



Wai Chi Holdings Company Limited
偉志控股有限公司

(Incorporated in the Cayman Islands with Limited Liability)
Stock Code: 1305

2024 Interim Report

CONTENTS

Financial Highlights	2
Corporate Information	3
Management Discussion and Analysis	5
Other Disclosure	12
Condensed Consolidated Statement of Profit or Loss	23
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	24
Condensed Consolidated Statement of Financial Position	25
Condensed Consolidated Statement of Changes in Equity	27
Condensed Consolidated Statement of Cash Flows	29
Notes to the Condensed Consolidated Interim Financial Information	30



FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
Revenue	1,166,073	857,538
Gross profit	132,255	112,740
Gross profit margin	11.3%	13.1%
Profit for the period attributable to owners of the Company	23,967	24,128
Basic and diluted earnings per share	HK10.90 cents	HK10.98 cents

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Chen Chung Po
(Chairman and Chief Executive Officer)
 Ms. Luk Fong
 Ms. Yiu Kwan Yu
 Mr. Chen Wei Wu
 Ms. Yong Jian Hui

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Au Yeung Tin Wah
 Mr. Ho Chi Wai
 Mr. Yu Zhenyu

COMPANY SECRETARY

Mr. Cheung Wai Hung

AUDIT COMMITTEE

Mr. Au Yeung Tin Wah *(Chairman)*
 Mr. Ho Chi Wai
 Mr. Yu Zhenyu

REMUNERATION COMMITTEE

Mr. Ho Chi Wai *(Chairman)*
 Mr. Au Yeung Tin Wah
 Mr. Yu Zhenyu

NOMINATION COMMITTEE

Mr. Yu Zhenyu *(Chairman)*
 Mr. Au Yeung Tin Wah
 Mr. Ho Chi Wai

RISK MANAGEMENT COMMITTEE

Mr. Chen Chung Po *(Chairman)*
 Mr. Yu Zhenyu
 Mr. Cheung Wai Hung

AUTHORISED REPRESENTATIVES

Mr. Chen Chung Po
 Mr. Cheung Wai Hung

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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 Kwun Tong
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 Hong Kong

AUDITORS

SHINEWING (HK) CPA Limited
Certified Public Accountants
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 Windsor House
 311 Gloucester Road
 Causeway Bay
 Hong Kong

LEGAL ADVISER

Guantao & Chow (*as to Hong Kong law*)

STOCK CODE

01305

COMPANY'S WEBSITE

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PRINCIPAL BANKERS

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Harbour City, Tsim Sha Tsui
Kowloon, Hong Kong

Citibank N.A.
3 Garden Road
Central
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
32nd Floor, Standard Chartered Bank Building
4–4A Des Voeux Road
Central, Hong Kong

Cayman Islands principal share registrar and transfer office

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

Hong Kong branch share registrar and transfer office

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

During the first half of 2024, despite persisting geopolitical conflicts and international trade frictions, global economic activity commenced a recovery phase as the influence of cyclical factors waned. Robust exports from the Asian region, notably in the technology sector, bolstered trade and served as a driving force for economic growth.

For China, the country's gross domestic product ("**GDP**") reached RMB61.7 trillion in the first half of the year, representing an increase of 5.0% year-on-year ("**YOY**"). The value added to the manufacturing industry increased by 6.3% YOY, surpassing the economic growth rate by 1.3 percentage points, accounting for 27% of the GDP. The upturn of external demand has accelerated the export of Chinese industrial products, especially various electronic products.

The LED backlight industry currently faces a landscape where opportunities and challenges coexist. The opportunities were driven primarily by strong automobile sales, particularly in the rapidly developing new energy vehicle sector. According to data provided by the China Association of Automobile Manufacturers ("**CAAM**"), the country's cumulative sales of new energy vehicles reached 3.89 million units between January and May 2024, marking an increase of 32.5% YOY compared to the same period last year. LED backlight panels, serving as pivotal components of in-vehicle display screens – an essential interface for "human-vehicle interaction" – have also reaped benefits from this trend, leading to a significant upsurge in demand.

However, the rapid growth in sales of LED backlights for automobiles has not come without its challenges. The heightened competition within the sector not only makes survival even more difficult for small and medium-sized LED display enterprises but also thins profit margins, forcing manufacturers to seek scalability and invest in the expansion of production facilities.

The current market environment, marked by robust demand and intensified competition, presents significant opportunities for industry players with sufficient expertise and capacity. Companies that can provide top-tier products and establish enduring, stable partnerships with clients will be well-positioned to navigate the challenges and capitalise on the growth opportunities. In contrast, those lacking the necessary resources and strategic foresight may find it increasingly difficult to compete in this rapidly evolving landscape.



BUSINESS REVIEW

Overview

For the six months ended 30 June 2024 (the “**period under review**”), the Group continues to focus on its core business of LED products, especially that of LED backlights for automobile onboard displays. In the dynamic landscape of its ever-changing industry, the Group continuously studies industry trends, vigorously invests in product research and development, and production to ensure meeting customer demands. Through a steadfast commitment to quality assurance, it prioritises maintaining its reputation as a reliable and trusted player in the market.

The Group’s enterprise resource planning (“**ERP**”) system effectively controls costs through timely monitoring, seamless information exchange, and efficient data management. This has boosted financial management and work efficiency with increased process automation during manufacturing.

The total revenue for the period under review was approximately HK\$1,166,073,000, representing an increase of approximately 36.0% compared to approximately HK\$857,538,000 for the corresponding period in 2023, mainly due to the increased revenue from its core business. Revenue from the core sector of LED business was approximately HK\$948,630,000, representing an increase of approximately 26.5% compared to that of the corresponding period in 2023. Revenue from the sales of LED backlight products was approximately HK\$899,515,000 (six months ended 30 June 2023: approximately HK\$698,617,000), representing an increase of approximately 28.8%, mainly due to the increased sales from automobile onboard display backlights. Revenue from the sales of LED lighting products was approximately HK\$49,115,000 (six months ended 30 June 2023: approximately HK\$51,190,000), representing a slight decrease of approximately 4.1%. The revenue from the semiconductor memory chip business was approximately HK\$217,443,000, presenting an increase of 101.8% compared to the approximately HK\$107,731,000 from the corresponding period last year, driven by a surge in order volume during a market uptrend. However, this growth is subject to significant fluctuations and may not be sustainable.

LED Backlight Business

The three types of the Group’s LED backlight products are used for: 1) automobile onboard displays; 2) television displays; and 3) other industrial equipment displays. For the period under review, revenues derived from LED backlight products in automobile onboard displays, television displays and industrial equipment displays were approximately HK\$823,079,000, HK\$11,621,000, and HK\$64,815,000, respectively.

Benefiting from the thriving development of the automobile onboard display technology and the increasing popularity of new energy vehicles, the order volume for the Group's automobile display backlight products has consistently remained at a high level. It continued to be the largest contributor to the Group's LED backlight business during the period under review, representing approximately 91.5% of total LED backlight product sales (six months ended 30 June 2023: approximately 86.4%). However, due to the escalating competition among automotive manufacturers, the prices of cars are under increasing pressure. This trend has placed automobile onboard display backlights in a predicament where their prices are also being compressed. In line with this industry trend, the Group's gross profit margin in this segment decreased from 15.2% for the corresponding period last year to 13.3% for the period under review.

During the first half of 2024, due to the increasing obsolescence of LED backlight televisions in the market, the sales of the Group's television display backlights decreased slightly to approximately HK\$11,621,000 (six months ended 30 June 2023: approximately HK\$12,319,000).

As for the backlights for other industrial equipment displays, the Group recorded a decrease of approximately 21.9% in revenue for the six months ended 30 June 2024, amounting to approximately HK\$64,815,000 (six months ended 30 June 2023: approximately HK\$82,951,000).

Lighting Service Business

The Group's LED lighting service business is classified into two categories, including public lighting and commercial lighting. The Group provides various services including product sales, lighting solutions design, installation, and maintenance etc. During the period under review, the total revenue from lighting services amounted to HK\$49,115,000 (six months ended 30 June 2023: approximately HK\$51,190,000).

Revenues from public and commercial lighting were approximately HK\$13,277,000 and HK\$35,838,000, respectively (six months ended 30 June 2023: approximately HK\$395,000 and HK\$50,795,000). The significant increase in the public lighting sector was primarily due to lighting projects in the PRC's public school system. However, as these projects have been completed, the Group does not foresee a continued trend of rapid growth in this sector. The decrease in sales in the commercial lighting sector was due to a significant drop in orders from the Group's major market in Europe, where purchasing power and interest are currently suppressed by a series of factors, among which include, among others, inflation and high energy costs.

Semiconductor Memory Chip Business

During the period under review, the revenue generated by the semiconductor memory chip business amounted to approximately HK\$217,443,000 (six months ended 30 June 2023: approximately HK\$107,731,000). As previously mentioned, such growth cannot be guaranteed in the future. Furthermore, due to the competitive and uncertain nature of the international semiconductor chip trade, the Group will continue to consider this sector as a non-core business, utilising its existing facilities and capabilities to generate a supplementary revenue stream without allocating additional resources in the near term.

QUALITY CONTROL

The Group's unwavering commitment to quality control has earned it a loyal customer base. Stringent quality control procedures are in place, ensuring the excellence of products at every stage from design to manufacturing and storage. Thorough testing of product samples occurs before mass production, and new suppliers and raw materials undergo a rigorous selection and approval process. This is especially crucial in the automobile onboard display backlight segment. Due to the stringent safety requirements in the automotive sector, strict product quality standards are imposed on onboard modules. In order to meet these high demands, the Group has made significant efforts in quality control for this segment. Leveraging on the Group's technological advantages, it has earned a reputation for delivering exceptional quality, fostering positive interactions with clients and other industry players, and laying a solid foundation for future growth.

The Group owns a series of advanced production and testing equipment for improving quality control. The Group has been awarded various certifications, including ISO 9001:2008 and ISO 14001:2004 for quality and environmental management systems, which serve as an important assurance of product quality and reliability.

RESEARCH AND DEVELOPMENT

Recognising the immense value of Research and Development ("R&D") capabilities, the Group has become an agile and sharp industry player in this field. With consumers seeking intelligence, diversity, and integration in tech-related products, market research becomes vital to comprehend evolving customer needs and preferences. The R&D department not only keeps the Group relevant in market trends and retains customer loyalty but also empowers the Group to proactively identify niche markets that offer profitable opportunities. By staying informed of market trends and technological advances, the Group remains prepared for emerging possibilities and strives to seize optimal business deals.

The Group's R&D centre is located in its production plant in Huizhou. The Group engages in various R&D activities, including (i) concurrent development of new product designs with our customers; (ii) improvement of product quality, efficiency and functionality of existing products; (iii) in-project calibration and optimization of the production processes and capability of the equipment; (iv) introduction and promotion of the use of new production technologies and new production materials; and (v) assessment of the future prospect and development trend of the LED industry. The Group has achieved a number of technological advancements and breakthroughs over the years, and, as at 30 June 2024, the Group held 282 patents registered in the PRC. Looking forward, the Group aims to enhance its R&D centre and talent pool, ensuring preparedness for emerging opportunities and maximizing potential business prospects.

PROSPECTS

In the latter half of 2024, the global economy is anticipated to undergo a moderate recovery, albeit within a persistently subdued historical cycle. Geopolitical factors will continue to overshadow economic progress with uncertainties. The outcome of the U.S. presidential election will wield substantial influence over international affairs, trade advancements, financial market confidence, and various other facets.

For China, the economic recovery in the first half of the year has laid a solid foundation for development in the second half. However, the resurgence of international trade protectionism may pose some challenges to this positive trend. On 21 June 2024, the U.S. Treasury Department released proposed rules on investment restrictions towards China, explicitly limiting American entities' investments in high-tech sectors. Additionally, the European Union has introduced 31 trade and investment restriction measures against China, including imposing a maximum 38.1% import tariff on Chinese electric cars.

These external restrictions will inevitably restrain the expansion of China's new energy vehicle industry. However, strong domestic demand may be sufficient to sustain the industry's optimistic outlook. Simultaneously, as the level of automotive intelligence continues to improve and the demands for human-vehicle interaction escalate, automobile onboard display products are gradually diversifying. From a single central control screen, the market is expanding to include LCD instrument panels, passenger entertainment screens, rear-seat entertainment screens, HUDs, and more. This trend signifies significant opportunities for LED backlight manufacturers. Statistics and forecasts from Sigmaintell (“群智諮詢”) indicate that the global demand for automobile onboard display screens is projected to reach 247 million units in 2028. Additionally, many global top-tier automotive manufacturers are increasingly turning to Chinese backlight producers for their outstanding quality-to-price ratio.

However, while the upgrade of automotive display screens has generated a significant increase in demand, the unit price of automotive display components is constantly being squeezed due to the continual decrease in car prices. To remain competitive, LED manufacturers need to stringently control operation costs while actively investing in R&D to meet evolving market demands.

As a highly experienced and well-regarded participant in the industry, the Group has consistently kept pace with market trends, continuously optimising existing products and strategising for emerging product trends. Within the current market environment, the Group has successfully achieved a leading position in the industry. With the continuous increase in order volumes, the Group may soon meet the ceiling of its scalability within its current production capacity. However, we are actively planning and exploring opportunities to address such constraints, including seeking possible collaborations with peers. Leveraging our research on market trends and the core position of our products in the industry chain, we are confident in maintaining strong development momentum and rewarding the trust of our shareholders.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2024, the sources of revenue for the Group were the sales of LED backlights, LED lighting services, and semiconductor memory chips business. The total revenue for the period under review was approximately HK\$1,166,073,000, increasing by approximately 36.0% compared to approximately HK\$857,538,000 for the corresponding period in 2023. The Group's LED backlight product sales were approximately HK\$899,515,000, representing an increase of approximately 28.8% from approximately HK\$698,617,000, for the six months ended 30 June 2023, which was mainly attributable to the increased sales from automobile onboard display backlights. The sales of the Group's LED lighting products for the period under review decreased by approximately 4.1% to approximately HK\$49,115,000 from approximately HK\$51,190,000 in the corresponding period in 2023. The revenue from the Group's semiconductor memory chips business was approximately HK\$217,443,000, increasing by approximately 101.8% compared to approximately HK\$107,731,000 from the corresponding period last year, resulting from the surge in order volume.

Gross Profit and Gross Profit Margin

For the period under review, the Group's overall gross profit was approximately HK\$132,255,000, which increased by approximately 17.3% from approximately HK\$112,740,000 in the corresponding period in 2023. The overall gross profit margin was approximately 11.3%, having decreased by approximately 1.8 percentage points from approximately 13.1% in the corresponding period in 2023. Gross profit from the sales of the Group's LED segments of backlight products and lighting services was approximately HK\$128,438,000, representing an increase of approximately 16.6% from approximately HK\$110,151,000 for the corresponding period in 2023. The gross profit margin for these two segments decreased by approximately 1.2 percentage points from approximately 14.7% in the first half of 2023 to approximately 13.5% in the period under review. Gross profit from the semiconductor memory chip business was approximately HK\$3,817,000 (six months ended 30 June 2023: approximately HK\$2,589,000). The gross profit margin for the semiconductor memory chip business was approximately 1.8% (six months ended 30 June 2023: approximately 2.4%). The overall increase in gross profit is mainly attributed to a significant rise in sales of LED backlight products.

Selling and Distribution Expenses

Labour costs, sales commissions and transportation costs were the Group's major selling and distribution expenses. For the six months ended 30 June 2024, the Group's selling and distribution expenses were approximately HK\$22,176,000, representing an increase of approximately 32.2% as compared to approximately HK\$16,776,000 in the corresponding period in 2023. The increase in selling and distribution expenses was in line with the increase in turnover.

Administrative Expenses

Administrative expenses refer to the general expenses incurred in offices and factories. The Group focuses on effective management by means of resource consolidation in the Shenzhen and Huizhou factories. For the six months ended 30 June 2024, the Group's administrative expenses, including research and development expenses, were approximately HK\$98,281,000, which increased by approximately 21.3% as compared to approximately HK\$81,020,000 for the first half of 2023. The increase in administrative expenses was mainly due to the increase in personnel needed to support business expansion.

Other Income

During the period under review, other income was approximately HK\$47,976,000, representing a significant increase of approximately 73.4% in comparison with approximately HK\$27,671,000 for the corresponding period in 2023, mainly due to the increase in interest income and government grant received.

Taxation

Taxation comprised current tax and movements in deferred tax assets and liabilities. Two of the Group's subsidiaries, Wai Chi Opto Technology (Shenzhen) Limited and Huizhou Wai Chi Electronics Company Limited ("**Huizhou Wai Chi**"), are qualified as a "High-Tech Enterprise" in the PRC and granted certain tax benefits, including a preferential enterprise income tax rate of 15% instead of the statutory rate of 25%. During the period under review, the Group's tax expenses amounted to approximately HK\$3,483,000 (six months ended 30 June 2023: approximately HK\$290,000), which was due to increase in taxable profits arising in PRC's subsidiaries.

Inventories

As at 30 June 2024, the Group's inventory was approximately HK\$330,539,000, increased by approximately 24.0% compared to approximately HK\$265,803,000 as at 31 December 2023. The increase in inventories is a result of the Group's change of tactic, as it strategically purchased more materials to offset an anticipated price increase.

Trade Receivables

As at 30 June 2024, the Group's net trade receivables amounted to approximately HK\$950,816,000 which increased mildly by approximately 7.9% as compared to approximately HK\$880,858,000 as at 31 December 2023. This was mainly attributable to some adjustments in payment terms made with the Group's clients.

Trade Payables

As at 30 June 2024, the Group's trade payables amounted to approximately HK\$468,032,000, which decreased by 13.3% as compared to approximately HK\$539,744,000 as at 31 December 2023, which was mainly attributable to some adjustments in payment terms made with the Group's suppliers.

OTHER DISCLOSURE

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2024.

GEARING RATIO

As at 30 June 2024, the gearing ratio of the Group, based on total borrowings (including bank and other borrowings, lease liabilities and corporate bond) to the equity (including all capital and reserves) of the Company was 48.3% (31 December 2023: 32.2%).

EMPLOYEES

As at 30 June 2024, the Group had 3,496 employees.

The Group recognised the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. In the six months ended 30 June 2024, the Group had not encountered any significant problems with its employees, and there had not been any dispute between the Group and its employees that might have caused any disruption to the Group's business or operation. The Group has had no difficulty in recruiting and retaining experienced staff. The remuneration of each employee of the Group is determined on the basis of his or her performance and responsibility. The Group provides training to employees.

FOREIGN CURRENCY EXPOSURE

The Group is exposed to foreign currency risk primarily through sales, purchases, bank balances and cash and bank borrowings that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars and Renminbi.

The Group is not engaged in the use of any financial instruments for hedging purposes. However, the management monitors foreign exchange exposure from time to time and will consider hedging significant foreign currency exposure when the need arises.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

CONTROLLING SHAREHOLDERS AND DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under the “Related Party Transactions and Balances” in note 22 to the Condensed Consolidated Interim Financial Information, no contract of significance in relation to the Group’s business to which the Company or any of its subsidiaries was a party and in which a Director or a controlling shareholder had a material interest, whether directly or indirectly, subsisted at the end of the six months ended 30 June 2024 or at any time during the period.

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 associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) were as follows:

Name of Director	Capacity/ nature of interest	Number of shares	Number of shares underlying unvested (Note 4)	Number of share options outstanding (Note 5)	Total Interests in shares and class of shares (Note 6)	Approximate percentage of the issued share capital of the Company (%)
Ms. Luk Fong (Note 1)	Beneficial owner	128,120,000	–	–	128,120,000 (L)	58.31%
Mr. Chen Chung Po (Note 2)	Beneficial owner	–	800,000	800,000	1,600,000 (L) (Note 7)	0.73%
Ms. Yiu Kwan Yu (Note 3)	Beneficial owner	–	200,000	400,000	600,000 (L) (Note 7)	0.27%
Ms. Yong Jian Hui	Beneficial owner	–	400,000	400,000	800,000 (L) (Note 7)	0.36%
Mr. Chen Wei Wu	Beneficial owner	–	200,000	200,000	400,000 (L) (Note 7)	0.18%

Notes:

1. Ms. Luk Fong holds 100% of the issued share capital of Rexell Technology Company Limited, which is the controlling shareholder holding approximately 58.31% of the issued share capital of the Company.
2. Mr. Chen Chung Po, as the spouse of Ms. Yiu Kwan Yu, is deemed to be interested in the shares of the Company held by Ms. Yiu Kwan Yu by virtue of the SFO. The total number of shares held by Mr. Chen Chung Po and Ms. Yiu Kwan Yu represents approximately 1% of the issued share capital of the Company.
3. Ms. Yiu Kwan Yu, as the spouse of Mr. Chen Chung Po, is deemed to be interested in the shares of the Company held by Mr. Chen Chung Po by virtue of the SFO. The total number of shares held by Mr. Chen Chung Po and Ms. Yiu Kwan Yu represents approximately 1% of the issued share capital of the Company.
4. The Share Award Scheme was adopted pursuant to a shareholders' resolution passed on 19 December 2022, whereby the Company granted a total of 1,600,000 shares to 4 Directors (namely, Mr. Chen Chung Po, Ms. Yiu Kwan Yu, Ms. Yong Jian Hui and Mr. Chen Wei Wu).
5. The Company adopted the share option scheme on 27 October 2014 (the "**2014 Share Option Scheme**"), under which the Directors may grant options to eligible persons to subscribe for the Company's shares. Under the 2014 Share Option Scheme, a total of 1,800,000 share options were granted to 4 Directors (namely, Mr. Chen Chung Po, Ms. Yiu Kwan Yu, Ms. Yong Jian Hui and Mr. Chen Wei Wu). The 4 Directors will be entitled to subscribe for 1,800,000 shares upon full exercise of all the share options in accordance with the relevant rules of the Share Option Scheme. The 2014 Share Option Scheme was terminated and new rules of the share option scheme (the "**Share Option Scheme**") were approved and adopted at the extraordinary general meeting held on 19 December 2022.
6. The letter "L" denotes the Directors' long position in the shares of the Company or the relevant associated corporation.
7. The total number of shares in which the 4 Directors (namely, Mr. Chen Chung Po, Ms. Yiu Kwan Yu, Ms. Yong Jian Hui and Mr. Chen Wei Wu) are interested consist of the shares granted to them under the Share Award Scheme and the shares that they will be entitled to subscribe for upon full exercise of the share options granted under the 2014 Share Option Scheme.

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

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, so far as the directors and chief executive officer of the Company were aware, the following persons and corporations (excluding the directors and chief executive officer of the Company) had interests or short positions in any of the shares or underlying shares of the Company which were required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the shares of the Company.

Name of Shareholder	Capacity/ nature of interest	Number of shares held	Approximate percentage of issued share capital
Rexell Technology Company Limited (Note 1)	Beneficial owner	128,120,000	58.31%
Ms. Luk Fong (Note 2)	Interest of a controlled corporation	128,120,000	58.31%

Notes:

1. Rexell Technology Company Limited directly holds 128,120,000 shares representing approximately 58.31% of the issued share capital of the Company.
2. Ms. Luk Fong is the legal and beneficial owner of all the issued shares of Rexell Technology Company Limited and is therefore deemed to be interested in all the shares of the Company held by Rexell Technology Company Limited under the SFO.

SHARE OPTION SCHEME

The Company adopted the share option scheme (the "**2014 Share Option Scheme**") on 27 October 2014, under which the Directors may grant options to eligible persons to subscribe for the Company's shares, subject to the terms and conditions stipulated therein. The 2014 Share Option Scheme was terminated and new rules of the share option scheme (the "**Share Option Scheme**") were approved and adopted at the extraordinary general meeting held on 19 December 2022 (the "**Effective Date**") and shall be valid and effective for a period commencing on the Effective Date and expiring at 5:00 p.m. on the business day ("**Business Day**") preceding the tenth anniversary of the Effective Date.

The purposes and objectives of the Share Option Scheme are to recognise and acknowledge the contributions of the eligible participants to the Group by granting Share Options to them as incentives or rewards thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. The eligible participants include any executive, employee, director (including non-executive director and independent non-executive director) of the Company or any of its subsidiaries.

As at 30 June 2024 a maximum of 18,692,500 shares (representing 8.5% of the issued shares thereby) were available for grant under the Share Option Scheme.

Particulars of the Company's share option scheme (the "Share Option Scheme") and details of movements in the share options under the Share Option Scheme during the six months ended 30 June 2024 are summarized as below:

Name/type of Participants	Number of option shares						Date of share option granted	Vesting period	Share option exercise period	Amount of ordinary shares to be obtained after option exercised (Note 1)	Exercise price per share
	Outstanding at 1 January 2024	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding at 30 June 2024					
Director – Mr. Chen Chung Po	800,000	-	-	-	-	800,000	28 June 2022	28 June 2022 to 27 June 2023	28 June 2023 to 27 June 2032	800,000	HK\$1.49 ^(Note 2)
Director – Ms. Yiu Kwan Yu	400,000	-	-	-	-	400,000	28 June 2022	28 June 2022 to 27 June 2023	28 June 2023 to 27 June 2032	400,000	HK\$1.49 ^(Note 2)
Director – Ms. Yong Jian Hui	400,000	-	-	-	-	400,000	28 June 2022	28 June 2022 to 27 June 2023	28 June 2023 to 27 June 2032	400,000	HK\$1.49 ^(Note 2)
Director – Mr. Chen Wei Wu	200,000	-	-	-	-	200,000	28 June 2022	28 June 2022 to 27 June 2023	28 June 2023 to 27 June 2032	200,000	HK\$1.49 ^(Note 2)
Other 24 grantees	2,710,000	-	-	-	-	2,710,000	28 June 2022	28 June 2022 to 27 June 2023	28 June 2023 to 27 June 2032	2,710,000	HK\$1.49 ^(Note 2)
Other 3 grantees	90,000	-	-	-	-	90,000	11 July 2023	11 July 2023 to 10 July 2024	11 July 2024 to 10 July 2033	90,000	HK\$1.49 ^(Note 3)
Total	4,600,000	-	-	-	-	4,600,000				4,600,000	

Notes:

1. Representing approximately 2.1% of the issued share capital of the Company as at 30 June 2024.
2. The basis of determining the exercise price of Share Options granted is at least the highest of: (i) the nominal value of the Shares; (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer, which shall be a Business Day; and (iii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of offer; or (where applicable) such price as from time to time adjusted pursuant to the Share Option Scheme. The Closing price of the Shares immediately before the grant date (28 June 2022) is HK\$1.49 per Share.

3. The closing price of the Shares immediately before the grant date (11 July 2023) is HK\$1.42 per share.
4. The estimated fair value of the Share Options granted on the grant date of approximately HK\$3,816,000 comprises a fair value of (i) approximately HK\$1,458,344 for the 1,800,000 Share Options granted to 4 Directors, and (ii) approximately HK\$2,357,656 for the 2,910,000 Share Options granted to the other 24 Grantees (being Employees of the Company), as calculated using the Black-Scholes pricing model. The relevant fair value of the Share Options granted to each Director is shown below:

	Amount of shares options granted	Fair Value of the Share Options granted (HK\$) (Approximately)
Mr. Chen Chung Po	800,000	648,153
Ms. Yiu Kwan Yu	400,000	324,076
Ms. Yong Jian Hui	400,000	324,076
Mr. Chen Wei Wu	200,000	162,039

5. The number of Share Options available for grant with respect to the scheme mandate under the 2014 Share Option Scheme at the beginning of the financial year 2022 was 20,000,000 Share Options.
6. Since the 2014 Share Option Scheme was terminated on 19 December 2022 (the “**termination**”), the number of Share Options available for grant with respect to the scheme mandate under the 2014 Share Option Scheme immediately before the termination was 15,290,000 Share Options.

SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Company on 19 December 2022 (the “**Adoption Date**”) and shall be valid and effective for a term of 10 years commencing from the Adoption Date. The purposes and objectives of the Share Award Scheme are to through the Shares awarded or provisionally awarded (the “**Award(s)**” or “**Award Share(s)**”) (a) recognise the contribution and/or future contributions of certain employees (the “**Selected Employees**”) to the growth and development of the Group and give incentives thereto in order to retain them for the continual operation and development of the Group; and (b) attract suitable personnel for further development of the Group.

The Selected Employees participating in the Share Award Scheme include any employee (including without limitation any director) of the Company or of any subsidiary (including any person who is granted Award(s) under the Share Award Scheme as an inducement to enter into employment contract with the Company or any subsidiary) whom the Board may, from time to time, at its absolute discretion select for participation in the Share Award Scheme.

During the period from the Adoption Date and as at 30 June 2024, 2,900,000 Awarded Shares had been granted under the Share Award Scheme. Subject to the terms and conditions of the Share Award Scheme and the requirements of the Listing Rules, the Board may, from time to time at their absolute discretion, select any Selected Employee to participate in the Share Award Scheme as a Selected Employee, determine the number of Awarded Shares to be awarded and inform in writing the trustee and the Selected Employee(s) of such number of Awarded Shares and the vesting period and conditions (if any) accordingly; and such Award Shares can be satisfied by (i) new Shares to be allotted and issued to the trustee upon its application for the same without exceeding the scheme limit specified in the Share Award Scheme; or (ii) Shares purchased by the trustee in the open market at its reasonable discretion and in good faith.

A detailed summary of the terms of the Share Award Scheme are set out in the Company's circular dated 1 December 2022.

Grantee	Date of grant	Number of Shares underlying the share awards granted	Vesting period
Mr. Chen Chung Po	9 February 2023	800,000	9 February 2023 to 8 February 2024
Ms. Yong Jian Hui	9 February 2023	400,000	9 February 2023 to 8 February 2024
Ms. Yiu Kwan Yu	23 December 2022	200,000	23 December 2022 to 22 December 2023
Mr. Chen Wei Wu	23 December 2022	200,000	23 December 2022 to 22 December 2023
Other 8 Selected Employees	23 December 2022	1,300,000	23 December 2022 to 22 December 2023
Total		2,900,000	

Details and movements of award shares that were granted under the Share Award Scheme are as follows:

1. The closing price of the shares immediately before the date on which the Awards Shares were granted (23 December 2022) is HK\$1.6 per Share.
2. The fair value of the Awards Shares is determined in accordance with HKFRS 2 by reference to the cost of purchase of the Awarded Shares, or the fair value at grant date. The estimated fair value of the Award Shares granted on the date of grant is approximately HK\$4,640,000, comprising an estimated fair value of (i) approximately HK\$2,560,000 for the grant to 4 Directors of 1,600,000 Awarded Shares, and (ii) approximately HK\$2,080,000 for the grant to the other 8 Selected Employees of the Company of 1,300,000 Awarded Shares, both grant of Awarded Shares being at the closing price of HK\$1.60 per Share on the date of grant as quoted on the Stock Exchange. The relevant fair value of the Awarded Shares granted to each Director is shown below:

	Amount of share awards granted	Fair Value of the Awarded Shares granted (HK\$) (approximately)
Mr. Chen Chung Po	800,000	1,280,000
Ms. Yong Jian Hui	400,000	640,000
Ms. Yiu Kwan Yu	200,000	320,000
Mr. Chen Wei Wu	200,000	320,000

3. As at 30 June 2024, the total number of Shares available for issue under the Share Option Scheme and the Share Award Scheme was 18,692,500 Shares which represents 8.5% of the issued Shares.
4. The number of options and awards available for grant under the scheme mandate at the beginning of the six months ended 30 June 2024 was a total of 18,692,500 Shares.
5. The number of options and awards available for grant under the scheme mandate at the end of the six months ended 30 June 2024 was a total of 18,692,500 Shares.

6. The number of Shares that may be issued in respect of the Share Options and the Awards granted under all the Share Schemes of the Company during the six months ended 30 June 2024 divided by the weighted average number of Shares in issue for the financial year ended 31 December 2023 was 8.5%.
7. The grant of Awarded Shares in the six months ended 30 June 2024 (the “**Period**”):

Director/ Employees	Date of Grant	Vesting Date	Purchase Price	Unvested					Unvested as at 30 June 2024
				1 January 2024	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	
Mr. Chen Chung Po (“ Mr. Chen ”) (being an executive Director and the chief executive officer)	9 February 2023	The first anniversary of the date of grant	N/A	-	-	800,000 (note)	-	-	-
Ms. Yong Jian Hui (“ Ms. Yong ”) (being an executive Director)	9 February 2023	The first anniversary of the date of grant	N/A	-	-	400,000 (note)	-	-	-

Note: As of 9 February 2024, a total of 1,200,000 shares were vested on to selected Directors. The weighted average closing price of these shares before the relevant vesting dates in 2024 is HK\$0.92.

CORPORATE GOVERNANCE PRACTICES

The Company and its management are committed to maintaining good corporate governance with an emphasis on the principles of transparency, accountability and independence to all shareholders. The Company believes that good corporate governance is essential for the continual growth and enhancement of shareholders' value. Throughout the period under review, the Company has applied the principles of and complied with the code provisions stipulated in the Corporate Governance Code (the "Code") as set out in Appendix C1 to the Listing Rules. The Company periodically reviews its corporate governance practices with reference to the latest development of corporate governance.

Section C.2.1 in Part 2 of the Code stipulates that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Former Chairman of the Company, Mr. Yiu Chi To, passed away on 28 January 2022, currently the role of the chairman of the Company is performed by Chief Executive Officer, Mr. Chen Chung Po. Besides the above, the Company has complied with all the other applicable code provisions of the Code.

All other information on the Code has been disclosed in the corporate governance report contained in the 2023 annual report of the Company issued in April 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct governing Director's securities transactions. All Directors have confirmed, pursuant to specific enquiry by the Company, that they had complied with the required standards set out in the Model Code throughout the period under review.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim financial report for the six months ended 30 June 2024. On 23 August 2024, the Audit Committee met with the management to review the unaudited interim financial statements with the attendance of the external auditor and to consider the significant accounting policies.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	5	1,166,073	857,538
Cost of sales		(1,033,818)	(744,798)
Gross profit		132,255	112,740
Other income	5	47,976	27,671
Selling and distribution expenses		(22,176)	(16,776)
Administrative expenses		(64,106)	(50,170)
Research and development expenses		(34,175)	(30,850)
Finance costs	7	(32,027)	(17,610)
Profit before tax		27,747	25,005
Income tax expense	8	(3,483)	(290)
Profit for the period	9	24,264	24,715
Profit for the period attributable to:			
– Owners of the Company		23,967	24,128
– Non-controlling interests		297	587
		24,264	24,715
Earnings per share	11		
Basic and diluted (HK cents)		10.90	10.98

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit for the period	24,264	24,715
Other comprehensive (expense) income that may be reclassified subsequently to profit or loss:		
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	(1,055)	1,325
Exchange differences arising on translation of financial statements of foreign operations	(406)	(19,547)
Total comprehensive income for the period	22,803	6,493
Total comprehensive income for the period attributable to:		
– Owners of the Company	22,503	6,493
– Non-controlling interests	300	–
	22,803	6,493

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	313,839	331,093
Right-of-use assets	13	81,333	27,435
Investment property		23,468	23,700
Financial assets at fair value through profit or loss ("FVTPL")	14	7,809	7,809
Financial asset at fair value through other comprehensive income ("FVTOCI")	15	16,264	17,319
Deferred taxation		11,907	11,927
		454,620	419,283
Current assets			
Inventories		330,539	265,803
Trade receivables	16	950,816	880,858
Bills receivables	16	126,004	110,769
Prepayments, deposits and other receivables		88,891	71,785
Amounts due from a related party		–	7,614
Income tax recoverables		2,657	1,694
Pledged bank deposits	17	470,223	283,709
Bank balances and cash	17	274,787	357,208
		2,243,917	1,979,440
Current liabilities			
Trade payables	18	468,032	539,744
Bills payables	18	837,211	637,557
Other payables and accruals	18	55,784	67,215
Contract liabilities		510	993
Bank and other borrowings	19	368,386	271,400
Income tax payables		12,604	5,372
Lease liabilities	13	1,044	4,165
		1,743,571	1,526,446

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Net current assets		500,346	452,994
Total assets less current liabilities		954,966	872,277
Non-current liabilities			
Deferred taxation		391	390
Government grants		506	508
Lease liabilities	13	61,188	3,175
		62,085	4,073
Net assets		892,881	868,204
Capital and reserves			
Share capital	21	2,197	2,197
Reserves		888,699	864,322
Equity attributable to owners of the Company		890,896	866,519
Non-controlling interests		1,985	1,685
Total equity		892,881	868,204

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Share compensation reserve HK\$'000	Shares held for the share award scheme HK\$'000	Statutory reserve HK\$'000 (Note a)	Translation reserve HK\$'000	Revaluation reserve HK\$'000	Merger reserve HK\$'000 (Note b)	Retained profits HK\$'000	Total HK\$'000	Non-Controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2024 (audited)	2,197	334,850	5,516	(12)	71,161	(56,073)	7,392	34,561	466,927	866,519	1,685	868,204
Profit for the period	-	-	-	-	-	-	-	-	23,967	23,967	297	24,264
Other comprehensive income for the period												
– Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(1,055)	-	-	(1,055)	-	(1,055)
– Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	(409)	-	-	-	(409)	3	(406)
Total comprehensive income for the period	-	-	-	-	-	(409)	(1,055)	-	23,967	22,503	300	22,803
Recognition of equity-settled share-based payments	-	-	1,874	-	-	-	-	-	-	1,874	-	1,874
Vested shares for share awards	-	1,728	(1,740)	12	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	2,081	-	-	-	(2,081)	-	-	-
At 30 June 2024 (unaudited)	2,197	336,578	5,650	-	73,242	(56,482)	6,337	34,561	488,813	890,896	1,985	892,881

	Attributable to owners of the Company									Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share based compensation reserve HK\$'000	Statutory reserve HK\$'000 (Note a)	Translation reserve HK\$'000	Revaluation reserve HK\$'000	Merger reserve HK\$'000 (Note b)	Retained profits HK\$'000	Total HK\$'000		
At 1 January 2023 (audited)	2,168	332,147	1,955	67,619	(48,980)	1,765	34,561	434,052	825,287	1,114	826,401
Profit for the period	-	-	-	-	-	-	-	24,128	24,128	587	24,715
Other comprehensive income for the period											
- Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	1,325	-	-	1,325	-	1,325
- Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(20,872)	-	-	-	(20,872)	(16)	(20,888)
Total comprehensive income for the period	-	-	-	-	(20,872)	1,325	-	24,128	4,581	571	5,512
Effect of share award scheme, grant of shares	29	(29)	-	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	1,908	-	1,908
Transfer	-	-	-	2,780	-	-	-	(2,780)	-	-	-
At 30 June 2023 (unaudited)	2,197	332,118	1,955	70,399	(69,852)	3,090	34,561	455,400	831,776	1,685	833,461

Notes:

- (a) As stipulated by regulations in the People's Republic of China (the "PRC"), the Company's subsidiaries established and operated in the PRC are required to appropriate 10% of their after-tax profit (after offsetting prior year losses) as determined in accordance with the applicable laws and regulations in the PRC, to statutory reserve until the reserve balance reaches 50% of the registered capital of the relevant subsidiaries. The transfer to this reserve must be made before distribution of a dividend to equity owners.
- (b) Merger reserve represented the difference between the nominal value of the issued capital of subsidiaries acquired pursuant to a group reorganisation over the consideration paid for acquiring these subsidiaries.

In 2013, as part of the pre-listing reorganisation, the Company issued 135 ordinary shares of HK\$1,000,000 each which, through its subsidiaries, were used to subscribe for new shares issued and allotted by Wai Chi Group (HK) Limited and became the holding company of the Group. The difference between the proceeds from the issuance of shares and the then share capital and capital reserve subscribed was recognised in the merger reserve.

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)
Operating activities		
Cash from (used in) operations	24,456	(44,484)
PRC Enterprise Income Tax paid	(269)	–
Net cash from (used in) operating activities	24,187	(44,484)
Investing activities		
Purchase of property, plant and equipment	(8,289)	(31,518)
Proceeds from disposal of property, plant and equipment	–	1,039
Other investing cash flows	(158,752)	13,360
Net cash used in investing activities	(167,041)	(17,119)
Financing activities		
Repayments of bank and other borrowings	(89,118)	(291,315)
Proceeds from bank and other borrowings	186,104	429,778
Other financing cash flows	(28,396)	(19,735)
Net cash from financing activities	68,590	118,728
Net decrease in cash and cash equivalents	(74,264)	(57,125)
Cash and cash equivalents at 1 January	357,208	257,912
Effect of foreign exchange rates changes	(8,157)	(5,602)
Cash and cash equivalents at 30 June, represented by bank balances and cash	274,787	195,185

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. GENERAL

Wai Chi Holdings Company Limited (the “**Company**”) is a company incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 16 August 2013 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 November 2014. In the opinion of the directors of the Company, Rexell Technology Company Limited, a company incorporated in the British Virgin Islands, is considered as the parent and ultimate parent company of the Company. Its ultimate controlling party is Ms. Luk Fong.

The address of the registered office of the Company is Offshore Incorporations (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the address of the principal place of business of the Company is 6th Floor, Liven House, 63 King Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are manufacturing and trading of Light-Emitting Diode (“**LED**”) backlight and LED lighting products and trading of high-tech electronic components and products.

The functional currency of the Company and the subsidiaries incorporated in Hong Kong are Hong Kong dollars (“**HK\$**”) while that of the subsidiaries established in the PRC are Renminbi (“**RMB**”). For the purpose of presenting the condensed consolidated interim financial information, the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) adopted HK\$ as its presentation currency.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information of the Group for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 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 of Hong Kong Limited (the “**Listing Rules**”).

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023 except as described below.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2024:

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) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

4. FAIR VALUE MEASUREMENT

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

4. FAIR VALUE MEASUREMENT (continued)

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 30 June 2024 and 31 December 2023:

	As at 30 June 2024			
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Financial assets at FVTPL				
– Investment in a life insurance policy	–	7,809	–	7,809
Financial asset at FVTOCI				
– Unlisted equity investment	–	–	16,264	16,264

	As at 31 December 2023			
	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	Total HK\$'000 (Audited)
Financial assets at FVTPL				
– Investment in a life insurance policy	–	7,809	–	7,809
Financial asset at FVTOCI				
– Unlisted equity investment	–	–	17,319	17,319

During the six months ended 30 June 2024, there were no transfers between levels of fair value hierarchy.

5. REVENUE AND OTHER INCOME

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
<i>Disaggregated by major products</i>		
Sales of goods		
– LED backlight	899,515	698,617
– LED lighting	49,115	51,190
– Semiconductor memory chips	217,443	107,731
	1,166,073	857,538
<i>Disaggregation of revenue by timing of recognition</i>		
Timing of revenue recognition		
– At a point in time	1,166,073	857,538
Other income		
Bank interest income	27,762	13,251
Exchange gains, net	1,938	9,040
Government grants (note)	15,835	3,097
Sales of scrapped materials	241	81
Sundry income	2,200	2,202
	47,976	27,671

Note: Included in the amount, there are government grants immediately recognised as other income during the six months ended 30 June 2024 of approximately HK\$7,902,000 (six months ended 30 June 2023: approximately HK\$3,097,000) which were received from the PRC government in respect of certain research projects, salaries subsidies and company business development, and approximately HK\$7,933,000 (six months ended 30 June 2023: HK\$nil) which were received from PRC government in respect of the extra deduction from the value-added tax (“VAT”), the relevant granting criteria of which have been fulfilled.

6. SEGMENT INFORMATION

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker (the “CODM”) for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. In addition, for both LED backlight and LED lighting operations and trading of high-tech electronic components and products, the information reported to the CODM is further categorised into different types of products and application of products. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments under HKFRS 8 are as follows:

1. LED backlight – Manufacture and trading of LED backlight products in different sizes and applications
2. LED lighting – Manufacture and trading of LED lighting products for public and commercial use
3. Semiconductor memory chips – trading of high-tech electronic components and products

Segment revenues and results

The following is an analysis of the Group’s revenue and results by reportable and operating segments.

For the six months ended 30 June 2024

	LED backlight HK\$'000 (Unaudited)	LED lighting HK\$'000 (Unaudited)	Semiconductor memory chips HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
REVENUE				
External sales	899,515	49,115	217,443	1,166,073
Segment profit	52,176	2,834	12,555	67,565
Unallocated income				444
Unallocated expenses				(8,235)
Unallocated finance costs				(32,027)
Profit before tax				27,747

6. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the six months ended 30 June 2023

	LED backlight HK\$'000 (Unaudited)	LED lighting HK\$'000 (Unaudited)	Semiconductor memory chips HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
REVENUE				
External sales	698,617	51,190	107,731	857,538
Segment profit	37,064	2,166	6,888	46,118
Unallocated income				–
Unallocated expenses				(3,503)
Unallocated finance costs				(17,610)
Profit before tax				25,005

Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' emoluments, bank interest income, net foreign exchange gains (losses), sundry income and certain unallocated finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following table presents assets and liabilities of the Group's operating segments as at 30 June 2024 and 31 December 2023:

Segment assets

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
LED backlight	1,364,119	1,204,504
LED lighting	245,660	238,423
Semiconductor memory chips	199,095	134,945
Total segment assets	1,808,874	1,577,872
Unallocated assets	889,663	820,851
Consolidated total assets	2,698,537	2,398,723

Segment liabilities

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
LED backlight	1,058,355	1,037,850
LED lighting	293,961	175,897
Semiconductor memory chips	63,896	58,039
Total segment liabilities	1,416,212	1,271,786
Unallocated liabilities	389,444	258,733
Consolidated total liabilities	1,805,656	1,530,519

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than deferred tax assets, financial assets at FVTPL and FVTOCI, pledged bank deposits, income tax recoverables, bank balances and cash, investment property and certain unallocated other receivables. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- all liabilities are allocated to operating segments other than income tax payables, bank and other borrowings, deferred tax liabilities, certain unallocated lease liabilities and certain unallocated other payable, accruals. Liabilities for which reportable segments are jointly liable are allocated on the basis of the revenues earned by individual reportable segments.

6. SEGMENT INFORMATION (continued)

Other segment information

For the six months ended 30 June 2024

	LED backlight HK\$'000 (Unaudited)	LED lighting HK\$'000 (Unaudited)	Semiconductor memory chips HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets [#]	63,987	3,291	35	-	67,313
Depreciation of property, plant and equipment	21,415	4,379	17	514	26,325
Depreciation of right-of-use assets	3,051	2,055	-	597	5,703
Loss on disposal of property, plant and equipment	3,473	-	-	-	3,473
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:					
Bank interest income	-	-	-	27,762	27,762
Finance costs	203	-	-	31,824	32,027

[#] Non-current assets excluded deferred tax assets and financial assets at FVTOCI and FVTPL.

6. SEGMENT INFORMATION (continued)

Other segment information (continued)

For the six months ended 30 June 2023

	LED backlight HK\$'000 (Unaudited)	LED lighting HK\$'000 (Unaudited)	Semiconductor memory chips HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets [#]	9,013	-	-	703	9,716
Depreciation of property, plant and equipment	21,299	2,840	47	338	24,524
Depreciation of right-of-use assets	2,184	515	-	476	3,175
Loss on disposal of property, plant and equipment	292	67	-	-	359
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:					
Bank interest income	-	-	-	13,251	13,251
Finance costs	303	53	-	17,254	17,610

[#] Non-current assets excluded deferred tax assets and financial assets at FVTOCI and FVTPL.

6. SEGMENT INFORMATION (continued)

Revenue from major products

Analysis by type of products

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
LED backlight		
– Small dimension	92,189	97,232
– Medium dimension	769,242	579,296
– Large dimension	38,084	22,089
Sub-total	899,515	698,617
LED lighting		
– Indoor lighting	48,556	50,795
– Outdoor lighting	559	395
Sub-total	49,115	51,190
Semiconductor memory chips	217,443	107,731
Total	1,166,073	857,538

6. SEGMENT INFORMATION (continued)

Revenue from major products (continued)

Analysis by application of products

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
LED backlight		
– Automobile displays	823,079	603,347
– Equipment displays	64,815	82,951
– Televisions	11,621	12,319
Sub-total	899,515	698,617
LED lighting		
– Commercial lighting	35,838	50,795
– Public lighting	13,277	395
Sub-total	49,115	51,190
Semiconductor memory chips	217,443	107,731
Total	1,166,073	857,538

6. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are located in Hong Kong and the PRC. The Group's customers are mainly located in Hong Kong and the PRC.

An analysis of the Group's revenue from external customers is presented based on the location of customers as below:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
The PRC	883,437	659,586
Hong Kong	27,370	21,526
Taiwan	216,516	123,722
Others	38,750	52,704
	1,166,073	857,538

The Group's information about its non-current assets is presented based on geographical location of the assets as below:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
	The PRC	333,637
Hong Kong	85,003	100,481
	418,640	382,228

Non-current assets excluded deferred tax assets and financial assets at FVTOCI and FVTPL.

6. SEGMENT INFORMATION (continued)

Information about major customers

Details of the customers accounting for 10% or more of aggregate revenue of the Group are as follows:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Customer A ¹	340,452	273,868
Customer B ²	N/A³	84,560

¹ Revenue from LED backlight.

² Revenue from semiconductor memory chips.

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. FINANCE COSTS

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on:		
– Bank and other borrowings	31,824	17,169
– Corporate bond	–	79
– Lease liabilities	203	362
	32,027	17,610

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
PRC Enterprise Income Tax		
– Current period	3,483	290
Total income tax expense for the period	3,483	290

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2024 and 2023.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC companies is 25% for the six months ended 30 June 2024 and 2023.

Pursuant to the relevant laws and regulations in the PRC, the Group’s subsidiaries, Wai Chi Opto Technology (Shenzhen) Limited* (偉志光電(深圳)有限公司) and Huizhou Wai Chi Electronics Company Limited* (惠州偉志電子有限公司), were accredited as high-tech enterprises which will be expired in 2024 and 2026 respectively. They are entitled to the preferential tax rate of 15% for the six months ended 30 June 2024 and 2023.

* The English name is for identification purpose only

9. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Salaries and allowances (excluding directors' emoluments)	149,490	111,493
Retirement benefit scheme contributions (excluding directors)	21,369	18,727
Total staff costs	170,859	130,220
Cost of inventories recognised as expenses (included in cost of sales)	1,033,818	744,798
Net foreign exchange gains	(1,938)	(9,040)
Depreciation of property, plant and equipment	26,325	24,524
Depreciation of right-of-use assets	5,703	3,175
Loss on disposal of property, plant and equipment, net	3,473	359

10. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2024, nor has any dividend been proposed since the end of the interim period (six months ended 30 June 2023: nil).

11. EARNINGS PER SHARE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic and diluted earnings per share	23,967	24,128
Number of ordinary shares for the purpose of basic and diluted earnings per share	219,725,000	219,725,000
Basic and diluted earnings per share (HK cents per share)	10.90	10.98

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2024 and 2023.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment with a cost of approximately HK\$8,289,000 (six months ended 30 June 2023: approximately HK\$31,518,000) for the expansion of production facilities. Items of property, plant and equipment with an aggregate carrying amount of approximately HK\$11,028,000 were disposed of and written-off during the six months ended 30 June 2024 (six months ended 30 June 2023: approximately HK\$2,511,000), resulting in a net loss on disposal and written-off of approximately HK\$3,473,000 (six months ended 30 June 2023: net loss on disposal of approximately HK\$360,000).

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Land	16,980	16,980
Buildings	58,921	5,023
Plant and machinery	5,432	5,432
	81,333	27,435

As at 30 June 2024, right-of-use assets of approximately HK\$16,980,000 (31 December 2023: approximately HK\$16,980,000) represents land use rights located in the PRC.

The Group has lease arrangements for factory premises and offices and plant and machinery. The lease terms are generally ranged from 2 to 8 years (31 December 2023: 2 to 6 years).

Extension options are included in the lease of buildings. Certain periods covered by extension options were included in these lease terms as the Group was reasonably certain to exercise the option.

Additions to the right-of-use assets for the six months ended 30 June 2024 amounted to approximately HK\$59,024,000 (six months ended 30 June 2023: HK\$2,256,000), due to new leases of buildings.

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**(ii) Lease liabilities**

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Non-current	61,188	3,175
Current	1,044	4,165
	62,232	7,340
Amounts payable under lease liabilities		
Within one year	1,044	4,165
After one year but within two years	5,014	3,175
After two years but within five years	21,033	–
Over five years	35,141	–
	62,232	7,340
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,044)	(4,165)
Amount due for settlement after 12 months	61,188	3,175

During the six months ended 30 June 2024, the Group entered into a number of new lease agreements in respect of renting buildings and recognised lease liabilities of approximately HK\$59,024,000 (six months ended 30 June 2023: HK\$2,256,000).

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(iii) Amounts recognised in profit or loss

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of right-of-use assets		
– Land	435	435
– Buildings	4,271	1,743
– Plant and machinery	997	997
Interest expense on lease liabilities	203	362

14. FINANCIAL ASSETS AT FVTPL

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Investments in a life insurance policy	7,809	7,809

In September 2021, the Group's subsidiary, Wai Chi Opto Technology Limited (“**Wai Chi Opto**”), entered into a life insurance policy with an insurance company to insure Mr. Chen Chung Po, a director of the Company. Under the policy, the beneficiary and the policy holder is Wai Chi Opto and the total insured sum is approximately US\$1,750,000 (equivalent to approximately HK\$13,650,000). The Company was required to pay an one-off premium payment of approximately US\$602,000 (equivalent to approximately HK\$4,696,000). The Company can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal (“**Cash Value**”), which is determined by the premium payment plus accumulated interest earned minus the accumulated insurance charges and a specified amount of surrender charge if the withdrawal is made before the specified policy year.

14. FINANCIAL ASSETS AT FVTPL (continued)

In February 2020, Wai Chi Opto, entered into a life insurance policy with an insurance company to insure Ms. Yiu Kwan Yu, a director of the Company. Under the policy, the beneficiary and the policy holder was Wai Chi Opto and the total insured sum was approximately US\$3,492,000 (equivalent to approximately HK\$27,238,000). The Group was required to pay an one-off premium payment of approximately US\$600,000 (equivalent to approximately HK\$4,680,000). The Group can terminate the policy at any time and receive cash back based on the Cash Value, which is determined by the premium payment plus accumulated interest earned minus the accumulated insurance charges and a specified amount of surrender charge if the withdrawal is made before the specified policy year.

15. FINANCIAL ASSET AT FVTOCI

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Unlisted equity investment	16,264	17,319

The unlisted equity investment is issued by a private entity incorporated in Taiwan.

The investment in equity instrument is not held for trading. Instead, it is held for medium to long-term strategic purposes. Accordingly, the directors of the Company elected to designate the investment in equity instrument as at FVTOCI as they believe that recognising short-term fluctuations in this investment's fair value in profit or loss would not be consistent with the Group's strategy of holding this investment for long-term purposes and realising their performance potential in the long run.

16. TRADE AND BILLS RECEIVABLES

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Receivables at amortised cost comprise:		
Trade receivables	956,403	890,181
Less: allowance for impairment of trade receivable	(5,587)	(9,323)
	950,816	880,858
Bills receivables	126,004	110,769
Total trade and bill receivables	1,076,820	991,627

As at 30 June 2024, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK\$956,403,000 (31 December 2023: approximately HK\$890,181,000).

The Group allows an average credit period of 15 to 180 days (31 December 2023: 15 to 180 days) to its trade customers.

16. TRADE AND BILLS RECEIVABLES (continued)

The following is an aged analysis of trade receivables (net of allowance for impairment of trade receivables) presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
0 to 90 days	825,621	810,416
91 to 180 days	63,884	18,825
181 to 365 days	58,505	51,617
Over 1 year	2,806	–
	950,816	880,858

All the bills payables are aged within 365 days.

17. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits

The pledged bank deposits are pledged to banks to secure banking facilities granted to the Group. Deposits amounting to approximately HK\$470,223,000 as at 30 June 2024 (31 December 2023: approximately HK\$283,709,000) have been pledged to secure bank borrowings and bills payables due within one year and are therefore classified as current assets.

The pledged bank deposits carry interest rates ranging from 2.0% to 3.3% (31 December 2023: 2.0% to 3.3%) per annum as at 30 June 2024.

Bank balances and cash

The bank balances and cash comprised cash held by the Group and short-term bank deposits with an original maturity of three months or less. The bank balances as at 30 June 2024 carry interest at the prevailing market rate ranging from 0.2% to 0.44% (31 December 2023: 0.2% to 0.44%) per annum.

18. TRADE, BILLS AND OTHER PAYABLES AND ACCRUALS

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade payables (note)	468,032	539,744
Bills payables (note)	837,211	637,557
	1,305,243	1,177,301
Other payables	29,800	36,087
Accrued expenses	25,984	31,128
	55,784	67,215
	1,361,027	1,244,516

Note: The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting period as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
0 to 90 days	342,885	450,958
91 to 180 days	103,610	71,885
181 to 365 days	8,755	7,991
Over 365 days	12,782	8,910
	468,032	539,744

The average credit period on purchase of goods is from 30 days to 90 days. The Group has financial risk management policies or plans for its payables with respect to the credit timeframe.

All the bills receivables are aged within 180 days.

19. BANK AND OTHER BORROWINGS

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Secured:		
– Trust receipts loans	138,049	106,362
– Other bank loans	208,276	21,792
– Other loans	459	993
	346,784	129,147
Unsecured:		
– Other bank loans	21,602	142,253
	368,386	271,400

20. SHARE-BASED PAYMENT

The Company's share option scheme (the "2022 Scheme") was adopted pursuant to a Shareholders' resolution passed on 19 December 2022. On 11 July 2023, 90,000 share options were granted by the Company to three eligible employees of the Group under 2022 Scheme. The exercise price of the options granted was HK\$1.49 per share, with a 10-year validity period from 11 July 2023, and the exercise period will be commenced on the date immediately following the expiry of twelve months from the grant date (i.e. 11 July 2023) up to and inclusive of 10 July 2024. The details were set out in the Company's announcement dated 11 July 2023.

20. SHARE-BASED PAYMENT (continued)

On 23 December 2022, the Board resolved to award conditionally an aggregate of 2,900,000 new shares of the Company (the “2022 Shares Awards”) to twelve grantees. For 1,700,000 awarded shares (“Lot 1”) granted to certain directors and employees of the Group, the vesting date is the first anniversary date of the date of grant. For the remaining 1,200,000 awarded shares (“Lot 2”), the vesting date is the first anniversary date of the date on which the independent shareholders’ approval at the extraordinary general meeting of the Company was obtained. The Company had allotted 2,900,000 shares to the share pool maintained by the trustee under the Share Award scheme at HK\$nil consideration. For Lot 1, the awarded shares granted had been vested in twelve months after the grant date (i.e. 23 December 2022). The awarded shares granted had been vested in twelve months after the date of the independent shareholders’ approval at the extraordinary general meeting of the Company held on 9 February 2023. Details were set out in the announcement of the Company dated 23 December 2022 and the Company’s circular dated 17 January 2023.

For six months ended 30 June 2024, the Group has recognised share-based payment expenses of HK\$1,874,000 in the condensed consolidated statement of profit or loss and other comprehensive income.

21. SHARE CAPITAL

The share capital of the Company as at 30 June 2024 and 31 December 2023 is as follows:

	Number of shares		Share capital	
	30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Ordinary shares of HK\$0.01 each Authorised At the beginning and end of the period/year	1,000,000,000	1,000,000,000	10,000	10,000
Issued and fully paid At the beginning and end of the period/year	219,725,000	216,825,000	2,197	2,168
Share allotted	-	2,900,000	-	29
At the end of the period/year	219,725,000	219,725,000	2,197	2,197

22. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances detailed elsewhere in the condensed consolidated interim financial information, the Group has entered into the following significant transactions with related parties during the period.

(a) Compensation of key management personnel

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Salaries and other allowances	2,139	1,879
Retirement benefit scheme contributions	65	275
	2,204	2,154