000 or 54.1% as compared with the same period of last year.

FINANCIAL REVIEW

For the six months ended 30 June 2024, the Group recorded sales of HK\$502,149,000, representing an increase of HK\$82,388,000 or 19.6% as compared to HK\$419,761,000 for the corresponding period last year. Upon the completion of the acquisition of three companies last year ("**Previous Year's Acquisition**"), which brought positive effects on the hydraulic equipment components business, the Company's sales observed obvious improvement, in particular in those of the hydraulic equipment components, resulting in an increase of HK\$71,634,000 or 39.8% for the first half of this year. In addition, with the recovery of the orders from the automotive components business, the overall sales rebound and synergies from the acquisitions, gross margins improved notwithstanding the period-over-period decline in the sales of electronic equipment components. Gross profit for the first half of 2024 was HK\$137,394,000, representing an increase of HK\$40,976,000 or 42.5% as compared to the corresponding period last year, and the gross profit margin improved from 23.0% for the same period of last year to 27.4% for the first half of this year, representing an increase of 4.4%.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Other income amounted to HK\$28,779,000 for the first half of the year, which was mainly attributable to recorded exchange gains of HK\$7,234,000, represented an increase of HK\$3,778,000 as compared to the corresponding period last year. Meanwhile, government subsidies remained at HK\$6,278,000, approximate to HK\$6,204,000 for the corresponding period last year. However, we recorded a compensation income on fire loss of HK\$7,798,000 in the corresponding period of last year, while there was no such special income in the first half of this year, thus other income decreased by approximately HK\$8,904,000 as compared with that of last year as a whole.

With respect to selling and distribution expenses, under the influence of the Previous Year's Acquisition, the Group expanded in scale, also the Company heightened its efforts in marketing to stay closer to the downstream customers, understand the needs of customers and provide comprehensive solutions to customers. Thus, selling and distribution expenses for the first half of the year amounted to HK\$17,344,000, an increase of HK\$5,499,000 as compared with the corresponding period last year. Selling and distribution expenses (including costs such as the salaries of sales personnel) increased with the inclusion of the businesses of three subsidiaries upon the acquisition. In addition, with the organization of exhibition and related sales promotion activities to enhance the Company's brand awareness and attraction to new customers, selling, exhibition and promotion expenses for the first half of the year amounted to HK\$2,747,000, representing an increase of HK\$2,323,000 as compared with the same period of last year.

Administrative expenses and other expenses amounted to HK\$85,673,000 for the first half of the year, representing an increase of HK\$7,875,000 as compared to the corresponding period last year. There are several reasons for the significant changes in the expenses. Firstly, amortization expense on patent projects increased from HK\$685,000 in the same period last year to HK\$5,073,000 due to Previous Year's Acquisition, representing an increase of HK\$4,388,000; secondly, salaries, social security and benefits costs amounted to HK\$29,329,000 in total for the first half of this year under the influence of Previous year's Acquisitions, with a period-on-period increase of HK\$3,175,000.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

With respect to research and development costs, two of the companies from Previous Year's Acquisition were awarded with the National High-Tech Enterprise qualification, each needs to continuously research and develop new products to meet the market demand and to improve the production process through research and development, substantial research and development expenses were incurred. Therefore, the research and development costs for the first half of this year amounted to HK\$36,792,000, representing an increase of HK\$4,716,000 as compared to the corresponding period last year.

The Group utilized bank loans as part of the funding for the merger and acquisition when carrying out Previous Year's Acquisition, hence loans scales increased in the first half of this year, the finance cost for the first half of this year amounted to HK\$8,777,000, compared to HK\$4,366,000 for the corresponding period last year, representing an increase of HK\$4,411,000.

For the six months ended 30 June 2024, the Group recorded an unaudited net profit of HK\$12,688,000, representing an increase of HK\$4,457,000 or 54.1% as compared to HK\$8,231,000 for the corresponding period last year.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2024, the Group had total bank borrowings of HK\$296,641,000 (31 December 2023: HK\$166,355,000), which were secured by pledged deposit, corporate guarantees given by the Company and certain of its subsidiaries, as well as equity interests and real estates of its subsidiary. The increase in loans was mainly due to the payment for Previous Year's Acquisition and the construction cost of a new plant.

Specifically, the Group pledged deposits of HK\$20,000,000 (31 December 2023: HK\$20,000,000) to secure daily working capital and pledged deposits of HK\$2,055,000 to secure letters of guarantee (31 December 2023: HK\$2,099,000). The Company pledged the equity interest of a subsidiary to obtain funds for Previous Year's Acquisition, and at last, the Company pledged the real estates in Jiangsu held by a subsidiary to obtain funds for the construction of a new plant.

Except for above pledges and restricted deposits, the Group had no charge on any of its assets for its banking facilities as at 30 June 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL RATIOS

The Group generally finances its operations with internally generated cash flow as well as banking facilities provided by the banks. As at 30 June 2024, based on the 1,052,254,135 ordinary shares in issue (31 December 2023: 1,052,254,135 ordinary shares), cash attributable to each share amounted to HK\$0.53 (31 December 2023: HK\$0.66).

For the six months ended 30 June 2024, net cash inflow from the Company's operating activities was HK\$23,174,000, representing a decrease of HK\$16,644,000 as compared to HK\$39,818,000 for the corresponding period last year.

Net cash outflow from investment activities was HK\$254,278,000, mainly due to the payment for the remaining amounts of Previous Year's Acquisition in the first half of the year of HK\$168,064,000. Apart from that, investments in property, plant and equipment of various categories during the year amounted to HK\$95,430,000 for the development of new projects to enhance productivity. Net cash outflow from investment activities for the corresponding period last year was HK\$35,474,000, representing an increase of HK\$218,804,000.

Net cash inflow from financing activities was HK\$110,065,000 for the first half of the year, mainly due to the new bank loans amounted to HK\$214,292,000 for the payment of the consideration for Previous Year's Acquisition and the construction of the new plant, as well as for the repayment for bank and other borrowings and related interests of HK\$103,220,000 for the first half of the year. While net cash outflow from financing activities was HK\$24,312,000 for the corresponding period last year.

Overall, the Group's net cash (cash and bank balances less total bank and other borrowings) as at 30 June 2024 was HK\$254,418,000, representing a decrease of HK\$233,436,000 as compared to HK\$488,854,000 as at 31 December 2023.

CURRENCY EXPOSURE AND MANAGEMENT

The Group is exposed to fluctuations in foreign exchange rates. Since most of the Group's revenue is denominated in US dollars and Euros, whereas most of the Group's expenses, such as major raw materials, costs of machineries and equipment, and production expenses, are denominated in Japanese yen, Renminbi, Thai baht and HK dollar, fluctuations in exchange rates can materially affect the Group, in particular, the appreciation of Renminbi will adversely affect the Group's profitability. The management of the Group continuously evaluates the foreign exchange risks of the Group and takes measures when necessary to reduce the risks.

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES

The Company focused on the nurturing of lean talent and building up a lean talent echelon so as to ensure the sufficiency of key technical talents for the development of the Company in the future. In order to protect our employees, the Company pays attention to the safety policy and conducts regular safety trainings to enhance employees' awareness of production safety and to avoid production safety accidents and injuries on the production line. Secondly, we provide free medical checkups to our employees to protect their health and to detect health problems as early as possible and get proper treatment.

The Company has a share option scheme in place as an encouragement and rewards to selected participants for their contributions to the Company. Furthermore, the Company has set up a mandatory provident fund and local retirement benefit schemes for our staff.

As at 30 June 2024, the Company had a total of 2,257 employees, representing an increase of 86 employees as compared to 2,171 employees as at 30 June 2023. The total remuneration payment of the Group for the six months ended 30 June 2024 was approximately HK\$119,663,000 (30 June 2023: approximately HK\$109,302,000).

PROSPECT

Although fuel vehicles still have a substantial market share in the short and medium term, new energy vehicles are gradually expanding their market share, despite the blockage of new energy vehicles manufactured by China in Europe and the United States, the market share of new energy vehicles will be further increased and continue to take up the market share of traditional fuel vehicles, so that traditional automobile market is showing a trend of order reduction in the long run. In addition, the unstable relationship between China and the U.S., in particular the results of the coming U.S. election, directly affecting the relationship between the two countries and the economic interaction.

In addition, it is expected that global sales of construction machinery will decrease year-on-year in 2024, and the Chinese market will also decline slightly, and the domestic hydraulic industry will intensify the price war, which will affect the profit level of the hydraulic equipment components business in the future.

Therefore, the Company focuses on “sales breakthrough, research and development promotion, cost reduction and efficiency enhancement, transformation and upgrading” to cope with the weak economy, market changes and the relationship between China and the United States. We will further develop new products, enhance our brand awareness, and actively participate in industry exhibitions to develop new customer markets. The Company will increase the efforts in the recruitment of key personnel to enhance the Company's research and development level; assist the Company in sales breakthroughs, as well as improve the current production process. The Company continues to carry out automation projects and promote lean projects to improve operational efficiency, while improving product quality and production efficiency through incentive programs.

Finally, on behalf of the Board, I would like to thank all the staff for their contributions and dedication to the Group in the past.



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue	4&5	502,149	419,761
Cost of sales		(364,755)	(323,343)
Gross profit		137,394	96,418
Other income	5	28,779	37,683
Distribution costs		(17,344)	(11,945)
Administrative expense and other expense		(85,673)	(77,798)
Research and development costs		(36,792)	(32,076)
Profit from operations		26,364	12,282
Finance costs	6	(8,777)	(4,366)
Share of losses of an associate		(683)	(610)
Profit before taxation	7	16,904	7,306
Income tax	8	(4,216)	925
Profit for the period		12,688	8,231
Attributable to:			
Equity shareholders of the Company		2,378	(1,249)
Non-controlling interests		10,310	9,480
Profit for the period		12,688	8,231
Earnings per share	9		
Basic		HK0.2 cents	HK-0.1 cents
Diluted		HK0.2 cents	HK-0.1 cents
Interim dividend per share	10	-	-

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Profit for the period	12,688	8,231
Other comprehensive loss:		
Exchange difference on translation of foreign operation	(35,578)	(51,844)
Total comprehensive income for the period	(22,890)	(43,613)
Attributable to:		
Equity shareholders of the Company	(35,460)	(45,535)
Non-controlling interests	12,570	1,922
Total comprehensive income for the period	(22,890)	(43,613)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
NON-CURRENT ASSETS			
Investment properties	11	126,697	130,189
Property, plant and equipment	11	821,789	794,191
Intangible assets		61,439	68,362
Goodwill		67,275	69,206
Interest in an associate		1,063	1,745
Deposits for purchase of non-current assets		18,146	2,198
Deferred tax assets		16,074	16,562
		1,112,483	1,082,453
CURRENT ASSETS			
Financial assets at fair value through profit or loss		15,875	16,902
Inventories	12	315,136	330,503
Trade receivables	13	360,985	323,887
Prepayments, deposit and other receivables		88,258	96,583
Pledged and restricted cash	14	22,055	22,099
Cash and bank balances	14	556,885	674,400
		1,359,194	1,464,374
CURRENT LIABILITIES			
Trade payables	15	115,897	102,351
Other payables and accruals		57,372	239,966
Bank and other loans	17	142,369	71,147
Lease liabilities		1,043	2,071
Deferred income		319	431
Tax payables		13,237	11,391
		330,237	427,357
NET CURRENT ASSETS			
		1,028,957	1,037,017
TOTAL ASSETS LESS CURRENT LIABILITIES			
		2,141,440	2,119,470

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Bank loans and other loan	17	160,098	114,399
Lease liabilities		3,482	3,465
Other payables		2,113	2,364
Deferred income		743	831
Deferred tax liabilities		33,704	34,221
Total non-current liabilities		200,140	155,280
Net assets		1,941,300	1,964,190
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital	16	105,225	105,225
Reserves		1,692,343	1,727,803
		1,797,568	1,833,028
Non-controlling interests		143,732	131,162
Total Equity		1,941,300	1,964,190



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Net cash generated from operating activities		23,174	39,818
INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(95,430)	(43,904)
Proceeds from disposal of items of property, plant and equipment		6,694	6,415
Remaining consideration paid on acquisition of subsidiaries for prior year		(168,064)	–
Dividend income received		2,522	2,015
Net cash used in investing activities		(254,278)	(35,474)
FINANCING ACTIVITIES			
Interest paid		(8,684)	(4,312)
Proceeds from new bank loans		214,292	–
Repayment of bank loans		(94,536)	(20,000)
Principal payments of lease liabilities		(1,007)	(227)
Net cash generated from/(used in) financing activities		110,065	(24,539)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		674,400	729,058
Effect of foreign exchange rate changes		3,524	(3,311)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	556,885	705,552

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

(Unaudited)	Attributable to owners of the Company													Total Equity HK\$'000	
	Issued Capital HK\$'000	Share premium Account HK\$'000	Contributed Surplus HK\$'000	Statutory							Exchange fluctuation reserves HK\$'000	Others reserves HK\$'000	Retained profit HK\$'000		Non- controlling interest HK\$'000
				Statutory surplus reserve HK\$'000	public welfare fund HK\$'000	Capital redemption reserves HK\$'000	Reserves HK\$'000	Properties revaluation reserves HK\$'000	Total						
									HK\$'000	HK\$'000					
At 1 January 2024	105,225	472,201	15,880	82,188	287	7,905	51,735	34,527	11,959	4,239	1,046,882	1,833,028	131,162	1,964,190	
Profit for the period	-	-	-	-	-	-	-	-	-	-	2,378	2,378	10,310	12,688	
Other comprehensive income for the period:															
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	(37,838)	-	-	(37,838)	2,260	(35,578)	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(37,838)	-	2,378	(35,460)	12,570	(22,890)	
At 30 June 2024	105,225	472,201	15,880	82,188	287	7,905	51,735	34,527	(25,879)	4,239	1,049,260	1,797,568	143,732	1,941,300	
At 1 January 2023	105,225	472,201	15,880	72,283	287	7,905	51,594	34,527	25,153	4,239	1,051,120	1,840,414	71,672	1,912,086	
Profit for the period	-	-	-	-	-	-	-	-	-	-	(1,249)	(1,249)	9,480	8,231	
Other comprehensive loss for the period:															
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	(44,286)	-	-	(44,286)	(7,558)	(51,844)	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(44,286)	-	(1,249)	(45,535)	1,922	(43,613)	
At 30 June 2023	105,225	472,201	15,880	72,283	287	7,905	51,594	34,527	(19,133)	4,239	1,049,871	1,794,879	73,594	1,868,473	



NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2024

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 10 July 2002 under the Companies Law of Cayman Islands. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 1 November 2004.

The principal activities of the Group are the manufacture and sale of precision metal components for automotive parts, hydraulic equipment components, electronic equipment components and components for other applications.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards 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 (the “Listing Rules”). They have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied in the unaudited condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2023.

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and 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 HKFRSs that are mandatorily effective for the current period

Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and 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 References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current 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.



NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2024

4. OPERATING SEGMENT INFORMATION

Segment reporting

The Group manages its businesses by divisions, which are organised by the geographical locations of the customers. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following six reportable segments. No operating segments have been aggregated to form the following reportable segments.

- (a) Thailand;
- (b) Malaysia;
- (c) Mainland China, Macau and Hong Kong;
- (d) North America;
- (e) Europe; and
- (f) Other countries.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is gross profit. The Group's senior executive management is provided with segment information concerning segment revenue and gross profit. Segment assets and liabilities are not reported to the Group's senior executive management regularly.



NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2024

4. OPERATING SEGMENT INFORMATION (Continued)

Segment reporting (Continued)

Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below.

	Six months ended 30 June 2024 (Unaudited)						
	Thailand HK\$'000	Malaysia HK\$'000	Mainland China Macau and Hong Kong HK\$'000	North America HK\$'000	Europe HK\$'000	Other Countries HK\$'000	Total HK\$'000
Revenue from external customers recognised by point in time and Reportable segment revenue	9,562	14,068	275,248	102,037	86,503	14,731	502,149
Reportable segment profit							
Gross profit	2,616	3,849	75,311	27,919	23,668	4,031	137,394

	Six months ended 30 June 2023 (Unaudited)						
	Thailand HK\$'000	Malaysia HK\$'000	Mainland China Macau and Hong Kong HK\$'000	North America HK\$'000	Europe HK\$'000	Other Countries HK\$'000	Total HK\$'000
Revenue from external customers recognised by point in time and reportable segment revenue	6,321	21,384	188,887	86,326	102,497	14,346	419,761
Reportable segment profit							
Gross profit	1,452	4,912	43,387	19,829	23,543	3,295	96,418



NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2024

5. REVENUE AND OTHER INCOME AND GAINS

Revenue, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the period.

An analysis of the Group's revenue and other income and gains is disaggregated as follows:

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue recognised at a point in time		
Sale of automotive components	226,890	207,303
Sale of hydraulic equipment components	251,685	180,051
Sale of electric components	14,327	22,130
Others	9,247	10,277
	502,149	419,761
Other income		
Bank interest income	4,671	7,240
Government grants	6,278	6,204
Dividend income	2,522	2,015
Rental income	5,266	4,495
Insurance compensation on fire loss	–	7,798
Others	2,577	2,206
	21,314	29,958
Gains		
Gain on disposal of items of property, plant and equipment	231	4,269
Foreign exchange difference, net	7,234	3,456
	28,779	37,683



NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2024

6. FINANCE COST

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Interest on bank and other loans	8,174	3,802
Financial arrangement fees	510	510
Interest on lease liabilities	93	54
	8,777	4,366

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Cost of inventory sold	364,755	323,343
Depreciation on property, plant and equipment	39,334	43,137
Depreciation on right-of-use asset	863	306
Amortization	5,073	685
Auditors' remuneration	1,236	992
Foreign exchange differences, net	(7,234)	(3,456)
Gain on disposal of items of property, plant and equipment	(231)	(4,269)

NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2024

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (16.5% for the six months ended 30 June 2023) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Current	4,216	(925)
Deferred	–	–
Total tax charge for the period	4,216	(925)

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to equity shareholders of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2024 is based on the profit attributable to equity shareholders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all the dilutive potential ordinary shares into ordinary shares.



NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2024

9. EARNINGS PER SHARE (Continued)

The calculation of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Earnings Profit attributable to equity shareholders of the Company used in the basic earnings per share calculation	2,378	(1,249)
	Number of shares (in thousands)	
Shares Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,052,254	1,052,254

10. INTERIM DIVIDEND

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Interim dividend — per ordinary share	—	—

The Board does not recommend the payment of any interim dividend for six months ended 30 June 2024 (2023: Nil per ordinary share).

NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2024

11. PROPERTY, PLANT AND EQUIPMENT

	Ownership interest in leasehold land held for own use carried at cost HK\$'000	Other properties leased for own use carried at cost HK\$'000	Freehold Land and building HK\$'000	Leasehold improvement HK\$'000	Plant and Machinery HK\$'000	Furniture and Fixtures HK\$'000	Motor car HK\$'000	Construction in progress HK\$'000	Investment properties HK\$'000	Total HK\$'000
(Unaudited)										
Cost										
At 1 January 2024	82,110	11,992	804,741	17,369	1,560,089	129,633	16,669	35,343	130,189	2,788,135
Additions	-	-	3,380	-	7,581	14,823	63	69,583	-	95,430
Disposals	-	-	-	-	(33,429)	(181)	-	-	-	(33,610)
Exchange realignment	(2,786)	(335)	(22,286)	(356)	(48,963)	(3,984)	(436)	(1,780)	(3,492)	(84,418)
At 30 June 2024	79,324	11,657	785,835	17,013	1,485,278	140,291	16,296	103,146	126,697	2,765,537
Accumulated depreciation										
At 1 January 2024	11,806	7,022	412,723	17,369	1,309,594	92,319	12,922	-	-	1,863,755
Depreciation provided during the period	1,636	863	6,084	-	26,058	5,030	526	-	-	40,197
Disposals	-	-	-	-	(27,010)	(137)	-	-	-	(27,147)
Exchange realignment	(1,013)	(206)	(13,104)	(356)	(41,928)	(2,809)	(338)	-	-	(59,754)
At 30 June 2024	12,429	7,679	405,703	17,013	1,266,714	94,403	13,110	-	-	1,817,051
Net carrying amount										
Cost/Valuation	79,324	11,657	785,835	17,013	1,485,278	140,291	16,296	103,146	126,697	2,765,537
Accumulated depreciation	(12,429)	(7,679)	(405,703)	(17,013)	(1,266,714)	(94,403)	(13,110)	-	-	(1,817,051)
At 30 June 2024	66,895	3,978	380,132	-	218,564	45,888	3,186	103,146	126,697	948,486
(Audited)										
Net carrying amount										
Cost/Valuation	82,110	11,992	804,741	17,369	1,560,089	129,633	16,669	35,343	130,189	2,788,135
Accumulated depreciation	(11,806)	(7,022)	(412,723)	(17,369)	(1,309,594)	(92,319)	(12,922)	-	-	(1,863,755)
At 31 December 2023	70,304	4,970	392,018	-	250,495	37,314	3,747	35,343	130,189	924,380



NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2024

12. INVENTORIES

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Raw materials	78,709	99,655
Consumables	20,220	16,616
Work in progress	80,439	88,445
Finished goods	135,768	125,787
	315,136	330,503

13. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers where payments in advance are normally required. The credit period generally ranges from 60 to 120 days, but longer credit terms will be granted to certain major customers with the approval of the directors. Each customer has a maximum credit limit. The Group maintains strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Within 1 month	168,318	106,371
1 to 2 months	84,014	85,440
2 to 3 months	56,196	50,517
3 to 4 months	27,288	34,399
4 to 12 months	24,201	47,160
Over 1 year	968	-
	360,985	323,887

NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2024

14. CASH AND BANK BALANCES

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Deposits with banks and cash at bank and on hand	578,910	696,499
Less: Pledged and restricted deposits	(22,055)	(22,099)
Cash and cash equivalents	556,885	674,400

15. TRADE PAYABLES

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Within 1 month	35,671	55,584
1 to 2 months	31,147	24,698
2 to 3 months	41,557	10,812
Over 3 months	7,522	11,257
	115,897	102,351



NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2024

16. SHARE CAPITAL

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Authorised: 2,000,000,000 (31 December 2023: 2,000,000,000) ordinary shares of HK\$0.1 each	2,000,000	2,000,000
Issued and fully paid: 1,052,254,135 (31 December 2023: 1,052,254,135) ordinary shares of HK\$0.1 each	1,052,254	1,052,254

No movements in issued and fully paid share capital for the six months ended 30 June 2024 and year ended 31 December 2023.

17. BANK LOANS AND OTHER LOANS

At 30 June 2024, the bank loans were repayables as follow:

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Bank loans		
– Secured (note i)	296,641	150,000
– Unsecured (note ii)	–	16,355
	296,641	166,355
Other loans-Non-controlling shareholders		
– Unsecured (note iii)	5,826	19,191
	302,467	185,546

NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2024

17. BANK LOANS AND OTHER LOANS (Continued)

The maturity of the bank loans and analysis of the amounts due based on scheduled payment dates set out in the loan agreements are as follow

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Within 1 year or on demand	136,543	51,956
In the second year	16,580	110,440
In the third years, inclusive	143,518	3,959
	296,641	166,355
Portion classified as current liabilities	(136,543)	(51,956)
	160,098	114,399
At 30 June 2024, the other loans was repayables as follow:		
Within 1 year or on demand	5,826	19,191

Notes:

- i) The amounts were secured by a deposit of HK\$20,000,000, corporate guarantees given by the Company and certain of its subsidiaries, as well as equity interests and real estates of its subsidiary, interest bearing at 3.20% to 6.01% per annum, and repayable between 2024 to 2033. The Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2024, none of the covenants relating to drawn down facilities had been breached.
- ii) The amounts were unsecured, interest bearing at 3.15% to 5% per annum, repaid during the period, guaranteed by a subsidiary of the Company and personal guaranteed given by an ex-director and a director of a subsidiary of the Company and a beneficial owner of the NCI.
- iii) The amounts were unsecured, interest bearing at 4.35% per annum and repayable in 2024.



NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2024

18. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Contracted but not provided for:		
Plant and machinery	10,183	5,966
Buildings	33,162	86,641
	43,345	92,607

19. RELATED PARTY TRANSACTIONS

	At 30 June 2024 (Unaudited) HK\$'000	At 30 June 2023 (Unaudited) HK\$'000
Short-term employee benefits	6,299	5,705
Post-employment benefits	222	88
Total Compensation paid to key management personnel	6,521	5,793

20. APPROVAL OF THE FINANCIAL STATEMENTS

The condensed financial statements were approved and authorised for issue by the board of directors on 26 August 2024.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the directors and chief executive of the Company, in the shares, underlying shares and debentures of the Company and its associates (within the meaning of Part XV of the Securities of Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as 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"), were as follows:

(A) (i) Long positions in the shares and underlying shares of equity derivatives of the Company:

Name of director	Capacity and nature of interests	Number of ordinary shares in the Company	Percentage of the Company's issued share capital ⁽¹⁾
Mr. Zeng Guangsheng	Directly beneficially owned	50,000,000	4.75%

⁽¹⁾ The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 June 2024.

(ii) Long positions in the underlying shares of Company – physically settled unlisted equity derivatives:

Name of director	Capacity and nature of business	Number of underlying shares in respect of the share options granted	Percentage of underlying shares over the Company's issued share capital as at 30 June 2024 ⁽¹⁾
Mr. Zeng Guangsheng	Directly beneficially owned	50,000,000	4.75%
	Directly beneficially owned	55,000,000 ⁽²⁾	5.23%
	Total:	105,000,000	9.98%
Mr. Ng Hoi Ping	Directly beneficially owned	15,000,000 ⁽²⁾	1.43%
Ms. Zeng Jing	Directly beneficially owned	10,000,000 ⁽²⁾	0.95%
Mr. Chen Kuangguo	Directly beneficially owned	5,000,000 ⁽²⁾	0.48%

⁽¹⁾ The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 June 2024.

⁽²⁾ Details of the above share options granted by the Company are set out in the section headed "Share option scheme" in this report.



OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS (Continued)

(B) Long positions in the ordinary shares of the associated corporation – China Baoan Group Co., Ltd. 中國寶安集團股份有限公司 (“China Baoan Group”), the Company’s holding company

Name of director	Capacity and nature of interest	Number of ordinary shares in China Baoan Group	Percentage of China Baoan Group’s issued share capital
Mr. Zeng Guangsheng	Directly beneficially owned	672,906	0.03%

Saved as disclosed above, as at 30 June 2024, none of the directors or chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

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

As at 30 June 2024, as far as the directors of the Company are aware, the following parties (not being directors or chief executive of the Company) with interests of more than 5% in shares and underlying shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the ordinary shares of the Company:

Name of substantial shareholder	Notes	Capacity and nature of interests	Number of ordinary shares in the Company	Percentage of the Company's issued share capital at 30 June 2024 ^(*)
Banon Technology Company Limited 寶安科技有限公司 ("Banon Technology")		Directly beneficially owned	570,546,250	54.22%
China Banon Group Co., Ltd. 中國寶安集團股份有限公司 ("China Baoan Group")	(a)	Through controlled corporation	570,546,250	54.22%
Tottenham Limited		Directly beneficially owned	109,206,975	10.38%
Mr. Chui Siu On	(b)	Through controlled corporation	109,206,975	10.38%
		Directly beneficially owned	13,963,750	1.33%
	(c)	Through spouse	125,000	0.01%
		Total:	123,295,725	11.72%
Ms. Leung Wing Yi		Directly beneficially owned	125,000	0.01%
	(d)	Through spouse	123,170,725	11.71%
		Total:	123,295,725	11.72%
Mr. Zeng Guangsheng		Directly beneficially owned	50,000,000	4.75%
	(e)	Directly beneficially owned	55,000,000	5.23%
		Total:	105,000,000	9.98%

^(*) The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 June 2024.



OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

Notes:

- (a) These shares were held by Baoan Technology. Baoan Technology is a wholly owned entity of China Baoan Group. Accordingly, China Baoan Group was deemed to be interested in the 570,546,250 shares of the Company owned by Baoan Technology pursuant to Part XV of the SFO.
- (b) These shares were held by Tottenhill Limited. Tottenhill Limited is wholly owned by Mr. Chui Siu On. Accordingly, Mr. Chui Siu On was deemed to be interested in the 109,206,975 shares of the Company owned by Tottenhill Limited pursuant to Part XV of the SFO.
- (c) These shares were held by Ms. Leung Wing Yi, the wife of Mr. Chui Siu On. Accordingly, Mr. Chui Siu On was deemed to be interested in these 125,000 shares of the Company held by his wife pursuant to Part XV of the SFO.
- (d) These shares were held by Mr. Chui Siu On, the husband of Ms. Leung Wing Yi. Accordingly, Ms. Leung Wing Yi was deemed to be interested in these shares owned by her husband pursuant to Part XV of the SFO.
- (e) These shares are in the form of share options of the Company granted pursuant to the 2011 Share Option Scheme.

Saved as disclosed above, as at 30 June 2024, no person, other than the directors of the Company, whose interests are set out in the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

SHARE OPTION SCHEMES

The share option scheme adopted pursuant to a resolution passed by the then shareholders on 17 May 2011 (the “2011 Share Option Scheme”) had expired on 17 May 2021. In light of the expiry of the 2011 Share Option Scheme and in order to enable the Board to continue providing incentives and rewards to the eligible persons, a new share option scheme was adopted by the shareholders at the extraordinary general meeting of the Company held on 14 January 2022 (the “2022 Share Option Scheme”). All terms of the 2011 Share Option Scheme and 2022 Share Option Scheme must comply with the requirements under Chapter 17 of the Listing Rules which took effect on 1 January 2023. Both share options schemes are governed by Chapter 17 of the Listing Rules effective from 1 January 2023.

OTHER INFORMATION

SHARE OPTION SCHEMES (Continued)

The 2011 Share Option Scheme

Purpose of the 2011 Share Option Scheme

The purpose of the 2011 Share Option Scheme is to provide incentives or rewards to the participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest (the “Invested Entity”).

Participants of the 2011 Share Option Scheme

Eligible participants of the 2011 Share Option Scheme included:

- (a) any eligible employee;
- (b) any non-executive director (including independent non-executive directors) of the Company, any of its Subsidiaries or the Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (f) any shareholder of any member of the Group or any Invested Entity

The basis of eligibility of any of the above classes of participants to the grant of any options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group and the Invested Entity.

With effect from 1 January 2023, the eligible participants should be subject to the requirement under Chapter 17 of the Listing Rules.

Total number of shares available for issue under the 2011 Share Option Scheme and percentage of issued shares as at the date of this annual report

The 2011 Share Option Scheme expired on 17 May 2021. As at the date of this report, the total number of shares available for issue under the 2011 Share Option Scheme is zero.



OTHER INFORMATION

SHARE OPTION SCHEMES (Continued)

The 2011 Share Option Scheme (Continued)

Maximum entitlement of each participant under the 2011 Share Option Scheme

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2011 Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding Options) to each participant in any 12-month period must not exceed 1% of the issued share capital of the Company for the time being (the “Individual Limit”).

Any further grant of options to a participant in excess of the Individual Limit (including exercised, cancelled and outstanding Options) in any 12-month period up to and including the date of such further grant must be subject to the shareholders’ approval in general meeting of the Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of the options to be granted to such participant must be fixed before shareholders’ approval and the date of the meeting of the Board for proposing such further grant of option should be taken as the date of offer for the purpose of calculating the exercise price.

No further options have been issued under 2011 Share Option Scheme since its expiry on 17 May 2021.

The period within which the option may be exercised by the grantee under the 2011 Share Option Scheme

An option may be exercised in accordance with the terms of the 2011 Share Option Scheme at any time during a period to be determined and notified by the Board to each grantee, which period may commence on the day on which the offer is made but shall end in any event not later than 10 years from the offer date subject to the provisions for early termination thereof (the “Option Period”).

Unless the Board otherwise determined and stated in the offer to a participant, there is no minimum period for which an option granted under the 2011 Option Scheme must be held before it can be exercised.

The vesting period of options under the 2011 Share Option Scheme

The vesting period of options granted are set out in the below table on page 42.

The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid.

An offer may be accepted by a participant within 28 days from the offer date. A consideration of HK\$1 is payable on acceptance of the offer.

The basis of determining the exercise price of options granted

The exercise price in respect of any particular option shall be such price as determined by the Board in its absolute discretion at the time of the making of the offer (which shall be stated in the letter containing the offer) but in any case the exercise price shall not be lower than the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotation sheet on the date of offer; (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the offer date; and (iii) the nominal value of a share.

Without prejudice to the generality of the foregoing, the Board may grant options in respect of which the exercise price is fixed at different prices for different periods during the Option Period provided that the exercise price for each of the different periods shall not be less than the exercise price determined in the manner set out herein.



OTHER INFORMATION

SHARE OPTION SCHEMES (Continued)

The 2011 Share Option Scheme (Continued)

The remaining life of the 2011 Share Option Scheme

The 2011 Share Option Scheme was valid and effective for a period of ten years, commencing from 17 May 2011 and expired on 17 May 2021. As at the date of this report, the 2011 Share Option Scheme has expired.

Details of options granted to participants under the 2011 Share Option Schemes:

Name or category of participants	Date of grant	Number of share options movement during the period						As at 30/06/2024	Vesting period	Exercise period	Price of share		
		As at 01/01/2024	Granted	Exercised	Cancellation	Lapsed	Exercise Price/Purchase Price HK\$				Prior to the grant date of the share options ⁽¹⁾	Prior to the exercise date of the share options ⁽²⁾	
Directors, chief executive and a substantial shareholder and their associates													
Mr. Ng Hoi Ping													
Tranche 1	03/04/2020	10,000,000	-	-	-	-	10,000,000	03/04/2020 to 28/02/2021	01/03/2021 to 28/02/2026	0.900	0.730	-	
Ms. Zeng Jing													
Tranche 1	03/04/2020	5,000,000	-	-	-	-	5,000,000	03/04/2020 to 28/02/2021	01/03/2021 to 28/02/2026	0.900	0.730	-	
Mr. Chen Kuangguo													
Tranche 1	03/04/2020	5,000,000	-	-	-	-	5,000,000	03/04/2020 to 28/02/2021	01/03/2021 to 28/02/2026	0.900	0.730	-	
Directors with options granted and to be granted in excess of the 1% individual limit													
Mr. Zeng Guangsheng													
Tranche 1	03/04/2020	20,000,000	-	-	-	-	20,000,000	03/04/2020 to 28/02/2021	01/03/2021 to 28/02/2026	0.900	0.730	-	
Other employee participants													
Tranche 1	03/04/2020	11,000,000	-	-	-	-	11,000,000	03/04/2020 to 28/02/2021	01/03/2021 to 28/02/2026	0.900	0.730	-	
Tranche 2	10/05/2021	1,700,000	-	-	-	-	1,700,000	10/05/2021 to 31/03/2022	01/04/2022 to 28/02/2026	0.900	0.700	-	
Other service providers⁽³⁾													
Tranche 1	03/04/2020	2,000,000	-	-	-	-	2,000,000	03/04/2020 to 28/02/2021	01/03/2021 to 28/02/2026	0.900	0.730	-	
		54,700,000	-	-	-	-	54,700,000						

Notes:

- (1) The closing price of the shares immediately before the date on which the options were granted.
- (2) The stated price was the weighted average closing price of the ordinary shares immediately before the date on which the share options were exercised. No options were exercised for the year ended 30 June 2024.
- (3) No sublimit was provided for service providers under the 2011 Share option Scheme which was expired before 1 January 2023.



OTHER INFORMATION

SHARE OPTION SCHEMES (Continued)

The 2022 Share Option Scheme

Purpose of the 2022 Share Option Scheme

The purpose of the 2022 Share Option Scheme is to provide incentives or rewards to the participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Participants of the 2022 Share Option Scheme

Eligible participants of the 2022 Share Option Scheme included:

- an eligible employee; and
- a non-executive director (including independent non-executive directors) of the Company or any of its subsidiaries

The eligibility of the participants to grant of any option shall be determined by the Board from time to time and on a case-by-case basis subject to the Board's opinion as to, among others, the participant's contribution or potential contribution to the development and growth of the Group.

Total number of shares available for issue under the 2022 Share Option Scheme and percentage of issued shares as at the date of this annual report

As at the date of this report, the total number of shares available for issue under the 2022 Share Option Scheme is 54,225,413, representing 5.15% of the Company's issued ordinary shares.

Maximum entitlement of each participant under the 2022 Share Option Scheme

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2022 Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding Options) to each participant in any 12-month period must not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options to a participant in excess of the Individual Limit (including exercised, cancelled and outstanding Options) in any 12-month period up to and including the date of such further grant must be subject to the separate shareholders' approval in general meeting of the Company with such participant and his close associates abstaining from voting. If the grantee is a connected person of the Company, his associates shall abstain from voting.

The Company shall send a circular to the shareholders containing a generic description of the specified participants who may be granted such options, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information as required under the Listing Rules. The number and terms (including the exercise price) of the options to be granted to such participant must be fixed before shareholders' approval and the date of the meeting of the Board for proposing such further grant of option should be taken as the date of offer for the purpose of calculating the exercise price.

Granting of share options to each participant under the 2022 Share Option Scheme is governed by Chapter 17 of the Listing Rules effective from 1 January 2023.



OTHER INFORMATION

SHARE OPTION SCHEMES (Continued)

The 2022 Share Option Scheme (Continued)

The period within which the option may be exercised by the grantee under the 2022 Share Option Scheme

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each Grantee, which period may commence on the day on which the offer is made but shall end in any event not later than 10 years from the offer date subject to the provisions for early termination thereof.

Unless the Directors otherwise determined and stated in the offer to a participant, there is no minimum period for which an option granted under the 2022 Share Option Scheme must be held before it can be exercised.

The vesting period of options under the 2022 Share Option Scheme

The vesting period of options granted are set out in the below table on page 45.

The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

An offer may be accepted by a participant within 28 days from the offer date. A consideration of HK\$1 is payable on acceptance of the offer.

The basis of determining the exercise price of options granted

The exercise price in respect of any particular option shall be such price as determined by the Board in its absolute discretion at the time of the making of the offer (which shall be stated in the letter containing the offer) but in any case the exercise price shall not be lower than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the offer date; and (iii) the nominal value of a share. Without prejudice to the generality of the foregoing, the Board may grant options in respect of which the exercise price is fixed at different prices for different periods during the option period provided that the exercise price for each of the different periods shall not be less than the subscription price determined in the manner set out herein.



OTHER INFORMATION

SHARE OPTION SCHEMES (Continued)

The 2022 Share Option Scheme (Continued)

The remaining life of the 2022 Share Option Scheme

The 2022 Share Option Scheme was valid and effective for a period of ten years, commencing from 14 January 2022. The remaining life of the 2022 Share Option Scheme as at the date of report is approximately seven years and six months.

Details of options granted to participants under the 2022 Share Option Schemes:

Name or category of participants	Date of grant	Number of share options movement during the period							Price of share			
		As at 01/01/2024	Granted	Exercised	Cancellation	Lapsed	As at 30/06/2024	Vesting period	Exercise period	Exercise Price/ Purchase Price HK\$	Prior to the grant date of the share options ⁽¹⁾	Prior to the exercise date of the share options ⁽²⁾
Directors, chief executive and a substantial shareholder and their associates												
Mr. Zeng Guangsheng												
Tranche 1	17/03/2022	35,000,000 ⁽⁴⁾	-	-	-	-	35,000,000	17/03/2022 to 16/09/2022	17/09/2022 to 17/09/2026	0.900	0.840	-
Mr. Ng Hoi Ping												
Tranche 1	17/03/2022	5,000,000 ⁽⁴⁾	-	-	-	-	5,000,000	17/03/2022 to 16/09/2022	17/09/2022 to 17/09/2026	0.900	0.840	-
Directors with options granted and to be granted in excess of the 1% individual limit												
Ms. Zeng Jing												
Tranche 1	17/03/2022	5,000,000 ⁽⁴⁾	-	-	-	-	5,000,000	17/03/2022 to 16/09/2022	17/09/2022 to 17/09/2026	0.900	0.840	-
Other employee participants												
Tranche 1	17/03/2022	4,700,000 ⁽⁴⁾	-	-	-	-	4,700,000	17/03/2022 to 16/09/2022	17/09/2022 to 17/09/2026	0.900	0.840	-
Tranche 2	07/07/2023	1,000,000 ⁽⁴⁾⁽⁵⁾	-	-	-	-	1,000,000	07/07/2023 to 06/07/2024	07/07/2024 to 06/07/2029	0.900	0.500	-
		50,700,000	-	-	-	-	50,700,000					

Notes:

(4) No performance target is required to be achieved.

(5) The fair value of the options granted on 7 March 2023 was determined at the date of grant using the binomial option pricing model and was approximately HK\$141,720.



OTHER INFORMATION

SHARE OPTION SCHEMES (Continued)

Number of options available for grant

Under the 2011 Share Option Scheme, number of options available for grant as at 1 January 2024 and 30 June 2024 are as follows:

	1 January 2024	30 June 2024
Share options		
Under the mandate limit ^(*)	0	0
Under the sublimit for service providers ^(*)	0	0

Under the 2022 Share Option Scheme, number of options available for grant as at 1 January 2024 and 30 June 2024 are as follows:

	1 January 2024	30 June 2024
Share options		
Under the mandate limit	54,225,413	54,225,413
Under the sublimit for service providers	0	0

Note: ^(*) The 2011 Share Option Scheme expired on 17 May 2021. No further options available to be granted since its expiry.

For the reporting period, no option was granted under all share option scheme of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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 securities (including sale of treasury shares) listed on the Stock Exchange. As of 30 June 2024, the Company did not hold any treasury shares.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (2023: Nil).



OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct governing directors' dealings in the Company's securities (the "Own Code") on terms no less than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules. Specific enquiry has been made to all directors and all of them have confirmed that they had complied with the Own Code and Model Code throughout the six months ended 30 June 2024.

The Company has also established written guidelines on no less exacting than the Model Code (the "Employees Written Guidelines") for governing the securities transactions by employees who are likely to possess inside information of the Company or its securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company throughout the reporting period.

In case when the Company is aware of any restricted period for the dealings in the Company's securities, the Company will notify its directors and relevant employee in advance.

EVENTS AFTER THE REPORTING DATE

Save as disclosed in this report, there are no material subsequent events undertaken by the Group after 30 June 2024 and up to the date of this report.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") as set out in Part 2 of the Appendix C1 to Listing Rules as the basis of the Company's corporate governance practices and the Board is of the view that the Company has met the CG Code during the period under review except that there was no separation of the roles of Chairman and Chief Executive Officer as specified in the code provision C.2.1 of the CG Code. Mr. Zeng Guangsheng ("Mr. Zeng") has assumed the roles of both Chairman of the Board and Chief Executive Officer of the Company. The Board believes that by assuming both roles, Mr. Zeng will be able to provide the Group with strong and consistent leadership, allowing for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. The structure is therefore beneficial to the shareholders of the Company as a whole.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising three independent non-executive directors, namely Mr. Yang Rusheng (Chairman of the Audit Committee), Mr. Cheung, Chun Yue Anthony and Mr. Zhu Jianbiao, has reviewed together with senior management of the Group the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting processes as well as reviewed the interim results of the Group for the six months ended 30 June 2024.



OTHER INFORMATION

AMENDMENTS AND ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

In order to comply with Rule 2.07A of the Listing Rules, in relation to the dissemination of corporate communications to shareholders by way of electronic means and incorporate other amendments to Articles for the purpose of providing greater flexibility to the Company relating to the conduct of general meeting, on 22 March 2024, the Board proposed to make the amendments to the Memorandum and Articles of Association of the Company. The aforesaid amendments were approved by shareholders at the annual general meeting of the Company held on 10 May 2024. For details of the aforesaid amendments, please refer to the announcements dated 22 March 2024, 10 May 2024 and the circular dated 15 April 2024 respectively.

CHANGE IN INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

APPRECIATION

The Board would like to take this opportunity to thank our shareholders for their continued support and the fellow directors and our staff for their contributions to the Group.



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