



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 Report
2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chau Ching (*Chairman*)
Mr. Chung Kwok Keung Peter (*Chief Executive Officer*)
Mr. Chau Wai
Mr. Chung Leonard Shing Chun

Independent Non-executive Directors

Mr. Asvaintra Bhanusak
Mr. Seto John Gin Chung
Mr. Yu Hon To David

BOARD COMMITTEES

Audit Committee

Mr. Yu Hon To David (*Chairman*)
Mr. Asvaintra Bhanusak
Mr. Seto John Gin Chung

Remuneration Committee

Mr. Seto John Gin Chung (*Chairman*)
Mr. Asvaintra Bhanusak
Mr. Yu Hon To David

Nomination Committee

Mr. Chau Ching (*Chairman*)
Mr. Seto John Gin Chung
Mr. Yu Hon To David

COMPANY SECRETARY

Mr. Ko Kam On

AUTHORISED REPRESENTATIVES

Mr. Chung Kwok Keung Peter
Mr. Chung Leonard Shing Chun

AUDITORS

PricewaterhouseCoopers
(*Certified Public Accountants and
Registered Public Interest Entity Auditor*)

LEGAL ADVISOR

David Fong & Co.

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 907, 9/F., Enterprise Square Tower 1
9 Sheung Yuet Road, Kowloon Bay
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

CONSULTANT

First Shanghai Capital Limited

INVESTOR RELATIONS CONTACT

ir@sharpsuccess.cn

SHARE INFORMATION

Listing: The Main Board of the Stock Exchange
Board lot: 2,000 Shares
Stock code: 1451

COMPANY WEBSITE

www.mainsuccess.cn

FINANCIAL HIGHLIGHTS

The Board is pleased to present the unaudited interim results of the Group for the six months ended 30 June 2023, together with the comparative figures for the corresponding period of 2022. The interim results and condensed consolidated interim financial information have not been audited but have been reviewed by the Company's audit committee and independent auditor.

KEY FINANCIAL INFORMATION AND RATIOS (UNAUDITED)

		Six months ended 30 June	
		2023	2022
Revenue	HK\$'000	113,163	161,192
Gross profit	HK\$'000	37,047	50,456
Gross profit margin	%	32.7%	31.3%
Operating profit	HK\$'000	14,386	22,347
Profit attributable to equity holders	HK\$'000	9,063	12,947
Basic earnings per Share	HK cents	4.53	6.47
Interim dividend per Share	HK cents	Nil	Nil

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2023, 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 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 PRC market. The Group operates its Production Base situated in Wengyuan County, Shaoguan City, Guangdong Province, the PRC and the majority of the revenue of the Group is derived from the OEM Business.

The impact of the COVID-19 epidemic on the global economy has weakened, but under the influence of the continued Russia-Ukraine conflict and a series of inflation control policies on a global scale, global economic growth is experiencing a slowdown. For instance, the economic growth in the United States for the first half of 2023 was lower than that in the second half of 2022. Hence, the Group continued to face a challenging economic and business environment for the six months ended 30 June 2023.

The OEM Business, whose major market is the United States, recorded a notable year-on-year decline for the six months ended 30 June 2023. Sluggish economic performance, inflation, rising interest rates, high energy costs, and geopolitical uncertainties under the Russia-Ukraine conflict and US-China tension had caused demand and customer sentiments to weaken, where customers of the OEM Business conservatively reduced orders and maintained lower inventory level. In terms of international trade, the PRC lost the title of the top exporter of goods to the United States in the first half of 2023 for the first time in over a decade, outpaced by Mexico and Canada, where American imports from the PRC fell by approximately 25% for the first half of 2023 as compared with the first half of 2022. During such uneasy period, the Group persistently manufactured and delivered quality products to its customers of the OEM Business and also actively liaised with its major customer to explore potential cooperation in relation to the production of certain bottle models.

The revenue from the Yo Yo Monkey Business had not yet recovered and also recorded notable year-on-year decline for the six months ended 30 June 2023, primarily due to intense industry competition and the declining birth rate in the PRC.

On the whole, the Group took a prudent approach, such as reducing marketing and promotional spending and, for the first half of 2023, the Group was able to maintain its overall profit margin and remained profitable under such turbulent business environment.

FINANCIAL REVIEW

The following table sets out the key financial figures of the Group for the six months ended 30 June 2023, with comparative figures for the six months ended 30 June 2022.

	Unaudited Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Revenue	113,163	161,192
Gross profit	37,047	50,456
Profit before income tax	13,149	18,969
Net profit attributable to equity holders	9,063	12,947

Revenue

OEM Business

For the six months ended 30 June 2023, revenue generated from the OEM Business amounted to approximately HK\$106.7 million, which represented a year-on-year decline of approximately 29.1%, as compared to approximately HK\$150.6 million for the corresponding period in 2022. The performance of the OEM Business was influenced by the unfavourable economic and industry climate, particularly in the United States (being the major market of the OEM Business), as mentioned in the paragraph headed “Business review” above. For the six months ended 30 June 2023, customers conservatively reduced orders and maintained lower inventory level, leading to a declining trend of the orders on hand of the Group, nevertheless, the two largest customers continued to be the major contributors of revenue for the OEM Business, where they contributed revenue of approximately HK\$72.0 million (first half of 2022: approximately HK\$82.3 million) and HK\$30.0 million (first half of 2022: approximately HK\$50.3 million), respectively.

Yo Yo Monkey Business

For the six months ended 30 June 2023, the Yo Yo Monkey Business recorded revenue of approximately HK\$6.5 million, which represented a decrease of approximately 39.1% as compared to approximately HK\$10.6 million for the corresponding period in 2022. The Yo Yo Monkey Business was impacted by the COVID-19 pandemic and continued to struggle to recover in view of, among other things, (i) the fierce price wars in the local market affecting the sales of the products of the Group which target the mid-to-high-end market; (ii) the shift in market trend to shop online rather than at retail shops which the Group had focused on; and (iii) the ongoing decline in birth rate in the PRC, where the birth rate in 2022 was the lowest recorded in decades.

Gross profit

The gross profit of the Group was approximately HK\$37.0 million, representing a gross profit margin of approximately 32.7%, for the six months ended 30 June 2023, as compared to the gross profit of approximately HK\$50.5 million, representing a gross profit margin of approximately 31.3%, for the six months ended 30 June 2022.

For the six months ended 30 June 2023, the gross profit margin of the OEM Business was approximately 32.5% (first half of 2022: approximately 31.2%). Such slight increases in gross profit margin was mainly attributable to (i) the depreciation of Renminbi during the period, which lowered production cost at the PRC Production Base when converted to Hong Kong dollars; and (ii) a slight decrease in raw material costs.

For the six months ended 30 June 2023, and the gross profit margin of the Yo Yo Monkey Business was approximately 36.8% (first half of 2022: approximately 32.5%). Such slight increase in gross profit margin was mainly attributable to the reduction in promotional sales which resulted in overall higher selling prices.

Selling expenses

The selling expenses of the Group was approximately HK\$4.8 million for the six months ended 30 June 2023, representing a decrease of approximately HK\$3.7 million or 43.7% as compared to approximately HK\$8.4 million for the six months ended 30 June 2022. Such decrease was mainly attributable to (i) the reduction in marketing and promotional spending for the Yo Yo Monkey Business in the first half of 2023 as a measure of cost control; and (ii) the reduction in transportation costs for product deliveries along with the decrease in revenue.

Management Discussion and Analysis

Administrative expenses

The administrative expenses of the Group amounted to approximately HK\$19.1 million for the six months ended 30 June 2023, representing a year-on-year decline of approximately HK\$2.6 million. Such decrease was mainly because of (i) the reduction in administrative staff costs by approximately HK\$2.0 million including the provision for share based payment and long service payment; and (ii) the reduction in impairment losses on trade receivables by approximately HK\$1.0 million. The administrative expenses of the Group accounted for approximately 16.9% of total revenue for the six months ended 30 June 2023, representing an increase as compared to approximately 13.5% of total revenue for the six months ended 30 June 2022.

Other income and gains

The Group recorded other net income and gains of approximately HK\$1.2 million for the six months ended 30 June 2023, as compared to the other net income and gains of approximately HK\$2.1 million for the six months ended 30 June 2022. The other income and gains were mainly sundry income, which primarily included government grants of approximately HK\$0.6 million and exchange gains of approximately HK\$0.6 million, for the six months ended 30 June 2023.

Finance income

The Group recorded a net finance income of approximately HK\$2.0 million for the six months ended 30 June 2023, as compared to the net finance income of approximately HK\$153,000 for the six months ended 30 June 2022. The finance expenses were mainly interest expenses for the utilisation of bill facilities and lease liabilities, whilst the finance income was mainly bank depository interest. The Group recorded a higher amount of finance income for the six months ended 30 June 2023 as compared with the six months ended 30 June 2022 mainly because the Group placed a higher amount of time deposits at bank and gained more interest income.

Share of result of associates

The Group recorded a share of losses of associates of approximately HK\$3.2 million for the six months ended 30 June 2023, which was approximately HK\$3.5 million for the six months ended 30 June 2022. It was primarily attributable to the amortisation of intangible assets identified during the acquisition which amounted to approximately HK\$1.6 million and the share of loss amounting to approximately HK\$1.6 million in relation to the Group's 40% interest in BRH2 Plastics, LLC.

Net profit

The Group recorded a net profit of approximately HK\$9.1 million for the six months ended 30 June 2023, which was approximately HK\$3.9 million lower than that of approximately HK\$12.9 million for the six months ended 30 June 2022. The decrease in net profit was mainly attributable to the reduction in sales orders from the major OEM Business customers aforementioned.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2023, the cash and cash equivalents of the Group amounted to approximately HK\$146.4 million (31 December 2022: approximately HK\$134.8 million). The cash and cash equivalents of the Group as at 30 June 2023 were primarily denominated in Hong Kong dollars, Renminbi and US dollars and were mainly contributed by the cash generated from operating activities of the Group. The Group had net cash generated from operating activities of approximately HK\$26.2 million for the six months ended 30 June 2023, which was primarily driven by profit before taxation of approximately HK\$13.1 million. As at 30 June 2023, the Group maintained banking facilities of approximately HK\$30.0 million (31 December 2022: HK\$30.0 million). As at 30 June 2023, the gearing ratio of the Group (being total interest-bearing borrowings divided by total equity) was nil (31 December 2022: Nil).

CAPITAL COMMITMENT AND CAPITAL EXPENDITURE

As at 30 June 2023, the Group had no capital commitment (31 December 2022: Nil).

For the first half of 2023, the capital expenditure of the Group (being gross addition of property, plant and equipment) was approximately HK\$1,164,000 (first half of 2022: approximately HK\$1,589,000). Such capital expenditure was primarily for the acquisition of new machineries, motor vehicles, tools and equipment.

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 2023. 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 2023, the Group recorded a gain on foreign exchange of approximately HK\$0.6 million (first half of 2022: gain on foreign exchange of approximately HK\$0.4 million).

The Group had not used any derivatives to hedge its exposure to foreign exchange risk during the six months ended 30 June 2023. 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 2023 (31 December 2022: Nil).

Management Discussion and Analysis

MATERIAL ACQUISITION, DISPOSAL AND INVESTMENT

The Group (i) did not perform any material acquisition or disposal of subsidiaries, associates or joint ventures or investments during the six months ended 30 June 2023; and (ii) did not hold any significant investment as at 30 June 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have future plans for material investments and capital assets during the six months ended 30 June 2023 and up to the date of this interim report.

CONTINGENT LIABILITIES

As at 30 June 2023, 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 report, there is no other material change or major event required to be disclosed by the Company after 30 June 2023.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 634 full-time employees as at 30 June 2023, which was lower than that of 744 full-time employees as at 30 June 2022. The reduction in the number of employees was mainly because of the lower demand for production workers (non-administrative staff) for manufacturing processes along with the reduction in sales order received in the first half of 2023.

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 the 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 2023 was approximately HK\$32.8 million (first half of 2022: approximately HK\$40.9 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. On 7 June 2021, the Company granted 6,000,000 share options to the Directors, senior management and certain employees of the Group to subscribe for an aggregate of 6,000,000 Shares. For further details, please refer to the announcement of the Company dated 7 June 2021 and note 19 to the condensed consolidated interim financial information of the Company in this interim report.

PROSPECTS

Since the outbreak of the COVID-19 pandemic, market sentiment has been weighed down on a worldwide scale. The recovery from the COVID-19 pandemic was hindered by, among other factors, the Russia-Ukraine military conflict and high inflation. Under such challenging market environment, the major customers of the OEM Business, being the core business of the Group, have been conservatively reducing orders and maintaining lower inventory level to avoid downside risks. The market environment is still on its recovery path, but the progress in the upcoming period is vastly uncertain, thus the Group is expected to face challenges ahead.

The performance of the OEM Business is dependent on the United States market given a significant portion of its revenue is derived from customers based in the United States. The economy of the United States is being hampered by numerous unfavourable factors as aforementioned and these matters are not expected to be completely resolved in the short term. Moreover, the ongoing trade disputes between the PRC and the United States also add uncertainty to the overall outlook of the businesses of the Group given the Production Base is situated in the PRC. Nevertheless, the Group will continue to proactively develop this core business segment, including (i) liaising with existing customers to obtain sales orders for both existing and new product lines; (ii) liaising with potential customers on a worldwide basis to expand revenue stream, with an aim to gradually diversify the present focus on the United States market; (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 relies on the PRC market and the performance of the business has been, and is expected to continue to be, challenged by (i) the fierce local competition, where price wars make it difficult for the Group to gain market share without lowering margin; (ii) the shift of consumer purchasing habit from offline to online, which undermined the sales of the Group, given the Group has been primarily generating sales through retail sales at physical stores; and (iii) the declining trend of birth rate in the PRC, where the birth rate in 2022 was the lowest recorded in decades and structurally weakened industry product demand. However, the Group believes the Yo Yo Monkey Business is well positioned in the PRC market in light of, among other things, “Yo Yo Monkey (優優馬騮)” is one of the few quality baby brand products originated from Hong Kong that has established its market presence in the PRC over the years. Moreover, in order to cope with the gradual shift in market landscape from offline to online sales, the Group has continuously placed efforts on enhancing its internet platforms.

In respect of BRH2 Plastics, LLC (a 40% owned associate of the Company), its performance was also still affected by the negative macro-economic environment. The Group expects it can generate more synergies when the market conditions further improve.

The Group is in the midst of a challenging economic and industry environment, where the Group has been taking a prudent approach and has been avoiding overly aggressive expansion, aiming for a stable development path. At the same time, the Group makes unremitting efforts to review its businesses operations and also monitor market directions in order to identify long term growth potentials, such as possible measures to improve overall cost efficiency, channels to expand revenue stream and investments to enhance product manufacturing capability. Over the years, the Group has already laid solid foundation for its businesses, including but not limited to its accumulated industry reputation for quality production and also its long term strategic relationships established with business partners (e.g. customers and suppliers), hence the Group is well positioned to navigate through hard times and overcome its challenges ahead. The management of the Group is conservatively optimistic as to the long term prospects of the Group.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION FROM INDEPENDENT AUDITOR



羅兵咸永道

To the Board of Directors of MS Group Holdings Limited
(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 11 to 28, which comprises the condensed consolidated interim statement of financial position of MS Group Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and selected 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 Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion 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 of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 August 2023

PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
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CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2023

	Note	Unaudited	
		Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
Revenue	6	113,163	161,192
Cost of sales		(76,116)	(110,736)
Gross profit		37,047	50,456
Selling expenses		(4,755)	(8,451)
Administrative expenses		(19,134)	(21,733)
Other income		597	1,713
Other gains, net		631	362
Operating profit		14,386	22,347
Finance income		2,267	429
Finance expenses		(291)	(276)
Finance income, net	7	1,976	153
Share of result of associates	18	(3,213)	(3,531)
Profit before taxation	8	13,149	18,969
Taxation	9	(4,086)	(6,022)
Profit for the period		9,063	12,947
Attributable to:			
— Equity holders of the Company		9,063	12,947
		HK Cents	HK Cents
Profit per share attributable to equity holders of the Company during the period			
Basic and diluted	11	4.53	6.47

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Profit for the period	9,063	12,947
Item that may be subsequently reclassified to income statement:		
Exchange translation differences	(4,609)	(5,619)
Other comprehensive loss for the period, net of tax	(4,609)	(5,619)
Total comprehensive income for the period	4,454	7,328
Total comprehensive income for the period attributable to:		
— Equity holders of the Company	4,454	7,328

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	25,620	28,044
Right-of-use assets		3,691	5,933
Investment in associates	18	6,670	9,883
		35,981	43,860
Current assets			
Inventories		22,246	39,057
Trade and other receivables	13	28,361	27,649
Deposits and prepayments		8,095	3,922
Cash and cash equivalents		146,423	134,798
		205,125	205,426
Total assets		241,106	249,286
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	15	20,000	20,000
Share premium		36,614	36,614
Other reserves		(4,332)	9
Retained earnings		148,254	151,191
Total equity		200,536	207,814

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2023

	Note	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		—	1,810
Deferred income tax liabilities		2,790	2,976
		2,790	4,786
Current liabilities			
Trade and other payables	14	29,126	30,330
Lease liabilities		3,784	4,200
Tax payable		4,870	2,156
		37,780	36,686
Total liabilities		40,570	41,472
Total equity and liabilities		241,106	249,286
Net current assets		167,345	168,740

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Unaudited						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Share based payment reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 1 January 2022	20,000	36,614	131	8,061	888	137,386	203,080
Comprehensive income:							
Profit for the period	—	—	—	—	—	12,947	12,947
Other comprehensive loss:							
Exchange translation differences	—	—	—	(5,619)	—	—	(5,619)
Total comprehensive income for the period ended 30 June 2022	—	—	—	(5,619)	—	12,947	7,328
Transactions with equity holders:							
Share-based payments	—	—	—	—	683	—	683
Total transactions with equity holders	—	—	—	—	683	—	683
Balance at 30 June 2022	20,000	36,614	131	2,442	1,571	150,333	211,091
Balance at 1 January 2023	20,000	36,614	131	(1,991)	1,869	151,191	207,814
Comprehensive income:							
Profit for the period	—	—	—	—	—	9,063	9,063
Other comprehensive loss:							
Exchange translation differences	—	—	—	(4,609)	—	—	(4,609)
Total comprehensive income for the period ended 30 June 2023	—	—	—	(4,609)	—	9,063	4,454
Transactions with equity holders:							
Dividend paid	—	—	—	—	—	(12,000)	(12,000)
Share-based payments	—	—	—	—	268	—	268
Total transactions with equity holders	—	—	—	—	268	(12,000)	(11,732)
Balance at 30 June 2023	20,000	36,614	131	(6,600)	2,137	148,254	200,536

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from operations	27,415	21,813
Tax paid	(1,260)	(363)
Net cash generated from operating activities	26,155	21,450
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,164)	(1,589)
Proceeds from disposal of property, plant and equipment	46	—
Interest received	2,186	429
Net cash generated from/(used in) investing activities	1,068	(1,160)
Cash flows from financing activities		
Interest paid	(291)	(276)
Payment of principal element of lease liabilities	(2,078)	(2,196)
Dividend paid	(12,000)	—
Net cash used in financing activities	(14,369)	(2,472)
Net increase in cash and cash equivalents	12,854	17,818
Cash and cash equivalents at 1 January	134,798	123,216
Exchange losses on cash and cash equivalents	(1,229)	(348)
Cash and cash equivalents at 30 June	146,423	140,686

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 2023 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and applicable disclosure requirements of the Listing Rules.

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 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

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 2022 except for taxes on income in the interim periods that are accrued using the tax rate that would be applicable to expected total annual earnings. A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Notes to the Condensed Consolidated Interim Financial Information

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 2022.

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 2022.

There have been no changes in the risk management policies since the year ended 31 December 2022.

(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") customers, and customers under its own brand. An analysis of the Group's revenue is as follows:

	Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Revenue		
OEM Business customer products	106,695	150,581
Own brand products	6,468	10,611
	113,163	161,192

Notes to the Condensed Consolidated Interim Financial Information

6 SEGMENT INFORMATION (Continued)

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 identified as 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 2023 (unaudited) is as follows:

	OEM Business customer products HK\$'000	Own brand products HK\$'000	Total HK\$'000
Segment revenue from external customers			
Timing of revenue recognition — at a point in time	106,695	6,468	113,163
Cost of sales	(72,029)	(4,087)	(76,116)
Gross profit	34,666	2,381	37,047
Selling expenses			(4,755)
Administrative expenses			(19,134)
Other income			597
Other gains, net			631
Finance income, net			1,976
Share of result of associates			(3,213)
Profit before taxation			13,149
Taxation			(4,086)
Profit for the period			9,063

Notes to the Condensed Consolidated Interim Financial Information

6 SEGMENT INFORMATION (Continued)

The segment information provided to the chief operating decision-maker for the six months ended 30 June 2022 (unaudited) is as follows:

	OEM Business customer products HK\$'000	Own brand products HK\$'000	Total HK\$'000
Segment revenue from external customers			
Timing of revenue recognition — at a point in time	150,581	10,611	161,192
Cost of sales	(103,578)	(7,158)	(110,736)
Gross profit	47,003	3,453	50,456
Selling expenses			(8,451)
Administrative expenses			(21,733)
Other income			1,713
Other gains, net			362
Finance income, net			153
Share of result of associates			(3,531)
Profit before taxation			18,969
Taxation			(6,022)
Profit for the period			12,947

7 FINANCE INCOME, NET

	Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Interest on bills payables	(169)	(224)
Interest expenses on lease liabilities	(122)	(52)
Bank interest income	2,267	429
	1,976	153

Notes to the Condensed Consolidated Interim Financial Information

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Cost of inventory	43,986	67,302
Provision for the impairment loss on inventory	848	2,761
Employee benefit expenses	32,783	40,939
Management fee expenses	1,187	1,239
Depreciation of property, plant and equipment (Note 12)	2,590	3,760
Depreciation of right-of-use assets	2,096	2,054
Change in expected credit losses for trade receivables	(461)	549
Net (gain)/loss on disposal/write-off of property, plant and equipment	(28)	17
Government grants	(563)	(1,582)

9 TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the period. The Peoples' 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:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Current — Hong Kong		
Provision for the period	718	4,537
Current — PRC		
Provision for the period	3,329	1,606
Under-provision in respect of prior years	—	176
Deferred		
Provision for the period	39	(297)
Taxation charge	4,086	6,022

Notes to the Condensed Consolidated Interim Financial Information

10 DIVIDENDS

On 17 March 2023, the Board declared a final dividend and a final special dividend of HK\$3 cents (2022: Nil) and HK\$3 cents (2022: Nil) per ordinary share, respectively, totaling HK\$6 cents (2022: Nil) per ordinary share, payable to shareholders whose names appear on the register of the members of the Company on 6 June 2023. The total amount of the final dividend and final special dividend was HK\$12 million (2022: Nil) and was paid on 29 June 2023.

11 EARNINGS PER SHARE — BASIC AND DILUTED

(a) Basic earnings per share

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

	Unaudited Six months ended 30 June	
	2023	2022
Profit attributable to owners of the Company (HK\$'000)	9,063	12,947
Weighted average number of ordinary shares in issue (thousands)	200,000	200,000
Basic earnings per share (Hong Kong cents)	4.53	6.47

(b) Diluted earnings per share

Diluted earnings per share for the period ended 30 June 2023 and 2022 are equal to the basic earnings per share as the potential dilutive ordinary shares arising from exercise of the outstanding share options would be anti-dilutive.

Notes to the Condensed Consolidated Interim Financial Information

12 PROPERTY, PLANT AND EQUIPMENT

	Decoration HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Plants and machinery HK\$'000	Tools and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 31 December 2022 (audited)							
Cost	14,691	1,453	5,281	64,489	17,161	4,111	107,186
Accumulated depreciation	(6,572)	(1,429)	(4,527)	(46,018)	(16,783)	(3,813)	(79,142)
Net book amount	8,119	24	754	18,471	378	298	28,044
Period ended 30 June 2023 (unaudited)							
Opening net book amount	8,119	24	754	18,471	378	298	28,044
Exchange differences	(207)	1	13	(779)	—	(8)	(980)
Additions	—	—	55	509	—	600	1,164
Disposals/write-off	—	—	—	—	—	(18)	(18)
Depreciation charge	(364)	(5)	(127)	(1,883)	(93)	(118)	(2,590)
Closing net book amount	7,548	20	695	16,318	285	754	25,620
At 30 June 2023 (unaudited)							
Cost	14,392	1,453	5,146	63,533	17,161	4,478	106,163
Accumulated depreciation	(6,844)	(1,433)	(4,451)	(47,215)	(16,876)	(3,724)	(80,543)
Net book amount	7,548	20	695	16,318	285	754	25,620

13 TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Trade receivables	26,645	29,009
Loss allowance	(2,134)	(2,595)
Other receivables	24,511	26,414
Loan to an associate	1,500	455
	2,350	780
	28,361	27,649

Notes to the Condensed Consolidated Interim Financial Information

13 TRADE AND OTHER RECEIVABLES (Continued)

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 2023 HK\$'000	Audited 31 December 2022 HK\$'000
0 – 30 days	12,062	18,965
31 – 60 days	7,584	1,677
61 – 90 days	724	936
Over 90 days	4,141	4,836
	24,511	26,414

14 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Trade payables	6,131	5,625
Accruals and other payables	19,929	21,796
Contract liabilities (Note)	3,066	2,909
	29,126	30,330

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

Note: Contract liabilities of HK\$2,191,000 included in the balance as at 1 January 2023 were recognised as revenue during the period ended 30 June 2023.

Notes to the Condensed Consolidated Interim Financial Information

14 TRADE AND OTHER PAYABLES (Continued)

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

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
0 – 30 days	4,234	4,106
31 – 60 days	431	363
61 – 90 days	2	1
Over 90 days	1,464	1,155
	6,131	5,625

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

15 SHARE CAPITAL

	No. of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each, authorised:		
At 30 June 2022 (unaudited), 31 December 2022 and 30 June 2023 (unaudited)	3,800,000,000	380,000
Ordinary shares of HK\$0.1 each, issued and fully paid:		
At 30 June 2022 (unaudited), 31 December 2022 and 30 June 2023 (unaudited)	3,800,000,000	20,000

16 CONTINGENT LIABILITIES

As at 30 June 2023 and 31 December 2022, the Group had no significant contingent liabilities.

Notes to the Condensed Consolidated Interim Financial Information

17 RELATED PARTY TRANSACTIONS

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

Name of related party	Relationship with the Group
Huafulai Green Energy (Shaoguan) Co., Ltd (“ Huafulai ”)	Controlled by Mr. Chau Wai
Kwong Fai Trading Limited (“ Kwong Fai ”)	Jointly controlled by Mr. Chung and his spouse
Penghui Qiye (Wengyuan) Company Limited (“ Penghui ”)	Controlled by Controlling Shareholders
Racing Champions Limited (“ Racing Champions ”)	Jointly controlled by Mr. Chung and his spouse

(a) Transactions with related parties

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Huafulai		
— Utility expenses	313	—
Kwong Fai		
— Depreciation of right-of-use assets	285	322
— Interest expenses on lease liabilities	19	4
Penghui		
— Management fee expenses	1,090	1,163
— Depreciation of right-of-use assets	1,811	1,732
— Interest expenses on lease liabilities	103	48
Racing Champions		
— Purchase of Property, plant and equipment	600	—

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\$3,691,000 and lease liabilities of HK\$3,783,000 as at 30 June 2023 from Kwong Fai and Penghui. During the period ended 30 June 2023, the lease payments paid to Kwong Fai and Penghui were HK\$300,000 (2022: HK\$365,000) and HK\$1,900,000 (2022: HK\$1,883,000), respectively.

(b) Key management compensation

During the period ended 30 June 2023, no transactions (2022: Nil) have been entered into with the directors of the Company (being the key management personnel) other than the emoluments paid or accrued to them (being key management personnel compensation).

Notes to the Condensed Consolidated Interim Financial Information

18 INVESTMENT IN AN ASSOCIATES

In 2021, the Group acquired 40% interest in BRH2 Plastics, LLC at an aggregate consideration of HK\$23,250,000 (US\$3,000,000). The associate is principally engaged in the manufacturing and sale of custom-designed plastic products using injection molding machines for consumer goods, automotive and healthcare industries.

The amounts recognised in the condensed consolidated interim statement of financial position are as follows:

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Associates	6,670	9,883

The share of result recognised in the condensed consolidated interim income statement for the six months ended 30 June 2023 comprised of a share of operating losses amounting to HK\$1,598,000 (2022: HK\$1,916,000) and an amortisation of intangible assets identified during the acquisition amounting to HK\$1,615,000 (2022: HK\$1,615,000).

19 SHARE-BASED PAYMENTS

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Where share options are forfeited, any expenses previously recognised in relation to such share options are reversed effective from the date of the forfeiture.

The Company adopted a share option scheme pursuant to a written resolution of the Shareholders passed on 15 May 2018. 6,000,000 share options were granted to the Directors, senior management and certain employees of the Group on 7 June 2021.

Share-based payment amounted HK\$268,000 (2022: HK\$683,000) was recognised in the condensed consolidated interim income statement during the period ended 30 June 2023.

Notes to the Condensed Consolidated Interim Financial Information

20 APPROVAL OF INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2023 was approved by the Board on 24 August 2023.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the Directors and chief executive(s) of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive has taken or deemed to have under such provisions of the SFO) and were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long position in the Shares/underlying Shares

Name of Directors/ chief executives	Capacity/Nature of Interest	Number of Shares held/interested	Approximate percentage of shareholding in the Company
Mr. Chung	Interest of a controlled corporation ^(Note 1)	75,000,000	37.5%
	Beneficial owner ^(Note 2)	200,000	0.1%
Mr. Chau	Interest of a controlled corporation ^(Note 3)	75,000,000	37.5%
	Beneficial owner ^(Note 2)	200,000	0.1%
Mr. Leonard Chung	Beneficial owner ^(Note 2)	800,000	0.4%
Mr. Chau Wai	Beneficial owner ^(Note 2)	800,000	0.4%
Mr. Yu	Beneficial owner ^(Note 2)	200,000	0.1%
Mr. Seto	Beneficial owner ^(Note 2)	200,000	0.1%
Mr. Asvaintra	Beneficial owner ^(Note 2)	200,000	0.1%
Mr. Cheung	Beneficial owner ^(Note 2)	800,000	0.4%
Mr. Ko	Beneficial owner ^(Note 2)	800,000	0.4%

Note 1: L.V.E.P. Holdings is 100% beneficially owned by Mr. Chung. Accordingly, Mr. Chung is deemed to be interested in the Shares held by L.V.E.P. Holdings under the SFO.

Note 2: These represent the Shares to be issued and allotted by the Company upon exercise of the share options granted under the Share Option Scheme.

Note 3: Ching Wai Holdings is 100% beneficially owned by Mr. Chau. Accordingly, Mr. Chau is deemed to be interested in the Shares held by Ching Wai Holdings under the SFO.

On 7 June 2021, the Company granted share options to all the Directors, Mr. Cheung and Mr. Ko pursuant to the Share Option Scheme. Details of which are set out in the announcement of the Company dated 7 June 2021 and the section headed "Share Option Scheme" in this interim report.

Other Information

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive(s) of the Company held any interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate for the six months ended 30 June 2023.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2023, as far as was known to the Directors or chief executive(s) of the Company, the following persons or corporations (other than the Directors and chief executives of the Company) had or were deemed or taken to have interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company:

Long position in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares held/interested	Approximate percentage of shareholding in the Company
L.V.E.P. Holdings	Beneficial owner	75,000,000	37.5%
Ching Wai Holdings	Beneficial owner	75,000,000	37.5%
Ms. Cheung	Interest of spouse ^(Note 1)	75,200,000	37.6%
Ms. Lee	Interest of spouse ^(Note 2)	75,200,000	37.6%

Note 1: Ms. Cheung is the spouse of Mr. Chau and is therefore deemed to be interested in the 75,000,000 Shares and 200,000 share options of the Company held by Mr. Chau under the SFO.

Note 2: Ms. Lee is the spouse of Mr. Chung and is therefore deemed to be interested in the 75,000,000 Shares and 200,000 share options of the Company held by Mr. Chung under the SFO.

Save as disclosed above, as at 30 June 2023, so far as the Directors were aware, no person (other than the Directors or chief executive(s) of the Company) had, or was deemed to have interests or short positions in the Shares and underlying Shares which were required to be recorded in the register of interests kept by the Company pursuant to section 336 of the SFO, and which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company had adopted the Share Option Scheme pursuant to a written resolution of the Shareholders passed on 15 May 2018. The Share Option Scheme is an incentive scheme and is established to recognise the contributions that eligible participants have made or may make to the Group. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes of the Company shall not, in aggregate, exceed 20,000,000 Shares (representing 10% of the Shares in issue as at the date of adoption of the Share Option Scheme), unless otherwise approved by the Shareholders. The Board may at its discretion grant options to the following eligible participants:

- (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (the “**Affiliate**”);
- (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner, adviser or contractor to the Group or an Affiliate; and
- (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser or contractor to the Group or an Affiliate.

Options may also be granted to any company wholly owned by one or more eligible participants. No option shall be granted to any eligible participant which, if exercised in full would result in the total number of Shares issued and to be issued upon exercise of the options already granted and to be granted to such eligible participant under the Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue. The exercise price for any Share under the Share Option Scheme shall be a price determined by the Board and notified to each grantee and shall not be less than the highest of (i) the closing price of a Share as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the relevant option, which must be a trading day; (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of grant of the relevant option; and (iii) the nominal value of a Share on the offer date.

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years commencing from 15 May 2018, being the date on which the Shareholders approved the Share Option Scheme, after which no further options may be issued but the provisions of the Share Option Scheme shall remain full force and effect. The principal terms of the Share Option Scheme were summarised in the paragraphs headed “Statutory and general information — (D) Share Option Scheme” in Appendix IV to the Prospectus.

Other Information

As disclosed in the announcement of the Company dated 7 June 2021, the Company granted 6,000,000 share options to the Directors, senior management and certain employees of the Group on 7 June 2021 to subscribe for an aggregate of 6,000,000 Shares. The movements in the number of share options under the Share Option Scheme during the six months ended 30 June 2023 are as follows:

Name	Date of grant	Exercise price per Share	Exercise period	Balance as at 1 January 2023	Granted	Exercised	Cancelled/ lapsed	Balance as at 30 June 2023
Mr. Chung	7 June 2021 ⁽¹⁾	HK\$0.68	7 June 2022 to 6 June 2031 ⁽²⁾	200,000	—	—	—	200,000
Mr. Chau	7 June 2021 ⁽¹⁾	HK\$0.68	7 June 2022 to 6 June 2031 ⁽²⁾	200,000	—	—	—	200,000
Mr. Leonard Chung	7 June 2021 ⁽¹⁾	HK\$0.68	7 June 2022 to 6 June 2031 ⁽²⁾	800,000	—	—	—	800,000
Mr. Chau Wai	7 June 2021 ⁽¹⁾	HK\$0.68	7 June 2022 to 6 June 2031 ⁽²⁾	800,000	—	—	—	800,000
Mr. Yu	7 June 2021 ⁽¹⁾	HK\$0.68	7 June 2022 to 6 June 2031 ⁽²⁾	200,000	—	—	—	200,000
Mr. Seto	7 June 2021 ⁽¹⁾	HK\$0.68	7 June 2022 to 6 June 2031 ⁽²⁾	200,000	—	—	—	200,000
Mr. Asvaintra	7 June 2021 ⁽¹⁾	HK\$0.68	7 June 2022 to 6 June 2031 ⁽²⁾	200,000	—	—	—	200,000
Mr. Cheung	7 June 2021 ⁽¹⁾	HK\$0.68	7 June 2022 to 6 June 2031 ⁽²⁾	800,000	—	—	—	800,000
Mr. Ko	7 June 2021 ⁽¹⁾	HK\$0.68	7 June 2022 to 6 June 2031 ⁽²⁾	800,000	—	—	—	800,000
Other Employees	7 June 2021 ⁽¹⁾	HK\$0.68	7 June 2022 to 6 June 2031 ⁽²⁾	1,800,000	—	—	—	1,800,000

Notes:

- The closing price of the Shares immediately before the date of grant (i.e. as of 4 June 2021) was HK\$0.69 per Share.
- 40%, 30% and the remaining 30% of the share options granted on 7 June 2021 shall be vested and exercisable at any time from the date falling on the first anniversary (i.e. 7 June 2022), second anniversary (i.e. 7 June 2023) and third anniversary (i.e. 7 June 2024) of the date of grant, respectively, till the end of the option period (i.e. 6 June 2031). In this table, "exercise period" begins with the first anniversary of the date of grant.

VALUE OF SHARE OPTIONS

The value of the share options granted during the review period is to be expensed through the Group's statement of profit or loss over the three-year vesting period of the share options.

The fair values of share options granted by the Company were determined by using the Black-Scholes option pricing model (the "Model"). The Model is one of the commonly used models to estimate the fair value of a share option. The variables and assumptions used in computing the fair values of the share options are based on management's best estimate. The value of a share option varies with different variables based on a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option.

The inputs into the Model were as follows:

Date of grant	7 June 2021
Closing Share price at the date of grant	HK\$ 0.68
Exercise price	HK\$ 0.68
Risk free rate (Note a)	1.05%
Expected life of option (Note b)	10 years
Expected volatility (Note c)	55.89%
Expected dividend per annum (Note d)	—
Estimated fair values per share option	HK\$ 0.39

Notes:

- (a) Risk free rate: the yield derived from HKD Hong Kong Sovereign Curve in terms of the remaining of the share options.
- (b) Expected life of option: being the period of 10 years commencing on the date of grant, based on management's best estimates for the effects of non-transferability, exercise restriction and behavioural considerations.
- (c) Expected volatility: derived from historical volatility of the Shares.
- (d) Expected dividend per annum: expected dividend yield of the Shares.

CHANGE OF INFORMATION OF DIRECTORS

The monthly salary of Mr. Chau Wai and Mr. Leonard Chung have been increased to HK\$133,200 and HK\$67,100 respectively with effect from 1 January 2023 having considered their increased roles and responsibilities in the Group and in alignment with market salary level.

Save as disclosed in this interim report, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Other Information

AUDIT COMMITTEE

The audit committee of the Company was established on 15 May 2018 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee include the review and supervision of the Group's financial reporting system, review of the internal control and risk management systems, review of the Group's financial information, review of the relationship with the external auditors of the Company, compliance with the relevant laws and regulations and performance of the corporate governance functions delegated by the Board. The audit committee comprises all independent non-executive Directors, namely, Mr. Yu, Mr. Seto and Mr. Asvaintra. Mr. Yu is the chairman of the audit committee.

REMUNERATION COMMITTEE

The remuneration committee of the Company was established on 15 May 2018 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review and approve the management's remuneration proposals, make recommendations to the Board on the remuneration packages of the Directors and senior management of the Group and to ensure that no Director determines his own remuneration. The remuneration committee comprises all independent non-executive Directors, namely, Mr. Seto, Mr. Yu and Mr. Asvaintra. Mr. Seto is the chairman of the remuneration committee.

NOMINATION COMMITTEE

The nomination committee of the Company was established by the Company on 15 May 2018 with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to the Board on the appointment of Directors and the senior management of the Group. The members of the nomination committee comprises an executive Director, namely, Mr. Chau and two independent non-executive Directors, namely, Mr. Yu and Mr. Seto. Mr. Chau is the chairman of the nomination committee.

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. Having made specific enquiry to all the 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 2023.

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 2023.

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining high standards of corporate governance. For the six months ended 30 June 2023, 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 2023. It has also reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2023 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 2023 in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

GLOSSARY

In this interim report, unless the context states otherwise, the following expressions have the following meanings:

“Board”	the board of Directors
“BRH2 Plastics, LLC”	BRH2 Plastics, LLC, a company incorporated in Arizona, the US with limited liability on 25 June 2014 and converted to a Delaware limited liability company on 14 January 2021. The Company was interested in 40% of the membership interest of BRH2 Plastics, LLC as at the date of this interim report
“Ching Wai Holdings”	Ching Wai Holdings Limited, a limited liability company incorporated in the British Virgin Islands on 9 March 2017 and was wholly owned by Mr. Chau, one of the controlling shareholders of the Company, as at the date of this interim report
“Company”	MS Group Holdings Limited (萬成集團股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 9 March 2017
“Director(s)”	the director(s) of the Company
“Group” or “we” or “our” or “us”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	1 June 2018, the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“L.V.E.P. Holdings”	L.V.E.P. Holdings Limited, a limited liability company incorporated in the British Virgin Islands on 9 March 2017 and was wholly owned by Mr. Chung, one of the controlling shareholders of the Company, as at the date of this interim report
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Asvaintra”	Mr. Asvaintra Bhanusak (馬清源), an independent non-executive Director
“Mr. Chau”	Mr. Chau Ching (周青), one of the controlling shareholders of the Company and an executive Director

“Mr. Chau Wai”	Mr. Chau Wai (周瑋), an executive Director
“Mr. Cheung”	Mr. Cheung Chor Yin (張楚然), the chief operating officer of the Company
“Mr. Chung”	Mr. Chung Kwok Keung Peter (鍾國強), one of the controlling shareholders of the Company, an executive Director and the chief executive officer of the Company
“Mr. Ko”	Mr. Ko Kam On (高錦安), the chief financial officer and company secretary of the Company
“Mr. Leonard Chung”	Mr. Chung Leonard Shing Chun (鍾丞晉), an executive Director
“Mr. Seto”	Mr. Seto John Gin Chung (司徒振中), an independent non-executive Director
“Mr. Yu”	Mr. Yu Hon To David (俞漢度), an independent non-executive Director
“Ms. Cheung”	Ms. Cheung Hau Ling (張巧玲), the spouse of Mr. Chau
“Ms. Lee”	Ms. Lee Yiu Chee Eugenia (李耀芝), the spouse of Mr. Chung
“OEM”	original equipment manufacturing
“OEM Business”	the business segment principally comprising the production and sales of plastic bottles and cups for infants and toddlers and plastic sports bottles on an OEM basis
“PRC”	the People’s Republic of China which for the purposes of this interim report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and the Taiwan region
“Production Base”	the production plant of the Group situated in Wengyuan County, Shaoguan City, Guangdong Province, the PRC
“Prospectus”	the prospectus of the Company dated 21 May 2018 in respect of the Listing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme conditionally adopted by the Company on 15 May 2018, a summary of the principal terms and conditions of which is set forth in the paragraphs headed “Share Option Scheme” in Appendix IV to the Prospectus

Glossary

“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US” or “United States”	the United States of America
“Yo Yo Monkey Business”	the business segment principally comprising the production and sales of infant and toddler products, such as plastic bottles and cups for infants and toddlers, under the “Yo Yo Monkey (優優馬騮)” brand principally for the PRC market