

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**Peiport Holdings Ltd.**

**彼岸控股有限公司**

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

**(Stock Code: 2885)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Peiport Holdings Ltd. (the “**Company**”) herein announces the unaudited interim condensed consolidated financial results of the Company and its subsidiaries (collectively known as the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) together with the comparative unaudited and restated figures for the six months ended 30 June 2023 and certain comparative audited and restated figures as at 31 December 2023.

### **INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*Six months ended 30 June 2024*

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>REVENUE</b>	4	<b>138,473</b>	116,404
Cost of sales		<b>(90,708)</b>	(76,794)
<b>Gross profit</b>		<b>47,765</b>	39,610
Other income and gains, net	4	<b>4,338</b>	1,031
Selling and distribution expenses		<b>(17,899)</b>	(13,633)
Administrative expenses		<b>(19,976)</b>	(16,653)
Other expenses		<b>(10,075)</b>	(6,916)
Finance costs		<b>(300)</b>	(310)
<b>PROFIT BEFORE TAX</b>	5	<b>3,853</b>	3,129
Income tax expense	6	<b>(984)</b>	(629)
<b>PROFIT FOR THE PERIOD</b>		<b>2,869</b>	2,500

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(573)</u>	<u>(1,665)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>	<u><b>(573)</b></u>	<u><b>(1,665)</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><b>2,296</b></u>	<u><b>835</b></u>
Profit/(loss) attributable to:		
Owners of the parent	<b>2,862</b>	2,618
Non-controlling interests	<u><b>7</b></u>	<u>(118)</u>
	<u><b>2,869</b></u>	<u><b>2,500</b></u>
Total comprehensive income/(loss) attributable to:		
Owners of the parent	<b>2,289</b>	953
Non-controlling interests	<u><b>7</b></u>	<u>(118)</u>
	<u><b>2,296</b></u>	<u><b>835</b></u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>		
Basic and diluted	8 <u><b>HK0.72 cents</b></u>	<u><b>HK0.65 cents</b></u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**30 June 2024**

		<b>30 June 2024</b>	31 December 2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>5,730</b>	6,616
Right-of-use assets		<b>11,241</b>	5,147
Intangible assets		<b>393</b>	538
Deferred tax assets		<b>12,735</b>	10,498
		<hr/>	<hr/>
Total non-current assets		<b>30,099</b>	22,799
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories		<b>98,076</b>	71,223
Trade and bills receivables	9	<b>44,104</b>	57,705
Prepayments, deposits and other receivables		<b>29,979</b>	13,745
Cash and cash equivalents		<b>222,350</b>	243,342
		<hr/>	<hr/>
Total current assets		<b>394,509</b>	386,015
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>18,540</b>	17,012
Other payables and accruals		<b>22,814</b>	18,935
Contract liabilities		<b>29,712</b>	20,321
Lease liabilities		<b>5,403</b>	4,211
Tax payable		<b>8,312</b>	4,967
		<hr/>	<hr/>
Total current liabilities		<b>84,781</b>	65,446
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>309,728</b>	320,569
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>339,827</b>	343,368
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>6,043</b>	1,058
Deferred tax liabilities		<b>43</b>	65
		<hr/>	<hr/>
Total non-current liabilities		<b>6,086</b>	1,123
		<hr/>	<hr/>
Net assets		<b>333,741</b>	342,245
		<hr/> <hr/>	<hr/> <hr/>

		<b>30 June 2024</b>	31 December 2023
	<i>Note</i>	<b>HK\$'000</b> <b>(Unaudited)</b>	<b>HK\$'000</b> <b>(Audited)</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	<i>11</i>	<b>4,000</b>	4,000
Reserves		<b>329,821</b>	338,332
		<b>333,821</b>	342,332
Non-controlling interests		<b>(80)</b>	(87)
Total equity		<b>333,741</b>	342,245

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 30 June 2024

### 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the Period, the Group were principally engaged in the provision of (i) thermal imaging products and services; (ii) self-stabilised imaging products and services; and (iii) general aviation products and services.

In the opinion of the Directors, the ultimate holding company of the Group is Peiport Alpha Ltd., which is incorporated in the British Virgin Islands.

### 2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the Period have been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements set out in Appendix D2 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The preparation of the unaudited interim condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

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

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The revised HKFRSs do not have material impact on the unaudited interim condensed consolidated financial statements of the Group.

### 3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of thermal imaging products and services, self-stabilised imaging products and services and general aviation products and services. Information reported to the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

#### Geographical information

##### (a) Revenue from external customers

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Chinese Mainland	<b>91,632</b>	91,469
Hong Kong and Macau	<b>44,269</b>	21,299
Overseas	<b>2,572</b>	3,636
Total	<b>138,473</b>	116,404

The revenue information above is based on the locations of the customers.

##### (b) Non-current assets

	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Chinese Mainland	<b>9,414</b>	5,942
Hong Kong	<b>7,950</b>	6,359
Total	<b>17,364</b>	12,301

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

#### Information about major customers

Revenue derived from sales to individual customer which contributed over 10% of the total revenue of the Group during the Period and the six months ended 30 June 2023 are as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Customer A	<b>28,425</b>	N/A*
Customer B	<b>15,923</b>	N/A*
Customer C	<b>14,648</b>	22,407
Customer D	<b>N/A*</b>	13,010

\* The corresponding revenue from these customers are not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the respective period.

#### 4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue, other income and gains, net is as follows:

##### Revenue

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Thermal imaging products and services		
— Sales of goods <sup>Note (A)</sup>	23,328	30,674
— Rendering of maintenance services <sup>Note (B)</sup>	5,390	6,495
	<u>28,718</u>	<u>37,169</u>
Self-stabilised imaging products and services		
— Sales of goods <sup>Note (A)</sup>	26,806	15,760
— Rendering of maintenance services <sup>Note (B)</sup>	12,220	2,613
	<u>39,026</u>	<u>18,373</u>
General aviation products and services		
— Sales of goods <sup>Note (A)</sup>	68,984	59,399
— Rendering of maintenance services <sup>Note (B)</sup>	321	687
	<u>69,305</u>	<u>60,086</u>
Others	<u>1,424</u>	<u>776</u>
Total	<u><u>138,473</u></u>	<u><u>116,404</u></u>

Note (A) The revenue from the sale of goods was recognised at a point in time.

Note (B) The revenue from the rendering of maintenance services was recognised over time.

##### Other income and gains, net

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	4,100	626
Government grants	44	221
Reversal of doubtful receivables, net	—	3
Others	194	181
	<u>4,338</u>	<u>1,031</u>
Total	<u><u>4,338</u></u>	<u><u>1,031</u></u>

## 5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	83,948	73,299
Cost of services provided	6,760	3,495
Depreciation of property, plant and equipment	938	888
Depreciation of right-of-use assets	3,485	3,611
Amortisation of intangible assets	143	173
Research and development costs	7,537	4,694
Provision for/(reversal of) doubtful receivables, net	6,625	(3)
Written-off of trade receivables	–	828
Provision for inventory obsolescence, net	1,187	–
Employee benefit expense (excluding Directors' and chief executive officer's remuneration:		
Wages and salaries	27,270	17,390
Pension scheme contributions (defined contribution scheme)	3,198	3,239
	<u>30,468</u>	<u>20,629</u>
Foreign exchange differences, net	3,428	5,945
Loss on disposal of items of property, plant and equipment	<u>–</u>	<u>139</u>

## 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (six months ended 30 June 2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2023: 16.5%).

Pursuant to the People's Republic of China (the "PRC") Income Tax Law and the respective regulations, corporate income tax has been provided at the rate of 25% (six months ended 30 June 2023: 25%) on the taxable income of the subsidiaries operating in Chinese Mainland during the Period, except for certain subsidiaries of the Group, which are qualified small and micro-sized enterprises under preferential tax treatment. Pursuant to the preferential tax policy, taxable income not exceeding RMB3,000,000 shall be calculated at 25% (six months ended 30 June 2023: 25%) of taxable income, with a reduced tax rate of 20%.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current	3,439	2,088
Deferred	<u>(2,455)</u>	<u>(1,459)</u>
Total tax charge for the period	<u>984</u>	<u>629</u>



## 7. DIVIDENDS

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

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the Period attributable to ordinary equity holders of the parent of HK\$2,862,000 (six months ended 30 June 2023: HK\$2,618,000), and the weighted average number of ordinary shares of 400,000,000 (six months ended 30 June 2023: 400,000,000) in issue during the Period.

The Group had no potentially dilutive ordinary shares in issue during the Period and the six months ended 30 June 2023.

## 9. TRADE AND BILLS RECEIVABLES

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	<b>31 December 2023 HK\$'000 (Audited)</b>
Trade receivables	<b>60,789</b>	69,747
Bills receivable	<b>3,795</b>	2,104
	<b>64,584</b>	71,851
Impairment	<b>(20,480)</b>	(14,146)
Total	<b>44,104</b>	57,705

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	<b>31 December 2023 HK\$'000 (Audited)</b>
Less than 3 months	<b>11,598</b>	24,310
3 to 6 months	<b>4,893</b>	1,574
6 to 12 months	<b>4,763</b>	3,448
Over 1 year	<b>22,850</b>	28,373
Total	<b>44,104</b>	57,705

## 10. TRADE PAYABLES

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

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	<b>31 December 2023 HK\$'000 (Audited)</b>
Within 1 month	<b>4,265</b>	1,815
1 to 3 months	<b>2,733</b>	2,695
Over 3 months	<b>11,542</b>	12,502
Total	<b>18,540</b>	17,012

The trade payables are interest-free and are normally settled ranging from 30 to 90 days.

## 11. SHARE CAPITAL

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	<b>31 December 2023 HK\$'000 (Audited)</b>
Issued and fully paid: 400,000,000 (31 December 2023: 400,000,000) ordinary shares of HK\$0.01 each	<b>4,000</b>	4,000

## 12. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 28 August 2024.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in the provision of thermal imaging products and services, self-stabilised imaging products and services, and general aviation products and services in Chinese Mainland and Hong Kong.

The global economy has started recovering post-pandemic but challenges still linger in terms of growth in overall consumption across different sectors of the economy. The intensifying geopolitical dynamics among leading global economies, especially between the PRC, the United States (the “US”), Russia, and the European Union, have markedly shaped the current economic environment. Considering the strong linkage between Hong Kong’s economy and Chinese Mainland, such strains have deeply affected Hong Kong’s business environment, economy, and geopolitical position.

Despite these challenging economic and market conditions in Chinese Mainland and Hong Kong, the Group managed to achieve growth in revenue and net profit attributable to owners of the parent. During the Period, the Group recorded the revenue of approximately HK\$138.5 million, an increase of approximately 19.0% on a period-to-period basis. The net profit attributable to owners of the parent increased by approximately 11.5% to approximately HK\$2.9 million on a period-to-period basis.

### **PERFORMANCE OF BUSINESS SEGMENTS**

A summary of revenue from different business segments of the Group is set out below:

#### **(1) Thermal imaging products and services**

Our products and services in this business segment can broadly be divided into three categories: (i) products under our own brand name, PTi; (ii) products of other brands; and (iii) thermal imaging inspection services. Our products are widely used in general consumption, commercial and industrial fields.

During the Period, the Group recorded a decrease in revenue of approximately 22.4% from this business segment. It is mainly due to the decrease in sales of infrared cameras and nano-positioning systems. Revenue generated from this business segment during the Period was approximately HK\$28.8 million (six months ended 30 June 2023: HK\$37.1 million). It accounted for approximately 20.8% (six months ended 30 June 2023: 31.9%) of the Group’s revenue during the Period.

## **(2) Self-stabilised imaging products and services**

The products in this business segment are designed to be mounted on moving platforms such as aircrafts, helicopters, vessels and ships. The Group deploys a self-stabilisation technology whereby the imaging products are mounted on a multiple-axis gimbaled structure so as to achieve maximum stabilisation. The products are traded under own brand name, SkyEye, SeaVision and PGs. We also rent our self-stabilised imaging products for aircrafts to our customers for a fixed period at a rental fee as well as provide product training and technical assistance to our customers based on their requirements.

During the Period, the revenue generated from this business segment increased approximately by 112.0% from approximately HK\$18.4 million to approximately HK\$39.0 million on a period-to-period basis. The significant increase was mainly attributable to an increase in demand for self-stabilised imaging products for vessels outweighs the decrease in demand for self-stabilised imaging products for aircrafts from our existing customers. It accounted for approximately 28.2% (six months ended 30 June 2023: 15.8%) of the Group's revenue during the Period.

## **(3) General aviation products and services**

The services and products in this business segment can be broadly divided into three categories, namely (i) light and ultra-light aircraft engines and related components distribution; (ii) maintenance training courses; and (iii) maintenance and support services. Our maintenance training courses and maintenance and support services are mainly carried out in our maintenance centre with a gross floor area of approximately 1,200 square metres which is located in Zhuhai City, Guangdong Province. Our customers in this business segment include light and ultra- light aircraft manufacturers, flight schools, flying entertainment clubs, light aircraft research institutions and private flight owners.

The revenue from this business segment increased by approximately 15.3% on a period-to-period basis. Revenue generated from this business segment during the Period was approximately HK\$69.3 million (six months ended 30 June 2023: HK\$60.1 million). It accounted for approximately 50.0% (six months ended 30 June 2023: 51.6%) of the Group's revenue during the Period.

## PROSPECT

Looking ahead, the economic outlook remains uncertain in 2024. The global economic landscape is expected to confront a series of macroeconomic challenges, including geopolitical uncertainties, inflation and tightened financial conditions. It is anticipated that inflation will persist and economic expansion may remain muted.

In Chinese Mainland, the economic landscape is currently characterised by subdued domestic demand, attributed to underlying structural challenges and shifts in population dynamics. The deceleration in industrial production has exerted pressure on the manufacturing and export-driven sectors.

Despite these challenges, we hold an optimistic outlook for the second half of 2024. We will continue to invest in research and development in order to strengthen our product portfolio with new offerings. We will continue to consolidate our market leadership so as to strive for collaboration with companies with marketing capabilities and to become key provider in the industry.

The Group is optimistic in the prospect of science, technology, engineering and mathematics (“STEM”) education. In the Hong Kong budget 2024–25 budget speech, Financial Secretary Paul Chan Mo Po unveiled initiatives to promote STEM education, including the allocation of an additional funding of HK\$134 million for the provision of subsidies of up to HK\$300,000 for each publicly-funded primary school in the next two academic years. The Group would continue developing STEM education business.

We are confident in the future prospect and committed to the continuous growth of the Group.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group was principally derived from business consisting of: (i) thermal imaging products and services; (ii) self-stabilised imaging products and services; and (iii) general aviation products and services.

During the Period, the total revenue of the Group increased by approximately 19.0% from approximately HK\$116.4 million for the six months ended 30 June 2023 to approximately HK\$138.5 million. The increase was primarily attributable to the following reasons:

#### *(i) Thermal imaging products and services*

Revenue derived from thermal imaging products and services decreased by approximately HK\$8.3 million, or 22.4%, from approximately HK\$37.1 million for the six months ended 30 June 2023 to approximately HK\$28.8 million for the six months ended 30 June 2024. The decrease was primarily attributable to a decrease in sales of infrared cameras and nano-positioning systems from our existing customers due to decrease in demand in relevant products.

*(ii) Self-stabilised imaging products and services*

Revenue derived from self-stabilised imaging products and services increased by approximately HK\$20.6 million, or 112.0%, from approximately HK\$18.4 million for the six months ended 30 June 2023 to approximately HK\$39.0 million for the six months ended 30 June 2024. The increase was mainly attributable to an increase in demand for self-stabilised imaging products for vessels outweighs the decrease in demand for self-stabilised imaging products for aircrafts from our existing customers.

*(iii) General aviation products and services*

Revenue derived from general aviation products and services increased by approximately HK\$9.2 million, or 15.3%, from approximately HK\$60.1 million for the six months ended 30 June 2023 to approximately HK\$69.3 million for the six months ended 30 June 2024. The increase was mainly attributable to the increase in demand from our existing and new customers as a result of an increase in market demand for light and ultra-light aircraft engines.

**Gross Profit and Gross Profit Margin**

Gross profit for the Group increased from approximately HK\$39.6 million for the six months ended 30 June 2023 to approximately HK\$47.8 million for the six months ended 30 June 2024, while the gross profit margin also increased by approximately 0.5% from approximately 34.0% for the six months ended 30 June 2023 to approximately 34.5% for the six months ended 30 June 2024.

*(i) Gross profit margin of thermal imaging products and services*

The gross profit margin of thermal imaging products and services remained relatively stable at approximately 29.9% and 29.5% for the six months ended 30 June 2023 and 2024, respectively.

*(ii) Gross profit margin of self-stabilised imaging products and services*

The gross profit margin of self-stabilised imaging products and services decreased from approximately 50.0% for the six months ended 30 June 2023 to approximately 44.1% for the six months ended 30 June 2024. The decrease was primarily attributable to an increase in sales for self-stabilised imaging products for vessels to the existing customers, which had a relatively lower gross profit margin.

*(iii) Gross profit margin of general aviation products and services*

The gross profit margin of general aviation products and services remained relatively stable at approximately 31.6% and 31.2% for the six months ended 30 June 2023 and 2024, respectively.

## **Other Income and Gains, Net**

The Group's other income and gains increased by approximately HK\$3.4 million, or by 340.0%, from approximately HK\$1.0 million for the six months ended 30 June 2023 to approximately HK\$4.4 million for the six months ended 30 June 2024, which was primarily attributable to the increase in bank interest income arising from increase in investment of time deposits during the Period.

## **Selling and Distribution Expenses**

The Group's selling and distribution expenses increased by approximately HK\$4.3 million, or by 31.6%, from approximately HK\$13.6 million for the six months ended 30 June 2023 to approximately HK\$17.9 million for the six months ended 30 June 2024, which was primarily attributable to increase in staff costs of our sales and marketing personnel due to increase in salary and commission.

## **Administrative Expenses**

The Group's administrative expenses increased by approximately HK\$3.3 million, or by 19.8%, from approximately HK\$16.7 million for the six months ended 30 June 2023 to approximately HK\$20.0 million for the six months ended 30 June 2024, which was primarily attributable to an increase in research and development costs as a result of increase in staff costs for the research and development centres in Hong Kong and Chinese Mainland, which was primarily attributable to the increase in salary.

## **Other Expenses**

The Group's other expenses increased by approximately HK\$3.2 million, or by 46.4%, which was primarily attributable to the recognition of provision for doubtful receivables of approximately HK\$6.6 million. The effect was partially offset by the decrease in the recognition of foreign exchange loss by approximately HK\$2.5 million for the six months ended 30 June 2024.

## **Income Tax Expense**

The Group's income tax expense increased by approximately HK\$0.4 million, or 66.7% from approximately HK\$0.6 million for the six months ended 30 June 2023 to approximately HK\$1.0 million for the six months ended 30 June 2024 as a result of increase in profit before tax during the Period, while the effective tax rates increased by approximately 5.4% from approximately 20.1% for the six months ended 30 June 2023 to approximately 25.5% for the six months ended 30 June 2024.

## **Profit for the Period Attributable to Owners of the Parent**

As a result of the cumulative effect of the above factors, the Group's profit for the period attributable to the owners of the parent remained relatively stable at approximately HK\$2.9 million for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$2.6 million).

## LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Group maintained a healthy liquidity position, with working capital financed mainly by internal resources. As at 30 June 2024, the Group reported net current assets of approximately HK\$309.7 million (31 December 2023: HK\$320.6 million).

As at 30 June 2024, the Group's cash and cash equivalents was approximately HK\$222.4 million, representing a decrease of approximately HK\$20.9 million as compared to approximately HK\$243.3 million as at 31 December 2023.

For the six months ended 30 June 2024, the net cash used in operating activities was approximately HK\$16.3 million (six months ended 30 June 2023: HK\$3.8 million). The cash used in operating activities was mainly from the procurement of inventories during the Period.

The net cash from investing activities was approximately HK\$38.9 million (six months ended 30 June 2023: net cash used in investing activities was approximately HK\$10.8 million). The net cash used in financing activities was approximately HK\$3.4 million (six months ended 30 June 2023: HK\$3.7 million). The net cash from investing activities was mainly for the matured investment in time deposits with original maturity more than three months. The net cash used in financing activities was mainly attributable to the principal portion of lease payment.

## CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no significant contingent liabilities (31 December 2023: Nil).

## CAPITAL STRUCTURE

There was no material change in the capital structure of the Company during the six months ended 30 June 2024. Details of the movements in the Company's share capital are set out in note 11 of this interim results announcement ("**Interim Results Announcement**").

## FOREIGN EXCHANGE EXPOSURE

Functional currency of the Group's operating subsidiaries is either Hong Kong dollar or Renminbi, while some of the Group's business transactions and cost of sales are denominated in US dollar and Euro.

The Group has transactional currency exposures and such exposures arise from sales or purchases made by subsidiaries in currencies other than the subsidiaries' functional currencies. The Group's foreign currency exposure also comprises assets and liabilities denominated in US dollar. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.



## PLEDGE OF ASSETS

As at 30 June 2024, the Group did not pledge any assets (31 December 2023: Nil).

## GEARING RATIO

As at 30 June 2024, since we did not have any bank borrowings, gearing ratio was not applicable to our Group.

## USE OF PROCEEDS

The final offer price for the listing of the Company's shares (the "**Listing**") was HK\$1.25 per share, and the actual net proceeds from the Listing were approximately HK\$81.2 million (after deduction of the listing expenses).

The Company intends to continue to apply the net proceeds according to the purposes as set out in the section headed "Future Plans and Use of Proceeds" of the prospectus dated 31 December 2018 (the "**Prospectus**").

As disclosed in the announcement of the Company dated 18 October 2022 (the "**Announcement**"), the Coronavirus disease 2019 pandemic, which had led to travel restrictions and/or quarantine requirements, has made it more difficult for the Company's management to locate suitable premise and develop the research and development centre in the Chinese Mainland in 2022. The Board considers it is appropriate to reallocate the unutilised net proceeds initially intended for the establishment of research and development centre in the Chinese Mainland to other imminent needs of the Group. For further details, please refer to the Announcement.

As at 30 June 2024, the net proceeds from the Listing were utilised as follows:

	Original allocation of net proceeds according to the Prospectus HK\$'000	Revised allocation of the proceeds HK\$'000	Amount utilised as at 30 June 2024 HK\$'000	Amount unutilised as at 30 June 2024 HK\$'000	Expected timeline for utilisation of the remaining proceeds
Establish new research and development centres in the Chinese Mainland and Hong Kong	39,600	19,600	(19,600)	–	N/A
Enhance the recognition and qualification of our products	17,300	27,300	(26,512)	788	By the end of 2024
Strengthen our sales capacity and capture new sales opportunities	21,100	31,100	(30,589)	511	By the end of 2024
Purchase new information technology hardware and software	2,500	2,500	(2,500)	–	N/A
Working capital	700	700	(700)	–	N/A
	<u>81,200</u>	<u>81,200</u>	<u>(79,901)</u>	<u>1,299</u>	

All the unutilised balances have been placed in a licensed bank in Hong Kong.

## **RESTRUCTURING AND SIGNIFICANT INVESTMENTS**

During the Period, the Group did not have any restructuring and significant investments.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2024, the Group had a total of 154 (31 December 2023: 154) employees. Total staff costs of the Group (excluding the Directors' and chief executive officer's remuneration) for the Period was approximately HK\$30.5 million (six months ended 30 June 2023: HK\$20.6 million). The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees.

## **OTHER INFORMATION**

### **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Board is of the view that the Company has complied with all the applicable code provisions set out in part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2024.

### **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix C3 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors in the securities of the Company and other matters covered by the Model Code.

Having made specific enquiries, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2024.

### **AUDIT COMMITTEE AND REVIEW OF INTERIM REPORT**

The audit committee of the Company (the “**Audit Committee**”) was established by our Company pursuant to a resolution of the Board on 18 December 2018 with written terms of reference in compliance with the Rule 3.22 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. NIU Zhongjie, Ms. YEUNG Hiu Fu Helen and Mr. HOU Min. Ms. YEUNG Hiu Fu Helen is the chairwoman of the Audit Committee.

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have been reviewed by the Audit Committee. The Audit Committee considers that this Interim Results Announcement had been prepared in accordance with appropriate accounting policies and the applicable requirements of the Listing Rules and adequate disclosures have been made.

## **INTERIM DIVIDENDS**

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

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The interim results announcement for the six months ended 30 June 2024 required by the Listing Rules will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.peiport.com](http://www.peiport.com). The 2024 interim report containing all the information will be dispatched to the shareholders of the Company (if requested) and made available on the above websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to express our sincere gratitude to the management and the staff of the Group for their hard work and dedication, as well as our shareholders, customers, suppliers, business partners and other stakeholders for their continuous support to the Group.

By order of the Board  
**Peiport Holdings Ltd.**  
**YEUNG Lun Ching**  
*Chairman and Executive Director*

Hong Kong, 28 August 2024

*As at the date of this announcement, the executive Directors are Mr. YEUNG Lun Ching, Ms. WONG Kwan Lik and Mr. YEUNG Chun Tai, and the independent non-executive Directors are Mr. NIU Zhongjie, Ms. YEUNG Hiu Fu Helen and Mr. HOU Min.*