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## **MS GROUP HOLDINGS LIMITED**

### **萬成集團股份有限公司**

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

**(Stock Code: 1451)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019**

### **KEY FINANCIAL INFORMATION AND RATIOS (UNAUDITED)**

		<b>Six months ended 30 June</b>	
		<b>2019</b>	<b>2018</b>
Revenue	<i>HK\$'000</i>	<b>120,478</b>	110,064
Gross profit	<i>HK\$'000</i>	<b>33,788</b>	33,471
Gross profit margin	<i>%</i>	<b>28.0%</b>	30.4%
Operating profit/(loss)	<i>HK\$'000</i>	<b>5,692</b>	(4,840)
Operating profit (excluding listing expenses)	<i>HK\$'000</i>	<b>5,692</b>	3,987
Profit/(Loss) attributable to equity holders	<i>HK\$'000</i>	<b>3,699</b>	(5,747)
Profit attributable to equity holders (excluding listing expenses)	<i>HK\$'000</i>	<b>3,699</b>	3,080
Basic earnings/(loss) per share	<i>HK cents</i>	<b>1.85</b>	(3.63)
Interim dividend per share	<i>HK cents</i>	<b>Nil</b>	Nil

The board (the “**Board**”) of directors (“**Directors**”) of MS Group Holdings Limited (the “**Company**”) is pleased to present the unaudited interim results of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2019, together with the comparative figures for the corresponding period of 2018, as follows:

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2019</b>	<b>2018</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	6	<b>120,478</b>	110,064
Cost of sales		<u><b>(86,690)</b></u>	<u>(76,593)</u>
Gross profit		<b>33,788</b>	33,471
Selling expenses		<b>(12,415)</b>	(15,526)
Administrative expenses		<b>(17,020)</b>	(14,095)
Other income		<b>1,630</b>	—
Other (loss)/gains, net		<b>(291)</b>	137
Listing expenses		<u><b>—</b></u>	<u>(8,827)</u>
Operating profit/(loss)		<b>5,692</b>	(4,840)
Finance income		<b>292</b>	3
Finance expenses		<u><b>(794)</b></u>	<u>(132)</u>
Finance expenses, net	7	<u><b>(502)</b></u>	<u>(129)</u>
Profit/(loss) before taxation	8	<b>5,190</b>	(4,969)
Taxation	9	<u><b>(1,491)</b></u>	<u>(778)</u>
Profit/(loss) for the period		<u><b>3,699</b></u>	<u>(5,747)</u>
Attributable to:			
— Equity holders of the Company		<u><b>3,699</b></u>	<u>(5,747)</u>
		<i>HK Cents</i>	<i>HK Cents</i>
Profit/(loss) per share attributable to equity holders of the Company during the period			
Basic and diluted	11	<u><b>1.85</b></u>	<u>(3.63)</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit/(loss) for the period</b>	<b>3,699</b>	<b>(5,747)</b>
<b>Item that may be subsequently reclassified to income statement:</b>		
Exchange translation differences	<u>(152)</u>	<u>(1,115)</u>
<b>Other comprehensive loss for the period, net of tax</b>	<u><b>(152)</b></u>	<u><b>(1,115)</b></u>
<b>Total comprehensive income/(loss) for the period</b>	<u><b>3,547</b></u>	<u><b>(6,862)</b></u>
<b>Total comprehensive income/(loss) for the period attributable to:</b>		
— Equity holders of the Company	<u><b>3,547</b></u>	<u><b>(6,862)</b></u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

		<b>Unaudited</b>	<b>Audited</b>
		<b>30 June</b>	<b>31 December</b>
		<b>2019</b>	<b>2018</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	37,751	34,707
Right-of-use-assets	3(b)	<u>8,257</u>	<u>—</u>
		<u>46,008</u>	<u>34,707</u>
<b>Current assets</b>			
Inventories		39,657	40,578
Trade and other receivables	13	34,334	34,678
Deposits and prepayments		10,408	14,067
Tax recoverable		—	147
Pledged time deposits	14	—	10,000
Cash and cash equivalents		<u>75,324</u>	<u>83,270</u>
		<u>159,723</u>	<u>182,740</u>
<b>Total assets</b>		<u><b>205,731</b></u>	<u><b>217,447</b></u>
<b>EQUITY</b>			
<b>Equity attributable to the Company's equity holders</b>			
Share capital	18	20,000	20,000
Share premium		36,614	36,614
Other reserves		(208)	(56)
Retained earnings		<u>99,053</u>	<u>95,736</u>
<b>Total equity</b>		<u><b>155,459</b></u>	<u><b>152,294</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	3(b)	5,604	—
Deferred income tax liabilities		<u>93</u>	<u>87</u>
		<u>5,697</u>	<u>87</u>

		Unaudited 30 June 2019 <i>HK\$'000</i>	Audited 31 December 2018 <i>HK\$'000</i>
	<i>Note</i>		
<b>Current liabilities</b>			
Trade and other payables	15	26,636	33,550
Bills payables	16	13,454	6,086
Lease liabilities	3(b)	3,083	—
Amounts due to shareholders	17	—	24,020
Tax payable		<u>1,402</u>	<u>1,410</u>
		<u>44,575</u>	<u>65,066</u>
<b>Total liabilities</b>		<u>50,272</u>	<u>65,153</u>
<b>Total equity and liabilities</b>		<u>205,731</u>	<u>217,447</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Share capital HK\$'000	Share premium HK\$'000	Unaudited Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 1 January 2018	—	—	131	3,047	98,856	102,034
<b>Comprehensive loss:</b>						
Loss for the period	—	—	—	—	(5,747)	(5,747)
<b>Other comprehensive loss:</b>						
Exchange translation differences	—	—	—	(1,115)	—	(1,115)
Total comprehensive loss for the period ended 30 June 2018	—	—	—	(1,115)	(5,747)	(6,862)
<b>Transactions with equity holders:</b>						
Issuance of ordinary shares under initial public offering (the “IPO”)	20,000	36,614	—	—	—	56,614
Transactions with equity holders	20,000	36,614	—	—	—	56,614
Balance at 30 June 2018	20,000	36,614	131	1,932	93,109	151,786
Balance at 1 January 2019	20,000	36,614	131	(187)	95,736	152,294
Change in accounting policy	—	—	—	—	(382)	(382)
Restated total equity at 1 January 2019	20,000	36,614	131	(187)	95,354	151,912
<b>Comprehensive income:</b>						
Profit for the period	—	—	—	—	3,699	3,699
<b>Other comprehensive loss:</b>						
Exchange translation differences	—	—	—	(152)	—	(152)
Total comprehensive income for the period ended 30 June 2019	—	—	—	(152)	3,699	3,547
Balance at 30 June 2019	20,000	36,614	131	(339)	99,053	155,459

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from operating activities</b>		
Cash generated from/(used in) operations	<b>17,172</b>	(28,228)
Interest paid	—	(79)
Tax paid	<b>(1,596)</b>	(6,053)
Net cash generated from/(used in) operating activities	<b>15,576</b>	(34,360)
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	<b>(7,510)</b>	(4,195)
Proceeds from the disposal of property, plant and equipment	<b>7</b>	—
Decrease in pledged time deposits	<b>10,000</b>	—
Interest received	<b>292</b>	3
Net cash generated from/(used in) investing activities	<b>2,789</b>	(4,192)
<b>Cash flows from financing activities</b>		
Interest paid	<b>(559)</b>	—
Payments of lease liabilities	<b>(1,732)</b>	—
Repayment of amounts due to shareholders	<b>(24,020)</b>	—
Receipts from short term loan	—	12,000
Proceeds from issuance of ordinary shares under IPO	—	67,000
Professional expenses paid in connection with IPO	—	(10,386)
Net cash (used in)/generated from financing activities	<b>(26,311)</b>	68,614
Net (decrease)/increase in cash and cash equivalents	<b>(7,946)</b>	30,062
Cash and cash equivalents at 1 January	<b>83,270</b>	36,560
Cash and cash equivalents at 30 June	<b>75,324</b>	66,622

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 CORPORATE INFORMATION AND BASIS OF PRESENTATION

### General information

MS Group Holdings Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 9 March 2017. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together, the “**Group**”) are principally engaged in the manufacture and sales of plastic bottles and cups for infants and toddlers and plastic sports bottles.

The controlling shareholders of the Company are Mr. Chung Kwok Keung Peter (“**Mr. Chung**”) and Mr. Chau Ching (“**Mr. Chau**”) (together, the “**Controlling Shareholders**”).

This condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (“**HK\$000**”), unless otherwise stated.

## 2 BASIS OF PREPARATION AND PRESENTATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA dated 15 March 2019.

## 3 ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in the Group’s consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards and amendments to standards and accounting policy not yet applied which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2019.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

### (a) New standards and amendments to standards

A number of new standards and amendments to standards became applicable for the current reporting period. The Group has changed its accounting policies as a result of adopting the following standards:

- HKFRS 16 Lease

The impact of the adoption of these standards and the new accounting policies are disclosed in note 3(b) below. The adoption of other new standards and amendments to standards does not have a significant impact on the Group’s accounting.



**(b) Effect of the adoption of the aforementioned new standards**

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

The Group leases various offices and warehouses. Rental contracts are typically made for fixed periods but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the financial year of 2018, payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments).

The lease payments are discounted using incremental borrowing rate of the Group which the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

Extension options are included in an office leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was ranged from 4.75% to 5.65%.

	<i>HK\$’000</i>
Operating lease commitments disclosed as at 31 December 2018	7,112
Discounted using the lessee’s incremental borrowings rate at the date of initial application	6,273
Add: Lease liabilities recognised on extension options estimates	<u>3,896</u>
Discounted using the lessee’s incremental borrowings rate at the date of initial application, lease liabilities recognised as at 1 January 2019	10,169
Accumulated amortisation recognised	<u>(382)</u>
Right-of-use assets recognised as at 1 January 2019	<u><u>9,787</u></u>

The recognised right-of-use assets relate to the following types of assets:

	<b>30 June 2019</b> <i>HK\$’000</i>	1 January 2019 <i>HK\$’000</i>
Right-of-use assets	<u><u>8,257</u></u>	<u><u>9,787</u></u>
Current lease liabilities	<b>3,083</b>	3,001
Non-current lease liabilities	<u><b>5,604</b></u>	<u>7,168</u>
Total lease liabilities	<u><u><b>8,687</b></u></u>	<u><u>10,169</u></u>

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets — increase by HK\$9,787,000
- Lease liabilities (current portion) — increase by HK\$3,001,000
- Lease liabilities (non-current portion) — increase by HK\$7,168,000
- Retained earnings — decrease by HK\$382,000

**(c) Effect of standards issued but not yet applied by the Group**

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2019 and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Amendments to HKFRS 3	Definition of a Business	1 January 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

**5 FINANCIAL RISK MANAGEMENT**

**(a) Financial risk factors**

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018.

There have been no changes in the risk management policies since the year ended 31 December 2018.

**(b) Fair value estimation**

The carrying amounts of the Group's financial assets and liabilities approximate their fair values due to the short-term maturities of these assets and liabilities.

**6 SEGMENT INFORMATION**

The Group is principally engaged in manufacturing and sale of plastic bottles and cups for infants and toddlers and plastic sports bottles to original equipment manufacturing business (the “**OEM Business**”) customer, and customers under its own brand. An analysis of the Group's revenue is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>		
OEM Business customer products	<b>96,474</b>	79,180
Own brand products	<b>24,004</b>	30,884
	<b>120,478</b>	<b>110,064</b>

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used for making strategic decisions. The chief operating decision-maker is an executive director of the Company. The chief operating decision-maker considers the business from a product perspective and assesses the performance of the operating segments based on a measure of gross profit for the purpose of allocating resources. No analysis of segment assets or segment liabilities is regularly provided to the chief operating decision-maker.

The management has identified two operating segments, based on the types of products, namely (i) manufacture and sale of plastic infants products to OEM Business customers; and (ii) design, manufacture and sale of own brand infant products.

The segment information provided to the chief operating decision-maker for the six months ended 30 June 2019 (unaudited) is as follows:

	<b>OEM Business customer products HK\$'000</b>	<b>Own brand products HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenue from external customers			
Timing of revenue recognition — at a point in time	<b>96,474</b>	<b>24,004</b>	<b>120,478</b>
Cost of sales	<u><b>(72,572)</b></u>	<u><b>(14,118)</b></u>	<u><b>(86,690)</b></u>
Gross profit	<b>23,902</b>	<b>9,886</b>	<b>33,788</b>
Selling expenses			<b>(12,415)</b>
Administrative expenses			<b>(17,020)</b>
Other income			<b>1,630</b>
Other losses, net			<b>(291)</b>
Finance expenses, net			<u><b>(502)</b></u>
Profit before taxation			<b>5,190</b>
Taxation			<u><b>(1,491)</b></u>
Profit for the period			<u><u><b>3,699</b></u></u>

The segment information provided to the chief operating decision-maker for the six months ended 30 June 2018 (unaudited) is as follows:

	OEM Business customer products <i>HK\$'000</i>	Own brand products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue from external customers			
Timing of revenue recognition — at a point in time	79,180	30,884	110,064
Cost of sales	<u>(57,808)</u>	<u>(18,785)</u>	<u>(76,593)</u>
Gross profit	21,372	12,099	33,471
Selling expenses			(15,526)
Administrative expenses			(14,095)
Other gains, net			137
Listing expenses			(8,827)
Finance expenses, net			<u>(129)</u>
Loss before taxation			(4,969)
Taxation			<u>(778)</u>
Loss for the period			<u><u>(5,747)</u></u>

## 7 FINANCE EXPENSES, NET

	Unaudited	
	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
Interest and borrowing costs on bank bills	(213)	(132)
Interest on shareholders' borrowings	(346)	—
Interest expenses on lease liabilities	(235)	—
Bank interest income	<u>292</u>	<u>3</u>
	<u>(502)</u>	<u>(129)</u>

## 8 PROFIT/(LOSS) BEFORE TAXATION

	Unaudited	
	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
Raw materials and consumables used	52,663	44,127
Changes in inventories of finished goods and work in progress	(395)	1,397
Employee benefit expenses	33,432	30,881
Rental expenses	—	1,838
Management fee expenses	1,219	1,280
Depreciation of property, plant and equipment ( <i>Note 12</i> )	4,242	3,166
Amortisation of right of use assets	1,547	—
Provision for the impairment loss on account receivables	97	—
Loss on disposal/write-off of property, plant and equipment	<u>185</u>	<u>—</u>

## 9 TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the period. The People's Republic of China ("PRC") enterprise income tax has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the PRC.

The amount of taxation charged to the condensed consolidated interim income statement represents:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current — Hong Kong		
Provision for the period	<b>746</b>	955
Current — PRC		
Provision/(reversal) for the period	<b>739</b>	(177)
Deferred — Hong Kong		
Provision for the period	<u><b>6</b></u>	<u>—</u>
Taxation charge	<u><b>1,491</b></u>	<u>778</u>

## **10 DIVIDENDS**

No dividends had been paid or declared by the Company for the six months ended 30 June 2019 (2018: Nil).

## **11 EARNINGS/(LOSS) PER SHARE — BASIC AND DILUTED**

### **(a) Basic earnings/(loss) per share**

Basic earnings per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
Profit/(loss) attributable to owners of the Company (HK\$'000)	<b>3,699</b>	(5,747)
Weighted average number of ordinary shares in issue (thousands)	<u><b>200,000</b></u>	<u>158,333</u>
Basic earnings/(loss) per share (Hong Kong cents)	<u><b>1.85</b></u>	<u>(3.63)</u>

### **(b) Diluted earnings/(loss) per share**

Diluted earnings per share is of the same amount as the basic earnings per share as there were no potentially dilutive ordinary shares outstanding as at 30 June 2018 and 2019.



## 12 PROPERTY, PLANT AND EQUIPMENT

	Decoration <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Plants and machinery <i>HK\$'000</i>	Tools and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2018 (audited)							
Cost	11,317	1,544	4,202	61,353	12,048	4,705	95,169
Accumulated depreciation	<u>(3,867)</u>	<u>(1,518)</u>	<u>(1,728)</u>	<u>(42,100)</u>	<u>(7,237)</u>	<u>(4,012)</u>	<u>(60,462)</u>
Net book amount	<u>7,450</u>	<u>26</u>	<u>2,474</u>	<u>19,253</u>	<u>4,811</u>	<u>693</u>	<u>34,707</u>
<b>Half-year ended 30 June 2019</b> <b>(unaudited)</b>							
Opening net book amount	7,450	26	2,474	19,253	4,811	693	34,707
Exchange differences	(11)	—	1	(23)	—	1	(32)
Additions	748	16	210	2,102	4,434	—	7,510
Disposal/write-off	—	—	(7)	(158)	—	(27)	(192)
Depreciation charge	<u>(286)</u>	<u>(5)</u>	<u>(340)</u>	<u>(2,117)</u>	<u>(1,365)</u>	<u>(129)</u>	<u>(4,242)</u>
Closing net book amount	<u>7,901</u>	<u>37</u>	<u>2,338</u>	<u>19,057</u>	<u>7,880</u>	<u>538</u>	<u>37,751</u>
At 30 June 2019 (unaudited)							
Cost	12,052	1,432	4,244	62,278	16,462	4,333	100,801
Accumulated depreciation	<u>(4,151)</u>	<u>(1,395)</u>	<u>(1,906)</u>	<u>(43,221)</u>	<u>(8,582)</u>	<u>(3,795)</u>	<u>(63,050)</u>
Net book amount	<u>7,901</u>	<u>37</u>	<u>2,338</u>	<u>19,057</u>	<u>7,880</u>	<u>538</u>	<u>37,751</u>

## 13 TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2019 <i>HK\$'000</i>	Audited 31 December 2018 <i>HK\$'000</i>
Trade receivables		
— Third parties	32,885	34,222
Loss allowance	<u>(423)</u>	<u>(326)</u>
	32,462	33,896
Other receivables	<u>1,872</u>	<u>782</u>
	<u>34,334</u>	<u>34,678</u>

The Group has established credit policies for customers in each of its businesses. The average credit period granted for trade receivables ranges from 30 to 90 days. The carrying values of trade and other receivables approximate their fair values.

The ageing analyses of the Group's trade receivables by invoice dates are as follows:

	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
0–30 days	17,225	20,122
31–60 days	5,713	6,727
61–90 days	2,305	2,893
Over 90 days	<u>7,219</u>	<u>4,154</u>
	<u><b>32,462</b></u>	<u><b>33,896</b></u>

#### 14 PLEDGED TIME DEPOSIT

At 31 December 2018, the time deposit of HK\$10,000,000 was pledged in favour of the bank for the bills facility. In March 2019, the pledged time deposit was released and no time deposit was pledged as at 30 June 2019.

#### 15 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2019 HK\$'000	Audited 31 December 2018 HK\$'000
Trade payables		
— Third parties	13,762	16,644
— Related parties	<u>—</u>	<u>577</u>
	13,762	17,221
Accruals, other payable and contract liabilities ( <i>Note</i> )	<u>12,874</u>	<u>16,329</u>
	<u><b>26,636</b></u>	<u><b>33,550</b></u>

The carrying values of trade and other payables approximate their fair values.

*Note:* Revenue recognised during the period that was included in the contract liability balance at the beginning of the period amounted to HK\$5,461,000 (2018: HK\$10,668,000).

The ageing analyses of the Group's trade payables by invoice dates are as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>HK\$'000</b>	<b>HK\$'000</b>
0–30 days	<b>12,455</b>	8,509
31–60 days	<b>—</b>	6,935
61–90 days	<b>74</b>	127
Over 90 days	<u><b>1,233</b></u>	<u>1,650</u>
	<u><b>13,762</b></u>	<u>17,221</u>

The credit period for the trade payables for the Group's business generally ranges from 30 to 90 days.

## 16 **BILLS PAYABLES**

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>HK\$'000</b>	<b>HK\$'000</b>
Bills payables	<u><b>13,454</b></u>	<u>6,086</u>

Bill payables of the Group are mainly repayable within three months and secured by the pledged time deposits of HK\$10,000,000 as at 31 December 2018. In March 2019, pledged time deposits were released and the bills payables have since become unsecured.

## 17 **AMOUNTS DUE TO SHAREHOLDERS**

The balances were due to Mr. Chau and Mr. Chung, controlling shareholders and they were non-trade in nature, unsecured and interest bearing of 3% per annum and repayable on demand. The balances were fully repaid on 25 June 2019.

## 18 SHARE CAPITAL

	No. of shares	Amount HK\$'000
<b>Ordinary shares of HK\$0.1 each, authorised:</b>		
<b>At 1 January 2018</b>	3,800,000	380
Issuance of Shares ( <i>Note</i> )	<u>3,796,200,000</u>	<u>379,620</u>
<b>At 31 December 2018 and 30 June 2019 (unaudited)</b>	<u><u>3,800,000,000</u></u>	<u><u>380,000</u></u>
<b>Ordinary shares of HK\$0.1 each, issued and fully paid:</b>		
<b>At 1 January 2018</b>	—	—
Issuance of shares ( <i>Note</i> )	<u>200,000,000</u>	<u>20,000</u>
<b>At 31 December 2018 and 30 June 2019 (unaudited)</b>	<u><u>200,000,000</u></u>	<u><u>20,000</u></u>

*Note:* On 9 March 2017, the Company was incorporated and the authorised share capital was 3,800,000 shares, one share was allotted and issued nil-paid to the initial subscriber and was subsequently transferred to Mr. Chung. The one nil-paid share was credited as fully paid on 15 May 2018.

On 15 May 2018, the Company issued and allotted 50 and 49 shares, credited as fully paid, to Ching Wai Holdings Limited and L.V.E.P. Holdings Limited, respectively as directed by the Controlling Shareholders, as consideration of acquiring MS Industrial Limited and CH Development Limited.

On 1 June 2018, the Company issued 149,999,900 ordinary shares of HK\$0.1 each under capitalisation issue.

On 1 June 2018, the Company was listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with the offering of ordinary shares of HK\$0.1 each of the Company, including, a public offering in Hong Kong of 5,000,000 shares and a placing of 45,000,000 shares at a price of HK\$1.34 per share.

## 19 PLEDGE OF ASSETS

Save as disclosed in note 14 to the condensed consolidated interim financial information, the Group had no pledge of assets as at 30 June 2019 (31 December 2018: Nil).

## 20 CONTINGENT LIABILITIES

As at 30 June 2019, the Group had no significant contingent liabilities.

## 21 RELATED PARTY TRANSACTIONS

A summary of significant related party transactions is set out below:

Name of related party	Relationship with the Group
Kwong Fai Trading Limited	Jointly controlled by Mr. Chung and his spouse
Penghui Qiye (Wengyuan) Company Limited	Controlled by Controlling Shareholders
Wengyuanxian Dafeng Printing and Packaging Product Company Limited	Controlled by Mr. Chau's spouse and his sibling
Tat Fung Industrial Company	Controlled by Mr. Chau's spouse and his sibling

### (a) Discontinued transactions

	Unaudited Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000
Wengyuanxian Dafeng Printing and Packaging Product Company Limited		
— Purchase of raw materials	—	8,061
Tat Fung Industrial Company		
— Purchase of raw materials	—	190
Mr. Chau		
— Interest expenses	173	—
Mr. Chung		
— Interest expenses	<u>173</u>	<u>—</u>

### (b) Continuing transactions

	Unaudited Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000
Kwong Fai Trading Limited (“Kwong Fai”)		
— Rental expenses	—	300
— Interest expenses on lease liabilities	62	—
Penghui Qiye (Wengyuan) Company Limited (“Penghui”)		
— Management fee expenses	1,179	1,255
— Rental expenses	—	1,388
— Interest expenses on lease liabilities	<u>156</u>	<u>—</u>

The above transactions with related parties were calculated in the ordinary course of business of the Group based on the terms mutually agreed between the relevant parties.

The Group leased certain premises with the aggregate carrying amount of right-of-use assets of HK\$7,725,000 and lease liabilities of HK\$8,124,000 as at 30 June 2019 from Kwong Fai and Penghui. During the period ended 30 June 2019, the lease payments paid to Kwong Fai and Penghui were HK\$300,000 and HK\$1,304,000, respectively.

**(c) Key management compensation**

During the period ended 30 June 2019, no transactions have been entered into with the directors of the Company (being the key management personnel) other than the emoluments paid to them (being key management personnel compensation) (2018: Nil).

**22 APPROVAL OF INTERIM FINANCIAL INFORMATION**

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2019 was approved by the Board on 23 August 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

For the six months ended 30 June 2019, the Group continued to engage in (i) the OEM Business, being the production and sales of plastic bottles and cups for infants and toddlers and plastic sports bottles on an original equipment manufacturer (the “OEM”) basis, predominately targeting the overseas markets; and (ii) the Yo Yo Monkey Business, being the production and sales of infant and toddler products under the “Yo Yo Monkey (優優馬騮)” brand primarily in the People’s Republic of China (the “PRC”) market. The Group operates its production base situated in Guangdong Province, the PRC.

In respect of business performance for the six months ended 30 June 2019 as compared with the corresponding period in 2018, the Group recorded a slight year-on-year growth in total revenue, but faced an overall challenging business environment, particularly for the Yo Yo Monkey Business in view of the slow down of the growth of the economy in the PRC. For the first half of 2019, the year-on-year growth rate of the gross domestic product (“GDP”) in the PRC was approximately 6.2%, which was the lowest growth rate recorded in the past few years.

### Financial review

The following table sets out the key financial figures of the Group for the six months ended 30 June 2019, with comparative figures for the six months ended 30 June 2018.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	<b>120,478</b>	110,064
Gross profit	<b>33,788</b>	33,471
Profit/(Loss) before income tax	<b>5,190</b>	(4,969)
Net profit/(loss) attributable to equity holders	<b>3,699</b>	(5,747)
Net profit attributable to equity holders before listing expenses	<b><u>3,699</u></b>	<b><u>3,080</u></b>

### Revenue

#### OEM Business

For the six months ended 30 June 2019, revenue generated from the OEM Business showed an approximately 21.8% year-on-year growth to approximately HK\$96.5 million, as compared to approximately HK\$79.2 million for the corresponding period in 2018. Such growth was primarily due to the significant increase in sales orders from a major OEM Business customer. For the first half of 2019, the two largest customers continued to be the major contributors of revenue for the OEM Business, where they respectively produced revenue of approximately HK\$40.1 million (first half of 2018: approximately HK\$40.3 million) and HK\$49.5 million (first half of 2018: approximately

HK\$25.4 million), respectively. For the first half of 2019, the revenue of the OEM Business generated from the PRC market amounted to approximately HK\$3.0 million (first half of 2018: approximately HK\$8.1 million).

### *Yo Yo Monkey Business*

For the six months ended 30 June 2019, the Yo Yo Monkey Business achieved revenue of approximately HK\$24.0 million, representing a year-on-year decline of approximately 22.3% as compared to approximately HK\$30.9 million for the corresponding period in 2018. Such substantial decrease in sales in the first half of 2019 was mainly attributable to the unfavourable industry environment in view of the slow down of the growth of the economy in the PRC.

### *Gross profit*

The gross profit of the Group was approximately HK\$33.8 million, representing a gross profit margin of approximately 28.0%, for the six months ended 30 June 2019, as compared to the gross profit of approximately HK\$33.5 million, representing a gross profit margin of approximately 30.4% for the six months ended 30 June 2018. For the six months ended 30 June 2019, the gross profit margin of the OEM Business was approximately 24.8% (first half of 2018: approximately 27.0%) and the gross profit margin of the Yo Yo Monkey Business was approximately 41.2% (first half of 2018: approximately 39.2%). Regarding the year-on-year change for the first half of 2019, whilst the gross profit margin of each of the OEM Business and the Yo Yo Monkey Business remained relatively stable, the overall gross profit margin decreased because of the increase in percentage contribution of the OEM Business (which has a lower gross profit margin as compared to that of the Yo Yo Monkey Business) to the overall revenue and gross profit of the Group.

### *Selling expenses*

The Group incurred selling expenses of approximately HK\$12.4 million for the six months ended 30 June 2019, representing a decrease of approximately HK\$3.1 million or 20.0% as compared to approximately HK\$15.5 million for the six months ended 30 June 2018. Such decrease was mainly because the Group engaged in fewer marketing and promotional events for its Yo Yo Monkey Business in the PRC.

### *Administrative expenses*

The administrative expenses of the Group amounted to approximately HK\$17.0 million for the six months ended 30 June 2019, representing a year-on-year increase of approximately 20.8%, to support the business growth of the Group. Administrative expenses accounted for approximately 14.1% of the total revenue for the six months ended 30 June 2019, representing a slight increase as compared to approximately 12.8% of total revenue for the six months ended 30 June 2018.



### *Other income and gains*

The Group recorded other net income and gains of approximately HK\$1.3 million for the six months ended 30 June 2019, as compared to approximately HK\$137,000 for the six months ended 30 June 2018. The other net income and gains were mainly derived from sundry income and government grant.

### *Finance expenses/income*

The Group incurred net finance expenses of approximately HK\$502,000 for the six months ended 30 June 2019, as compared to the net finance expenses of approximately HK\$129,000 for the six months ended 30 June 2018. The finance expenses were mainly interest expenses for the utilisation of bill facilities, lease liabilities and shareholders' borrowings, whilst the finance income was mainly derived from bank depository interest.

### *Net profit/loss*

The Group recorded a net profit of approximately HK\$3.7 million for the six months ended 30 June 2019, as compared to a net loss of approximately HK\$5.7 million for the six months ended 30 June 2018. The Group had the net profit after excluding the listing expenses of approximately HK\$3.1 million instead of a net loss of approximately HK\$5.7 million for the six months ended 30 June 2018, where such difference was attributable to factors including the listing expenses of the Group, which was nil for the six months ended 30 June 2019 but amounted to approximately HK\$8.8 million for the six months ended 30 June 2018. The net profit excluding listing expenses of the Group was approximately HK\$3.7 million and HK\$3.1 million for the six months ended 30 June 2019 and 30 June 2018, respectively.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 June 2019, the cash and cash equivalents of the Group amounted to approximately HK\$75.3 million (31 December 2018: approximately HK\$83.3 million). The cash and cash equivalents of the Group as at 30 June 2019 were primarily denominated in Hong Kong dollars, Renminbi and United States ("US") dollars and were mainly contributed by the net proceeds from the listing (the "**Listing**") of its shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in 2018. The Group had net cash generated from operating activities of approximately HK\$15.6 million for the six months ended 30 June 2019, as compared to the net cash used in operating activities of approximately HK\$34.4 million for the six months ended 30 June 2018, where such difference was mainly attributable to (i) the net settlement of amounts due to related companies of approximately HK\$13.9 million for the six months ended 30 June 2018 as mentioned in the prospectus of the Company dated 21 May 2018 (the "**Prospectus**"), while there was no such settlement for the six months ended 30 June 2019; (ii) the Group recorded a profit before taxation of approximately HK\$5.2 million for the six months ended 30 June 2019 as compared to a loss before taxation of approximately HK\$5.0 million for the six months ended 30 June 2018; and (iii) the increase in utilisation of bill payables of approximately HK\$7.4 million for the six months ended 30 June 2019 as compared to that for the six months ended 30 June 2018.

As at 30 June 2019, the Group maintained banking facilities of HK\$40.0 million (31 December 2018: HK\$10.0 million), which were partly utilised as bills facilities to settle payments to suppliers.

Pursuant to loan agreements with Mr. Chau Ching (“**Mr. Chau**”) and Mr. Chung Kwok Keung Peter (“**Mr. Chung**”) entered into in December 2018, the Group had amounts due to its shareholders of approximately HK\$24.0 million, which were unsecured fixed interest rate Hong Kong dollar borrowings repayable before 31 December 2019. The Group had repaid the said shareholders’ borrowings in June 2019.

As at 30 June 2019, the gearing ratio of the Group (being total interest-bearing liabilities divided by total equity) was approximately 14.2% (31 December 2018: approximately 15.8%).

## **CAPITAL COMMITMENT AND CAPITAL EXPENDITURE**

As at 30 June 2019, the Group had no capital commitment (31 December 2018: nil).

For the first half of 2019, the capital expenditure of the Group (being gross addition of property, plant and equipment) was approximately HK\$7.5 million (first half of 2018: approximately HK\$4.2 million). This capital expenditure was primarily for the acquisition of new machineries, tools and equipments.

## **TREASURY POLICY**

The Group had a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business during the six months ended 30 June 2019. The management will continue to follow a prudent policy in managing the Group’s cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of any future growth opportunities.

## **EXCHANGE RATE RISK**

The transactions of the Group are primarily denominated in US dollars, Renminbi and Hong Kong dollars. In particular, sales are primarily made in US dollars whereas payments of staff wages and salaries are in Renminbi and Hong Kong dollars. The Group is exposed to exchange rate risk, especially from the fluctuation of the value of Renminbi.

For the six months ended 30 June 2019, the depreciation of Renminbi against Hong Kong dollars decreased the operating costs of the Group in the PRC, which in turn had a favourable impact on the profitability of the Group, as compared to that of the six months ended 30 June 2018.

The Group had not used any derivatives to hedge its exposure to foreign exchange risk during the six months ended 30 June 2019. The management of the Company will continue to monitor the Group’s foreign currency risk exposure and to ensure that it is kept at an acceptable level.

## **CHARGE ON ASSETS**

None of the assets of the Group were pledged as at 30 June 2019. As at 31 December 2018, a deposit of HK\$10 million was pledged to secure certain banking facilities for the Group.

## **MATERIAL ACQUISITION, DISPOSAL AND INVESTMENT**

The Group did not perform any material acquisition or disposal of subsidiaries, associates or joint ventures or investments during the six months ended 30 June 2019. The Group did not hold any significant investment as at 30 June 2019.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed in this interim results announcement, the Group did not have other plans for material investments and capital assets during the six months ended 30 June 2019 and up to the date of this interim results announcement.

## **CONTINGENT LIABILITIES**

As at 30 June 2019, the Group had no material contingent liabilities, nor was aware of any pending or potential material legal proceedings involving the Group.

## **EVENTS AFTER THE REPORTING PERIOD**

As at the date of this interim results announcement, there is no other material change or major event required to be disclosed by the Company after 30 June 2019.

## **USE OF PROCEEDS FROM THE LISTING**

The aggregate net proceeds to the Company from the Listing (involving the issue of a total of 50,000,000 shares of the Company (the “**Share(s)**”) at the offer price of HK\$1.34 per Share), after deducting related underwriting fees and other expenses in connection with the Listing, was approximately HK\$48.6 million.

As at 30 June 2019, a portion of the net proceeds from the Listing had been utilised in the first half of 2019 with reference to the “Future plans and use of proceeds” in the Prospectus, the Group had applied the net proceeds as follow:

	<b>Net proceed from the Listing <i>HK\$ million</i></b>	<b>Actual utilisation up to 30 June 2019 <i>HK\$ million</i></b>	<b>Unutilised amounts as at 30 June 2019 <i>HK\$ million</i></b>
Expansion of production capabilities	17.7	4.5	13.2
Development of the Yo Yo Monkey Business	13.0	8.3	4.7
Strengthening the client base of the OEM Business	5.3	0.6	4.7
Improve product development capabilities	8.8	0.4	8.4
Working capital and administrative expenses	<u>3.8</u>	<u>1.9</u>	<u>1.9</u>
Total	<u><u>48.6</u></u>	<u><u>15.7</u></u>	<u><u>32.9</u></u>

The unutilised amounts of the net proceeds will be applied in the manner consistent with that mentioned in the Prospectus. In particular, (i) regarding the expansion of production capabilities, the Group will acquire injection machines and other machineries as planned; and (ii) regarding the enhancement of product development capabilities, the Group is liaising with and is expecting to engage industrial designers as planned. As at 30 June 2019, the unutilised net proceeds was deposited in short-term demand deposits with authorised financial institutions and/or licensed banks in Hong Kong.

The Directors expect to improve the overall performance of the Group through the upcoming utilisation of the net proceeds from the Listing.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2019, the Group had 829 full-time employees (30 June 2018: 786). The Group places strong emphasis on the development and training of employees so as to equip them with the requisite skills and safety knowledge in performing their duties and to enhance the competitiveness of the Group.

Employees are remunerated and granted bonus based on their performance, work experience and prevailing market conditions. In compliance with statutory requirements in the PRC, the Group participates in a social insurance scheme and a housing provident fund. The social insurance scheme includes pension insurance, medical insurance, maternity insurance, unemployment insurance and injury insurance. For the Hong Kong employees, the Group contributes to the Mandatory Provident Fund scheme as applicable. Employee benefit expenses of the Group for the first half of 2019 was approximately HK\$33.4 million (first half of 2018: approximately HK\$30.9 million).

The Group has adopted a share option scheme under which employees of the Group may be granted an opportunity to acquire equity interests in the Company in recognition of their contributions to the Group.

## **PROSPECTS**

The OEM Business, which is a core business of the Group, is expected to continue to face uncertainties in the US market due to matters including the trade war between the PRC and the US. In particular, if stricter trade policies (such as introducing tariffs to the products of the Group) between the PRC and the US are enacted and come into effect, such policies may have a direct and adverse impact on the financial performance of the OEM Business. Overall, the revenue from the major customers of the OEM Business may not be as favourable as expected. Nevertheless, the Group will continue to develop this business segment, including (i) liaising with existing customers to obtain sales orders for both existing product lines and new product lines; (ii) liaising with potential customers to expand revenue stream; (iii) enhancing production capabilities to better fulfill the diverse needs of customers; and (iv) further exploring the PRC market by leveraging the experiences accumulated with overseas customers and the connections obtained through the Yo Yo Monkey Business.

The Yo Yo Monkey Business was affected by the slow down of growth in the PRC economy in the first half of 2019, but it has a positive outlook in the long run. The Group will take opportunities at appropriate timings to exert efforts on both offline and online marketing and promotional activities. Moreover, apart from developing products carrying the “Yo Yo Monkey (優優馬騮)” own brand character logos, the Group is liaising to incorporate certain renowned cartoon character, such as via a crossover, on the products of the Yo Yo Monkey Business in the PRC.

The utilisation of the net proceeds from the Listing, including but not limited to upgrading existing facilities and production machineries, engaging in promotional activities and improving product development capabilities, is expected to improve the overall business performance of the Group.

By and large, the OEM Business has established long term strategic relationships with the major customers and has also accumulated reputation and experience in the industry and the Yo Yo Monkey Business is well positioned to capture the growing potential in the infant and toddler products market in the PRC.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code for Securities Transactions by Directors (the “**Model Code**”) in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Having made specific enquiry to all Directors, they have all confirmed that they have complied with the required standard as set out in the Model Code for the six months ended 30 June 2019.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company for the six months ended 30 June 2019.

## **INTERIM DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

## **CORPORATE GOVERNANCE CODE**

The Company is committed to achieving and maintaining high standards of corporate governance. For the six months ended 30 June 2019, the Company had adopted and complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

## **REVIEW OF FINANCIAL INFORMATION**

The audit committee of the Company has discussed with the management of the Company the internal control and financial reporting matters relating to the preparation of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2019. It has also reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2019 with the management and the auditor of the Company and recommended them to the Board for approval.

The Company’s independent auditor, PricewaterhouseCoopers, has also reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2019 in accordance with the 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.

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

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.mainsuccess.cn](http://www.mainsuccess.cn)). The interim report for the six months ended 30 June 2019 of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

On behalf of the Board  
**MS Group Holdings Limited**  
**Chau Ching**  
*Chairman*

Hong Kong, 23 August 2019

*As of the date of this announcement, the executive Directors are Mr. Chau Ching, Mr. Chung Kwok Keung Peter, Mr. Chung Leonard Shing Chun and Mr. Chau Wai; and the independent non-executive Directors are Mr. Yu Hon To David, Mr. Seto John Gin Chung and Mr. Asvaintra Bhanusak.*