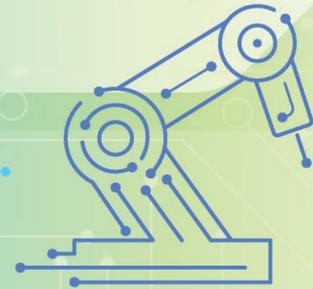
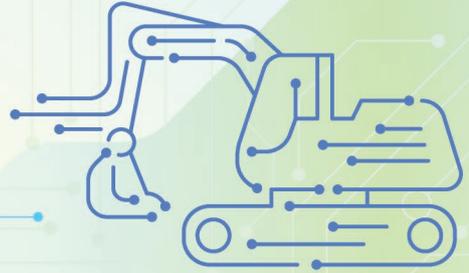




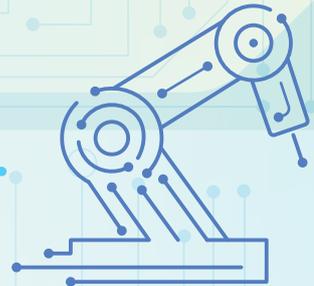
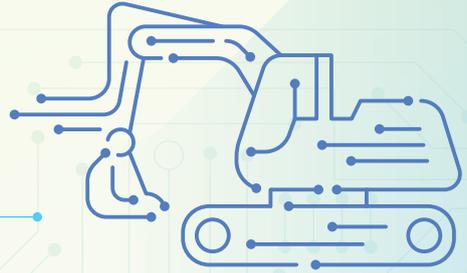
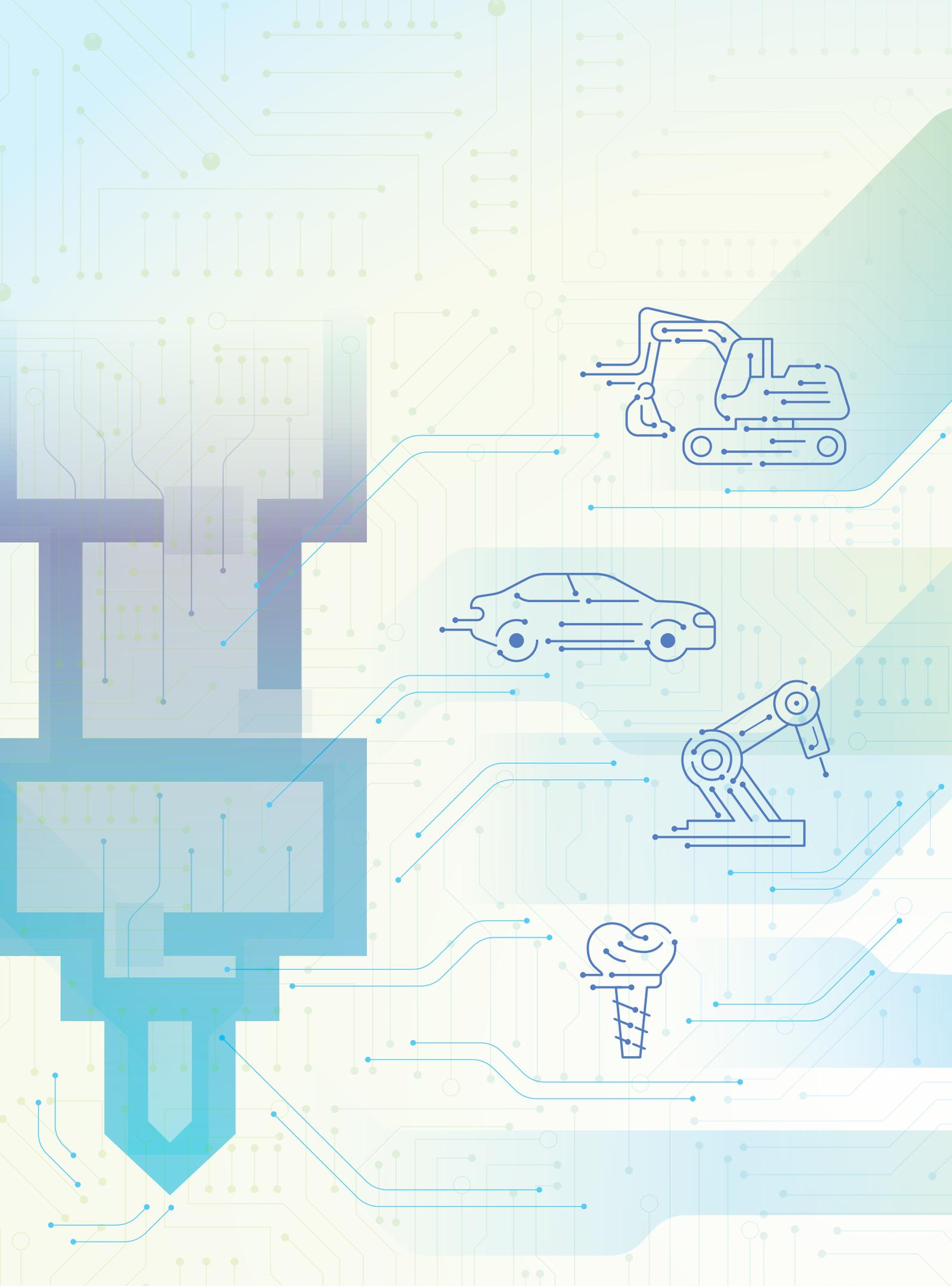
國際精密集團

IPE Group Limited

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



Interim Report **2023**



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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 Kuanguo

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

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

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 Xinhao was accredited with High and New-Technology Enterprise
Changshu Keyu Greystone and Dongguan Koda were accredited IATF 16949 certification — automotive certification

2017

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

Before
2015

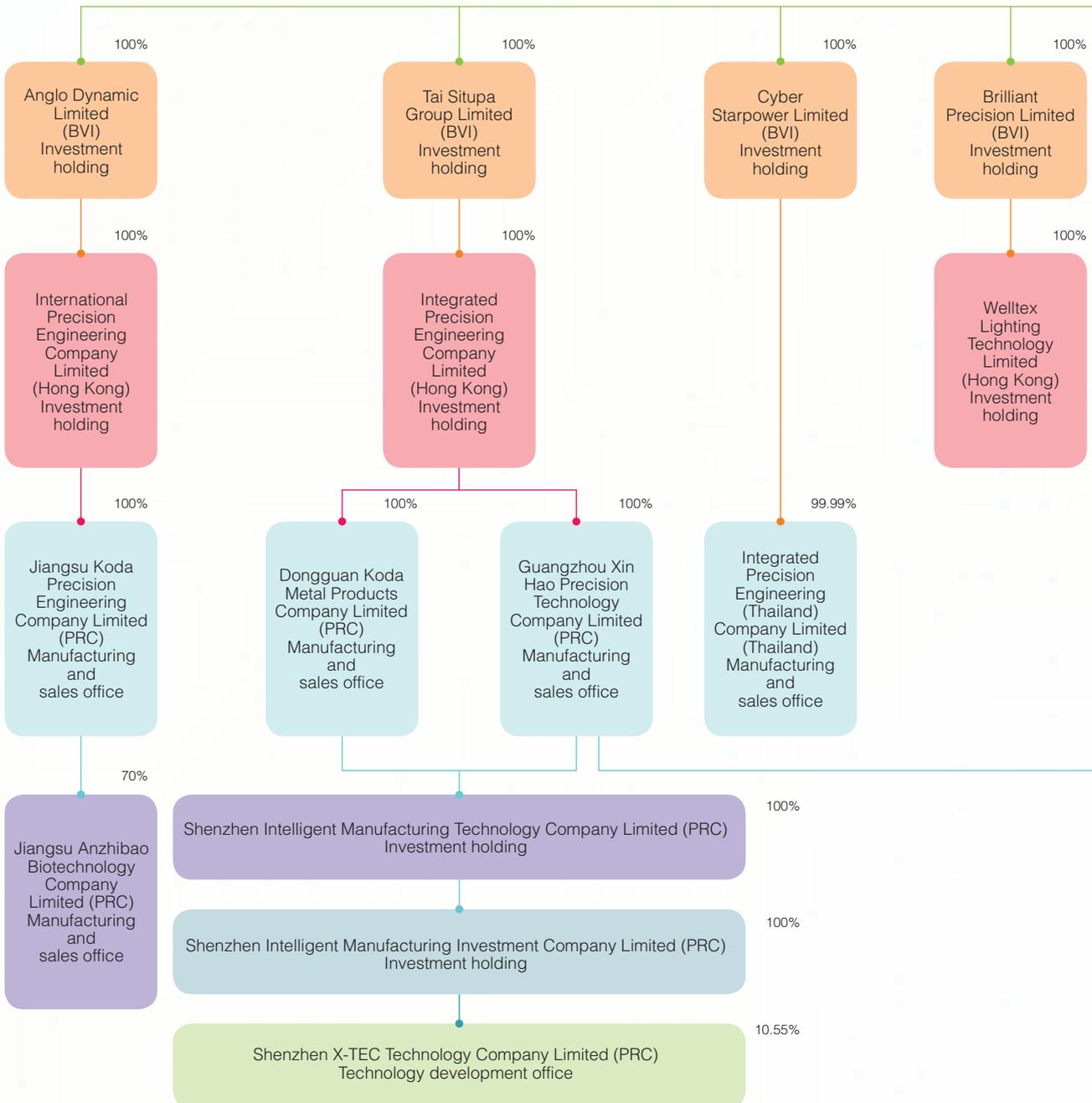
Success developed own brandname robots in 2015
Jiangsu Koda completed construction of Phase 1 of the development of our Changshu site which provided 40,000 m² of production area in 2014
Established Jiangsu Koda in Jiangsu Province, The PRC, purchased 166,631 m² of land in Changshu in 2011
Listed on the 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 2023

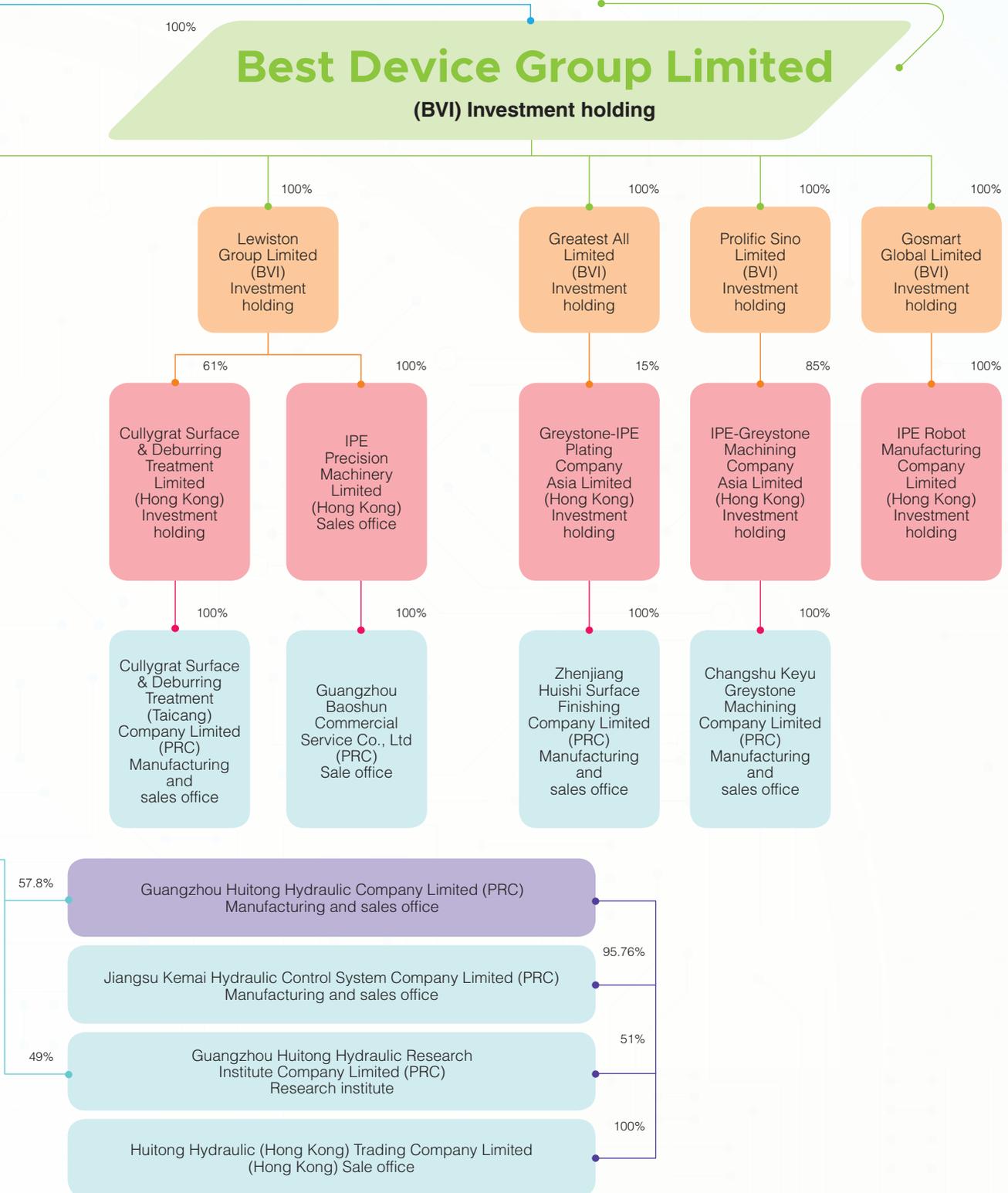
IPE GROUP LIMITED

(the Cayman Islands) Investment holding



CORPORATE STRUCTURE

Principal subsidiaries and associate of the Company as at 30 June 2023



FINANCIAL HIGHLIGHTS

RATIO ANALYSIS

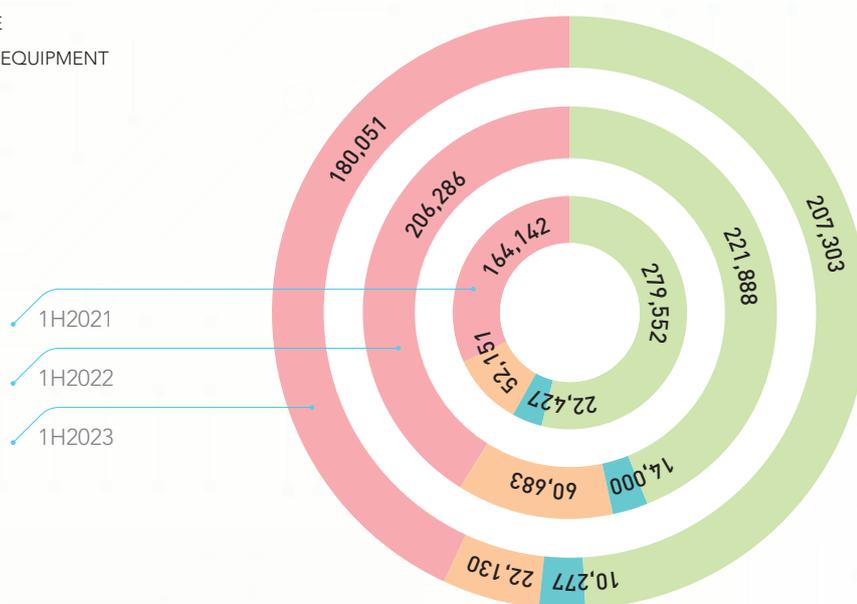
	Year ended 31 December				
	30 June 2023	2022	2021	2020	2019
KEY STATISTICS:					
Current ratio	7.71	5.87	4.21	6.42	7.93
Net cash to equity ratio	0.28	0.28	0.34	0.38	0.34
Gearing ratio [#]	9.4%	10.2%	7.3%	10.9%	15.1%
Dividend payout ratio	N/A	N/A	N/A	N/A	13.1%
Gross profit margin	23.0%	28.5%	25.9%	23.0%	22.3%
EBITDA margin	13.2%	14.4%	20.8%	16.9%	19.7%
Net profit margin	2.0%	2.9%	8.8%	4.0%	5.1%
Average days of debtor turnover	120 days	115 days	97 days	115 days	110 days
Average days of inventory turnover	177 days	170 days	128 days	138 days	153 days
PER SHARE DATA:					
Net asset value per share (HK\$)	1.77	1.82	1.96	1.79	1.63
Dividend per share	Nil	Nil	Nil	Nil	HK0.50 cents
Earnings per share – basic	HK(0.1) cents	HK0.83 cents	HK7.7 cents	HK2.6 cents	HK3.83 cents
Earnings per share – diluted	HK(0.1) cents	HK0.83 cents	HK7.7 cents	HK2.6 cents	HK3.83 cents

* The gearing ratio is calculated as interest bearing loan divided by equity.

BUSINESS SEGMENTS

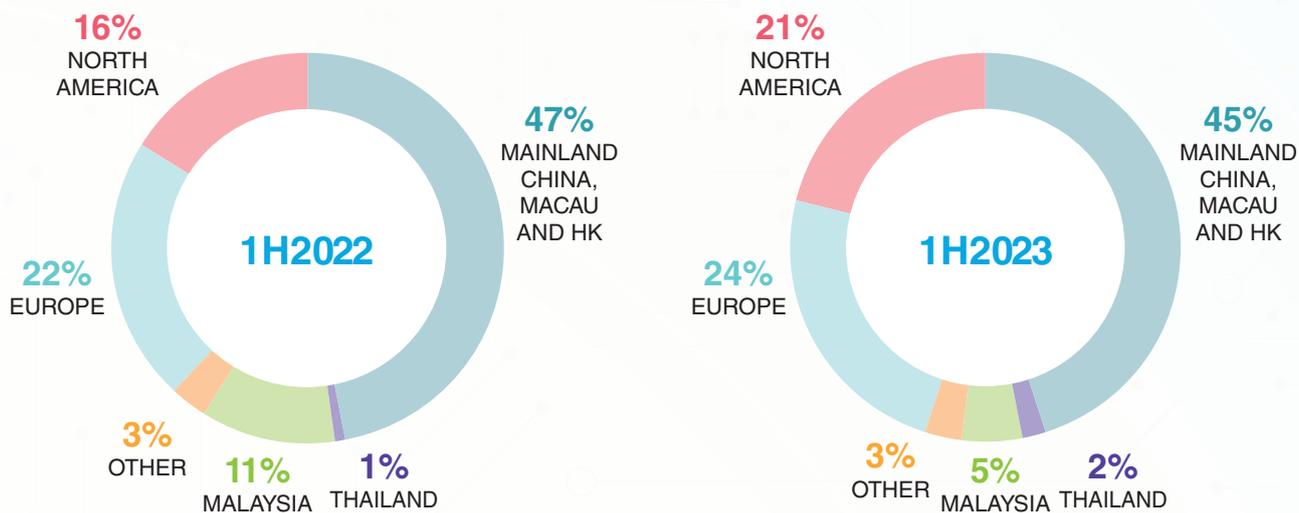
HK\$'000

- AUTOMOTIVE
- ELECTRONIC EQUIPMENT
- OTHERS
- HYDRAULIC

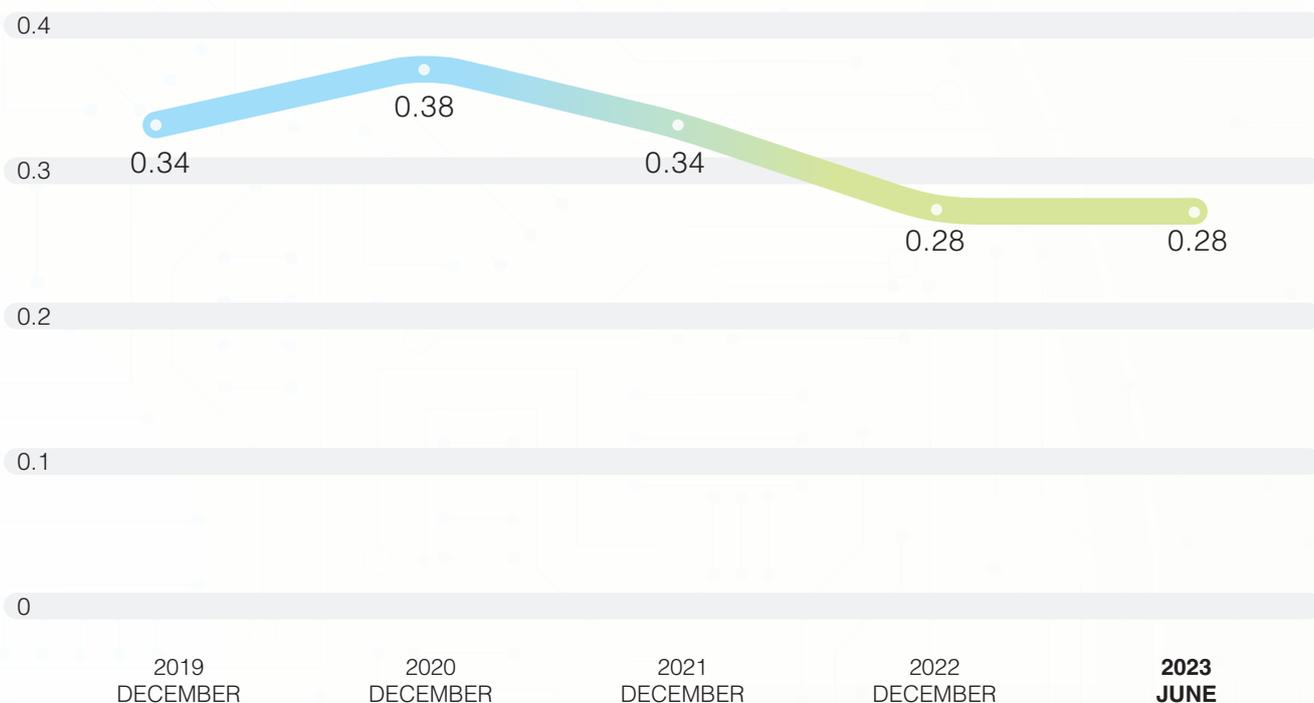


FINANCIAL HIGHLIGHTS

GEOGRAPHICAL COMBINATION

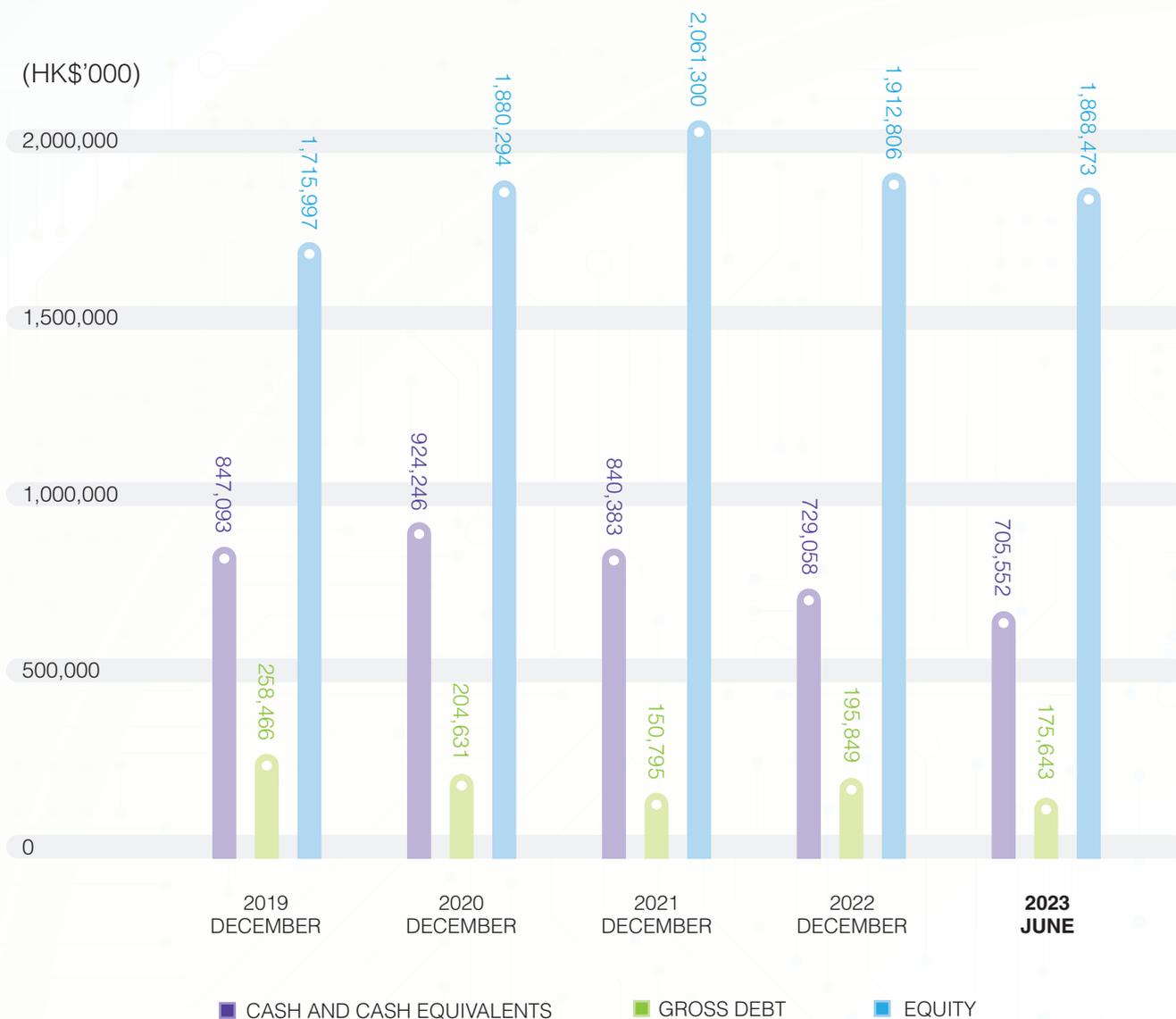


NET CASH TO EQUITY RATIO



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 2023.

BUSINESS REVIEW

As the Solid State Disk (hereinafter referred to as "SSD") occupied the market of computer hard disk, the Company witnessed a cliff-diving drop in its orders of traditional Hard Disk Drive (HDD). As a result, in the first half of the year, the Company's revenue from the electronic equipment components business recorded a decrease of HK\$38,553,000 or 63.5% from HK\$60,683,000 for the corresponding period last year. The dramatic fall in the sales revenue from electronic equipment components has posed negative impact on the Company's sales revenue for the first half of the year.

Meanwhile, since the Chinese government has vigorously supported the development of new energy automobiles by introducing policies to encourage the consumers to purchase new energy automobiles, the sales of new energy automobiles have shown a strong growth momentum, causing a blow on the development of traditional automobile industry. As an upstream supplier of traditional automobiles, the Company is experiencing gradual drop in the sales orders of automotive components due the fact that the sales of automotive components were directly impacted by declined demand from the customers.

For hydraulic components business, the sales of hydraulic components were not promising since the number of orders from major customers has not picked up as a result of the not yet fully recovered construction machinery industry. In response to the depression in the construction machinery industry, the Company has proactively implemented strategic transformation, explored new customers and expanded new application market, in order to minimize the impact caused by industry fluctuation. The following table shows the sales and comparative data of each of the Group's businesses for the first half of 2023:

	1H 2023		1H 2022		Change %
	HK\$'000	%	HK\$'000	%	
Automotive components	207,303	49.4	221,888	44.1	-6.6
Hydraulic equipment components	180,051	42.9	206,286	41.0	-12.7
Electronic equipment components	22,130	5.3	60,683	12.1	-63.5
Others	10,277	2.4	14,000	2.8	-26.6
Total	419,761	100	502,857	100	-16.5

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (Continued)

In the first half of 2023, customers were more inclined to adopt a wait-and-see attitude against the pessimistic market environment. The market condition in the automotive and construction machinery industries was even worse than that of the previous year. In light of the economic recession and other factors, the Company has taken active measures to constantly improve production capacity, continuously carry out automation projects, keep refining projects, promote cost reduction, quality improvement and efficiency improvement, as well as multi-directionally expanding new business and exploring new customer. To this end, on one hand, the Company has accelerated strategic transformation, increased its publicity by attending activities such as trade fair, broadened potential customer base and explored new markets at home and abroad, while building close cooperative relationship with colleges to tackle with existing technical difficulties. On the other hand, the Company has tightly controlled product quality by comprehensively implementing lean production management and automation transformation.

The Company analyzed possibilities of cost reduction in many ways and conducted strict quality control; and independently mastered core processing technologies while constantly optimizing technological process of production to improve product quality and production efficiency. In terms of raw materials control and management, the prices for materials, such as imported base metal of iron materials, stainless iron of Europe base metal and stainless iron of Japan and South Korea base metal, were all cut down. Meanwhile, the Company has basically completed negotiation with its major suppliers to adopt stepped rebate model in cutting price. Through all these efforts, the Company strives to maintain its competitiveness and advantages by reducing costs and improving efficiency amid depressed market sentiment.

FINANCIAL REVIEW

For the six months ended 30 June 2023, the Group recorded sales of HK\$419,761,000, representing a decrease of 16.5% as compared to HK\$502,857,000 for the corresponding period last year. Apart from the severe decline in the sales of electronic equipment components, other businesses also suffered a setback to varying extents affected by various factors including economic weakness. Gross profit for the first half of 2023 was HK\$96,418,000, representing a decrease of HK\$39,338,000 as compared to the corresponding period last year, and the gross profit margin was 23.0%, representing a decrease of 4.0% as compared to the corresponding period last year.

Other income amounted to HK\$37,683,000 for the first half of the year, representing an increase of approximately HK\$13,103,000 as compared to the corresponding period last year, which was mainly attributable to the facts that the Company has successfully received the premium income of HK\$7,798,000 after filing a claim against the insurance company in respect of the fire in a warehouse in the United States last year, recorded exchange gains of HK\$3,456,000 (HK\$9,836,000 for the corresponding period last year), made a profit of approximately HK\$4,269,000 from the disposal of fixed assets (there was no such gain for the corresponding period last year) and received government subsidies of approximately HK\$6,204,000 (HK\$3,744,000 for the corresponding period last year).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Selling and distribution expenses for the first half of the year amounted to HK\$11,945,000, approximate to HK\$12,014,000 for the corresponding period last year. Apart from transportation fees and customs clearance fees arose in the process of sales, the promotion and publicity expenses generated by the Company from seizing opportunities to attend various trade fairs, running promotions and engaging with additional new customers after the Chinese government lifted pandemic prevention and control measures at the beginning of this year, were also included in selling and distribution expenses.

For the past few years, the Company has always been attaching great importance to cutting fees and expenses, improving efficiency and intensifying expense control in order to boost its profits. Impacted by economic downturn, administrative expenses and other expenses amounted to HK\$77,798,000 for the first half of the year, representing a decrease of HK\$17,006,000 or 17.9% as compared to the corresponding period last year, with main changes seen in the following aspects: salaries and allowances amounted to HK\$21,802,000 for the first half of the year, representing a decrease of HK\$5,003,000 as compared to the corresponding period last year since the Company adopted various measures such as streamlining personnel; directors' emoluments amounted to HK\$3,347,000 for the first half of the year, representing a decrease of HK\$2,435,000 to as compared to the corresponding period last year; maintenance costs amounted to HK\$1,931,000 for the first half of the year, representing a decrease of HK\$2,445,000 since the Company completed the maintenance of air-conditioners, electric cabinets, pure water systems, air compressors, etc. and replacement of consumables last year. Moreover, the amortisation cost for share options granted in last year of HK\$5,601,000 was also reduced since there is no such cost for the first half of the year.

In the highly competitive high-precision processing market, especially in the face of the fierce competition in domestic processing industry, the Company has to maintain its competitiveness and advantages. In light of this, the Company replaced traditional Hard Disk Drive (HDD) with new products and reduced the market size of traditional hard disk. Accordingly, the Company established a research institute in May 2022, while maintaining cooperation with college in scientific research and other aspects for the purpose of strengthening its efforts in technological improvement, cost reduction etc. Besides, the Company constantly explored new areas of development and further special products. At the beginning of the year, it proactively channeled resources in the research and development of new products. Consequently, an aggregate of research and development costs of HK\$32,076,000 was invested in the first half of the year, representing an increase of HK\$11,109,000 as compared to the corresponding period last year.

Affected by several interest rate hikes by American financial institutions, cost of the Company's Hong Kong dollar-denominated loan rose. As a result, the Company recorded finance costs of HK\$4,366,000 for the first half of the year as compared to HK\$1,913,000 for the corresponding period last year.

For the six months ended 30 June 2023, the Group recorded an unaudited net profit of HK\$8,231,000, representing a decrease of HK\$11,413,000 as compared to HK\$19,644,000 for the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2023, the Group had total bank borrowings of HK\$170,000,000 (31 December 2022: HK\$190,000,000) were secured by corporate guarantees given by the Company and its subsidiaries and deposits of its subsidiary of HK\$20,000,000 (31 December 2022: HK\$20,000,00). Besides, the Group pledged deposits of HK\$776,000 to issue letters of guarantee (31 December 2022: HK\$2,427,000). Except for pledged and restricted deposit, the Group had no charge on any of its assets for its banking facilities as at 30 June 2023.

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 2023, based on the 1,052,254,135 ordinary shares in issue (31 December 2022: 1,052,254,135 ordinary shares), cash attributable to each share amounted to HK\$0.69 (31 December 2022: HK\$0.71).

For the six months ended 30 June 2023, net cash inflow from the Company's operating activities was HK\$39,818,000, representing an increase of HK\$7,462,000 as compared to HK\$32,356,000 for the corresponding period last year.

Net cash outflow from investment activities was HK\$35,474,000, mainly due to the investment in machinery and equipment in the first half of the year to develop new projects and for research and development, while net cash outflow from investment activities for the corresponding period last year was HK\$43,142,000, representing a decrease of HK\$7,668,000.

Net cash outflow from financing activities was HK\$24,539,000 for the first half of the year, mainly due to the repayment of the bank loans granted last year and relevant interests, while net cash inflow from financing activities was HK\$70,228,000 for the corresponding period last year mainly due to the fact that the Group was granted a three-year bank loan in the first half of 2022 to repay bank loans due and payable.

Overall, the Group's net cash (cash and bank balances less total bank and other borrowings) as at 30 June 2023 was HK\$550,685,000, representing a decrease of HK\$4,763,000 as compared to HK\$555,448,000 as at 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

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, machineries and equipment, and production expenses, are denominated in US dollars, Euros and Renminbi, 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 monitors its relevant foreign exchange risks by entering into forward foreign exchange contracts, and continuously evaluates the foreign exchange risks of the Group and takes measures when necessary to reduce the risks.

HUMAN RESOURCES

Although the market has declined this year, the Company believes that it is necessary to establish a good team and talent training system to face challenges and opportunities in the future. In the first half of this year, the Company accelerated the implementation of the "four determine" (i.e., determine post, determine staffing, determine salary and determine responsibility) work projects, so as to facilitate the diversion of redundant personnel and personnel supplement plan of functional departments, increase the introduction and training of talents, focus on the recruitment of key talents, and improve and implement the training plan. In addition, the Company implements the internal lecturer mechanism to improve the curriculum development degree and teaching skills of the internal lecturers in the technical sequence, and conducts the feasible training effect evaluation scheme to master the talent training direction, give full play to the talent characteristics and improve the post adaptability.

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 2023, the Company had a total of 2,171 employees, representing a decrease of 234 employees as compared to 2,405 employees as at 30 June 2022.

PROSPECT

In the first half of this year, as the global economic saw slow recovery, the three major business segments of the Company were affected to varying degrees at the same time: First, the Hard Disk Drive (HDD) market saw changes in storage technology, and customer demand dropped significantly. Second, in the first half of the year, the overall sales, especially of the traditional automotive components, decreased synchronously due to the low demand for traditional automobile in the terminal. Third, the domestic real estate market was still slowly recovering, which led to insufficient driver in the local infrastructure investment and sluggish demand for engineering hydraulic equipment, thus affecting the domestic customers' order demand for hydraulic components.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT (Continued)

Under the sluggish market environment, the Company is required to deepen a series of development and innovation measures such as “building team, promoting sales, strengthening management, focusing on research and development, ensuring on quality, seeking development and expanding production capacity”, and broaden the new road for upgrading products under “leading technology, product innovation and quality upgrading”. The Company will strengthen lean team building, realize lean production, build an integrated supply chain of production, supply and sales, strengthen quality control, further explore new drivers of business growth, continuously develop new markets, customers and products, and expand business channels in a three-pronged manner. The Company will conduct in-depth exploration of new product research and development, seek development in a multi-thinking and multi-dimensional way, do its best to move towards the performance goal, and strive to become a leader of emerging production enterprises.

Recently, the Company has successfully obtained the construction permit for the Phase 2 plant project of Yangzhou Kemai, which can be officially constructed in the second half of the year and is expected to be completed in mid-2024. After completion, it can increase the production capacity and broaden the production capability of new products. On the other hand, the Company is promoting the construction of the plant area in Changshu base, and plans to build new plants to create the infrastructure for the future expansion of production capacity.

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.

Mr. Zeng Guangsheng

Chairman

25 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue	4&5	419,761	502,857
Cost of sales		(323,343)	(367,101)
Gross profit		96,418	135,756
Other income	5	37,683	24,580
Distribution costs		(11,945)	(12,014)
Administrative expense and other expense		(77,798)	(94,804)
Research and development costs		(32,076)	(20,967)
Profit from operations		12,282	32,551
Finance costs	6	(4,366)	(1,913)
Share of losses of an associate		(610)	(600)
Profit before taxation	7	7,306	30,038
Income tax	8	925	(10,394)
Profit for the period		8,231	19,644
Attributable to:			
Equity shareholders of the Company		(1,249)	11,482
Non-controlling interests		9,480	8,162
Profit for the period		8,231	19,644
Earnings per share	9		
Basic		HK(0.1) cents	HK1.1 cents
Diluted		HK(0.1) cents	HK1.1 cents
Interim dividend per share	10	–	–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Profit for the period	8,231	19,644
Other comprehensive loss for the period (after tax adjustment): items that may be classified subsequently to profit or loss:		
– Exchange difference on translation of foreign operation	(51,844)	(86,163)
Total comprehensive loss for the period	(43,613)	(66,519)
Attributable to:		
Equity shareholders of the Company	(45,535)	(73,997)
Non-controlling interests	1,922	7,478
Total comprehensive loss for the period	(43,613)	(66,519)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Investment properties	11	130,196	135,132
Property, plant and equipment	11	670,896	698,031
Intangible assets		3,477	4,288
Goodwill		10,233	10,196
Interest in an associate		2,293	2,903
Deposits for purchase of property, plant and equipment		1,037	1,267
Deferred tax assets		21,911	22,723
		840,043	874,540
CURRENT ASSETS			
Financial assets measured at fair value through profit or loss ("FVPL")		17,030	17,511
Inventories	12	308,699	325,574
Trade receivables	13	260,214	301,357
Prepayments, deposit and other receivables		46,361	66,206
Pledged and restricted deposits	14	20,776	22,239
Cash and cash equivalents	14	705,552	729,058
		1,358,632	1,461,945
CURRENT LIABILITIES			
Trade payables	15	72,367	101,110
Other payables and accruals		53,763	84,801
Bank and other loans	17	45,643	45,849
Lease liabilities		950	1,031
Deferred income		677	702
Tax payables		2,730	15,591
		176,130	249,084
NET CURRENT ASSETS		1,182,502	1,212,861
TOTAL ASSETS LESS CURRENT LIABILITIES		2,022,545	2,087,401

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
	Notes		
NON-CURRENT LIABILITIES			
Bank loans	17	130,000	150,000
Lease liabilities		1,809	1,899
Other payables		2,647	2,751
Deferred income		903	1,285
Deferred tax liabilities		18,713	19,380
		154,072	175,315
Net assets		1,868,473	1,912,086
CAPITAL AND RESERVES			
Equity attributable to shareholders of the Company			
Share capital	16	105,225	105,225
Reserves		1,689,654	1,735,189
		1,794,879	1,840,414
Non-controlling interests		73,594	71,672
Total equity		1,868,473	1,912,086

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Net cash generated from operating activities		39,818	32,356
INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(43,904)	(70,535)
Proceeds from disposal of items of property, plant and equipment		6,415	25,854
Dividend income received		2,015	1,539
Net cash used in investing activities		(35,474)	(43,142)
FINANCING ACTIVITIES			
Interest paid		(4,312)	(1,859)
Proceeds from new bank loans		–	220,000
Repayment of bank loans		(20,000)	(148,936)
Capital injection from Non-controlling interest		–	1,327
Principal payments of lease liabilities		(227)	(304)
Net cash (used in)/generated from financing activities		(24,539)	70,228
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		729,058	840,383
Effect of foreign exchange rate changes		(3,311)	(45,524)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	705,552	854,301

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

(Unaudited)	Attributable to owners of the Company														Total equity
	Issued capital	Share		Statutory surplus reserve	Statutory public welfare fund			Share options reserves	Properties revaluation reserves	Exchange fluctuation reserves	Others reserves	Retained profit	Total	Non-controlling interest	
		premium account	Contributed surplus		Statutory surplus reserve	public welfare fund	Capital redemption reserves								
		HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000								
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 income 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	
At 1 January 2022	105,225	472,201	15,880	69,984	287	7,905	36,299	34,527	215,073	4,239	1,044,726	2,006,346	54,954	2,061,300	
Profit for the period	-	-	-	-	-	-	-	-	-	-	11,482	11,482	8,162	19,644	
Other comprehensive income for the period:															
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	(85,479)	-	-	(85,479)	(684)	(86,163)	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(85,479)	-	11,482	(73,997)	7,478	(66,519)	
Capital injection	-	-	-	-	-	-	-	-	-	-	-	-	1,327	1,327	
Equity-settled share options arrangements	-	-	-	-	-	-	5,601	-	-	-	-	5,601	-	5,601	
At 30 June 2022	105,225	472,201	15,880	69,984	287	7,905	41,900	34,527	129,594	4,239	1,056,208	1,937,950	63,759	2,001,709	

NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2023

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 16 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 2022.

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 2023 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRSs that are mandatorily effective for the current period

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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 2023

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 2023

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 2023 and 2022 is set out below.

	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

	Six months ended 30 June 2022 (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	6,129	54,638	234,777	81,926	110,937	14,450	502,857
Reportable segment profit							
Gross profit	1,655	14,751	63,383	22,118	29,948	3,901	135,756

NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2023

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	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Revenue recognised at a point in time		
Sale of automotive components	207,303	221,888
Sale of hydraulic equipment components	180,051	206,286
Sale of electronic equipment components	22,130	60,683
Others	10,277	14,000
	419,761	502,857
Other income		
Bank interest income	7,240	7,105
Government grants	6,204	3,744
Dividend income	2,015	1,539
Rental income	4,495	639
Insurance compensation on fire loss	7,798	–
Others	2,206	1,821
	29,958	14,744
Gains		
Gains on disposal of items of property, plant and equipment	4,269	–
Foreign exchange difference, net	3,456	9,836
	37,683	24,580

NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2023

6. FINANCE COST

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Interest on bank loans	3,802	836
Financial arrangement fees	510	1,023
Interest on lease liabilities	54	54
	4,366	1,913

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Cost of inventory sold	323,343	367,101
Depreciation on property, plant and equipment	43,137	47,085
Depreciation on right-of-use asset	306	226
Amortisation	685	1,408
Equity-settled share option expenses	–	5,601
Auditors' remuneration	992	1,444
Foreign exchange differences, net	(3,456)	(9,836)
Gains on disposal of items of property, plant and equipment	(4,269)	–

NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2023

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 2022) 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	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Current	(925)	17,221
Deferred	–	(6,827)
Total tax charge for the period	(925)	10,394

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 2023 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 2023

9. EARNINGS PER SHARE (Continued)

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

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Earnings		
(Loss)/profit attributable to equity shareholders of the Company used in the basic earnings per share calculation	(1,249)	11,482

	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. DIVIDEND

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

NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2023

11. INVESTMENT PROPERTIES AND OTHER 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
Cost										
At 1 January 2023	72,454	7,442	748,259	17,602	1,548,738	117,321	13,615	10,644	135,132	2,671,207
Additions	-	-	8,895	-	27,553	1,128	549	5,779	-	43,904
Transfer from Construction in Progress	-	-	-	-	237	-	-	(237)	-	-
Disposals	-	-	-	-	(38,369)	(10)	-	-	-	(38,379)
Exchange realignment	(2,901)	(266)	(27,091)	(629)	(54,875)	(4,236)	(508)	(1,324)	(4,936)	(96,766)
At 30 June 2023	69,553	7,176	730,063	16,973	1,483,284	114,203	13,656	14,862	130,196	2,579,966
Accumulated depreciation										
At 1 January 2023	8,237	4,657	387,474	17,316	1,325,882	84,391	10,087	-	-	1,838,044
Depreciation provided during the period	981	306	14,017	286	23,744	3,597	512	-	-	43,443
Disposals	-	-	-	-	(36,224)	(9)	-	-	-	(36,233)
Exchange realignment	(646)	(179)	(14,422)	(629)	(46,953)	(3,161)	(390)	-	-	(66,380)
At 30 June 2023	8,572	4,784	387,069	16,973	1,266,449	84,818	10,209	-	-	1,778,874
Net carrying amount										
Cost/Valuation	69,553	7,176	730,063	16,973	1,483,284	114,203	13,656	14,862	130,196	2,579,966
Accumulated depreciation	(8,572)	(4,784)	(387,069)	(16,973)	(1,266,449)	(84,818)	(10,209)	-	-	(1,778,874)
At 30 June 2023	60,981	2,392	342,994	-	216,835	29,385	3,447	14,862	130,196	801,092
Net carrying amount										
Cost/Valuation	72,454	7,442	748,259	17,602	1,548,738	117,321	13,615	10,644	135,132	2,671,207
Accumulated depreciation	(8,237)	(4,657)	(387,474)	(17,316)	(1,325,882)	(84,391)	(10,087)	-	-	(1,838,044)
At 31 December 2022	64,217	2,785	360,785	286	222,856	32,930	3,528	10,644	135,132	833,163

NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2023

12. INVENTORIES

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Raw materials	86,307	97,173
Consumables	52,077	55,321
Work in progress	95,518	101,178
Finished goods	152,807	153,043
	386,709	406,715
Less: Provision against inventory obsolescence	78,010	81,141
	308,699	325,574

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 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Within 1 month	98,951	89,393
1 to 2 months	72,152	72,041
2 to 3 months	44,570	63,950
3 to 4 months	19,721	39,120
4 to 12 months	24,820	36,853
	260,214	301,357

NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2023

14. CASH AND BANK BALANCES

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Bank deposit and cash	726,328	751,297
Less: Pledged and restricted deposits	(20,776)	(22,239)
Cash and cash equivalents	705,552	729,058

15. TRADE PAYABLES

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Within 1 month	31,015	33,556
1 to 2 months	21,907	31,333
2 to 3 months	12,028	18,396
Over 3 months	7,417	17,825
	72,367	101,110

NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2023

16. SHARE CAPITAL

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Authorised: 2,000,000,000 (31 December 2022: 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 2022: 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 2023 and year ended 31 December 2022.

17. BANK LOANS AND OTHER LOANS

At 30 June 2023, the bank and other loans were repayables as follow:

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Bank loans – Secured (note i)	170,000	190,000
Other loan – Non-controlling shareholder – Unsecured (note ii)	5,643	5,849
	175,643	195,849

NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2023

17. BANK LOANS AND OTHER LOANS (Continued)

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

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Within 1 year	40,000	40,000
In the second year	130,000	40,000
In the third to fifth years, inclusive	–	110,000
	170,000	190,000
Portion classified as current liabilities	(40,000)	(40,000)
	130,000	150,000
At 30 June 2023 (31 December 2022), the other loans was repayables as follow:		
Within 1 year or on demand	5,643	5,849

Notes:

- (i) The bank loan of the Group was secured by a deposit of HK\$20,000,000 (31 December 2022: HK\$20,000,000) and guaranteed by the Company and certain of its subsidiaries, interest bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus 1.5% over 1-month HIBOR and repayable between 2023 to 2025.

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 2023 and 31 December 2022, none of the covenants relating to drawn down facilities had been breached.

- (ii) The amount was unsecured, interest bearing at 4.35% per annum and repayable in 2023.

NOTES TO THE CONDENSED FINANCIAL STATEMENT

Six months ended 30 June 2023

18. CAPITAL COMMITMENTS

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

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Contracted but not provided for:		
Buildings	33,583	7,955
Plant and machinery	3,355	3,085
	36,938	11,040

19. RELATED PARTY TRANSACTIONS

	At 30 June 2023 (Unaudited) HK\$'000	At 30 June 2022 (Unaudited) HK\$'000
Short-term employee benefits	5,705	9,382
Equity-settled share option expense	–	6,537
Post-employment benefits	88	89
Total Compensation paid to key management personnel	5,793	16,008

20. APPROVAL OF THE FINANCIAL STATEMENTS

The condensed financial statements were approved and authorised for issue by the board of directors on 25 August 2023.

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 2023, 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) Long positions in the shares and underlying shares of equity derivatives of the Company

Name of director	Capacity and nature of business	Number of Shares/underlying shares in respect of the share options granted	Percentage of shareholding in the Company's issued share capital as at 30 June 2023 ⁽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%

Notes:

- (1) The percentage represents the number of shares or underlying shares divided by the number of the Company's issued shares as at 30 June 2023.
- (2) These are in the form of share options granted pursuant to the share option schemes.

(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%

Save as disclosed above, as at 30 June 2023, 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 2023, 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 2023*
Banon Technology Company 寶安科技有限公司 ("Banon Technology")		Directly beneficially owned	567,856,250	53.97%
China Banon Group Co., Ltd. 中國寶安集團股份有限公司 ("China Baoan Group")	(a)	Through controlled corporation	567,856,250	53.97%
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	(d)	Directly beneficially owned	125,000	0.01%
	(e)	Through spouse	123,170,725	11.71%
		Total:	123,295,725	11.72%
Mr. Zeng Guangsheng		Directly beneficially owned	50,000,000	4.75%
		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 2023.

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 Company Limited. Baoan Technology Company Limited is a wholly owned entity of China Baoan Group. Accordingly, China Baoan Group was deemed to be interested in the 567,856,250 shares of the Company owned by Baoan Technology Company Limited 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.

Save as disclosed above, as at 30 June 2023, 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.

OTHER INFORMATION

SHARE OPTION SCHEMES

The share option scheme adopted pursuant to a resolution passed by the shareholders of the Company 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.

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.

OTHER INFORMATION

SHARE OPTION SCHEMES (Continued)

The 2011 Share Option Scheme (Continued)

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

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

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.

OTHER INFORMATION

SHARE OPTION SCHEMES (Continued)

The 2011 Share Option Scheme (Continued)

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.

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.

OTHER INFORMATION

SHARE OPTION SCHEMES (Continued)

The 2011 Share Option Scheme (Continued)

The remaining life of the 2011 Share Option Scheme (Continued)

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

Name or category of participants	Date of grant	Number of share options movement during the reporting period							Price of share			
		As at 01/01/2023	Granted	Exercised	Cancellation	Lapsed	As at 30/06/2023	Vesting period	Exercise period	Exercise Price/ 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	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	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	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	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												
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												
Tranche 2	10/05/2021	2,700,000	-	-	-	-	2,700,000	10/05/2021 to 31/03/2022	01/04/2022 to 28/02/2026	0.900	0.700	-
Other service providers⁽³⁾												
Tranche	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	-
		55,700,000	-	-	-	-	55,700,000					

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 six months ended 30 June 2023.
- 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 interim report

As at the date of this interim report, the total number of shares available for issue under the 2022 Share Option Scheme is 55,225,413, representing 5.25% 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 2022 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 this report is approximately eight years and four 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 year							Price of share			
		As at 01/01/2023	Granted	Exercised	Cancellation	Lapsed	As at 30/06/2023	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⁾⁽⁵⁾	-	-	-	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⁾	-	-	-	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⁾	-	-	-	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	-	5,000,000 ⁽⁴⁾⁽⁵⁾	-	-	-	5,000,000	17/03/2022 to 16/09/2022	17/09/2022 to 17/09/2026	0.900	0.840	-
		-	50,000,000 ⁽⁴⁾⁽⁵⁾	-	-	-	50,000,000					

Notes:

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

(5) The fair value of the options granted on 17 March 2022 was determined at the date of grant using the binomial option pricing model and was approximately HK\$15,295,000.

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 2023 and 30 June 2023 are as follows:

	1 January 2023	30 June 2023
Share options		
Under the mandate limit ^(*)	0	0
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.

Under the 2022 Share Option Scheme, number of options available for grant as at 1 January 2023 and 30 June 2023 are as follows:

	1 January 2023	30 June 2023
Share options		
Under the mandate limit	55,225,413	55,225,413
Under the sublimit for service providers	0	0

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

EVENTS AFTER THE REPORTING DATE

On 7 July 2023, the Company granted a total of 1,000,000 share options to an employee of the Group under the share option scheme adopted by the Company on 14 January 2022. For details, please refer to the Company's announcement on 7 July 2023.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

INTERIM DIVIDEND

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

OTHER INFORMATION

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 14 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 2023.

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 exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the “Mode Code”). Specific enquiry has been made to all directors and all of them have confirmed that they have complied with the Model Code.

COMPLIANCE WITH WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES

The Company has also established written guidelines on no less exacting terms 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 six months ended 30 June 2023.

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

OTHER INFORMATION

AMENDMENTS AND ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION AND ADOPTION OF CHINESE NAME

Subsequent to the passing of the special resolutions approving the amendments to and the adoption of new memorandum and articles of association (the “Amendment and Adoption of M&A”) and adoption of the Chinese name “國際精密集團有限公司” as the dual foreign name of the Company (the “Adoption of Chinese name”) by the shareholders of the Company at the annual general meeting of the Company held on 15 May 2023 and the Certificate of Incorporation of Change of Name was issued by the Registrar of Companies in the Cayman Islands on 29 May 2023 and the Certificate of Registration of Alternation of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 29 June 2023. For details of the Amendment and Adoption of M&A as well as the Adoption of Chinese name, please refer to the announcements dated 27 March 2023, 15 May 2023 and 4 July 2023 and the circular dated 21 April 2023 of the Company.

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 Rule.

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.

By order of the Board

Zeng Guangsheng

Chairman

Hong Kong, 25 August 2023

