



Precious Dragon Technology  
Holdings Limited  
保寶龍科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 1861



2021  
INTERIM REPORT



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Ms. Ko Sau Mee (Chairlady and Chief Executive)  
Ms. Lin Hing Lei  
Mr. Lin Hing Lung  
Mr. Yang Xiaoye

### Independent Non-executive Directors

Mr. Lee Yiu Pui  
Mr. Poon Tak Ching  
Mr. Pang Cheung Wai, Thomas, GBS, JP

## COMMITTEES OF THE BOARD

### Audit Committee

Mr. Poon Tak Ching (*Chairman*)  
Mr. Lee Yiu Pui  
Mr. Pang Cheung Wai, Thomas, GBS, JP

### Remuneration Committee

Mr. Pang Cheung Wai, Thomas, GBS, JP (*Chairman*)  
Ms. Ko Sau Mee  
Mr. Lee Yiu Pui  
Mr. Poon Tak Ching

### Nomination Committee

Mr. Lee Yiu Pui (*Chairman*)  
Ms. Ko Sau Mee  
Mr. Poon Tak Ching  
Mr. Pang Cheung Wai, Thomas, GBS, JP

## AUTHORIZED REPRESENTATIVES

Ms. Ko Sau Mee  
Mr. Lee Kam Fai

## COMPANY SECRETARY

Mr. Lee Kam Fai

## REGISTERED OFFICE

Windward 3  
Regatta Office Park  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

## HEADQUARTER OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

No. 628 Jufeng North Road  
Aotou Town  
Conghua District  
Guangzhou City  
Guangdong Province  
People's Republic of China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit G, 20/F., Golden Sun Centre  
Nos. 59/67 Bonham Strand West  
Sheung Wan  
Hong Kong

## AUDITOR

Ernst & Young  
27/F., One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## CORPORATE INFORMATION

### COMPLIANCE ADVISER

Rainbow Capital (HK) Limited  
Room 5B, 12/F., Tung Ning Building  
2 Hillier Street, Sheung Wan  
Hong Kong

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited  
Windward 3  
Regatta Office Park  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited  
Bank of China Limited  
CTBC Bank Co., Limited

### STOCK CODE

1861

### WEBSITE FOR THE COMPANY

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

## BUSINESS REVIEW

Precious Dragon Technology Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is the leading manufacturer specializing in manufacturing of aerosol products used in the automotive beauty and maintenance products in the People’s Republic of China (“PRC”). We are principally engaged in the design, development, manufacture and sale of a wide range of automotive beauty and maintenance products including auto cleaning and maintenance products (such as auto interior decoration cleaning products and tyre and wheel cleaning and care products), paint and coating (such as chrome aerosol spray), winter and summer specials (such as refrigerant and cold cranking agent) and air-fresheners. The automotive beauty and maintenance products are in the form of aerosol and non-aerosol products. We also design, develop, manufacture and sell personal care products (such as foaming facial wash, sunscreen, moisturiser, deodoriser and hand wash) and other products including household products (such as paint and floor polish).

The Company sells the products on contract manufacturing service (“CMS”) and original brand manufacturing (“OBM”). The Company’s OBM business offers products under our own brand names of BOTNY (保賜利), ATM, ETOMAN (已度明), NISSEI, WIN (勝彩), FOX-D (狐狸), PISCIS (百麗時) and PARLUX (派樂士), which are sold mainly through (1) the networks of distributors, who further resell our OBM products to wholesalers, retailers and end-users in the PRC; and (2) the online stores of “保賜利旗艦店” at Tmall and “保賜利京東自營旗艦店” at JD.com.

During the period ended 30 June 2021, the Group continued to allocate more resources to further develop the OBM business. The Group enhanced the brand recognition activities, including sponsorship in exhibitions, public relation events and multi-media platforms in order to promote the corporate image and brands to new potential and existing customers. The Group recorded a significant growth in online markets sales which reflects the strategy of continuing to implement the e-commerce strategies in PRC. We have launched the series of automotive beauty and maintenance products, 保寶龍, under our BOTNY (保賜利) brand for the repositioning of our corporate image and for broadening our clientele. We believe in the growth potential of our products under our new 保寶龍 series, as it takes time to establish a new line of products, we expect the other products under our BOTNY (保賜利) brand to remain our main revenue driver in the near future.

### OPERATING ENVIRONMENT AND PROSPECTS

As the global economy is shrouded in the shadow of the political issues, like, trade protectionism and outbreak of pneumonia caused by novel coronavirus (“COVID-19”), there are high uncertainties and rapid changes in global economic development. The Group pays close attention to the development and changes of the industry and adjusts its strategies in a timely manner to cope with (i) the uncertainties brought by the trade protectionism, (ii) market demands of products, (iii) supply chain of production materials under the impact of prolonged COVID-19 pandemic, and (iv) changes in the external environment. Meanwhile, by continuously adjusting the diversified strategy and customer management, actively participating in various types of exhibitions in the People’s Republic of China (“PRC”) and around the world and launching new products to meet market demands, the Group will continue to strengthen the promotion of its own brands, enhance the relationship with customers and expand into new markets, with a view to continually consolidating and strengthening the Group’s business development.

Despite of the economic slowdown of PRC and heavy pressure caused by prolonged COVID-19 pandemic, the economic foundation of PRC market keeps stable in the long run. Therefore, opportunities and challenges coexist. The Group is still prudent and optimistic towards its domestic market, Original Brand Manufacturing (“OBM”) business and personal care products sectors. The Group will continue to improve its OBM business by sponsorship and exhibitions, improving existing OBM products’ series, strictly controlling cost, lifting the brand image, and enhancing the competitiveness of products.

To reduce the negative impact of trade protectionism, such as Sino-US trade war, and enhance the manufacturing cost efficiency, the Company strategically acquired a land in Thailand in July 2020 for setting up a new production plant to diversify the production base overseas.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Turnover

For the six months ended 30 June 2021, the Group's recorded a turnover of approximately HK\$287.0 million (six months ended 30 June 2020: approximately HK\$344.1 million), representing a decrease of approximately 16.6% as compared to the corresponding period of 2020.

For the six months ended 30 June 2021, the Group generated revenue of approximately HK\$210.0 million (six months ended 30 June 2020: approximately HK\$209.1 million) from PRC customers, representing a slight increase of approximately 0.4% as compared to the corresponding period of 2020. The increase in PRC sales caused by the net effects of (i) execution of marketing strategies of OBM products and development online sales platform to drive the growth of the sales; and (ii) the economic slowdown of PRC caused by the prolonged COVID-19 pandemic.

For the six months ended 30 June 2021, the Group recorded revenue from overseas customers of approximately HK\$77.0 million (six months ended 30 June 2020: approximately HK\$135.0 million). The significant decrease in overseas sales was mainly caused by the effects of (i) the global economic slowdown as a result of the prolonged COVID-19 pandemic; and (ii) higher shipment costs caused by the surge in sea freight costs and longer docking time under the ongoing COVID-19 pandemic, which have negative impacts on sales order from overseas.

### Cost of Sales

For the six months ended 30 June 2021, cost of sales of the Group amounted to approximately HK\$209.8 million (six months ended 30 June 2020: HK\$220.0 million), which represented approximately 73.1% (six months ended 30 June 2020: approximately 63.9%) of the turnover in the period. There was an increase of approximately 9.2% in percentage of cost of sales which was mainly attributable to the net effects of (i) the significant increase in raw material prices, including tinplate containers, solvents and gas, which was caused by the increase in crude oil price; (ii) variation of sales of products mix; and (iii) increase of manufacturing overhead caused by the decrease of sales volume as a result of the economic slowdown.

### Gross Profit and Gross Profit Margin

The Group recorded a gross profit amounted to approximately HK\$77.2 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$124.1 million), representing a significant decrease of approximately 37.8% as compared to the corresponding period of 2020. The decrease in gross profit was mainly driven by the effects of (i) the decrease in overseas sales due to the global economic slowdown as a result of the prolonged COVID-19 pandemic; (ii) the significant increase in raw material prices, including tinplate containers, solvents and gas; and (iii) the surge in sea freight costs as freighters were docked for longer time under the ongoing COVID-19 pandemic.

### Other Income and Gains

Other income and gains mainly consist of sales of scrap materials, bank interest income, income from provision of research and development services and government grants. For the six months ended 30 June 2021, other income and gains of the Group was approximately HK\$7.7 million (six months ended 30 June 2020: approximately HK\$6.9 million), representing an increase of 11.6%, which was mainly due to the effects of (i) increase of government grants of approximately HK\$0.2 million, and (ii) increase of income from provision of research and development services of approximately HK\$0.4 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Selling and Distribution Expenses

Selling and distribution expenses mainly consist of transportation expenses and declaration charges for delivery of products to customers, salaries, performance bonuses and employee benefits expenses for the sales and marketing staff, business travel, entertainment expenses, advertisement and promotion costs. For the six months ended 30 June 2021, selling and distribution expenses were approximately HK\$21.8 million (six months ended 30 June 2020: approximately HK\$26.3 million), representing a decrease of approximately 17.3% as compared to the corresponding period of 2020. The decrease was primarily due to the effects of (i) decrease in overseas sales which caused less transportation costs incurred; and (ii) decrease in salaries, performance bonus and share option expenses.

## Administrative Expenses

Administrative expenses mainly represent staff salaries, share option expenses, welfare and bonus for our administrative staff and directors' remuneration, professional fees, other taxes and surcharges, and depreciation expenses. For the six months ended 30 June 2021, administrative expenses were approximately HK\$27.5 million (six months ended 30 June 2020: approximately HK\$27.6 million), representing a slight decrease of approximately 0.3% as compared to the corresponding period of 2020. The decrease in administrative expenses was primarily due to the net effects (i) increase in staff salaries and welfare to approximately HK\$7.4 million (six months ended 30 June 2020: HK\$6.1 million), (ii) decrease in maintenance costs to approximately HK\$2.1 million (six months ended 30 June 2020: HK\$3.2 million), (iii) decrease in depreciation expenses to approximately HK\$3.5 million (six months ended 30 June 2020: HK\$4.0 million), (iv) decrease in share option expenses to approximately HK\$0.4 million (six months ended 30 June 2020: HK\$1.2 million), (v) decrease in professional fees and consulting fee to approximately HK\$2.2 million (six months ended 30 June 2020: HK\$4.6 million), and (vi) increase of bank charges to approximately HK\$1.1 million (six months ended 30 June 2020: HK\$0.1 million).

## Finance Costs

For the six months ended 30 June 2021, the finance costs of the Group were approximately HK\$1.3 million (six months ended 30 June 2020: approximately HK\$0.9 million), representing an increase of approximately 44.4% as compared to the corresponding period of 2020. The increase in finance cost was mainly due to increase in average bank loan outstanding balance compared to corresponding period of 2020 and increase in overall bank borrowing interest rate.

## Net Profit

The Group's net profit attributable to owners of the parent amounted to approximately HK\$7.1 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$29.9 million), representing a significant decrease of approximately 76.3% as compared to the corresponding period in 2020. Significant decrease in net profit attributable to owners of the parent was mainly attributable to, among other things, (i) the decrease in overseas sales due to the global economic slowdown as a result of the prolonged COVID-19 pandemic; (ii) the significant increase in raw material prices, including tinplate containers, solvents and gas; and (iii) the surge in sea freight costs as freighters were docked for longer time under the ongoing COVID-19 pandemic, which have negative impacts on sales order from overseas.

## TREASURY POLICY

The Group adopts treasury policy that aims to better control its treasury operations and lower borrowing cost. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short term funding needs. The Board would also consider various funding sources depending on the Group's funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The Board reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND CAPITAL RESOURCES

### Net Current Assets

As at 30 June 2021, the Group had net current assets of approximately HK\$72.9 million (31 December 2020: approximately HK\$45.1 million). The Group's cash and cash equivalents (including pledged bank deposits) amounted to HK\$156.7 million as at 30 June 2021 (31 December 2020: HK\$165.9 million) which are mainly denominated in Renminbi, United States dollars, Japanese yen, Thailand Baht and Hong Kong dollars. The current ratio of the Group was approximately 1.4 as at 30 June 2021 (31 December 2020: approximately 1.2).

### Borrowings and the Pledge of Assets

The bank borrowings of the Group, which were secured by our property, plant and equipment and land use rights amounted to approximately HK\$99.1 million as at 30 June 2021 with maturity in 2022 (31 December 2020: approximately HK\$67.8 million). All borrowings are charged with reference to bank's preferential floating rates, loan prime rate and HIBOR.

As at 30 June 2021, we had available unutilized banking facilities of approximately HK\$265.8 million (31 December 2020: HK\$108.6 million).

### Gearing Ratio

As a result of the decrease in cash and cash equivalents and the increase in total borrowings of the Group, the gearing ratio which is calculated by dividing total debt by equity attributable to owners of the Company, amounted to approximately 38.3% as at 30 June 2021 (31 December 2020: approximately 31.3%).

## CAPITAL STRUCTURE

As at 30 June 2021, the total number of issued shares of the Company (the "Shares") was 233,917,250 (31 December 2020: 233,544,750).

## FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

Approximately 26.8% of the Group's revenue for the six months ended 30 June 2021 were denominated in US\$. However, over 90.0% of the production costs were settled in RMB. Therefore, there is a currency mismatch between US\$ revenue and RMB production costs, which gives rise to exposure to foreign exchange risk. Furthermore, there is a time lag between invoicing and final settlement from customers of export sales. The Group is exposed to foreign exchange risks if the foreign exchange rate at which the US\$ sales proceeds received from export sales is different from the rate at which the Group used to book the US\$ sales transactions at the time of sales.

During the six months ended 30 June 2021, we did not enter into any foreign currency forward contracts nor have any outstanding foreign currency forward contracts.



# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2021, the Group had a workforce of 532 employees (31 December 2020: 511 employees). The staff costs, including directors' emoluments but excluding any contributions to the pension scheme, were approximately HK\$27.0 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$21.7 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of an individual employee. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance and share options are granted to attract and retain eligible employees of the Group. The emoluments of the directors of the Company (the "Directors") have been determined with reference to the skills, knowledge, and contribution in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the six months ended 30 June 2021.

## SIGNIFICANT INVESTMENTS

As at 30 June 2021, the Group did not have any significant investments (31 December 2020: nil).

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 12 April 2021, Precious Dragon Technology Thai Limited ("Precious Dragon Technology Thai"), a wholly-owned subsidiary of the Company, entered into a construction agreement with each of State Construction Co., Ltd. and S.P. 64 KARNCHANG Co., Ltd. (the "Construction Agreements") in relation to the design and construction of the production plant to be constructed on the land situated in Pinthong Industrial Estate Project 3 at the following address: 219 Moo 6, Bowin Sub-district, Sriracha District, Chonburi Province 20230, Plot No. G016, with the Title Deed No. 170459, Land Range No. 5235 III 2248,2448, Land No. 5101, Survey Page no. 22333, covering a total area of 36,983.20 square meters (the "Land"), pursuant to the Construction Agreements on the Land at a total contract sum (including value-added tax and other applicable tax) of Baht 124,956,873.30 (equivalent to approximately HK\$30.8 million) and Baht 90,933,982.46 (equivalent to approximately HK\$22.4 million), respectively. Pursuant to the Construction Agreements, the Contractors will, among other things, perform structural and architectural works for the Factory including production lines, warehouse and office.

The construction of a new production plant (the "Factory") on the Land is in line with the Group's plan to build and develop an overseas manufacturing plant and will, upon completion and operation of the Factory, enable the Group to (i) cope with the changes and impacts that may result from the Sino-US trade war and other international trade barriers; (ii) benefit from the lower cost of raw materials from the surrounding area, enhancing the competitiveness of the Group's products in Asia; and (iii) diversify the operational risk arising from the increasingly stringent health, safety and environmental policies, laws and regulations in the PRC. As such, the Group entered into the Construction Agreements with the Contractors on 12 April 2021 for the design and construction of the Factory.

Details of the Construction Agreements are set out in the announcements of the Company dated 10 June 2020, 11 November 2020 and 12 April 2021.

Save as disclosed above, during the six months ended 30 June 2021, the Group had no acquisition or disposal of subsidiaries, associates or joint ventures.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Company's prospectus dated 3 June 2019, the Group did not have other approved plans for material investments or capital assets as at 30 June 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CONTRACTUAL OBLIGATIONS

As at 30 June 2021, the Group's capital commitments approximately amounted to HK\$3.6 million (31 December 2020: HK\$5.9 million).

## CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no significant contingent liabilities (31 December 2020: nil).

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2021, 372,500 new ordinary Shares were issued upon the exercise of share options under the Pre-IPO Share Option Scheme of the Company.

Save as disclosed herein, during the six months ended 30 June 2021 neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

## EVENTS AFTER REPORTING PERIOD

There were no significant events after 30 June 2021 and up to the date of this report.

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Independent review report

### To the board of directors of Precious Dragon Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 11 to 35, which comprises the condensed consolidated statement of financial position of Precious Dragon Technology Holdings Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2021 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

### **Ernst & Young**

Certified Public Accountants  
Hong Kong

23 August 2021

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

For the six months ended 30 June 2021

	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
REVENUE	4	<b>287,041</b>	344,091
Cost of sales		<b>(209,796)</b>	(219,977)
Gross profit		<b>77,245</b>	124,114
Other income and gains		<b>7,714</b>	6,893
Selling and distribution expenses		<b>(21,758)</b>	(26,302)
Administrative expenses		<b>(27,495)</b>	(27,587)
Research and development expenses		<b>(12,241)</b>	(8,724)
Impairment losses on financial assets, net		<b>(2,473)</b>	(2,916)
Other expenses		<b>(7,741)</b>	(3,921)
Finance costs		<b>(1,292)</b>	(880)
PROFIT BEFORE TAX	5	<b>11,959</b>	60,677
Income tax expense	6	<b>(4,908)</b>	(20,958)
PROFIT FOR THE PERIOD		<b>7,051</b>	39,719
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>4,053</b>	(4,546)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<b>11,104</b>	35,173
Profit attributable to:			
Owners of the parent		<b>7,089</b>	29,918
Non-controlling interests		<b>(38)</b>	9,801
		<b>7,051</b>	39,719
Total comprehensive income attributable to:			
Owners of the parent		<b>11,141</b>	25,595
Non-controlling interests		<b>(37)</b>	9,578
		<b>11,104</b>	35,173
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic			
– For profit for the period		<b>HK3.0 cents</b>	HK12.8 cents
Diluted			
– For profit for the period		<b>HK3.0 cents</b>	HK12.8 cents

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>211,545</b>	163,680
Right-of-use assets		<b>57,896</b>	58,396
Deferred tax assets		<b>4,310</b>	3,790
Non-current prepayments		<b>9,188</b>	19,245
<b>Total non-current assets</b>		<b>282,939</b>	245,111
<b>CURRENT ASSETS</b>			
Inventories		<b>62,459</b>	56,374
Trade and bills receivables	10	<b>41,456</b>	40,482
Prepayments, deposits and other receivables		<b>17,482</b>	13,367
Pledged bank deposits		<b>4,777</b>	4,319
Cash and cash equivalents		<b>151,962</b>	161,622
<b>Total current assets</b>		<b>278,136</b>	276,164
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	<b>57,355</b>	53,273
Other payables and accruals		<b>70,225</b>	105,521
Interest-bearing bank and other borrowings	12	<b>74,868</b>	68,605
Tax payable		<b>2,536</b>	3,432
Deferred income		<b>240</b>	238
<b>Total current liabilities</b>		<b>205,224</b>	231,069
<b>NET CURRENT ASSETS</b>		<b>72,912</b>	45,095
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>355,851</b>	290,206
<b>NON-CURRENT LIABILITIES</b>			
Due to a related party		<b>60,000</b>	60,000
Interest-bearing bank and other borrowings	12	<b>60,126</b>	178
Deferred tax liabilities		<b>1,559</b>	2,641
Deferred income		<b>1,563</b>	1,663
<b>Total non-current liabilities</b>		<b>123,248</b>	64,482
<b>NET ASSETS</b>		<b>232,603</b>	225,724

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
EQUITY			
<b>Equity attributable to owners of the parent</b>			
Share capital	13	2,339	2,335
Other reserves		230,397	223,485
		<b>232,736</b>	225,820
Non-controlling interests		(133)	(96)
Total equity		<b>232,603</b>	225,724

.....  
Director

.....  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the parent										
	Share capital HK\$'000 (note 13)	Share premium account HK\$'000	Merger reserve HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000	Reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 31 December 2020 (audited)	2,335	37,330	(62,722)	5,122	(107,016)	50,375	(5,713)	306,109	225,820	(96)	225,724
Profit for the period	—	—	—	—	—	—	—	7,089	7,089	(38)	7,051
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	4,052	—	4,052	1	4,053
Total comprehensive income for the period	—	—	—	—	—	—	4,052	7,089	11,141	(37)	11,104
Exercise of share options	4	1,177	—	(372)	—	—	—	—	809	—	809
Equity-settled share option arrangements	—	—	—	692	—	—	—	—	692	—	692
Transfer from retained profits	—	—	—	—	—	248	—	(248)	—	—	—
Final 2020 dividend declared	—	—	—	—	—	—	—	(5,726)	(5,726)	—	(5,726)
At 30 June 2021 (unaudited)	2,339	38,507	(62,722)	5,442	(107,016)	50,623	(1,661)	307,224	232,736	(133)	232,603

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the parent								Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Merger reserve HK\$'000	Share option reserve HK\$'000	Reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 31 December 2019 (audited)	2,335	37,330	(62,722)	2,306	47,905	(17,492)	265,812	275,474	2,173	277,647
Profit for the period	—	—	—	—	—	—	29,918	29,918	9,801	39,719
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations	—	—	—	—	—	(4,323)	—	(4,323)	(223)	(4,546)
Total comprehensive income for the period	—	—	—	—	—	(4,323)	29,918	25,595	9,578	35,173
Equity-settled share option arrangements	—	—	—	2,107	—	—	—	2,107	—	2,107
Transfer from retained profits	—	—	—	—	2,303	—	(2,303)	—	—	—
Final 2019 dividend declared	—	—	—	—	—	—	(5,722)	(5,722)	(845)	(6,567)
At 30 June 2020 (unaudited)	2,335	37,330	(62,722)	4,413	50,208	(21,815)	287,705	297,454	10,906	308,360



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>11,959</b>	60,677
Adjustments for:			
Finance costs		<b>1,292</b>	880
Interest income		<b>(215)</b>	(457)
Loss on disposal of items of property, plant and equipment	5	<b>444</b>	116
Equity-settled share option expense	5	<b>692</b>	2,107
Depreciation of property, plant and equipment	5	<b>10,905</b>	8,468
Depreciation of right-of-use assets	5	<b>1,159</b>	1,815
Write-down of inventories to net realisable value	5	<b>640</b>	787
Impairment losses on financial assets	5	<b>2,473</b>	2,916
		<b>29,349</b>	77,309
Increase in inventories		<b>(6,780)</b>	(10,130)
Increase in trade and bills receivables		<b>(2,850)</b>	(63,151)
Increase in prepayments, deposits and other receivables		<b>(4,115)</b>	(7,719)
Increase in trade and bills payables		<b>4,082</b>	9,135
Increase in other payables and accruals		<b>3,579</b>	14,619
Decrease in deferred income		<b>(120)</b>	(110)
Cash generated from operations		<b>23,145</b>	19,953
Interest element on lease liabilities		<b>(7)</b>	(130)
Withholding tax paid		<b>(3,381)</b>	(4,664)
Tax paid		<b>(4,130)</b>	(9,031)
Net cash flows from operating activities		<b>15,627</b>	6,128

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	<b>(50,172)</b>	(11,898)
Proceeds from disposal of items of property, plant and equipment	—	150
Increase in pledged bank deposits	<b>(458)</b>	(201)
Interest received from banks	<b>215</b>	457
Acquisition of a subsidiary	—	(1,257)
<b>Net cash flows used in investing activities</b>	<b>(50,415)</b>	(12,749)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	<b>809</b>	—
New bank loans	<b>179,938</b>	20,901
Repayment of bank loans	<b>(113,100)</b>	(25,000)
Dividend paid	—	(5,722)
Dividends paid to a non-controlling shareholder	—	(803)
Principal portion of lease payments	<b>(594)</b>	(1,033)
Interest paid	<b>(1,285)</b>	(750)
Proceeds from a subsidiary	—	1,257
Decrease in amounts due to related parties	<b>(44,600)</b>	(14,100)
<b>Net cash flows from/(used in) financing activities</b>	<b>21,168</b>	(25,250)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13,620)</b>	(31,871)
Net foreign exchange difference	<b>3,960</b>	(2,142)
Cash and cash equivalents at beginning of period	<b>161,622</b>	134,953
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>151,962</b>	100,940

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39,  
IFRS 7, IFRS 4 and IFRS 16

*Interest Rate Benchmark Reform – Phase 2*

The nature and impact of the revised IFRSs are described below:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and various Interbank Offered Rates as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 3. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2021	Automotive beauty and maintenance products HK\$'000 (Unaudited)	Personal care products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Segment revenue (note 4):</b>			
Sales to external customers	243,423	43,618	287,041
Intersegment sales	68	241	309
Total	243,491	43,859	287,350
<i>Reconciliation:</i>			
Elimination of intersegment sales			(309)
Revenue			287,041
Segment results	14,339	5,279	19,618
<i>Reconciliation:</i>			
Interest income			215
Corporate and other unallocated expenses			(6,589)
Finance costs			(1,285)
Profit before tax			11,959

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 3. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2020	Automotive beauty and maintenance products HK\$'000 (Unaudited)	Personal care products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Segment revenue (note 4):</b>			
Sales to external customers	200,563	143,528	344,091
Intersegment sales	151	1,212	1,363
<b>Total</b>	<b>200,714</b>	<b>144,740</b>	<b>345,454</b>
<i>Reconciliation:</i>			
Elimination of intersegment sales			(1,363)
<b>Revenue</b>			<b>344,091</b>
Segment results	19,669	44,291	63,960
<i>Reconciliation:</i>			
Interest income			457
Corporate and other unallocated expenses			(3,233)
Finance costs			(507)
<b>Profit before tax</b>			<b>60,677</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

### 3. OPERATING SEGMENT INFORMATION *(continued)*

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2021 and 31 December 2020, respectively.

Period ended 30 June 2021	Automotive beauty and maintenance products HK\$'000 (Unaudited)	Personal care products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Segment assets</b>	<b>427,200</b>	<b>107,282</b>	<b>534,482</b>
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(12,241)
Corporate and other unallocated assets			38,834
Total assets			<b>561,075</b>
<b>Segment liabilities</b>	<b>180,011</b>	<b>93,014</b>	<b>273,025</b>
<i>Reconciliation:</i>			
Elimination of intersegment payables			(12,241)
Corporate and other unallocated liabilities			61,962
Total liabilities			<b>322,746</b>

Year ended 31 December 2020	Automotive beauty and maintenance products HK\$'000 (Audited)	Personal care products HK\$'000 (Audited)	Total HK\$'000 (Audited)
<b>Segment assets</b>	<b>330,382</b>	<b>115,165</b>	<b>445,547</b>
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(1,087)
Corporate and other unallocated assets			76,815
Total assets			<b>521,275</b>
<b>Segment liabilities</b>	<b>196,346</b>	<b>93,912</b>	<b>290,258</b>
<i>Reconciliation:</i>			
Elimination of intersegment payables			(1,087)
Corporate and other unallocated liabilities			6,380
Total liabilities			<b>295,551</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from contracts with customers	287,041	344,091

### Disaggregated revenue information

#### For the six months ended 30 June 2021

Segments	Automotive beauty and maintenance products HK\$'000 (Unaudited)	Personal care products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Type of goods</b>			
Sale of industrial products	243,423	43,618	287,041
<b>Geographical markets</b>			
Mainland China	182,366	27,628	209,994
Japan	44,676	—	44,676
Asia	6,229	15,381	21,610
Middle East	2,575	—	2,575
America	6,636	609	7,245
Others	941	—	941
Total revenue from contracts with customers	243,423	43,618	287,041
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	243,423	43,618	287,041

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 4. REVENUE *(continued)*

Disaggregated revenue information *(Continued)*

For the six months ended 30 June 2020

Segments	Automotive beauty and maintenance products HK\$'000 (Unaudited)	Personal care products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Type of goods</b>			
Sale of industrial products	200,563	143,528	344,091
<b>Geographical markets</b>			
Mainland China	139,530	69,616	209,146
Japan	52,118	1,655	53,773
Asia	2,899	61,701	64,600
Middle East	2,686	—	2,686
America	1,845	9,773	11,618
Others	1,485	783	2,268
Total revenue from contracts with customers	200,563	143,528	344,091
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	200,563	143,528	344,091



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 4. REVENUE (continued)

Disaggregated revenue information (Continued)

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

### For the six months ended 30 June 2021

Segments	Automotive beauty and maintenance products HK\$'000 (Unaudited)	Personal care products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Revenue from contracts with customers</b>			
External customers	243,423	43,618	287,041
Intersegment sales	68	241	309
Intersegment adjustments and eliminations	(68)	(241)	(309)
<b>Total revenue from contracts with customers</b>	<b>243,423</b>	<b>43,618</b>	<b>287,041</b>

### For the six months ended 30 June 2020

Segments	Automotive beauty and maintenance products HK\$'000 (Unaudited)	Personal care products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Revenue from contracts with customers</b>			
External customers	200,563	143,528	344,091
Intersegment sales	151	1,212	1,363
Intersegment adjustments and eliminations	(151)	(1,212)	(1,363)
<b>Total revenue from contracts with customers</b>	<b>200,563</b>	<b>143,528</b>	<b>344,091</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cost of inventories sold	209,796	219,977
Depreciation of property, plant and equipment	10,905	8,468
Depreciation of right-of-use assets	1,159	1,815
Research and development costs	12,241	8,724
Lease payments not included in the measurement of lease liabilities	250	260
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	27,036	21,730
Equity-settled share option expense	692	2,107
Pension scheme contributions	3,625	2,420
	<b>31,353</b>	26,257
Exchange losses, net	5,092	1,757
Loss on disposal of items of property, plant and equipment, net	444	116
Impairment losses on financial assets	2,473	2,916
Write-down of inventories to net realisable value	640	787

## 6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current – Mainland China	3,188	16,048
Current – Hong Kong	3,277	4,976
Deferred	(1,557)	(66)
	<b>4,908</b>	20,958

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 7. DIVIDENDS

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Final declared – HK2.45 cents (2020: HK2.45 cents) per ordinary share	5,726	5,722
Proposed interim – HK0.36 cent (2020: HK2.00 cents) per ordinary share	842	4,671

The final dividend of 2020 was paid on 30 July 2021.

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 233,684,361 (2020: 233,544,750) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	7,089	29,918

	Number of shares	
	2021	2020
<b>Shares</b>		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	233,684,361	233,544,750
Effect of dilution – weighted average number of ordinary shares:		
Share options	2,752,891	—
	236,437,252	233,544,750

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets at a cost of HK\$ 60,229,000 (30 June 2020:HK\$37,827,000).

Assets with a net book value of HK\$444,000 were disposed by the Group during the six months ended 30 June 2021 (30 June 2020: HK\$ 266,000), resulting in net losses on disposal of HK\$ 444,000 (30 June 2020: HK\$ 116,000).

During the six months ended 30 June 2021, no impairment loss was recognised (30 June 2020: nil) by the Group.

## 10. TRADE AND BILLS RECEIVABLES

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

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Within 30 days	<b>26,326</b>	19,809
31 to 60 days	<b>4,754</b>	11,390
61 to 90 days	<b>3,326</b>	1,949
Over 90 days	<b>7,050</b>	7,334
	<b>41,456</b>	40,482

## 11. TRADE AND BILLS PAYABLES

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

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Within 30 days	<b>31,960</b>	32,145
31 to 60 days	<b>11,251</b>	11,019
61 to 90 days	<b>12,638</b>	8,973
Over 90 days	<b>1,506</b>	1,136
	<b>57,355</b>	53,273

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
<b>Current</b>						
Lease liabilities	1%~5.125%	2022	270	1%~5.125%	2021	779
Bank loans – secured	4.65%/ LPR-0.4%/ Hibor+2.25%	2021-2022	74,598	PBOC base rate-1.55%/ Hibor+2.25%	2021	52,826
Current portion of long term bank loans – secured	—	—	—	Hibor+1.7%	2021	15,000
			<b>74,868</b>			68,605
<b>Non-current</b>						
Lease liabilities	1%~5.125%	2022	60	1%~5.125%	2022	178
Long term bank loans – secured	Hibor+1.3%/ LPR+0.5%	2023	60,066			—
			<b>60,126</b>			178
			<b>134,994</b>			68,783

Note:

"Hibor" stands for the three-month Hong Kong Interbank Offered Rate in the Hong Kong Dollar Interbank Market at or at about 11 am (Hong Kong time).

"PBOC" stands for the People's Bank of China (中國人民銀行), the central bank of China.

"LPR" stands for the labor prime rate offered by a commercial bank to its prime clients.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 13. SHARE CAPITAL

The subscription rights attaching to 372,500 share options were exercised at a subscription price at HK\$2.17 per share, resulting in the issue of 372,500 shares of HK\$0.01 each for a total cash consideration of HK\$809,000. An amount of HK\$372,500 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

## 14. COMMITMENTS

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Contracted, but not provided for:		
Plant and machinery	3,627	5,912

## 15. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	Notes	For the six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Purchases of products from:</b>			
Euro Asia Packaging (Guangdong) Co., Ltd. (廣東歐亞包裝有限公司) ("Euro Asia Packaging")	(i)	7,965	19,442
Hong Kong Aluminum Cans Limited	(i)	3,466	3,032
Total		11,431	22,474

(i) Euro Asia Packaging and Hong Kong Aluminum Cans Limited are related parties controlled by the ultimate shareholder of the Company. The sales and purchases between the companies were made on prices and conditions as mutually agreed.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 15. RELATED PARTY TRANSACTIONS *(continued)*

- (b) Outstanding balance with related party:

The Group had an outstanding balance due to its related parties controlled by the ultimate shareholder of the Company of HK\$80,223,000 (31 December 2020: HK\$120,366,000) as at the end of the reporting period. This balance is unsecured, interest-free and has no fixed terms of repayment.

- (c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Fees	2,252	1,846
Salaries, allowances and benefits in kind	1,394	1,074
Pension scheme contributions	96	41
Equity-settled share option expense	341	1,084
Total compensation paid to key management personnel	4,083	4,045

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 16. SHARE OPTION SCHEME

The Company adopted a Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and a share option scheme (the "Share Option Scheme"), approved by the written resolutions of the shareholders on 17 May 2019 (the "Resolutions").

### Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was effective on 21 June 2019 after all conditions have been fulfilled.

The purpose of the Pre-IPO Share Option Scheme is to recognise and motivate the contributions that certain executive and non-executive Directors, members of the senior management and other employees have made or may make to the Group. The principal terms of the Pre-IPO Share Option Scheme, approved by the Resolutions, are substantially the same as the terms of the Share Option Scheme except that:

- (a) the subscription price per share under the Pre-IPO Share Option Scheme is HK\$2.17;
- (b) the total number of shares which may be issued upon the exercise of all share options granted under the Pre-IPO Share Option Scheme is 7,765,000 shares, representing approximately 3.3% of the total issued share capital of the Company immediately after the completion of the listing;
- (c) save for the share options which have been granted, no further share options will be granted under the Pre-IPO Share Option Scheme on or after 21 June 2019 (the "Listing Date"); and

The share options granted under the Pre-IPO Share Options Scheme are subject to the following vesting and exercise period:

- Batch 1 50% of the share options shall become vested and exercisable on the 1st anniversary date of the Listing Date (the "1st Vesting Date"), and the exercise period in respect thereof shall commence on the 1st Vesting Date and end on the day immediately before the 10th anniversary date of the offer date (the "Expiration Date") (both dates inclusive).
- Batch 2 50% of the share options shall become vested and exercisable on the 2nd anniversary date of the Listing Date (the "2nd Vesting Date"), and the exercise period in respect thereof shall commence on the 2nd Vesting Date and end on the Expiration Date (both dates inclusive).



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 16. SHARE OPTION SCHEME *(continued)*

### Pre-IPO Share Option Scheme *(Continued)*

A summary of option movements during the period is presented below:

	For the six months ended 30 June 2021	
	Weighted average exercise price HK\$ per share	Number of options
At 31 December 2020	2.17	7,480,000
Forfeited during the period	2.17	(40,000)
Exercised during the period	2.17	(372,500)
At 30 June 2021	2.17	7,067,500

	For the six months ended 30 June 2020	
	Weighted average exercise price HK\$ per share	Number of options
At 31 December 2019	2.17	7,615,000
Forfeited during the period	2.17	(70,000)
At 30 June 2020	2.17	7,545,000

The weighted average share price at the date of exercise for share options exercised during the period was HK\$4.42 per share (30 June 2020: No share options were exercised).

The fair value of the share options granted under the Pre-IPO Share Option Scheme was estimated at approximately HK\$6,023,000 of which the Group recognised a share option expense of HK\$714,000 (30 June 2020: HK\$2,124,000) and reversed a share option expense of HK\$22,000 (30 June 2020: HK\$17,000) because of the resignation of two senior staff during the six months ended 30 June 2021.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 16. SHARE OPTION SCHEME *(continued)*

### Pre-IPO Share Option Scheme *(Continued)*

The fair value of the share options granted under the Pre-IPO Share Option Scheme was estimated as at the date of grant, using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

	Batch 1	Batch 2
Dividend yield (%)	—	—
Expected volatility (%)	36.545%	36.545%
Risk-free interest rate (%)	1.946%	1.946%
Expected life of options (year)	10	10
Weighted average share price (HK\$ per share)	2.17	2.17

The expected life of the share options is not necessarily indicative of the exercise patterns that may occur. The expected volatility may not necessarily reflect the actual outcome.

No other feature of the share options granted was incorporated into the measurement of fair value.

The 372,500 share options exercised during the period resulted in the issue of 372,500 ordinary shares of the Company and new share capital of approximately HK\$4,000.

As at 30 June 2021, the Company had 7,067,500 share options outstanding under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 7,067,500 additional ordinary shares of the Company and additional share capital of approximately HK\$71,000.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 16. SHARE OPTION SCHEME *(continued)*

### Share Option Scheme

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of: (a) motivating the eligible participants to optimise their performance and efficiency for the benefit of the Group; and (b) attracting and retaining or otherwise maintaining ongoing business relationships with the eligible participants whose contributions are, will or expected to be beneficial to the Group.

The board of directors (the "Board") may at its discretion grant options to eligible participants ("Eligible Participants"):

- (i) any eligible employee ("Eligible Employee") means employees (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary or any entity in which the Group holds at least 20% of its issued share capital ("Invested Entity");
- (ii) any non-executive director (including independent non-executive directors) of the Company, any subsidiary or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of any member of the Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (vii) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (viii) 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.

For the purposes of the Share Option Scheme, share options may be granted to any company wholly owned by one or more Eligible Participants.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 16. SHARE OPTION SCHEME *(continued)*

### Share Option Scheme *(Continued)*

The exercise price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the exercise price shall be at least the highest of: (a) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the offer date, which must be a business day; (b) the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and (c) the nominal value of a share.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of grant of the share options.

The maximum number of shares to be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share options granted and yet to be exercised under any other scheme of the Company shall not, in aggregate, exceed 10% of the total number of shares in issue on the Listing Date, i.e., 23,454,475 shares, and 30% of the shares of the Company in issue from time to time. The maximum number of shares issuable under share options to any Eligible Participant in the Share Option Scheme within any 12-month period up to and including the date of the grant is limited to 1% in aggregate of the shares of the Company in issue at the date of the grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or a substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors, excluding the independent non-executive director who or whose associates are the grantee. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5,000,000, within any 12-month period up to and including the date of the grant, are subject to shareholders' approval in advance in a general meeting.

The Share Option Scheme became effective on 17 May 2019 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

As at 30 June 2021 and the date of approval of this interim condensed consolidated financial statements, no share option was granted and outstanding under the Share Option Scheme.

## 17. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after 30 June 2021 and up to the date of this report.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) held by the Directors and chief executive of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:

#### (i) Long positions in the Shares and underlying Shares of the shares options granted under the Pre-IPO Share Option Scheme of the Company

Names of Directors	Number of Ordinary Shares			Interests in underlying Shares	Total	Approximate percentage of the issued Shares (Note 2)
	Beneficial owner	Interest of family	Interests in a controlled corporation	Share options (Note 1)		
Ms. Ko Sau Mee ("Mrs. Lin")	-	107,788,500 (Note 3)	67,000,000 (Note 4)	500,000	175,288,500	74.94%
Ms. Lin Hing Lei	200,500	-	-	277,500	478,000	0.20%
Mr. Lin Hing Lung	-	-	-	500,000	500,000	0.21%
Mr. Yang Xiaoye	-	-	-	300,000	300,000	0.13%
Mr. Poon Tak Ching	368,000	-	-	-	368,000	0.16%

Notes:

- (1) These share options represent the awarded underlying Shares granted to the Directors under a pre-IPO share option scheme of the Company (the "Pre-IPO Share Option Scheme") which was adopted on 12 April 2019. Details of the Pre-IPO Share Option Scheme have been disclosed in the section headed "Pre-IPO Share Option Scheme".
- (2) These percentages have been compiled based on the total number of issued Shares as at 30 June 2021 (i.e. 233,917,250 Shares).
- (3) These Shares are held by Mr. Lin Wan Tsang, as Mrs. Lin is the spouse of Mr. Lin Wan Tsang, Mrs. Lin is deemed to be interested in all the Shares held by Mr. Lin Wan Tsang by virtue of the SFO.
- (4) These Shares are held by Wellmass International Limited ("Wellmass"), which is wholly and beneficially owned by Mr. Lin Wan Tsang. As Mrs. Lin is the spouse of Mr. Lin Wan Tsang, Mrs. Lin is deemed to be interested in all the Shares held by Mr. Lin Wan Tsang (through Wellmass) by virtue of the SFO.

## OTHER INFORMATION

Save as disclosed above, none of the Directors or chief executive of the Company and/or any of their respective close associates had registered any interests or short positions in any Shares, underlying Shares in, and debentures of, the Company or any associated corporations as at 30 June 2021, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

#### (i) Long Positions in the Shares

Name of shareholder	Capacity/Nature of interests	Number of Shares held	Approximate percentage of issued Shares (Note 1)
Mr. Lin Wan Tsang	Beneficial Owner	107,788,500	46.08%
	Interest of spouse	500,000 (Note 2)	0.21%
	Interests in a controlled corporation	67,000,000 (Note 3)	28.64%
Wellmass	Beneficial Owner	67,000,000 (Note 3)	28.64%

Notes:

- (1) These percentages have been compiled based on the total number of issued Shares as at 30 June 2021 (i.e. 233,917,250 Shares).
- (2) These underlying Shares are held by Mrs. Lin, as Mr. Lin Wan Tsang is the spouse of Mrs. Lin, Mr. Lin Wan Tsang is deemed to be interested in all the Shares held by Mrs. Lin by virtue of the SFO.
- (3) These Shares are held by Wellmass, a company incorporated in the British Virgin Islands, and is solely and beneficially owned by Mr. Lin Wan Tsang.

Save as disclosed above, as at 30 June 2021, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, no transactions, arrangements or contracts of significance to which the Company, its parent company, its subsidiaries or fellow subsidiaries were a party and in which a Director or his connected entities had a material interest, either directly or indirectly, subsisted at the end of the period or at any time during the period.

## OTHER INFORMATION

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the six months ended 30 June 2021 and up to the date of this report, none of the Directors or any of their respective close associates has engaged in any business that had competed or may compete with the business of the Group and any other conflict of interests which any such person had or might have with the Group.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above and "Pre-IPO Share Option Scheme" below, at no time during the six months ended 30 June 2021 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective close associates nor was the Company, its parent company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors, or their respective close associates to acquire such rights in any other body corporate.

### PRE-IPO SHARE OPTION SCHEME AND SHARE OPTION SCHEME

The Company conditionally adopted the Pre-IPO Share Option Scheme on 12 April 2019, which became effective on 21 June 2019 (the "Listing Date") and options in respect of 7,765,000 Shares under the Pre-IPO Share Option Scheme had been granted on 17 May 2019. The Company also conditionally adopted a share option scheme on 12 April 2019 (the "Share Option Scheme"), which became effective on the Listing Date and no option had been granted by the Company up to the date of this report.

### PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on 12 April 2019 so as to recognize and motivate the contributions that certain executive and non-executive Directors, members of the senior management and other employees (the "Grantees") have made or may make to our Group.

Initially, options to subscribe for an aggregate of 7,765,000 Shares had been granted to the Grantees. The total number of securities available for issue under the Pre-IPO Share Option Scheme is 7,067,500 Shares, representing approximately 3.02% of the total issued Shares as at the date of this report. No further options will be granted by the Company pursuant to the Pre-IPO Share Option Scheme. The exercise price per Share is HK\$2.17. All options granted under the Pre-IPO Share Option Scheme on 17 May 2019 may be exercised in the following manner:

Exercise Period	Maximum percentage of options exercisable
Commencing on the first anniversary date of the Listing Date upon certain fulfillment of certain conditions and ending on the 10th anniversary date of the offer date (the "Expiration Date") (both dates inclusive)	50% of the total number of options granted to each of the Grantees
Commencing on the second anniversary date of the Listing Date upon certain fulfillment of certain conditions and ending on the Expiration Date (both dates inclusive)	50% of the total number of options granted to each of the Grantees

## OTHER INFORMATION

### PRE-IPO SHARE OPTION SCHEME (Continued)

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the Listing Date subject to the provisions of early termination thereof. Each of the Grantees is required to pay HK\$1.00 on acceptance of the options granted under the Pre-IPO Share Option Scheme.

Set out below is further information on the outstanding share options granted under the Pre-IPO Share Option Scheme as at 30 June 2021:

Names of the Grantees	Date of grant	Number of share options					Outstanding as at 30 June 2021	Exercise price per Share HK\$	Weighted average closing price of the Shares before the date(s) of which the shares options were exercised HK\$
		Outstanding as at 1 January 2021	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			
<b>Directors</b>									
Ms. Ko Sau Mee	17 May 2019	500,000	-	-	-	-	500,000	2.17	-
Ms. Lin Hing Lei	17 May 2019	500,000	-	222,500	-	-	277,500	2.17	4.40
Mr. Lin Hing Lung	17 May 2019	500,000	-	-	-	-	500,000	2.17	-
Mr. Yang Xiaoye	17 May 2019	300,000	-	-	-	-	300,000	2.17	-
<b>Others</b>									
Employees	17 May 2019	5,680,000	-	150,000	40,000	-	5,490,000	2.17	4.34
<b>Total</b>		<b>7,480,000</b>	<b>-</b>	<b>372,500</b>	<b>40,000</b>	<b>-</b>	<b>7,067,500</b>		

Save as disclosed, during the six months ended 30 June 2021, no share options were granted, exercised, lapsed and cancelled under the Pre-IPO Share Option Scheme.

Further details of the Pre-IPO Share Option Scheme are set out in note 16 to the interim condensed consolidated financial statements.



## OTHER INFORMATION

### SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 12 April 2019, which became effective on the Listing Date.

The Share Option Scheme is a share incentive scheme and is established to recognize and motivate the contributions that eligible participants (as defined in the Prospectus) have made or may make to the Group.

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (i.e. 23,454,475 Shares) unless approved by the shareholders of the Company.

Subject to earlier termination by the Company in general meeting or by the Directors, the Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption. No share option has been granted under the Share Option Scheme and the total number of securities available for issue under the Share Option Scheme is 23,454,475 Shares, representing approximately 10.03% of the issued Shares as at the date of this report.

### GROUP REORGANIZATION

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 4 May 2018. Pursuant to a reorganization scheme to rationalize the structure of the Group in preparation for the listing of the Shares on the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 15 May 2019. For details of the group reorganization, please refer to the paragraph headed "Corporate Reorganisation" in Appendix V "Statutory and General Information" to the prospectus of the Company dated 3 June 2019.

The Shares have been listed on the Main Board of the Stock Exchange since 21 June 2019.

### AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 27 May 2019 with terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 (the "CG Code") to the Listing Rules for the purpose of making recommendations to the Board on the appointment and removal of the external auditor, reviewing the financial statements and related materials, providing advice in respect of the financial reporting process and overseeing the risk management and internal control systems of the Group. The Audit Committee now comprises three members, all being independent non-executive Directors, namely, Mr. Poon Tak Ching (Chairman), Mr. Lee Yiu Pui and Mr. Pang Cheung Wai, Thomas. The Group's accounting principles and practices, financial statements and related materials for the period had been reviewed by the Audit Committee.

The Audit Committee has reviewed, with the management, the accounting principles and policies adopted by the Group, and discussed the unaudited condensed consolidated financial statements matters of the Group for the six months ended 30 June 2021 and recommended its adoption by the Board.

### REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 27 May 2019 with specific written terms of reference in compliance with the CG Code for the purpose of making recommendations to the Board regarding the Group's policy and structure for all remuneration of Directors and senior management and approving the remuneration package of the individual executive Directors, the specific duties set out in CG Code provisions B.1.2(a) to (h). The Remuneration Committee comprises a total of four members, being one executive Director, namely, Ms. Ko Sau Mee and three independent non-executive Directors, namely, Mr. Pang Cheung Wai, Thomas (Chairman), Mr. Lee Yiu Pui and Mr. Poon Tak Ching. Accordingly, a majority of the members are independent non-executive Directors.

## OTHER INFORMATION

### NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established on 27 May 2019 with specific written terms of reference in compliance with the CG Code for the purpose of reviewing the Board composition, developing the relevant procedures for nomination and appointment of Directors and assessing the independence of independent non-executive Directors to ensure that the Board has a balance of expertise, skills and experience and formulating succession plans for executive Directors and senior executives. The Nomination Committee comprises a total of four members, being one executive Director, namely, Ms. Ko Sau Mee, and three independent non-executive Directors, namely, Mr. Lee Yiu Pui (Chairman), Mr. Poon Tak Ching and Mr. Pang Cheung Wai, Thomas. Accordingly, a majority of the members are independent non-executive Directors.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the CG Code during the six months ended 30 June 2021 except the CG Code provision A.2.1.

Pursuant to code provision A.2.1 of the CG Code, the responsibilities between the chairman and the chief executive should be separate and should not be performed by the same individual. However, we do not have a separate chairlady of the Board (the "Chairlady") and chief executive of the Company (the "Chief Executive") and Mrs. Lin currently performs these two roles.

In view of Mrs. Lin is one of the co-founders of the Group and has been operating and managing the Group since 2000, the Board believes that vesting the roles of both Chairlady and Chief Executive in the same person has the benefit of ensuring consistent leadership within the Company and enables more effective and efficient overall strategic planning for the Company. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively, given that (i) any decision to be made by the Board requires approval by at least a majority of the Directors and as the Board comprises three independent non-executive Directors out of seven Directors, we believe there is sufficient check and balance in the Board; (ii) Mrs. Lin and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that she acts for the benefit and in the best interests of the Company and Shareholders and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial and operational decisions of the Group are made collectively after thorough discussion at both the Board and senior management levels. The Board will continue to review and consider separating the roles of Chairlady and Chief Executive at a time when it is appropriate and suitable by taking into account the circumstances of the Company as a whole.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company had maintained sufficient public float of not less than 25% of its total issued Shares as required under the Listing Rules for the six months ended 30 June 2021 and to the date of this report.

## OTHER INFORMATION

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding the Directors' securities transactions. All Directors have confirmed that, following specific enquiries made by the Company, they have complied with the required standards set out in the Model Code for the six months ended 30 June 2021.

### DIVIDENDS

The Board has resolved to declare an interim dividend of HK0.36 cent per Share for the six months ended 30 June 2021 (six months ended 30 June 2020: HK2.00 cents per Share) to be payable on or around 27 October 2021 to the shareholders of the Company whose names appear on the register of members of the Company on 8 September 2021.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 September 2021 to 8 September 2021, both days inclusive, during which period no transfers of Shares shall be effected. In order to qualify for the interim dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 3 September 2021.

By order of the Board  
**Precious Dragon Technology Holdings Limited**  
**保寶龍科技控股有限公司**  
**Ko Sau Mee**  
*Chairlady and executive Director*

Hong Kong  
23 August 2021