



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

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 1305

# 2023 INTERIM REPORT



## CONTENTS

Financial Highlights	2
Corporate Information	3
Management Discussion and Analysis	5
Other Disclosure	14
Condensed Consolidated Statement of Profit or Loss	21
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	22
Condensed Consolidated Statement of Financial Position	23
Condensed Consolidated Statement of Changes in Equity	25
Condensed Consolidated Statement of Cash Flows	27
Notes to the Condensed Consolidated Interim Financial Information	28



## FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
Revenue	<b>857,538</b>	1,112,441
Gross profit	<b>112,740</b>	113,840
Gross profit margin	<b>13.1%</b>	10.2%
Profit for the period attributable to owners of the Company	<b>24,128</b>	32,940
Basic and diluted earnings per share	<b>HK10.98 cents</b>	HK15.19 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. Chen Kwok Wang  
 Mr. Ho Chi Wai  
 Mr. Yu Zhenyu

### COMPANY SECRETARY

Mr. Cheung Wai Hung

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### RISK MANAGEMENT COMMITTEE

Mr. Chen Chung Po *(Chairman)*  
 Mr. Chen Kwok Wang  
 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

6th Floor, Liven House  
 63 King Yip Street  
 Kwun Tong  
 Kowloon  
 Hong Kong

### AUDITORS

SHINEWING (HK) CPA Limited  
*Certified Public Accountants*  
 17/F., Chubb Tower  
 Windsor House  
 311 Gloucester Road  
 Causeway Bay  
 Hong Kong



### **LEGAL ADVISER**

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

### **STOCK CODE**

01305

### **COMPANY'S WEBSITE**

[www.waichiholdings.com](http://www.waichiholdings.com)

### **PRINCIPAL BANKERS**

O-Bank Co., Limited  
Suites 3210–3214  
32nd Floor, Gateway Tower 6  
Harbour City, Tsim Sha Tsui  
Kowloon, Hong Kong

Citibank (Hong Kong) Limited  
11th Floor, Citi Tower  
83 Hoi Bun Road  
One Bay East, Kwun Tong  
Kowloon, 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

The first half of 2023 witnessed a turbulent global economic recovery, as aggressive rises in central bank policy rates to fight inflation triggered widespread concerns of a global recession, particularly impacting advanced economies. Though the world's major economies proved their resilience in the first half of 2023, according to International Monetary Fund, inflation is expected to decline gradually, with a return to target levels likely after 2025.

In China, despite a 5.5% year-on-year growth in the half-year GDP, the effects of economic recovery are yet to benefit the manufacturing sector, while concerns over the market affected consumer confidence. The consumer price index ("**CPI**") for June remained flat, below expectations and being the lowest since February 2021. In the previous month of May, China's CPI increased by 0.2% year on year, and in April, it rose by 0.1%, both lower than expected. Meanwhile, the producer price index ("**PPI**") dropped by 5.4% year on year in June, marking the ninth consecutive month of decline, and the urban unemployment rate for 16 to 24-year-olds rose to 21.3% in June amid an influx of fresh graduates into the labour market.

In the optoelectronics industry, post-pandemic turbulence was evident. Samsung Electronics' April to June 2023 financial report showed a 96% decrease in operating profit compared to the previous year, primarily due to sluggish chip demand and ongoing oversupply. Furthermore, the display panel market faced challenges, with declining sales of notebooks, tablets, and TVs affecting the demand for mid-to-large-sized panels. While OLED panel sales units increased, profit margins suffered due to price declines and the need for constant production upgrades to meet evolving trends.

Conversely, the automobile onboard display market displayed promising developments. Cars are evolving from mere transportation means to vital components of daily life, driving demand for enhanced passenger experiences. Intelligent cabins with display screens as primary interactive interfaces present a significant market opportunity. The automobile onboard display market is shifting towards larger, more diverse, customised, and high-definition screens. Notably, several large-sized onboard display screens and mini LED screens have already been integrated into vehicles.

In the midst of the intelligent automotive revolution, LED manufacturers find opportunities in the growing automobile onboard display backlight market. New market entrants initially disrupted industry norms and profit margins, but the stringent requirements for automotive modules in terms of safety set high barriers for entry. Some manufacturers whose product quality did not meet the standards have already incurred economic losses. Faced with operational challenges, many inexperienced producers of automobile onboard display backlights are exiting the market. As the global and domestic economies seek stabilisation, manufacturers must adapt to the evolving automotive industry landscape, focusing on innovative solutions and quality assurance to remain competitive.

## BUSINESS REVIEW

### Overview

For the six months ended 30 June 2023 (the “**period under review**”), the Group maintained relative stability for its core business. In the dynamic landscape of its ever-changing industry, the Group remains vigilant and resilient, actively seizing business opportunities while continually focusing on enhancing the quality of its products. Through a steadfast commitment to quality assurance, it effectively maintains 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\$857,538,000, representing a decrease of approximately 22.9% compared to approximately HK\$1,112,441,000 for the corresponding period in 2022, mainly due to the decreased revenue from the semiconductor memory chip business, as a result of the Group’s strategic response to the current unfavourable market conditions. Revenue from the core sector of LED business was approximately HK\$749,807,000, representing a decrease of approximately 9.5% compared to that of the corresponding period in 2022. Revenue from the sales of LED backlight products was approximately HK\$698,617,000 (six months ended 30 June 2022: approximately HK\$780,139,000), representing a decrease of approximately 10.4%, mainly due to the decreased sales from industrial equipment display backlights and TV backlights. Revenue from the sales of LED lighting products was approximately HK\$51,190,000 (six months ended 30 June 2022: approximately HK\$48,761,000), representing an increase of approximately 5.0%, driven by the increased sales of commercial lighting products. The revenue from the semiconductor memory chip business was approximately HK\$107,731,000, presenting a decrease of 62.0% compared to the approximately HK\$283,541,000 from the corresponding period last year, resulting from the Group’s strategic response to the current significant cyclical decline in the chip demand in the market.



### 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\$603,347,000, HK\$12,319,000, and HK\$82,951,000, respectively.

Amid an influx of competitors into the market, the automobile onboard display backlight sales encountered some challenges, but the demand for the Group's quality goods remained stable during the period under review. It continued to be the largest contributor to the Group's LED backlight business during the period under review, representing approximately 86.4% of total LED backlight product sales (six months ended 30 June 2022: approximately 81.9%). Moreover, as the onboard display modules consolidate many functionalities of a vehicle, technical challenges have been affecting the profitability of display manufacturers and, thus, the backlight providers like the Group. Such situation was notably improved lately, and the Group's gross profit margin in this segment increased from 13.7% for the corresponding period last year to 15.2% for the period under review.

During the first half of 2023, as the rival technologies continued to mature and the market for LCD TVs continued to shrink, the sales of the Group's television display backlights further decreased to approximately HK\$12,319,000 (six months ended 30 June 2022: approximately HK\$17,260,000).

As for the backlights for other industrial equipment displays, the Group recorded a decrease of approximately 33.3% in revenue for the six months ended 30 June 2023, amounting to approximately HK\$82,951,000 (six months ended 30 June 2022: approximately HK\$124,284,000).

### 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, revenues from public lighting and commercial lighting were approximately HK\$395,000 and HK\$50,795,000, respectively (six months ended 30 June 2022: approximately HK\$596,000 and HK\$48,165,000).

During the period under review, the total revenue from light services amounted to HK\$51,190,000, increasing approximately 5.0% compared to the corresponding period last year. Such increase was mainly due to the Group's efforts in developing opportunities in commercial and education lighting services in the PRC while maintaining good working relationships with overseas clients.



### Semiconductor Memory Chip Business

After years of thorough planning and careful preparation, the segment of the semiconductor memory chip business was launched in 2022. It mainly includes sourcing memory-chip-related products and the packaging and testing of semiconductor wafers. Facing pressure from the global chip oversupply together with the domestic consumer market slowdown, the Group conducted this line of business prudently during the period under review.

During the period under review, the segment contributed revenue of approximately HK\$107,731,000 (six months ended 30 June 2022: approximately HK\$283,541,000). The revenue and profit margin of this business segment are significantly influenced by industry trends. Currently, the market demand for memory chips and related products is on a cyclic low period, as such, the Group took a relatively inactive approach in the sales of this segment, The Group will closely monitor market dynamics and make strategic adjustments when appropriate.

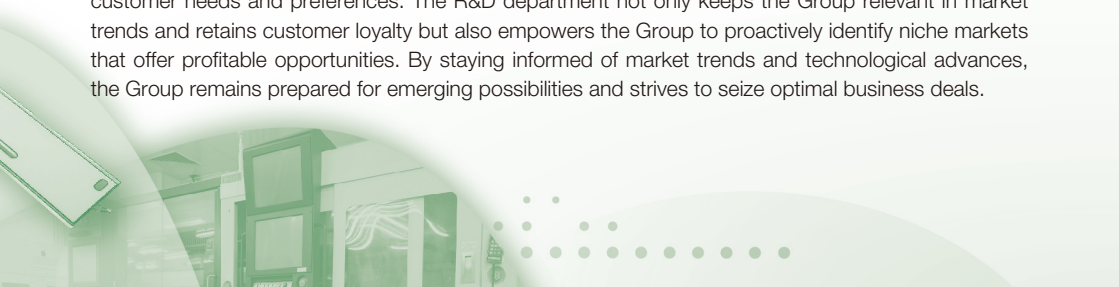
### QUALITY CONTROL

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 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 2023, the Group held 258 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

Despite concerns over a global economic downturn, the European and American economies showed resilience in the first half of 2023, surpassing market expectations. In China, post-pandemic improvements led to economic recovery, with consumer demand poised for a rebound, setting the stage for sustained growth.

Within this stabilising environment, the Chinese automotive industry, particularly the new energy vehicle segment, is expected to thrive, supported by favourable policies. Advancing automotive technology drives demand for diversified onboard display products, with the average number of screens per vehicle projected to rise, offering new growth opportunities. Additionally, China's adoption of the "Performance and Installation Requirements of Indirect Vision Devices for Motor Vehicles (機動車輛間接視野裝置性能和安裝要求)" on July 1, 2023, opens new opportunities for electronic camera monitor systems ("**CMS**"). CMS using camera-monitor combinations instead of traditional optical mirrors have three cameras on the vehicle, each with a corresponding display. This development opens new growth prospects in the automobile onboard display market.

In terms of technology, mini LED backlight is gaining traction in the automotive display market. Despite not meeting growth expectations in 2022, the cost of vehicle-mounted mini LED backlit displays is expected to decrease significantly due to lower material costs and iterative upgrades in technology solutions. A Sigmaintell analyst predicts that the shipment of mini LED automobile onboard display will reach around 800,000 units in 2023, more than five times the previous year, and is anticipated to exceed 4 million units by 2025.

The Group's mini LED and local dimming LED products are expected to enter mass production in the second half of the year, leading to a substantial increase in the penetration rate of these high-end products. The adjusted product structure may have a controllable short-term impact on the Group's gross margin. However, with the application of new technologies, the value of individual products is expected to rise, and the Group remains confident in its long-term profitability prospects.

Recognising the Group's outstanding R&D capacities and business potential, one of its subsidiaries was awarded the title of "Specialized and New 'Little Giant' Enterprise" (專精特新「小巨人」企業) by the Industrial and Information Technology Department of Guangdong Province (廣東省工業信息廳) in July, providing opportunities for policy support and financial subsidies.

With favourable market trends, policy support, and technological advancements, the automobile onboard display backlight market presents significant growth prospects. Moreover, there is a growing demand for regional development in the automotive-related industry. The Group plans to explore opportunities in the East and Southwest regions of China to enhance production capacity and expand its business sources.

In the semiconductor sector, AI intelligence enhances computing power, and is expected to drive a cyclical growth in demand for memory chips. On the other hand, industry analysts indicate that the price declines, which were pronounced in the previous quarters, have begun to slow down. It is expected that the market will reach its bottom around the third quarter of this year, signalling a potential rebound in global semiconductor memory chips demand, presenting a recovery opportunity for the Group's semiconductor business.

Looking forward, the Group stands poised to capitalise on the flourishing automobile onboard display backlight market, leveraging its technological edge and adaptability to meet customer demands. With strategic expansions in key regions and a commitment to R&D excellence, the Group remains confident in its ability to seize emerging opportunities and achieve sustainable business development.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2023, the sources of revenue for the Group were the sales of LED backlights, LED lighting services, and semiconductor memory chips business. The Group's LED backlight product sales were approximately HK\$698,617,000, representing a decrease of approximately 10.4% from approximately HK\$780,139,000, for the six months ended 30 June 2022, which was mainly attributable to the decrease in sales of backlights for industrial equipment displays and TV. The sales of the Group's LED lighting products for the period under review increased by approximately 5.0% to approximately HK\$51,190,000 from approximately HK\$48,761,000 in the corresponding period in 2022 driven by an increase in revenue from commercial lighting segments. The revenue from the Group's semiconductor memory chips business was approximately HK\$107,731,000, decreasing by approximately 62.0% compared to approximately HK\$283,541,000 from the corresponding period last year, in line with the market trends.



### Gross Profit and Gross Profit Margin

For the period under review, the Group's overall gross profit was approximately HK\$112,740,000 decreased by approximately 1.0% from approximately HK\$113,840,000 in the corresponding period in 2022. The overall gross profit margin was approximately 13.1%, increased by approximately 2.9 percentage points from approximately 10.2% in the corresponding period in 2022. Gross profit from the sales of the Group's LED segments of backlight and lighting products was approximately HK\$110,150,000, representing an increase of approximately 1.3% from approximately HK\$108,760,000 for the corresponding period in 2022. The gross profit margin for these two segments increased by approximately 1.6 percentage points from approximately 13.1% in the first half of 2022 to approximately 14.7% in the period under review. Gross profit from the semiconductor memory chip business was approximately HK\$2,590,000 (six months ended 30 June 2022: approximately HK\$5,080,000). The gross profit margin for the semiconductor memory chip business was approximately 2.4% (six months ended 30 June 2022: approximately 1.8%). The overall drop in gross profit is mainly due to the significant decrease from the semiconductor segment, which was affected by its market trends.

### 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 2023, the Group's selling and distribution expenses were approximately HK\$16,776,000, representing an increase of approximately 30.9% as compared to approximately HK\$12,817,000 in the corresponding period in 2022. The increase in selling and distribution expenses was mainly attributable to the effects of sales commissions and certain technical issues arising from the payment terms for a few long-term production projects, which are expected to be improved in the future.

### 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 2023, the Group's administrative expenses were approximately HK\$81,020,000, which decreased slightly by approximately 2.2% as compared to approximately HK\$82,876,000 for the first half of 2022.

### Other Income

During the period under review, other income was approximately HK\$27,671,000, representing a slight decrease of approximately 5.0% in comparison with approximately HK\$29,142,000 for the corresponding period in 2022, mainly due to the decrease in bank interest income.

### 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\$290,000 (six months ended 30 June 2022: tax credit of approximately HK\$104,000).

### Inventories

As at 30 June 2023, the Group's inventory was approximately HK\$190,651,000, decreased by approximately 31.1% compared to approximately HK\$276,763,000 as at 31 December 2022. The decrease in inventories is a result of 1) the Group's change of tactic, as it strategically purchased more materials in the previous year to offset an anticipated price increase and, 2) the decrease in inventories kept for the semi-conductor memory chips business.

### Trade Receivables

As at 30 June 2023, the Group's net trade receivables amounted to approximately HK\$832,353,000 which increased mildly by approximately 11.0% as compared to approximately HK\$749,923,000 as at 31 December 2022. This was mainly attributable to some adjustments in payment terms made with the Group's clients.

### Trade Payables

As at 30 June 2023, the Group's trade payables amounted to approximately HK\$317,706,000, which decreased by 19.3% as compared to approximately HK\$393,639,000 as at 31 December 2022, which was attributable to the decrease of the purchase of raw materials.

### GRANT OF AWARDED SHARES

Pursuant to the share award scheme adopted by the Company on 19 December 2022 (the "**the Share Award Scheme**"), on 23 December 2022, the Board (including the independent non-executive Directors, and excluding Mr. Chen Chung Po, Ms. Luk Fong, Ms. Yiu Kwan Yu and Ms. Yong Jian Hui) resolved to conditionally grant 800,000 Awarded Shares and 400,000 Awarded Shares to Mr. Chen Chung Po and Ms. Yong Jian Hui, respectively, conditional upon the approval of such grant by the Independent Shareholders at the EGM. The Grant was subsequently approved at the EGM dated 9 February 2023.



The purposes and objectives of the Share Award Scheme are to recognise the contributions of the Selected Employees and give incentives thereto in order to retain them for the continual operation and development of the Group. The Board and the Company's remuneration committee are of the view that the aforementioned grant of awarded shares serves as an incentive for recognition of the grantees' past contributions in driving the continual business operation and development of the Group and to encourage them to further apply their expertise, experience and leadership to the development of the Group in the future.

For details regarding the grant of awarded shares, please refer to the Company's announcement dated 17 January 2023.

### EVENT AFTER THE REPORTING DATE – GRANT OF SHARE OPTIONS

The Board announced that on 11 July 2023, the Company granted share options (the "**Share Options**") to three eligible employees of the Group (the "**Grantees**") pursuant to the Company's share option scheme which was adopted on 19 December 2022 (the "**Share Option Scheme**"), subject to acceptance by the Grantees. The Share Options entitle the Grantees to subscribe for a total of 90,000 new shares with a nominal value of HK\$0.01 each (the "**Shares**") in the share capital of the Company.

The exercise price of the Share Options granted was HK\$1.49 per Share, with a 10-year validity period from 11 July 2023 (the "**Grant Date**"), and the exercise period will be commenced on the date immediately following the expiry of twelve months from the Grant Date up to and inclusive of 10 July 2024.

The Grantees are employees of the Group. The Grantees are not (i) a Director, chief executive or substantial shareholder of the Company or their associate(s) (as defined in the Listing Rules); (ii) a participant with options and awards granted and to be granted exceeding the 1% individual limit under Rule 17.03D of the Listing Rules; or (iii) a related entity participant or service provider (as defined in the Listing Rules) with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the total issued Shares.

For details regarding the grant of Share Options, please refer to the Company's announcement dated 11 July 2023.



## OTHER DISCLOSURE

### INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2023.

### GEARING RATIO

As at 30 June 2023, 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 69.4%% (31 December 2022: 55.5%).

### EMPLOYEES

As at 30 June 2023, the Group had 2,983 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 2023, 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 2023.

## CONTROLLING SHAREHOLDERS AND DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under the "Related Party Transactions and Balances" in note 23 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 2023 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 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 associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 10 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 and class of securities (Note 2)	Approximate percentage of shareholding
Mr Yiu Chi To (deceased) (Note 1)	Beneficial owner	128,120,000 (L)	58.31%
Ms. Luk Fong (Note 3)	Interest of spouse	128,120,000 (L)	58.31%

Notes:

- Mr. Yiu Chi To holds 100% of the issued share capital of Rexell Technology Company Limited, which is the controlling shareholder holding 58.31% of the issued share capital of the Company.
- The letter "L" denotes the Director's long position in the shares of the Company or the relevant associated corporation.
- Ms. Luk Fong, as the spouse of Mr. Yiu Chi To, is deemed to be interested in the shares held by Rexell Technology Company Limited by virtue of the SFO.



Save as disclosed above, as at 30 June 2023, 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 PERSONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, 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 as recorded in the register required to be kept under section 336 of the SFO and 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, or who, directly or indirectly, is interested in 5% or more of the nominal value of any class of share capital to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Capacity/ nature of interest	Number of shares held (Note 2)	Approximate percentage of issued share capital
Rexell Technology Company Limited (Note 1)	Beneficial owner	128,120,000	58.31%
Mr Yiu Chi To (deceased) (Note 2)	Interest of a controlled corporation	128,120,000	58.31%
Ms. Luk Fong (Note 3)	Interest of spouse	128,120,000	58.31%

Notes:

1. Rexell Technology Company Limited directly holds 128,120,000 shares representing 58.31% of the issued share capital of the Company.
2. Mr. Yiu Chi To 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.
3. Ms. Luk Fong, as the spouse of Mr. Yiu Chi To, is deemed to be interested in the shares held by Rexell Technology Company Limited by virtue of the SFO.

## SHARE OPTION SCHEME

The Company adopted the share option scheme (the “**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.

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 year ended 30 June 2023 are summarized as below:

	Date of grant	Exercise period	Exercise Price	Granted during the year	Outstanding at 30 June 2023
<b>Director</b>					
Mr. Chen Chung Po (Note 1)	28 June 2022	To be commenced on the date immediately following the expiry of twelve months from the Grant Date up to and inclusive of 27 June 2032	1.49	800,000	800,000
Ms. Yiu Kwan Yu (Note 1)	28 June 2022	To be commenced on the date immediately following the expiry of twelve months from the Grant Date up to and inclusive of 27 June 2032	1.49	400,000	400,000
Ms. Yong Jian Hui (Note 1)	28 June 2022	To be commenced on the date immediately following the expiry of twelve months from the Grant Date up to and inclusive of 27 June 2032	1.49	400,000	400,000
Mr. Chen Wei Wu (Note 1)	28 June 2022	To be commenced on the date immediately following the expiry of twelve months from the Grant Date up to and inclusive of 27 June 2032	1.49	200,000	200,000
Other 24 Grantees (Note 1)	28 June 2022	To be commenced on the date immediately following the expiry of twelve months from the Grant Date up to and inclusive of 27 June 2032	1.49	2,910,000	2,910,000
				4,710,000	4,710,000

Note 1: The granted options were approved by the Board of Directors and Remuneration Committee on 28 June 2022. For details, please refer to the company’s announcement dated 28 June 2022.

## SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Company on 19 December 2022 (the “**Adoption Date**”). The purposes of the Share Award Scheme are to through the Shares awarded or provisionally awarded (the “**Award(s)**” or “**Award Share(s)**”) (a) recognise and reward the contribution of certain eligible participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (b) attract suitable personnel for further development of the Group.

The eligible participants of the Share Award Scheme (the “**Share Award Eligible Participants**”) include (a) any employee (whether full time or part time, including any executive Director but excluding any non-executive Director) of the Company, any subsidiary or any related entity; (b) any non-executive Directors (including independent non-executive Directors) of the Company, any subsidiary or any related entity; (c) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any related entity; and (d) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, and, for the purposes of the Share Award Scheme, the Award may be made to any company wholly owned by one or more of the abovementioned participants and any trust where the settlor is one of the participants, but excluding the excluded participants.

The total number of the Shares, excluding those that would not be vested or have been forfeited (“**Lapsed Shares**”), granted and to be granted to qualified participants under the Award Scheme shall not exceed 10% of the Shares in issue from time to time. Subject to the aforesaid limit, in addition, no further grant may be made under the Award Scheme if (i) in the Initial Term, the total number of Shares (excluding Lapsed Shares) granted and to be granted pursuant to the Award Scheme exceed 3% of the Shares in issue at the time of the relevant grant; and (ii) in each Subsequent Term, the total number of Shares (excluding Lapsed Shares) granted and to be granted pursuant to the Award Scheme exceed such limit as determined by the Board from time to time for each such Subsequent Term. No further grant may be made under the Award Scheme if this will result in any of the aforesaid limits being exceeded.

As at 30 June 2023, a maximum of 18,782,500 Shares (representing 8.66% of the issued Shares thereby) were available for grant under the Award Scheme.



Subject to the terms and conditions of the Share Award Scheme and the requirements of the Listing Rules, the Board or a duly authorised committee or other person(s) from time to time delegated by the Board with the power and authority to administer the Share Award Scheme (the “**Committee**”) may, from time to time at its absolute discretion, select any Share Award Eligible Participants to participate in the Share Award Scheme as a selected participant, make an offer to the selected participants and grant Award Shares to such selected participants, and such Award Shares can be satisfied by (i) new Shares to be subscribed by the trustee under the Company’s available general mandate or under a specific mandate approved or to be approved by the Shareholders; or (ii) Shares purchased by the trustee in the open market as directed by the Board or the Committee.

A detailed summary of the terms of the Share Award Scheme are set out in the Company’s circular dated 1 December 2021.

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

Grantee	Date of grant	Number of Shares underlying the share award granted	Vesting schedule
<b>Conditional Grantees:</b>			
Mr. Chen Chung Po	9 February 2023	800,000	8 February 2024
Ms. Yong Jian Hui	9 February 2023	400,000	8 February 2024
<b>Other Grantees:</b>			
Ms. Yiu Kwan Yu	23 December 2022	200,000	22 December 2023
Mr. Chen Wei Wu	23 December 2022	200,000	22 December 2023
Other 8 Selected Employees	23 December 2022	1,300,000	22 December 2023
<b>Total</b>		<b>2,900,000</b>	

## 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 14 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 of the CG 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 CG Code.

All other information on the Code has been disclosed in the corporate governance report contained in the 2022 annual report of the Company issued in April 2023.

## 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 2023. On 25 August 2023, 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 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	5	<b>857,538</b>	1,112,441
Cost of sales		<b>(744,798)</b>	(998,601)
Gross profit		<b>112,740</b>	113,840
Other income	5	<b>27,671</b>	29,142
Selling and distribution expenses		<b>(16,776)</b>	(12,817)
Administrative expenses		<b>(50,170)</b>	(45,999)
Other gains and losses		–	6,166
Research and development expenses		<b>(30,850)</b>	(36,877)
Finance costs	7	<b>(17,610)</b>	(21,083)
Profit before tax		<b>25,005</b>	32,372
Income tax (expense) credit	8	<b>(290)</b>	104
Profit for the period	9	<b>24,715</b>	32,476
Profit for the period attributable to:			
– Owners of the Company		<b>24,128</b>	32,940
– Non-controlling interests		<b>587</b>	(464)
		<b>24,715</b>	32,476
Earnings per share			
Basic and diluted (HK cents)	11	<b>10.98</b>	15.19

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit for the period	<b>24,715</b>	32,476
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	<b>1,325</b>	–
Exchange differences arising on translation of financial statements of foreign operations	<b>(19,547)</b>	(23,066)
Total comprehensive income for the period	<b>6,493</b>	9,410
Total comprehensive income for the period attributable to:		
– Owners of the Company	<b>6,493</b>	9,883
– Non-controlling interests	<b>–</b>	(473)
	<b>6,493</b>	9,410



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	12	321,666	309,002
Right-of-use assets	13	44,862	46,186
Investment property		24,468	24,700
Financial assets at fair value through profit or loss ("FVTPL")	14	7,633	7,633
Financial asset at fair value through other comprehensive income ("FVTOCI")	15	11,692	11,692
Deposit paid for acquisition of property, plant and equipment		5,423	5,597
Deposits with bank	17	162,690	167,917
Deferred taxation		9,026	9,254
		<b>587,460</b>	581,981
<b>Current assets</b>			
Inventories		190,651	276,763
Trade receivables	16	832,353	749,923
Bills receivables	16	74,727	135,822
Prepayments, deposits and other receivables		166,458	154,594
Derivative financial instrument		–	3,162
Pledged bank deposits	17	436,544	562,630
Bank balances and cash	17	195,185	257,912
		<b>1,895,918</b>	2,140,806
<b>Current liabilities</b>			
Trade payables	18	317,706	393,639
Bills payables	18	662,644	938,391
Other payables and accruals	18	68,540	75,004
Contract liabilities		2,484	10,766
Bank and other borrowings	19	565,701	444,408
Corporate bond	20	2,085	1,976
Income tax payables		4,055	3,272
Lease liabilities	13	5,844	4,347
		<b>1,629,059</b>	1,871,803



	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
<b>Net current assets</b>		<b>266,859</b>	269,003
<b>Total assets less current liabilities</b>		<b>854,319</b>	850,984
<b>Non-current liabilities</b>			
Deferred taxation		<b>368</b>	368
Obligations under finance leases		<b>476</b>	–
Government grants		<b>16,665</b>	17,200
Lease liabilities	13	<b>3,349</b>	7,015
		<b>20,858</b>	24,583
<b>Net assets</b>		<b>833,461</b>	826,401
<b>Capital and reserves</b>			
Share capital	22	<b>2,197</b>	2,168
Reserves		<b>829,579</b>	823,119
Equity attributable to owners of the Company		<b>831,776</b>	825,287
Non-controlling interests		<b>1,685</b>	1,114
<b>Total equity</b>		<b>833,461</b>	826,401



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to owners of the Company										Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share option 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	Non-controlling interests 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 reward 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

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Translation reserve	Revaluation reserve	Merger reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000	HK\$'000	HK\$'000 (Note b)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)	2,168	332,147	66,713	7,406	440	34,561	376,046	818,481	1,569	820,050
Profit (loss) for the period	-	-	-	-	-	-	32,940	32,940	(464)	32,476
Other comprehensive expense for the period										
- Exchange differences arising on translation of financial statements of foreign operations	-	-	-	(23,057)	-	-	-	(23,057)	(9)	(23,066)
Total comprehensive income (expense) for the period	-	-	-	(23,057)	-	-	32,940	9,883	(473)	9,410
Transfer	-	-	1,252	-	-	-	(1,252)	-	-	-
At 30 June 2022 (unaudited)	2,168	332,147	66,965	(15,651)	440	34,561	407,734	828,364	1,096	829,460

## 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 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Operating activities</b>		
Cash (used in) from operations	(44,484)	184,761
PRC Enterprise Income Tax refund	–	17
Net cash (used in) from operating activities	(44,484)	184,778
<b>Investing activities</b>		
Purchase of property, plant and equipment	(31,518)	(19,329)
Proceeds from disposal of property, plant and equipment	1,039	1,010
Net cash outflow on acquisition of a subsidiary	–	(11,000)
Other investing cash flows	13,360	(107,047)
Net cash used in investing activities	(17,119)	(136,366)
<b>Financing activities</b>		
Repayments of bank and other borrowings	(291,315)	(386,313)
Proceeds from bank and other borrowings	429,778	422,286
Other financing cash flows	(19,735)	(21,969)
Net cash from financing activities	118,728	14,004
Net increase in cash and cash equivalents	(57,125)	62,416
Cash and cash equivalents at 1 January	257,912	112,312
Effect of foreign exchange rates changes	(5,602)	(6,409)
Cash and cash equivalents at 30 June, represented by bank balances and cash	195,185	168,319

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 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 Island, is considered as the parent and ultimate parent company of the Company. Its ultimate controlling party is Mr. Yiu Chi To, who passed away on 28 January 2022.

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 provision of memory chips related products sourcing and packing and testing business.

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 2023 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 16 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 2022 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 2023:

HKFRS 17 and related amendments	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 Return – Pillar Two Model Rules

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 2023 and 31 December 2022:

	As at 30 June 2023			
	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	–	7,633	–	7,633
Financial asset at FVTOCI				
– Unlisted equity investment	–	–	11,692	11,692

	As at 31 December 2022			
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Financial assets at FVTPL				
– Derivate financial instrument	–	3,162	–	3,162
– Investment in a life insurance policy	–	7,633	–	7,633
Financial asset at FVTOCI				
– Unlisted equity investment	–	–	11,692	11,692

During the six months ended 30 June 2023, there were no transfers between levels of fair value hierarchy.

## 5. REVENUE AND OTHER INCOME

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<i><b>Disaggregated by major products</b></i>		
Sales of goods		
– LED backlight	<b>698,617</b>	780,139
– LED lighting	<b>51,190</b>	48,761
– Semiconductor memory chips	<b>107,731</b>	283,541
	<b>857,538</b>	1,112,441
<i><b>Disaggregation of revenue by timing of recognition</b></i>		
Timing of revenue recognition		
– At a point in time	<b>857,538</b>	1,112,441
<b>Other income</b>		
Bank interest income	<b>13,251</b>	18,264
Exchange gains, net	<b>9,040</b>	5,320
Government grants (note)	<b>3,097</b>	1,776
Sales of scrapped materials	<b>81</b>	106
Sundry income	<b>2,202</b>	3,676
	<b>27,671</b>	29,142

Note: Included in the amount, there are government grants immediately recognised as other income during the six months ended 30 June 2023 of approximately HK\$3,097,000 (six months ended 30 June 2022: approximately HK\$1,776,000) which were received from the PRC government in respect of certain research projects and salaries subsidies, 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 sourcing and packaging and testing business of semiconductor memory chips 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 – Provision of packaging and testing services and related products sourcing business

### 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 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

## 6. SEGMENT INFORMATION (continued)

### Segment revenues and results (continued)

For the six months ended 30 June 2022

	LED backlight HK\$'000 (Unaudited)	LED lighting HK\$'000 (Unaudited)	Semiconductor memory chips HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
REVENUE				
External sales	780,139	48,761	283,541	1,112,441
Segment profit	53,979	2,220	1,370	57,569
Unallocated income				27,315
Unallocated expenses				(31,866)
Unallocated finance costs				(20,646)
Profit before tax				32,372

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, certain unallocated finance costs and certain unallocated other gains and losses. 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 2023 and 31 December 2022:

#### Segment assets

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
LED backlight	<b>1,242,089</b>	1,263,080
LED lighting	<b>173,175</b>	167,042
Semiconductor memory chips	<b>157,578</b>	95,090
Total segment assets	<b>1,572,842</b>	1,525,212
Unallocated assets	<b>910,536</b>	1,197,575
Consolidated total assets	<b>2,483,378</b>	2,722,787

#### Segment liabilities

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
LED backlight	<b>920,278</b>	1,275,548
LED lighting	<b>123,971</b>	105,006
Memory chips	<b>31,418</b>	85,956
Total segment liabilities	<b>1,075,667</b>	1,466,510
Unallocated liabilities	<b>574,250</b>	429,876
Consolidated total liabilities	<b>1,649,917</b>	1,896,386

## 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, deposits with bank, bank balances and cash, 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, corporate bond, deferred tax liabilities obligations under finance leases, , 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 2023

	LED backlight HK\$'000 (Unaudited)	LED lighting HK\$'000 (Unaudited)	Memory chips HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>					
Additions to non-current assets <sup>#</sup>	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
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:</b>					
Bank interest income	-	-	-	13,251	13,251
Finance costs	303	53	-	17,254	17,610

<sup>#</sup> Non-current assets excluded deferred tax assets, deposits with bank and financial assets at FVTOCI and FVTPL.

## 6. SEGMENT INFORMATION (continued)

### Other segment information (continued)

For the six months ended 30 June 2022

	LED backlight HK\$'000 (Unaudited)	LED lighting HK\$'000 (Unaudited)	Memory chips HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>					
Additions to non-current assets <sup>#</sup>	19,525	448	1,978	-	21,951
Depreciation of property, plant and equipment	21,433	2,918	325	36	24,712
Depreciation of right-of-use assets	3,897	307	263	-	4,467
Impairment losses recognised on other receivables	1,797	1,198	-	-	2,995
Loss on disposal of property, plant and equipment	1,186	387	-	-	1,573
Loss on write-off of property, plant and equipment	136	34	-	-	170
Reversal of provision of inventories	8,110	2,647	-	-	10,757
Reversal of impairment loss recognised in respect of trade receivables	841	53	235	-	1,129
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:</b>					
Bank interest income	-	-	-	18,264	18,264
Finance costs	357	8	43	20,675	21,083

## 6. SEGMENT INFORMATION (continued)

### Revenue from major products

#### Analysis by type of products

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
LED backlight		
– Small dimension	<b>97,232</b>	136,606
– Medium dimension	<b>579,296</b>	623,779
– Large dimension	<b>22,089</b>	19,754
Sub-total	<b>698,617</b>	780,139
LED lighting		
– Indoor lighting	<b>50,795</b>	48,165
– Outdoor lighting	<b>395</b>	596
Sub-total	<b>51,190</b>	48,761
Memory chips related products business	<b>107,731</b>	283,541
Total	<b>857,538</b>	1,112,441

## 6. SEGMENT INFORMATION (continued)

### Revenue from major products (continued)

#### Analysis by application of products

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
LED backlight		
– Automobile displays	<b>603,347</b>	638,595
– Equipment displays	<b>82,951</b>	124,284
– Televisions	<b>12,319</b>	17,260
Sub-total	<b>698,617</b>	780,139
LED lighting		
– Commercial lighting	<b>50,795</b>	48,165
– Public lighting	<b>395</b>	596
Sub-total	<b>51,190</b>	48,761
Memory chips related products business	<b>107,731</b>	283,541
Total	<b>857,538</b>	1,112,441



## 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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
The PRC	<b>659,586</b>	773,859
Hong Kong	<b>21,526</b>	104,205
Taiwan	<b>123,722</b>	186,920
Others	<b>52,704</b>	47,457
	<b>857,538</b>	1,112,441

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
	The PRC	<b>388,882</b>
Hong Kong	<b>7,537</b>	101,481
	<b>396,419</b>	385,485

Non-current assets excluded deferred tax assets, deposits with bank 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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer A <sup>1</sup>	<b>273,868</b>	374,513
Customer B <sup>2</sup>	<b>84,560</b>	N/A <sup>3</sup>

<sup>1</sup> Revenue from LED backlight.

<sup>2</sup> Revenue from semiconductor memory chips related sourcing business.

<sup>3</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## 7. FINANCE COSTS

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on:		
– Bank and other borrowings	<b>17,169</b>	20,566
– Corporate bond	<b>79</b>	99
– Lease liabilities	<b>362</b>	418
	<b>17,610</b>	21,083

## 8. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
PRC Enterprise Income Tax		
– Current period	<b>290</b>	2,124
– Overprovision in prior years	<b>–</b>	(2,228)
<b>Total income tax expense (credit) for the period</b>	<b>290</b>	(104)

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 2023 and 2022.

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 2023 and 2022.

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 2023 respectively. They are entitled to the preferential tax rate of 15% for the six months ended 30 June 2023 and 2022.

\* The English name is for identification purpose only

## 9. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Salaries and allowances (excluding directors' emoluments)	<b>111,493</b>	144,038
Retirement benefit scheme contributions (excluding directors)	<b>18,727</b>	12,520
<b>Total staff costs</b>	<b>130,220</b>	156,558
Cost of inventories recognised as expenses (included in cost of sales)	<b>744,798</b>	998,601
Net foreign exchange gains	<b>(9,040)</b>	(5,320)
Depreciation of property, plant and equipment	<b>24,524</b>	24,712
Depreciation of right-of-use assets	<b>3,175</b>	4,467
Loss (gain) on disposal of property, plant and equipment, net	<b>359</b>	(10,757)
Provision of inventories (included in other gains and losses)	–	2,995
Impairment loss recognised in respect of other receivables (included in other gains and losses)	–	(1,129)

## 10. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2023, nor has any dividend been proposed since the end of the interim period (six months ended 30 June 2022: nil).

## 11. EARNINGS PER SHARE

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Earnings for the purpose of basic and diluted earnings per share	<b>24,128</b>	32,940
Number of ordinary shares for the purpose of basic and diluted earnings per share	<b>219,725,000</b>	216,825,000
Basic and diluted earnings per share (HK cents per share)	<b>10.98</b>	15.19

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 2023 and 2022.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment with a cost of approximately HK\$31,518,000 (six months ended 30 June 2022: approximately HK\$19,329,000) for the expansion of production facilities. Items of property, plant and equipment with an aggregate carrying amount of approximately HK\$2,511,000 were disposed of and written-off during the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$5,104,000), resulting in a net loss on disposal and written-off of approximately HK\$360,000 (six months ended 30 June 2022: net gain on disposal of approximately HK\$1,743,000).

### 13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

#### (i) Right-of-use assets

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Land	<b>32,012</b>	31,795
Buildings	<b>8,356</b>	7,902
Plant and machinery	<b>4,494</b>	6,489
	<b>44,862</b>	46,186

As at 30 June 2023, right-of-use assets of approximately HK\$32,012,000 (31 December 2022: approximately HK\$31,795,000) 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 6 years (31 December 2022: 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 2023 amounted to approximately HK\$2,256,000 (six months ended 30 June 2022: HK\$2,622,000), due to new leases of buildings.

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

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Non-current	<b>3,349</b>	7,015
Current	<b>5,844</b>	4,347
	<b>9,193</b>	11,362
Amounts payable under lease liabilities		
Within one year	<b>5,844</b>	4,347
After one year but within two years	<b>2,237</b>	4,211
After two years but within five years	<b>1,112</b>	2,804
	<b>9,193</b>	11,362
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(5,844)</b>	(4,347)
Amount due for settlement after 12 months	<b>(3,349)</b>	7,015

As at 30 June 2023, the lease liabilities in respect of leased machineries under hire purchase agreements amounted to approximately HK\$1,588,000 (31 December 2022: approximately HK\$3,172,000) with purchase option at consideration of HK\$1,000 having been secured by the leased assets by the title of the lessor. During the six months ended 30 June 2023, the Group entered into a number of new lease agreements in respect of renting buildings and recognised lease liabilities of approximately HK\$2,256,000 (six months ended 30 June 2022: HK\$3,100,000).

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

#### (iii) Amounts recognised in profit or loss

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of right-of-use assets		
– Land	435	464
– Buildings	1,743	3,637
– Plant and machinery	997	366
Interest expense on lease liabilities	362	418
Expense relating to short-term leases	–	983

### 14. FINANCIAL ASSETS AT FVTPL

	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Investments in a life insurance policy	7,633	7,633

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 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Unlisted equity investment	<b>11,692</b>	11,692

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 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Receivables at amortised cost comprise:		
Trade receivables	<b>838,449</b>	775,140
Less: allowance for impairment of trade receivable	<b>(6,096)</b>	(25,217)
	<b>832,353</b>	749,923
Bills receivables	<b>74,727</b>	135,822
Total trade and bill receivables	<b>907,080</b>	885,745

As at 30 June 2023, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK\$838,449,000 (31 December 2022: approximately HK\$775,140,000).

The Group allows an average credit period of 15 to 180 days (31 December 2022: 15 to 180 days) to its trade customers.

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.

**16. TRADE AND BILLS RECEIVABLES (continued)**

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
0 to 90 days	<b>658,719</b>	708,580
91 to 180 days	<b>90,604</b>	36,901
181 to 365 days	<b>83,030</b>	4,442
	<b>832,353</b>	749,923

All the bills receivables are aged within 365 days.

**17. DEPOSITS WITH BANK/PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH****Deposits with bank**

The deposits with bank carries interest rate at 3.3% (31 December 2022: 3.3%) per annum as at 30 June 2023, with an original maturity of 3 years from 2021 to 2024.

**Pledged bank deposits**

The pledged bank deposits are pledged to banks to secure banking facilities granted to the Group. Deposits amounting to approximately HK\$436,544,000 as at 30 June 2023 (31 December 2022: approximately HK\$562,630,000) 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 0.3% to 0.38% (31 December 2022: 0.3% to 0.38%) per annum as at 30 June 2023.

**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 2023 carry interest at the prevailing market rate ranging from 0.1% to 0.38% (31 December 2022: 0.01% to 0.38%) per annum.



## 18. TRADE, BILLS AND OTHER PAYABLES AND ACCRUALS

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade payables (note)	<b>317,706</b>	393,639
Bills payables (note)	<b>662,644</b>	938,391
	<b>980,350</b>	1,332,030
Other payables	<b>45,045</b>	40,956
Accrued expenses	<b>19,503</b>	31,477
Value added tax payables	<b>3,992</b>	2,571
	<b>68,540</b>	75,004
	<b>1,048,890</b>	1,407,034

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 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
0 to 90 days	<b>241,343</b>	319,400
91 to 180 days	<b>63,991</b>	69,379
181 to 365 days	<b>10,357</b>	2,969
Over 365 days	<b>2,015</b>	1,891
	<b>317,706</b>	393,639

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 payables are aged within 180 days.

## 19. BANK AND OTHER BORROWINGS

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Secured:		
– Trust receipts loans	42,930	59,169
– Other bank loans	470,054	143,823
– Other loans	30,109	3,534
	<b>543,093</b>	206,526
Unsecured:		
– Other bank loans	22,608	237,882
	<b>565,701</b>	444,408

## 20. CORPORATE BOND

In 2017, the Group issued a 7.5 year corporate bond with principal amount of HK\$2,000,000 to an independent third party, net of direct expenses of HK\$300,000, which will be due in September 2023. The corporate bond carried interest at a fixed rate of 8% per annum with interest payable annually in arrears. The corporate bond is unsecured. The effective interest rate of the corporate bond is approximately 11.05% per annum.

	HK\$'000
At 1 January 2022 (audited)	1,936
Effective interest expenses	200
Interest paid during the year	(160)
At 31 December 2022 and 1 January 2023 (audited)	<b>1,976</b>
Effective interest expenses	<b>109</b>
At 30 June 2023 (unaudited)	<b>2,085</b>

## 21. SHARE-BASED PAYMENT

In June 2022, 4,710,000 share options were granted to directors, chief executive and other employees under the share option scheme. The exercise price of the options of \$1.49 was equal to the market price of the shares on the date of grant with a vesting period of one year from the date of grant. The contractual life of each option granted is 10 years. There is no cash settlement of the options.

For six months ended 30 June 2022, the Group has not recognised share-based payment expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

## 22. SHARE CAPITAL

The share capital of the Company as at 30 June 2023 and 31 December 2022 is as follows:

	Number of shares		Share capital	
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Ordinary shares of HK\$0.01 each				
Authorised				
At the beginning and end of the period/year	<b>1,000,000,000</b>	1,000,000,000	<b>10,000</b>	10,000
Issued and fully paid				
At the beginning of the period/year	<b>216,825,000</b>	216,825,000	<b>2,168</b>	2,168
Grant of shares from share reward scheme	<b>2,900,000</b>	–	<b>29</b>	–
At the end of the period/year	<b>219,725,000</b>	216,825,000	<b>2,197</b>	2,168

### 23. 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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Salaries and other allowances	<b>1,879</b>	1,809
Retirement benefit scheme contributions	<b>275</b>	53
	<b>2,154</b>	1,862