



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
2024

CONTENTS

- 02** Corporate Information
- 03** Financial Highlights
- 04** Management Discussion and Analysis
- 11** Report on Review of Interim Financial Information from Independent Auditor
- 12** Condensed Consolidated Interim Income Statement
- 13** Condensed Consolidated Interim Statement of Comprehensive Income
- 14** Condensed Consolidated Interim Statement of Financial Position
- 16** Condensed Consolidated Interim Statement of Changes in Equity
- 17** Condensed Consolidated Interim Statement of Cash Flows
- 18** Notes to the Condensed Consolidated Interim Financial Information
- 30** Other Information
- 38** Glossary

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 2024, together with the comparative figures for the corresponding period of 2023. 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	
		2024	2023
Revenue	HK\$'000	178,986	113,163
Gross profit	HK\$'000	49,467	37,047
Gross profit margin	%	27.6%	32.7%
Operating profit	HK\$'000	24,233	14,386
Profit attributable to equity holders	HK\$'000	18,967	9,063
Basic earnings per Share	HK cents	9.48	4.53
Interim dividend per Share	HK cents	3	Nil
Interim special dividend per Share	HK cents	7	Nil

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2024, the Group engaged in (i) the OEM Business, being the production and sales of plastic bottles and cups for infants and toddlers and plastic and stainless steel 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.

In the recent years, worldwide markets have been recovering from the impacts of the COVID-19 epidemic. However, macroeconomic growth is still facing various challenges, including but not limited to inflation, regional conflicts (such as between Russia and Ukraine and also between Israel and Hamas) and geopolitical tensions (such as between China and the United States). Despite the relevant industry environment was not favourable, the Group managed to achieve an improvement in its overall businesses performance for the first half of 2024.

The OEM Business, the major market of which is in the United States, recorded a notable year-on-year enhancement in its revenue for the six months ended 30 June 2024. Such improvement was primarily driven by the increased sales orders from existing customers, given the Group has been proactively engaging with its major customers to explore potential business opportunities in relation to the production of bottle models, particularly stainless steel sports bottle, during the first half of 2024.

On the other hand, the revenue from the Yo Yo Monkey Business had not yet recovered and recorded a notable year-on-year decline for the six months ended 30 June 2024, mainly due to intense industry competition and the declining birth rate in the PRC.

Overall, during the first half of 2024, the Group was able to leverage on its industry experience and capabilities and captured opportunities to develop its business and achieved growth.

FINANCIAL REVIEW

The following table sets out the key financial figures of the Group for the six months ended 30 June 2024, with comparative figures for the six months ended 30 June 2023.

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Revenue	178,986	113,163
Gross profit	49,467	37,047
Profit before income tax	24,815	13,149
Net profit attributable to equity holders	18,967	9,063

Revenue

OEM Business

For the six months ended 30 June 2024, revenue generated from the OEM Business amounted to approximately HK\$176.7 million, which represented an increase of approximately 65.6% as compared to approximately HK\$106.7 million for the corresponding period in 2023. The enhancement in sales performance of the OEM Business was primarily driven by the increased orders received from the Group existing customers, particularly for the production of stainless steel sports bottles. For these products, the Group manufactured the plastic parts and procured the metallic parts to produce the stainless steel sports bottle products. Revenue from stainless steel sports bottles amounted to approximately HK\$81.9 million for the first half of 2024, representing a significant growth as compared with that of approximately HK\$42,000 for the first half of 2023. For the six months ended 30 June 2024, the two largest customers continued to be the major contributors of revenue for the OEM Business, where they contributed approximately HK\$128.5 million (first half of 2023: approximately HK\$72.0 million) and HK\$44.4 million (first half of 2023: approximately HK\$30.0 million), respectively.

Yo Yo Monkey Business

For the six months ended 30 June 2024, the Yo Yo Monkey Business recorded revenue of approximately HK\$2.3 million, which represented a decrease of approximately 63.9% as compared to approximately HK\$6.5 million for the corresponding period in 2023. The Yo Yo Monkey Business was still suffering from the fierce local competition in the first half of 2024, during which sales performance at physical retail shops continued to decline while the Group was on its way to develop its online sales business in the PRC.

Gross profit

The gross profit of the Group was approximately HK\$49.5 million, representing a gross profit margin of approximately 27.6%, for the six months ended 30 June 2024, as compared to the gross profit of approximately HK\$37.0 million, representing a gross profit margin of approximately 32.7%, for the six months ended 30 June 2023.

For the six months ended 30 June 2024, the gross profit margin of the OEM Business was approximately 27.5% (first half of 2023: approximately 32.5%). Such decrease in gross profit margin was mainly attributable to the shift in product mix, where stainless steel sports bottles (which have a lower gross profit margin as compared with other plastic products) accounted for a greater proportion of and was significant to the total sales of the Group in the first half of 2024 as compared with the first half of 2023.

For the six months ended 30 June 2024, the gross profit margin of the Yo Yo Monkey Business was approximately 37.7% (first half of 2023: approximately 36.8%). The Yo Yo Monkey Business was able to maintain its gross profit margin in the first half of 2024 as compared with that in the first half of 2023.

Selling expenses

The selling expenses of the Group was approximately HK\$3.6 million for the six months ended 30 June 2024, representing a decrease of approximately HK\$1.2 million or 24.2% as compared to approximately HK\$4.8 million for the six months ended 30 June 2023. Such decrease was mainly attributable to the reduction in employee benefit expenses, travelling expenses and marketing and promotional spending in the first half of 2024 as measures of cost control.

Management Discussion and Analysis

Administrative expenses

The administrative expenses of the Group amounted to approximately HK\$22.6 million for the six months ended 30 June 2024, representing a year-on-year increase of approximately HK\$3.4 million. Such increase was mainly because of the increment in expected credit loss adjustment on trade and other receivables by approximately HK\$2.4 million. The administrative expenses of the Group accounted for approximately 12.6% of the total revenue for the six months ended 30 June 2024, representing a decrease as compared to approximately 16.9% of total revenue for the six months ended 30 June 2023.

Other income and gains

The Group recorded other net income and gains of approximately HK\$0.9 million for the six months ended 30 June 2024, as compared to approximately HK\$1.2 million for the six months ended 30 June 2023. The other income and gains were mainly generated from sundry income, which primarily included exchange gains of approximately HK\$0.7 million, for the six months ended 30 June 2024.

Finance income

The Group recorded a net finance income of approximately HK\$1.8 million for the six months ended 30 June 2024, as compared to the net finance income of approximately HK\$2.0 million for the six months ended 30 June 2023. The finance expenses were mainly interest expenses for the utilisation of bill facilities and lease liabilities, whilst the finance income was primarily interest income from time deposits placed at banks. The Group did not purchase any financial product during the first half of 2024 (first half of 2023: Nil).

Share of result of associates

The Group recorded a share of losses of associates of approximately HK\$1.2 million for the six months ended 30 June 2024, which was approximately HK\$3.2 million for the six months ended 30 June 2023. It was primarily attributable to the amortisation of intangible assets identified during the acquisition which amounted to approximately HK\$1.0 million (first half of 2023: approximately HK\$1.6 million) and the share of loss amounting to approximately HK\$0.2 million (first half of 2023: 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\$19.0 million for the six months ended 30 June 2024, which was approximately HK\$9.9 million higher than that of approximately HK\$9.1 million for the six months ended 30 June 2023. The increase in net profit was mainly attributable to the improvement in sales orders from the major OEM Business customers aforementioned.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The cash and cash equivalents of the Group as at 30 June 2024 amounted to approximately HK\$122.9 million, which was comparable with that as at 31 December 2023 of approximately HK\$126.3 million. The cash and cash equivalents of the Group as at 30 June 2024 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\$13.2 million for the six months ended 30 June 2024, which was primarily driven by profit before taxation of approximately HK\$24.8 million. As at 30 June 2024, the Group maintained banking facilities of approximately HK\$30.0 million (31 December 2023: approximately HK\$30.0 million). As at 30 June 2024, the gearing ratio of the Group (being total interest-bearing borrowings divided by total equity) was nil (31 December 2023: Nil).

CAPITAL COMMITMENT AND CAPITAL EXPENDITURE

As at 30 June 2024, the Group had no capital commitment (31 December 2023: Nil).

For the first half of 2024, the capital expenditure of the Group (being gross addition of property, plant and equipment) was approximately HK\$3,855,000 (first half of 2023: approximately HK\$1,164,000). Such capital expenditure was primarily for the acquisition of new machineries 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 2024. 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 2024, the Group recorded a gain on foreign exchange of approximately HK\$0.7 million (first half of 2023: approximately HK\$0.6 million).

The Group had not used any derivatives to hedge its exposure to foreign exchange risk during the six months ended 30 June 2024. 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 2024 (31 December 2023: Nil).

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 2024; and (ii) did not hold any significant investment as at 30 June 2024.

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 2024 and up to the date of this interim report.

Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 30 June 2024, 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

The Company is not aware of any material subsequent events from 30 June 2024 to the date of this interim report.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 737 full-time employees as at 30 June 2024, which was more than that of 634 full-time employees as at 30 June 2023. The increase in the number of employees was mainly because of the higher demand for production workers (non-administrative staff) for manufacturing processes along with the improvement in the number of sales orders received in the first half of 2024.

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 2024 was approximately HK\$37.2 million (first half of 2023: approximately HK\$32.8 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 of the Company ("**Shares**"). On 27 May 2024, the Company granted 10,000,000 share options to the Directors and certain employees of the Group to subscribe for an aggregate of 10,000,000 Shares. For further details, please refer to the announcements of the Company dated 7 June 2021 and 27 May 2024 and note 19 to the condensed consolidated interim financial information of the Company in this interim report.

PROSPECTS

In the first half of 2024, the global economy continued to recover from the impacts of the COVID-19 pandemic and the Group was able to grasp business opportunities to enhance its revenue stream. Nonetheless, factors including inflation, regional conflicts (such as between Russia and Ukraine and also between Israel and Hamas) and geopolitical tensions (such as between China and the United States) have brought instability to the macro environment. Hence, the Group intends to maintain its cautious stance to cope with the ever-evolving industry landscape.

The performance of the OEM Business is dependent on the United States market given that a significant portion of its revenue is derived from customers based in the United States. Apart from the previously mentioned factors that may harm the already fragile global economy, the 2024 United States presidential election has built up an atmosphere with tension and instability, where, in particular, the future trade policies between the United States and China are highly uncertain. If the United States enacts stricter trade policies, such as tariffs, on the product categories manufactured by the Group in the PRC, the OEM Business of the Group would face immense challenges. In the first half of 2024, the Group leveraged on its industry experience and was able to successfully capture the burgeoning demand of stainless steel sports bottle from an existing major customer. However, the sustainability of future product demand and the product mix of the Group are not easy to foresee as they depend on, among other matters, the then industry environment and product cycle from time to time. In spite of the potential challenges ahead, the Group aims to adopt a generally prudent approach to mitigate market risks and proactively develop this core business segment. Strategies include (i) deepening the collaboration with existing customers to obtain more sales orders for both existing and new product lines, such as stainless steel sports bottles; (ii) liaising with potential customers, such as well-known bottle brands, on a worldwide basis with a view to expanding revenue stream and diversifying the present focus on the United States market; and (iii) exploring possible enhancements of manufacturing capabilities for products including but not limited to plastic sports bottle and stainless steel sports bottle, primarily for meeting the demands of existing customers and improving the margins of the relevant products.

The Yo Yo Monkey Business currently relies on the PRC market and the performance of the business has been, and is expected to continue to be, heavily pressured by (i) the intense local competition, where price wars have hindered the Group to seize market share; (ii) the shift of consumer purchasing habit from offline to online, which eroded the sales of the Group as 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 2023 was the lowest recorded in decades and structurally undermined future 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)” being 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, the Group has continuously placed efforts on enhancing its internet platforms and to take advantage of the e-commerce environment in the PRC.

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

Management Discussion and Analysis

The Group made remarkable progress in its sales performance for the first half of 2024, which was primarily a result of its substantial efforts dedicated to business development in the industry over the years. Challenges in the past have bestowed the Group invaluable experience to bolster its competitiveness in the market, where the Group has built up its production capabilities and market reputation. The Group always believes maintaining product quality at high standards and fostering strategic relationships with business partners (both customers and suppliers) are crucial factors to be successful in the industry. Amidst a challenging economic and industry environment, the Group continues to maintain a broad vision, magnify its competitive strengths, make proper adjustments and be well prepared to respond to changes in the market. In this regard, the Group carefully considers and reviews the feasibility of a variety of development strategies, including but not limited to seizing viable business opportunities through extending production capabilities regarding profitable products. Although uncertainties continue to loom over the future, the Group vows to render its best efforts to foster a positive outlook and excel further.

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 12 to 29, 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 2024 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, 22 August 2024

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CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2024

	Note	Unaudited Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Revenue	6	178,986	113,163
Cost of sales		(129,519)	(76,116)
Gross profit		49,467	37,047
Selling expenses		(3,603)	(4,755)
Administrative expenses		(22,569)	(19,134)
Other income		244	597
Other gains, net		694	631
Operating profit		24,233	14,386
Finance income		2,277	2,267
Finance expenses		(452)	(291)
Finance income, net	7	1,825	1,976
Share of result of associates	18	(1,243)	(3,213)
Profit before taxation	8	24,815	13,149
Taxation	9	(5,848)	(4,086)
Profit for the period		18,967	9,063
Attributable to:			
— Equity holders of the Company		18,967	9,063
		HK Cents	HK Cents
Profit per share attributable to equity holders of the Company during the period			
Basic and diluted	11	9.48	4.53

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Profit for the period	18,967	9,063
Item that may be subsequently reclassified to income statement:		
Exchange translation differences	(2,642)	(4,609)
Other comprehensive loss for the period, net of tax	(2,642)	(4,609)
Total comprehensive income for the period	16,325	4,454
Total comprehensive income for the period attributable to:		
— Equity holders of the Company	16,325	4,454

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	33,373	32,861
Right-of-use assets		8,050	1,704
Investment in associates	18	—	1,243
		41,423	35,808
Current assets			
Inventories		40,376	39,054
Trade and other receivables	13	63,362	44,786
Deposits and prepayments		8,467	9,200
Cash and cash equivalents		122,906	126,294
		235,111	219,334
Total assets		276,534	255,142
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	15	20,000	20,000
Share premium		36,614	36,614
Other reserves		(4,538)	(2,520)
Retained earnings		162,440	155,473
Total equity		214,516	209,567

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2024

	Note	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		4,285	—
Deferred income tax liabilities		5,436	4,985
		9,721	4,985
Current liabilities			
Trade and other payables	14	45,266	36,269
Lease liabilities		3,774	1,767
Tax payable		3,257	2,554
		52,297	40,590
Total liabilities		62,018	45,575
Total equity and liabilities		276,534	255,142
Net current assets		182,814	178,744

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	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 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
Balance at 1 January 2024	20,000	36,614	131	(4,908)	2,257	155,473	209,567
Comprehensive income:							
Profit for the period	—	—	—	—	—	18,967	18,967
Other comprehensive loss:							
Exchange translation differences	—	—	—	(2,642)	—	—	(2,642)
Total comprehensive income for the period ended 30 June 2024	—	—	—	(2,642)	—	18,967	16,325
Transactions with equity holders:							
Dividend paid	—	—	—	—	—	(12,000)	(12,000)
Share-based payments	—	—	—	—	624	—	624
Total transactions with equity holders	—	—	—	—	624	(12,000)	(11,376)
Balance at 30 June 2024	20,000	36,614	131	(7,550)	2,881	162,440	214,516

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from operations	17,527	27,415
Tax paid	(4,341)	(1,260)
Net cash generated from operating activities	13,186	26,155
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,855)	(1,164)
Proceeds from disposal of property, plant and equipment	—	46
Interest received	1,850	2,186
Net cash (used in)/generated from investing activities	(2,005)	1,068
Cash flows from financing activities		
Interest paid	(452)	(291)
Payment of principal element of lease liabilities	(2,091)	(2,078)
Dividend paid	(12,000)	(12,000)
Net cash used in financing activities	(14,543)	(14,369)
Net (decrease)/increase in cash and cash equivalents	(3,362)	12,854
Cash and cash equivalents at 1 January	126,294	134,798
Exchange losses on cash and cash equivalents	(26)	(1,229)
Cash and cash equivalents at 30 June	122,906	146,423

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 and stainless steel 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 2024 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 2023, 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 2023 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 2023.

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 2023.

There have been no changes in the risk management policies since the year ended 31 December 2023.

(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 and stainless steel 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	
	2024	2023
	HK\$'000	HK\$'000
Revenue		
OEM Business customer products	176,649	106,695
Own brand products	2,337	6,468
	178,986	113,163

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 executive directors 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 bottles and cups for infants and toddlers and plastic and stainless steel sports bottles 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 2024 (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	176,649	2,337	178,986
Cost of sales	(128,062)	(1,457)	(129,519)
Gross profit	48,587	880	49,467
Selling expenses			(3,603)
Administrative expenses			(22,569)
Other income			244
Other gains, net			694
Finance income, net			1,825
Share of result of associates			(1,243)
Profit before taxation			24,815
Taxation			(5,848)
Profit for the period			18,967

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 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

7 FINANCE INCOME, NET

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Interest on bills payables	(407)	(169)
Interest expenses on lease liabilities	(45)	(122)
Bank interest income	2,277	2,267
	1,825	1,976

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	
	2024	2023
	HK\$'000	HK\$'000
Cost of inventories	92,372	43,986
Provision for the impairment loss on inventory	304	848
Employee benefit expenses	37,173	32,783
Management fee expenses	1,143	1,187
Depreciation of property, plant and equipment (Note 12)	2,609	2,590
Depreciation of right-of-use assets	2,037	2,096
Expected credit loss a adjustment on trade and other receivables	2,339	(461)
Net loss/(gain) on disposal/write-off of property, plant and equipment	35	(28)
Government grants	(84)	(563)

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	
	2024	2023
	HK\$'000	HK\$'000
Current — Hong Kong		
Provision for the period	1,352	718
Current — PRC		
Provision for the period	3,964	3,329
Under-provision in respect of prior years	82	—
Deferred		
Provision for the period	450	39
Taxation charge	5,848	4,086

Notes to the Condensed Consolidated Interim Financial Information

10 DIVIDENDS

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interim dividend proposed of HK3 cents per ordinary share (30 June 2023: Nil)	6,000	—
Interim special dividend proposed of HK7 cents per ordinary share (30 June 2023: Nil)	14,000	—
	20,000	—

The interim dividend and interim special dividend proposed after the end of the reporting period has not been recognised as a liability at 30 June 2024. The amount of the 2024 proposed interim dividend and interim special dividend are expected to be paid on 4 October 2024 out of retained profit.

On 21 March 2024, the Board declared a final dividend and a final special dividend of HK3 cents (2023: HK3 cents) and HK3 cents (2023: HK3 cents) per ordinary share, respectively, totaling HK6 cents (2023: HK6 cents) per ordinary share, payable to shareholders whose names appear on the register of the members of the Company on 5 June 2024. The total amount of the final dividend and final special dividend was HK\$12 million (2023: HK\$12 million) and was paid on 26 June 2024.

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	
	2024	2023
Profit attributable to owners of the Company (HK\$'000)	18,967	9,063
Weighted average number of ordinary shares in issue (thousands)	200,000	200,000
Basic earnings per share (Hong Kong cents)	9.48	4.53

(b) Diluted earnings per share

Diluted earnings per share for the period ended 30 June 2024 and 2023 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 2023 (audited)							
Cost	16,098	1,453	5,239	67,609	17,161	4,260	111,820
Accumulated depreciation	(7,263)	(1,437)	(4,615)	(44,967)	(16,967)	(3,710)	(78,959)
Net book amount	8,835	16	624	22,642	194	550	32,861
Period ended 30 June 2024 (unaudited)							
Opening net book amount	8,835	16	624	22,642	194	550	32,861
Exchange differences	(138)	—	(13)	(545)	—	—	(696)
Additions	—	—	64	3,409	382	—	3,855
Disposals/write-off	—	—	(5)	(33)	—	—	(38)
Depreciation charge	(398)	(2)	(109)	(1,852)	(98)	(150)	(2,609)
Closing net book amount	8,299	14	561	23,621	478	400	33,373
At 30 June 2024 (unaudited)							
Cost	15,907	1,452	5,149	69,984	17,543	4,232	114,267
Accumulated depreciation	(7,608)	(1,438)	(4,588)	(46,363)	(17,065)	(3,832)	(80,894)
Net book amount	8,299	14	561	23,621	478	400	33,373

13 TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Trade receivables	56,045	40,888
Loss allowance	(2,101)	(2,019)
Other receivables	53,944	38,869
Loan to an associate	9,418	3,660
	—	2,257
	63,362	44,786

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.

During the period ended 30 June 2024, expected credit loss adjustment of HK\$2,257,000 is recognised on loan to an associate.

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

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
0 – 30 days	38,494	31,545
31 – 60 days	10,889	3,277
61 – 90 days	438	800
Over 90 days	4,123	3,247
	53,944	38,869

14 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Trade payables	10,187	12,656
Accruals and other payables	20,047	20,708
Contract liabilities (Note)	3,070	2,905
Bills payables	11,962	—
	45,266	36,269

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

Note: Contract liabilities of HK\$2,905,000 included in the balance as at 1 January 2024 were recognised as revenue during the period ended 30 June 2024.

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 2024 HK\$'000	Audited 31 December 2023 HK\$'000
0 – 30 days	8,921	8,372
31 – 60 days	—	2,798
61 – 90 days	65	2
Over 90 days	1,201	1,484
	10,187	12,656

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 2023 (unaudited), 31 December 2023 and 30 June 2024 (unaudited)	3,800,000,000	380,000
Ordinary shares of HK\$0.1 each, issued and fully paid:		
At 30 June 2023 (unaudited), 31 December 2023 and 30 June 2024 (unaudited)	200,000,000	20,000

16 CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, 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, an executive Director
Kwong Fai Trading Limited (“ Kwong Fai ”)	Jointly controlled by Mr. Chung and his spouse
Penghui Qiye (Wengyuan) Company Limited* (鵬輝企業(翁源)有限公司) (“ 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	
	2024 HK\$'000	2023 HK\$'000
Huafulai		
— Utility expenses	599	313
Kwong Fai		
— Depreciation of right-of-use assets	281	285
— Interest expenses on lease liabilities	3	19
Penghui		
— Management fee expenses	1,044	1,090
— Depreciation of right-of-use assets	1,756	1,811
— Interest expenses on lease liabilities	42	103
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\$8,050,000 and lease liabilities of HK\$8,059,000 as at 30 June 2024 from Kwong Fai and Penghui. During the period ended 30 June 2024, the lease payments paid to Kwong Fai and Penghui were HK\$296,000 (2023: HK\$300,000) and HK\$1,839,000 (2023: HK\$1,900,000), respectively.

(b) Key management compensation

During the period ended 30 June 2024, no transactions (2023: 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 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 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Associates	—	1,243

The share of result recognised in the condensed consolidated interim income statement for the six months ended 30 June 2024 comprised of a share of operating losses amounting to HK\$166,000 (2023: HK\$1,598,000) and an amortisation of intangible assets identified during the acquisition amounting to HK\$1,077,000 (2023: 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. 10,000,000 share options were granted to the Directors and certain employees of the Group on 27 May 2024.

Share-based payment amounted HK\$624,000 (2023: HK\$268,000) was recognised in the condensed consolidated interim income statement during the period ended 30 June 2024.

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 2024 was approved by the board on 22 August 2024.

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 2024, 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)	400,000	0.2%
Mr. Chau	Interest of a controlled corporation ^(Note 3)	75,000,000	37.5%
	Beneficial owner ^(Note 2)	400,000	0.2%
Mr. Leonard Chung	Beneficial owner ^(Note 2)	2,360,000	1.18%
Mr. Chau Wai	Beneficial owner ^(Note 2)	2,360,000	1.18%
Mr. Yu	Beneficial owner ^(Note 2)	400,000	0.2%
Mr. Seto	Beneficial owner ^(Note 2)	400,000	0.2%
Mr. Asvaintra	Beneficial owner ^(Note 2)	400,000	0.2%

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 and 27 May 2024, the Company granted share options to all the Directors and other employees pursuant to the Share Option Scheme. Details of which are set out in the announcements of the Company dated 7 June 2021 and 27 May 2024 and the section headed "Share Option Scheme" in this interim report.

Save as disclosed above, as at 30 June 2024, 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 2024.

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

As at 30 June 2024, 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)	75,400,000	37.7%
Ms. Lee	Interest of spouse ^(Note 2)	75,400,000	37.7%

Note 1: Ms. Cheung is the spouse of Mr. Chau and is therefore deemed to be interested in the 75,000,000 Shares and 400,000 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 400,000 share options of the Company held by Mr. Chung under the SFO.

Save as disclosed above, as at 30 June 2024, 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. No service provider sublimit had been adopted under the Share Option Scheme. 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.

As disclosed in the announcements of the Company dated 7 June 2021 and 27 May 2024, the Company granted 6,000,000 and 10,000,000 share options, respectively, to the Directors and certain employees of the Group on 7 June 2021 and 27 May 2024 to subscribe for an aggregate of 16,000,000 Shares.

Hence, the number of shares options available for grant under the Share Option Scheme was 14,000,000 (being the maximum of 20,000,000 less the 6,000,000 granted) at the beginning of the six months ended 30 June 2024, and 4,000,000 (being the maximum of 20,000,000 less the 16,000,000 granted in aggregate) at the end of the six months ended 30 June 2024.

The movements in the number of share options under the Share Option Scheme during the six months ended 30 June 2024 are as follows:

Name	Date of grant	Exercise price per Share	Exercise period	Balance as at 1 January 2024			Cancelled/ lapsed	Balance as at 30 June 2024
				Granted	Exercised			
Mr. Chung	7 June 2021 ⁽¹⁾	HK\$0.68	7 June 2022 to 6 June 2031 ⁽²⁾	200,000	—	—	—	200,000
	27 May 2024 ⁽³⁾	HK\$1.02	27 May 2025 to 26 May 2034 ⁽⁴⁾	—	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
	27 May 2024 ⁽³⁾	HK\$1.02	27 May 2025 to 26 May 2034 ⁽⁴⁾	—	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
	27 May 2024 ⁽³⁾	HK\$1.02	27 May 2025 to 26 May 2034 ⁽⁴⁾	—	1,560,000	—	—	1,560,000
Mr. Chau Wai	7 June 2021 ⁽¹⁾	HK\$0.68	7 June 2022 to 6 June 2031 ⁽²⁾	800,000	—	—	—	800,000
	27 May 2024 ⁽³⁾	HK\$1.02	27 May 2025 to 26 May 2034 ⁽⁴⁾	—	1,560,000	—	—	1,560,000
Mr. Yu	7 June 2021 ⁽¹⁾	HK\$0.68	7 June 2022 to 6 June 2031 ⁽²⁾	200,000	—	—	—	200,000
	27 May 2024 ⁽³⁾	HK\$1.02	27 May 2025 to 26 May 2034 ⁽⁴⁾	—	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
	27 May 2024 ⁽³⁾	HK\$1.02	27 May 2025 to 26 May 2034 ⁽⁴⁾	—	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
	27 May 2024 ⁽³⁾	HK\$1.02	27 May 2025 to 26 May 2034 ⁽⁴⁾	—	200,000	—	—	200,000
Other Employees	7 June 2021 ⁽¹⁾	HK\$0.68	7 June 2022 to 6 June 2031 ⁽²⁾	3,400,000	—	—	—	3,400,000
	27 May 2024 ⁽³⁾	HK\$1.02	27 May 2025 to 26 May 2034 ⁽⁴⁾	—	5,880,000	—	—	5,880,000

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, until 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.

Other Information

- The closing price of the Shares immediately before the date of grant (i.e. as of 24 May 2024) was HK\$1.02 per Share.
- 40%, 30% and the remaining 30% of the share options granted on 27 May 2024 shall be vested and exercisable at any time from the date falling on the first anniversary (i.e. 27 May 2025), second anniversary (i.e. 27 May 2026) and third anniversary (i.e. 27 May 2027) of the date of grant, respectively, until the end of the option period (i.e. 26 May 2034). In this table, "exercise period" begins with the first anniversary of the date of grant.

The number of shares that may be issued in respect of share options granted under all schemes of the Company as at 30 June 2024 of 6,000,000 (based on the number of vested share options under the Share Option Scheme) divided by the weighted average total number of Shares in issue for the six months ended 30 June 2024 of 200,000,000 was 3%.

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 Binomial model (the "Model"). The Model is 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)	—
Exit rate	0.00%
Early exercise multiplier	2.80
Estimated fair values per share option	HK\$0.39
Date of grant	27 May 2024
Closing Share price at the date of grant	HK\$1.02
Exercise price	HK\$1.02
Risk free rate (Note a)	3.78%
Expected life of option (Note b)	10 years
Expected volatility (Note c)	53.09%
Expected dividend per annum (Note d)	—
Exit rate	0.00%
Early exercise multiplier	1.72
Estimated fair values per share option	HK\$0.44

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\$138,600 and HK\$70,600 respectively with effect from 1 January 2024 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.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") 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 C1 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 (the "**Remuneration Committee**") 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 C1 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.

Other Information

NOMINATION COMMITTEE

The nomination committee of the Company (the “**Nomination Committee**”) 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 C1 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 2024.

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 (including sale of treasury shares) for the six months ended 30 June 2024.

As at 30 June 2024, the Company did not hold any treasury shares.

INTERIM DIVIDEND AND INTERIM SPECIAL DIVIDEND

The Board has recommended the payment of an interim dividend and an interim special dividend of HK3 cents and HK7 cents per Share, respectively, totaling HK10 cents per Share for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil). The interim dividend and the interim special dividend are expected to be paid on or before 4 October 2024 to the Shareholders whose names appear on the register of members of the Company on 11 September 2024. For the purpose of ascertaining the Shareholders’ entitlement to the interim dividend and the interim special dividend, the register of members of the Company will be closed from 6 September 2024 to 11 September 2024, both dates inclusive, during which period no transfer of Shares will be registered. To qualify for the interim dividend and the interim special dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on 5 September 2024.

CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining high standards of corporate governance. For the six months ended 30 June 2024, the Company had adopted and complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

The Board will continue to review and monitor its code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee 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 2024. It has also reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 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 2024 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, 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, 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 C3 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 and an executive Director

“Mr. Chau Wai”	Mr. Chau Wai (周瑋), an executive Director
“Mr. Chung”	Mr. Chung Kwok Keung Peter (鍾國強), one of the controlling Shareholders, an executive Director and the chief executive officer 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 and stainless steel 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
“Shareholder(s)”	holder(s) of the Share(s) from time to time

Glossary

“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