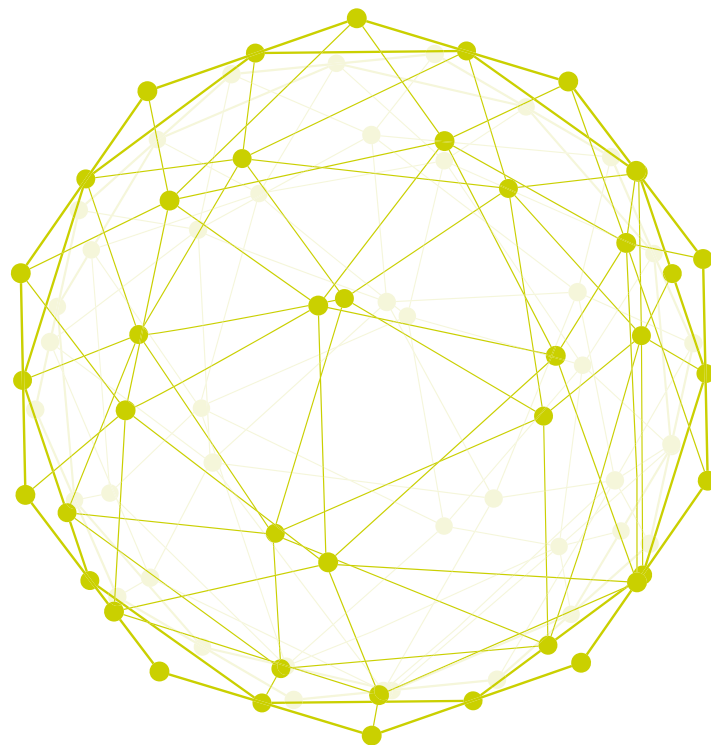




# 2023 Interim Report

Goodbaby International Holdings Limited  
(Incorporated in the Cayman Islands with limited liability)  
[www.gbinternational.com.hk](http://www.gbinternational.com.hk)  
Stock Code: 1086



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# Corporate Information

# Corporate Information

## Directors

### Executive Directors

Mr. Song Zhenghuan (Chairman)  
Mr. Liu Tongyou (current Chief Executive Officer)  
Mr. Martin Pos (Chief Executive Officer  
until 21 March 2023)  
Mr. Xia Xinyue  
Mr. Michael Nan Qu

### Non-Executive Directors

Ms. Fu Jingqiu  
Mr. Ho Kwok Yin, Eric

### Independent Non-Executive Directors

Ms. Chiang Yun  
Mr. Shi Xiaoguang  
Mr. Jin Peng  
Mr. So Tak Young

## Audit Committee

Ms. Chiang Yun (Chairlady)  
Mr. Shi Xiaoguang  
Mr. So Tak Young

## Nomination Committee

Ms. Chiang Yun (Chairlady)  
Mr. Shi Xiaoguang  
Mr. So Tak Young

## Remuneration Committee

Ms. Chiang Yun (Chairlady)  
Mr. Shi Xiaoguang  
Mr. So Tak Young

## Registered Office

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

## Auditors

Ernst & Young  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## Principal Share Registrar

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3, Building D  
P.O. Box 1586, Gardenia Court  
Camana Bay, Grand Cayman, KY1-1100  
Cayman Islands

## Hong Kong Branch Share Registrar

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

## Authorized Representatives

Mr. Song Zhenghuan  
Ms. Ho Wing Tsz, Wendy

## Website

[www.gbinternational.com.hk](http://www.gbinternational.com.hk)

## Stock Code

1086

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**Principal Place of Business in Hong Kong**

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Tung Chiu Commercial Centre  
193 Lockhart Road  
Wan Chai  
Hong Kong

**Company Secretary**

Ms. Ho Wing Tsz, Wendy

# **Management Discussion and Analysis**

# Management Discussion and Analysis

## Overview

### Revenue underwent persistent suppression while Profitability rebound momentum increased

The Period (The six months ended 30 June 2023, hereinafter as “**the Period**”) witnessed easing of pandemic restrictions across the globe and resulting stabilization of global logistics and decrease in input costs, mainly sea freight and raw material costs. These positive elements increased the global macro environment stability, which was favorable to the Group’s (Goodbaby International Holdings Limited, together with its subsidiaries, hereinafter as “**the Group**”) business development. That said, some challenges persisted, including continued destocking by customers and retailers in North America and Europe, damaged consumer confidence due to geopolitical conflicts in Europe, sales of inventories which were built under inflated input costs during the pandemic dragging down the Group’s profitability (especially in the first quarter of 2023), continued birth rate decline in China and weaker-than-expected global economic recovery.

Due to region-specific challenges, the Group recorded mixed performances in different markets. In our European market, positive growth performance was recorded, mainly driven by our brand CYBEX’s strong performance, partially offset by the Blue Chip business decline due to destocking activities by customers. In North American market, our brand and the Blue Chip business continued to suffer from destocking activities by customers and retailers since the fourth quarter of 2022, especially in the first quarter of 2023. In our China market, due to ongoing business right-sizing and brand transformation to better adapt to the changing consumer behaviors in the post-pandemic era and birth rate decline in China, the Group recorded anticipated revenue decline.

Overall, despite the persisting challenges, momentum of the revenue of the Group’s strategic brands and profitability both picked up during the Period. Overall revenue of the Group’s strategic brands had returned to positive growth; with the positive momentum of improvement in profitability continuing into the Period since the second half of 2022, the Group’s operating profitability had significantly improved. The Group also generated strong operating cash inflow during the Period.

In addition, the Group managed to maintain its global competitiveness during the Period thanks to:

1. Strength of the Group’s one-dragon vertically integrated platform of own diversified brands, globally balanced omni-channel distribution platforms, own manufacturing and operational services enabled the Group to outperform competition and minimize risk in any one territory;
2. Continued strategic investments in innovation.

The Group did not suspend strategic and dedicated investments in brand development, product innovation and the expansion of its own international distribution platforms even during the most difficult times. These investments started to pay off amidst macro environment stabilization. As a result, the Group continued to gain market share in key international markets during the Period.

Our revenue for the Period decreased by 11.1% to approximately HK\$3,889.2 million from approximately HK\$4,372.8 million for the corresponding period in 2022. Foreign exchange rate fluctuated between the Period and the corresponding period in 2022, particularly exchange rate between RMB and HKD, and between EUR and HKD. Such fluctuations led to the difference between the Group’s overall revenue growth in the original currencies and the growth in the Group’s reporting currency in HKD after currency translation. On a constant currency basis, our revenue for the Period recorded a 7.7% decrease as compared to the corresponding period in 2022. Reported gross profit increased by 5.9% to approximately HK\$1,784.8 million for the Period from approximately HK\$1,684.9 million for the corresponding period in 2022. Reported operating profit increased by 499.5% to approximately HK\$112.7 million from approximately HK\$18.8 million for the corresponding period in 2022 and on a non-GAAP basis, our operating profit increased by 163.2% to approximately HK\$135.3 million for the Period from approximately HK\$51.4 million for the corresponding period in 2022.

Summary of the Group's revenue:

(HK\$ million)	For the six months ended 30 June		Change (%)	Change on a constant currency basis (%)
	2023	2022		
<b>Group Total Revenue</b>	\$3,889.2	\$4,372.8	-11.1%	-7.7%

	Amount	% of Revenue	Amount	% of Revenue	Change (%)	Change on a constant currency basis (%)
<b>Strategic Brands</b>	\$3,554.7	91.4%	\$3,653.2	83.5%	-2.7%	0.9%
CYBEX	1,814.8	46.7%	1,631.8	37.3%	11.2%	14.4%
gb	638.6	16.4%	791.7	18.1%	-19.3%	-12.8%
Eventflo	1,101.3	28.3%	1,229.7	28.1%	-10.4%	-8.4%
<b>Blue Chip and other business</b>	\$334.5	8.6%	\$719.6	16.5%	-53.5%	-51.0%

## Executive Summary

During the Period, the Group's strategic brands performed as follows:

- Amidst still challenging market, volatile consumer confidence resulting from geopolitical conflicts and inflation, **CYBEX** brand recorded strong growth of 11.2% (a 14.4% increase on a constant currency basis) in the Period to reach a new record first half revenue of approximately HK\$1,814.8 million from approximately HK\$1,631.8 million for the corresponding period in 2022. Consumer demand for CYBEX products remained very strong, resulting in record high first half revenue and operating profit. The growth momentum was primarily driven by very strong brand position, innovative product portfolio and continued introduction of new products. The continued expansion and fortification of the global omni-channel distribution network, in particular, the further roll-out of its own e-commerce platform in Europe and the United States, contributed to the very positive growth performance. CYBEX has repeatedly outperformed its key competitors and gained market share in key markets. During the Period, CYBEX managed to surpass another impressive threshold: Since the founding of the brand, CYBEX now received more than 500 awards for its product and design excellence, including awards from independent European consumer testing organizations (e.g. ADAC) and design organizations (e.g. reddot design award). Overall, CYBEX continues to reinforce its global leading position as the premium “technical-lifestyle” brand.
- gb** brand recorded a decrease in revenue of 19.3% (a 12.8% decrease on a constant currency basis) in the Period to approximately HK\$638.6 million from approximately HK\$791.7 million for the corresponding period in 2022. The revenue decline was primarily attributed to the brand's ongoing business right-sizing and brand transformation to adapt to the post-pandemic era and birth rate decline in China. gb continued to enrich its consumer-centric retail strategy through enhanced product portfolio. During the Period, the brand received an award from the prominent iF design organization in recognition of its upgraded innovative products.



# Management Discussion and Analysis

- **Evenflo** brand recorded a decrease in revenue of 10.4% (an 8.4% decrease on a constant currency basis) in the Period to approximately HK\$1,101.3 million from approximately HK\$1,229.7 million for the corresponding period in 2022. The revenue decline was primarily a result of continued inventory destocking by major retailers in its key market of the United States since the fourth quarter of 2022, especially in the first quarter of 2023. Evenflo continued to outperform competition and gain market share in its key market of the United States due to growth in digital channels, and strong consumer acceptance of its innovative products, elevated product portfolio and brand image. The brand recorded very positive momentum in its gross margin evolution driven by successfully improved product mix and input costs decrease.

During the Period, our Blue Chip and other business recorded revenue decrease of 53.5% (a 51.0% decrease on a constant currency basis) to approximately HK\$334.5 million in the Period as compared to approximately HK\$719.6 million for the corresponding period in 2022. The revenue decrease was primarily due to a slowdown in orders resulting from continued destocking by Blue Chip customers and retailers and the Group's continued portfolio rationalization in other business. The Group's relationship with its Blue Chip customers remained stable.

## Outlook

With the easing of pandemic restrictions and stabilization of global logistics, we are proud to see that our sustained strategic investments to maintain the Group's global competitiveness started to pay off during the Period and will continue to inject momentum into our business. That said, we remain cautiously optimistic as we expect consumer insecurities caused by geopolitical conflicts in Europe, inflation-inflicted recessions and weaker-than-expected economic recovery across the globe will continue to have negative impacts on our business. Overall, we remain very confident in our strategy and will continue to focus on the development of our strategic brands of CYBEX, gb and Evenflo and the ongoing development of our Blue Chip business.

**CYBEX** will continue its global growth strategy across all key geographic regions and gain market share driven by its strong brand position, innovative product portfolio, new product launches, category extensions, strengthened supply chain capabilities, e-commerce platforms and expansion of national distribution platforms in new geographic territories. Conscious cost control measures combined with the stabilization of key supply chain costs will continue to improve profitability. These initiatives will be carefully monitored and adjusted to new conditions of the geopolitical and inflationary environment in Europe.

**gb** brand will further right-size and transform its business to provide a strong focus on profitability and maintain positive cash flow. It will continue its brand upgrade, further development of social media based owned channels and complete the reformation of its wholesale distribution channel, and its focus on product innovation, technologies and new product launches, which will establish the foundation for profitability improvement. We will continue to execute the brand transformation to strengthen consumer engagement in all owned channels.

**Evenflo** will continue to gain market share based on its strong development of digital channels and consumer reception to innovative product launches. It will continue to launch new and more profitable products and fulfill new awards of business from major retailers as the brand is being recognized for its commitment to overall brand enhancement and product innovation. The improved product mix and stabilization of supply chain costs will continue to contribute to the brand's gross margin development.

On a global basis, we will continue to invest in B2C platforms through our own national distribution platforms in existing and new markets to ensure we maintain a direct relationship with our fans and consumers and provide them with a world class online experience. We will continue to optimize our supply chain strategies as we embrace supplier partnerships and broaden our global footprint to ensure we are quicker to market and leverage regional capabilities. World class manufacturing, supply chain excellence and cost optimization will always remain the core foundation to anchor our vision of leading the global juvenile eco-system and achieving sustained profitable growth.

## Financial Review

### Revenue

For the Period, the total revenue of the Group decreased by 11.1% to approximately HK\$3,889.2 million from approximately HK\$4,372.8 million for the corresponding period in 2022. Foreign exchange rate fluctuated between the Period and the corresponding period in 2022, particularly exchange rate between RMB and HKD, and between EUR and HKD. Such fluctuations led to the difference between the Group's overall revenue growth in the original currencies and the growth in the Group's reporting currency in HKD after currency translation. On a constant currency basis, our revenue for the Period recorded a 7.7% decrease compared to the corresponding period in 2022.

For the revenue breakdown analysis, please refer to the section of "Overview" in this report.

### Cost of Sales, Gross Profit and Gross Profit Margin

Cost of sales decreased by 21.7% to approximately HK\$2,104.4 million for the Period from approximately HK\$2,687.9 million for the corresponding period in 2022. Gross profit for the Group increased to approximately HK\$1,784.8 million for the Period from approximately HK\$1,684.9 million for the corresponding period in 2022, and the gross profit margin increased by 7.4 percentage points to 45.9% for the Period from approximately 38.5% for the corresponding period in 2022. The increase in gross profit was primarily due to a combined result of strong improvement in gross margin and decreased revenue mainly resulting from ongoing impacts of customers and retailers' destocking since the fourth quarter of 2022. Gross margin improved strongly due primarily to improvement in input costs, favorable brand revenue mix, favorable foreign exchange movements and production efficiency improvement.

### Other Income and Gains

Other income and gains of the Group decreased by approximately HK\$11.5 million to approximately HK\$60.4 million for the Period as compared to approximately HK\$71.9 million for the corresponding period in 2022, which was mainly attributable to the decrease of government grants and one-off income (the Group recorded a one-off income in the same period of last year from the sale of a property), partially offset by the increase in net foreign exchange gains.

### Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consist of marketing expenses, personnel costs, rental and commission and warehousing and transportation costs. The selling and distribution expenses decreased by approximately HK\$17.5 million to approximately HK\$1,028.0 million for the Period from approximately HK\$1,045.5 million for the corresponding period in 2022. The slight decrease was attributable to cost saving as a result of decreased revenue; the selling and distribution expenses as a percentage of the Group's revenue increased was due to brand revenue mix as the selling and distribution expenses structure is different by brand.

### Administrative Expenses

The Group's administrative expenses primarily consist of personnel costs, R&D costs, professional service expenses, depreciation and amortization cost and other office expenses. The administrative expenses increased by approximately HK\$12.6 million to approximately HK\$704.2 million for the Period from approximately HK\$691.6 million for the corresponding period in 2022. The increase was a combined result of a) the decrease in the R&D cost to approximately HK\$195.5 million for the Period from approximately HK\$225.3 million for the corresponding period in 2022; b) the increase in provision for impairment of receivables to approximately HK\$26.7 million for the Period from approximately HK\$2.9 million for the corresponding period in 2022; and c) the slight increase in all other expenditures.

# Management Discussion and Analysis

## Other Expenses

Other expenses of the Group decreased to approximately HK\$0.3 million for the Period from approximately HK\$0.9 million for the corresponding period in 2022. Other expenses of the Group decreased by approximately HK\$0.6 million, which was mainly attributable to the decrease in others.

## Operating Profit

As a result of the foregoing, the Group's operating profit increased by approximately HK\$93.9 million, to approximately HK\$112.7 million for the Period from approximately HK\$18.8 million for the corresponding period in 2022.

## Finance Income

For the Period, the Group's finance income decreased to approximately HK\$21.3 million from approximately HK\$22.9 million for the corresponding period in 2022. The Group's finance income mainly represents interest income from bank deposits.

## Finance Costs

For the Period, the Group's finance costs increased by approximately HK\$54.1 million to approximately HK\$106.9 million from approximately HK\$52.8 million for the corresponding period in 2022. The increase was mainly attributable to interest rate hikes by the U.S. Federal Reserve.

## Profit/Loss Before Tax

As a result of the foregoing, the profit before tax of the Group increased by approximately HK\$37.9 million to approximately HK\$24.7 million for the Period from a loss before tax of approximately HK\$13.2 million for the corresponding period in 2022.

## Income Tax

The Group's income tax was a credit of approximately HK\$5.2 million for the Period, and the income tax was a credit of approximately HK\$15.6 million for the corresponding period in 2022. The decrease in the amount of income tax credit was aligned with the increase of the profit before tax of the Group.

## Profit for the Period

Profit of the Group for the Period increased by approximately HK\$27.5 million to approximately HK\$29.9 million from approximately HK\$2.4 million for the corresponding period in 2022.

The non-GAAP profit of the Group increased by approximately 59.9% to approximately HK\$47.5 million for the Period from approximately HK\$29.7 million for the corresponding period in 2022.

## Non-GAAP Financial Measures

To supplement the consolidated results of the Group prepared in accordance with IFRS, certain non-GAAP financial measures, including non-GAAP operating profit, non-GAAP operating margin, non-GAAP profit before tax, non-GAAP profit for the period and non-GAAP net margin, are presented. The Company's management believes that the non-GAAP financial measures provide investors with a more meaningful view on the Group's financial results, and with useful supplementary information to assess the performance of the Group's strategic operations by excluding certain non-cash items, certain impact of merger and acquisition transactions and certain one-off bad debt provision and operating loss. Nevertheless, the use of these non-GAAP financial measures has limitations as an analytical tool. These unaudited non-GAAP financial measures should be considered in addition to, not as a substitute for, analysis of the Company's financial performance prepared in accordance with IFRS. In addition, these non-GAAP financial measures may be defined differently from similar terms used by other companies.

The following tables set forth the reconciliations of the Company's non-GAAP financial measures for the six months ended 30 June 2023 and 2022 to the nearest measures prepared in accordance with IFRS:

	Six months ended 30 June 2023			
	As reported	Adjustments		Non-GAAP
		Equity-settled share option expenses	Amortization of intangible assets (a)	
	(HK\$ million)			
Operating profit	112.7	2.6	20.0	135.3
Profit before tax	24.7	2.6	20.0	47.3
Profit for the period	29.9	2.6	15.0	47.5
Operating margin	2.9%			3.5%
Net margin	0.8%			1.2%

	Six months ended 30 June 2022			
	As reported	Adjustments		Non-GAAP
		Equity-settled share option expenses	Amortization of intangible assets (a)	
	(HK\$ million)			
Operating profit	18.8	11.6	21.0	51.4
Profit/(loss) before tax	-13.2	11.6	21.0	19.4
Profit for the period	2.4	11.6	15.7	29.7
Operating margin	0.4%			1.2%
Net margin	0.1%			0.7%

Note:

(a) Amortization of intangible assets arising from acquisitions, net of related deferred tax.

# Management Discussion and Analysis

## Working Capital and Financial Resources

	As at 30 June 2023	As at 31 December 2022
(HK\$ million)		
Trade and notes receivables (including trade receivables due from related parties)	1,099.4	999.8
Trade and notes payables (including trade payables due to related parties)	987.3	1,170.4
Inventories	1,494.5	1,902.0
	For the six months ended 30 June 2023	For the twelve months ended 31 December 2022
Trade and notes receivables turnover days <sup>(1)</sup>	49	49
Trade and notes payables turnover days <sup>(2)</sup>	92	102
Inventories turnover days <sup>(3)</sup>	145	157

### Notes:

- (1) Trade and notes receivables turnover days = Number of days in the reporting period x (average balance of trade and notes receivables at the beginning and at the end of the period)/revenue in the reporting period.
- (2) Trade and notes payables turnover days = Number of days in the reporting period x (average balance of the trade and notes payables at the beginning and at the end of the period)/cost of sales in the reporting period.
- (3) Inventories turnover days = Number of days in the reporting period x (average balance of inventories at the beginning and at the end of the period)/cost of sales in the reporting period.

The increase in trade and notes receivables was mainly attributable to the relatively high balance of trade and notes receivables at the end of the Period due to higher monthly revenue near the end of the Period than average monthly revenue during the Period. Trade and notes receivables turnover days remained stable.

The decrease of trade and notes payables was mainly attributable to lower procurements near the end of the Period than procurements near the end of previous year. The decrease of trade and note payables turnover days was due to lower average procurement of the Group in the Period compared with the average procurement of last year as a result of the Group's destocking activities.

The decrease of inventories was mainly attributable to working capital improvement as well as the lower level of inventory in transit for the Period as compared to year end 2022. The decrease of inventory turnover days was mainly because the inventory at the end of last year and at the end of the Period was substantially lower than the inventory at the beginning of last year.

## Liquidity and Financial Resources

As at 30 June 2023, the Group's monetary assets, including cash and cash equivalents, time deposits and pledged deposits, were approximately HK\$2,147.6 million (31 December 2022: approximately HK\$2,069.7 million).

As at 30 June 2023, the Group's interest-bearing bank loans and other borrowings were approximately HK\$3,232.0 million (31 December 2022: approximately HK\$3,354.8 million), including short-term bank loans and other borrowings of approximately HK\$1,227.3 million (31 December 2022: approximately HK\$1,182.0 million) and long-term bank loans and other borrowings with repayment terms ranging from two to three years of approximately HK\$2,004.7 million (31 December 2022: approximately HK\$2,172.8 million).

As a result, as at 30 June 2023, the Group's net debt position was approximately HK\$1,084.4 million (31 December 2022: approximately HK\$1,285.1 million).

## Contingent Liabilities

In the ordinary course of business, the Group may from time to time be involved in legal proceedings and litigations. The Group records a liability when the Group believes that it is both probable that a loss has been incurred by the Group and the amount can be reasonably estimated. With respect to the Group's outstanding legal matters, notwithstanding that the outcome of such legal matters is inherently unpredictable and subject to uncertainties, the Group believes that, based on its current knowledge, the amount or range of reasonably possible loss will not, either individually or in the aggregate, have a material adverse effect on the Group's business, financial position, results of operations, or cash flows.

As at 30 June 2023, the Group had no material contingent liabilities (as at 31 December 2022: nil).

## Exchange Rate Fluctuations

The Group is a multinational enterprise with operations in different countries and the money that it used to conduct its business and transaction is denominated in various currencies, and the Group uses Hong Kong dollar ("HK\$") as its reporting currency, which is pegged to US\$. The Group's revenue is mainly denominated in US\$, RMB and EUR. The Group's procurement and OPEX are mainly denominated in RMB, US\$ and EUR. The net exposures to foreign currency risks of the Group's operating results are mainly the US\$ and EUR revenue against RMB procurement and OPEX. The Group would benefit from the appreciation of US\$ and EUR against RMB but would suffer losses if US\$ or EUR depreciates against RMB. The Group uses forward contracts to eliminate the foreign currency exposures.

## Pledge of Assets

As at 30 June 2023, bank deposits of approximately HK\$765.4 million (31 December 2022: HK\$788.7 million) were pledged for certain standby letter of credit from banks and for guarantee. Bank deposits of approximately HK\$9.8 million (31 December 2022: HK\$9.8 million) were pledged for interest reserve. No machinery (31 December 2022: HK\$2.3 million) was pledged to secure bank loan granted to the Group.

# Management Discussion and Analysis

## Gearing Ratio

As at 30 June 2023, the Group's gearing ratio (calculated by net debt divided by the sum of adjusted capital and net debt; the amount of net debt is calculated by the sum of trade and bills payables, other payables and accruals, payables due to related parties and interest-bearing bank loan and other borrowings (current and non-current) less monetary assets, including cash and cash equivalents, time deposits and pledge deposits; the amount of adjusted capital is calculated by equity attributable to owner of the parent minus hedging reserve) was approximately 35.0% (31 December 2022: approximately 36.9%) or 37.2% after taking into consideration the impact of IFRS 16) (as at 31 December 2022: approximately 39.0%).

## Employees and Remuneration Policy

As at 30 June 2023, the Group had a total of 6,687 full-time employees (31 December 2022: 7,357). For the Period, costs of employees, excluding Directors' emoluments, amounted to a total of approximately HK\$870.4 million (for the corresponding period of 2022: approximately HK\$925.0 million). The Group determined the remuneration packages of all employees with reference to their position, competency, performance, value and market salary trend. The Group provides its employees in the PRC and other countries and regions with welfare schemes as required by applicable local laws and regulations.

On 5 November 2010, the Company adopted a share option scheme ("**2010 Share Option Scheme**") to incentivize or reward eligible participants for their contribution to the Group for the purpose of motivating the eligible participants to optimize their performance efficiency for the benefit of the Group, and attracting and retaining or otherwise maintaining on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

As the 2010 Share Option Scheme expired on the tenth anniversary of its adoption, and to enable the Company to continue to grant share options to eligible participants as incentives or rewards for their contributions to the success of the Group, the Company terminated the 2010 Share Option Scheme and approved and adopted a new share option scheme (the "**2020 Share Option Scheme**") at its annual general meeting held on 25 May 2020. A summary of the principal terms of the 2020 Share Option Scheme is set out in Appendix III of the Company's circular dated 22 April 2020.

During the Period, 640,000 of the share options had lapsed, and none of share options been cancelled nor exercised under the 2010 Share Options Scheme, and 296,800 share options had lapsed, none of share options had been cancelled nor exercised under the 2020 Share Options Scheme.

As at 30 June 2023, there were 131,364,500 outstanding share options in total under the 2010 Share Option Scheme and the 2020 Share Option Scheme (31 December 2022: 132,301,300 share options).

Details of the share options granted under the 2010 and 2020 Share Option Schemes during the Period were as follows:

Name of Director/former Director/Associate	Date of grant	Exercise Price	Number of share options								Closing price of securities immediately before the date of grant
			Outstanding as at 1 January 2023	Granted during the Period	Exercised during the Period	Weighted average closing price immediately before the date of exercise	Cancelled/ Lapsed during the Period	Outstanding as at 30 June 2023	Percentage of total issued share capital <sup>(1)</sup>	Exercise period	
			(HK\$)		(HK\$)						
Mr. Song Zhenghuan	29 September 2014	3.58	1,390,000	–	–	N/A	–	1,390,000	0.083%	29 September 2014 to 28 September 2024 <sup>(2)</sup>	3.49
Mr. Liu Tongyou	29 September 2014	3.58	2,400,000	–	–	N/A	–	2,400,000	0.144%	29 September 2014 to 28 September 2024 <sup>(2)</sup>	3.49
	23 May 2019	3.75	6,300,000	–	–	N/A	–	6,300,000	0.378%	23 May 2019 to 22 May 2029 <sup>(3)</sup>	1.94
	19 June 2020	0.96	390,600	–	–	N/A	–	390,600	0.023%	23 May 2022 to 22 May 2029 <sup>(3)</sup>	0.92
			585,900	–	–	N/A	–	585,900	0.035%	23 May 2023 to 22 May 2029 <sup>(3)</sup>	
976,500	–	–	N/A	–	976,500	0.058%	23 May 2024 to 22 May 2029 <sup>(3)</sup>				
Mr. Martin Pos	29 September 2014	3.58	2,400,000	–	–	N/A	–	2,400,000	0.144%	29 September 2014 to 28 September 2024 <sup>(2)</sup>	3.49
	27 March 2018	4.54	17,500,000	–	–	N/A	–	17,500,000	1.049%	27 March 2018 to 27 March 2028 <sup>(3)</sup>	4.12
	19 June 2020	0.96	840,000	–	–	N/A	–	840,000	0.050%	27 September 2020 to 27 March 2028 <sup>(3)</sup>	0.92
			1,260,000	–	–	N/A	–	1,260,000	0.076%	27 September 2021 to 27 March 2028 <sup>(3)</sup>	
2,100,000	–	–	N/A	–	2,100,000	0.126%	27 September 2022 to 27 March 2028 <sup>(3)</sup>				
Mr. Xia Xinyue	27 March 2018	4.54	10,000,000	–	–	N/A	–	10,000,000	0.600%	27 March 2018 to 27 March 2028 <sup>(3)</sup>	4.12
	19 June 2020	0.96	480,000	–	–	N/A	–	480,000	0.029%	27 September 2020 to 27 March 2028 <sup>(3)</sup>	0.92
			720,000	–	–	N/A	–	720,000	0.043%	27 September 2021 to 27 March 2028 <sup>(3)</sup>	
1,200,000	–	–	N/A	–	1,200,000	0.072%	27 September 2022 to 27 March 2028 <sup>(3)</sup>				
Mr. Michael Nan Qu	29 September 2014	3.58	1,600,000	–	–	N/A	–	1,600,000	0.096%	29 September 2014 to 28 September 2024 <sup>(2)</sup>	3.49
	19 June 2020	0.96	620,000	–	–	N/A	–	620,000	0.037%	23 May 2022 to 22 May 2029 <sup>(3)</sup>	0.92
			930,000	–	–	N/A	–	930,000	0.056%	23 May 2023 to 22 May 2029 <sup>(3)</sup>	
1,550,000	–	–	N/A	–	1,550,000	0.093%	23 May 2024 to 22 May 2029 <sup>(3)</sup>				



# Management Discussion and Analysis

Name of Director/former Director/Associate	Date of grant	Exercise Price	Number of share options								Closing price of securities immediately before the date of grant
			Outstanding as at 1 January 2023	Granted during the Period	Exercised during the Period	Weighted average closing price immediately before the date of exercise	Cancelled/ Lapsed during the Period	Outstanding as at 30 June 2023	Percentage of total issued share capital <sup>(1)</sup>	Exercise period	
			(HK\$)		(HK\$)						
Ms. Fu Jingqiu	29 September 2014	3.58	1,390,000	–	–	N/A	–	1,390,000	0.083%	29 September 2014 to 28 September 2024 <sup>(2)</sup>	3.49
	23 May 2019	3.75	600,000	–	–	N/A	–	600,000	0.036%	23 May 2019 to 22 May 2029 <sup>(3)</sup>	1.94
	19 June 2020	0.96	43,400	–	–	N/A	–	43,400	0.003%	23 May 2022 to 22 May 2029 <sup>(3)</sup>	0.92
			65,100	–	–	N/A	–	65,100	0.004%	23 May 2023 to 22 May 2029 <sup>(3)</sup>	
			108,500	–	–	N/A	–	108,500	0.007%	23 May 2024 to 22 May 2029 <sup>(3)</sup>	
Mr. Ho Kwok Yin, Eric	29 September 2014	3.58	1,000,000	–	–	N/A	–	1,000,000	0.060%	29 September 2014 to 28 September 2024 <sup>(2)</sup>	3.49
	19 June 2020	0.96	19,200	–	–	N/A	–	19,200	0.001%	27 September 2020 to 27 March 2028 <sup>(3)</sup>	0.92
			28,800	–	–	N/A	–	28,800	0.002%	27 September 2021 to 27 March 2028 <sup>(3)</sup>	
			48,000	–	–	N/A	–	48,000	0.003%	27 September 2022 to 27 March 2028 <sup>(3)</sup>	
Ms. Chiang Yun	29 September 2014	3.58	800,000	–	–	N/A	–	800,000	0.048%	29 September 2014 to 28 September 2024 <sup>(2)</sup>	3.49
	19 June 2020	0.96	19,200	–	–	N/A	–	19,200	0.001%	27 September 2020 to 27 March 2028 <sup>(3)</sup>	0.92
			28,800	–	–	N/A	–	28,800	0.002%	27 September 2021 to 27 March 2028 <sup>(3)</sup>	
			48,000	–	–	N/A	–	48,000	0.003%	27 September 2022 to 27 March 2028 <sup>(3)</sup>	
Mr. Shi Xiaoguang	29 September 2014	3.58	800,000	–	–	N/A	–	800,000	0.048%	29 September 2014 to 28 September 2024 <sup>(2)</sup>	3.49
	19 June 2020	0.96	19,200	–	–	N/A	–	19,200	0.001%	27 September 2020 to 27 March 2028 <sup>(3)</sup>	0.92
			28,800	–	–	N/A	–	28,800	0.002%	27 September 2021 to 27 March 2028 <sup>(3)</sup>	
			48,000	–	–	N/A	–	48,000	0.003%	27 September 2022 to 27 March 2028 <sup>(3)</sup>	
Mr. Jin Peng	19 June 2020	0.96	19,200	–	–	N/A	–	19,200	0.001%	27 September 2020 to 27 March 2028 <sup>(3)</sup>	0.92
			28,800	–	–	N/A	–	28,800	0.002%	27 September 2021 to 27 March 2028 <sup>(3)</sup>	
			48,000	–	–	N/A	–	48,000	0.003%	27 September 2022 to 27 March 2028 <sup>(3)</sup>	
Ms. Sharon Nan Kobler (associate of Mr. Song Zhenghuan and Ms. Fu Jingqiu)	19 June 2020	0.96	124,000	–	–	N/A	–	124,000	0.007%	23 May 2022 to 22 May 2029 <sup>(3)</sup>	0.92
			186,000	–	–	N/A	–	186,000	0.011%	23 May 2023 to 22 May 2029 <sup>(3)</sup>	
			310,000	–	–	N/A	–	310,000	0.019%	23 May 2024 to 22 May 2029 <sup>(3)</sup>	

Name of Director/former Director/Associate	Date of grant	Exercise Price	Number of share options								Closing price of securities immediately before the date of grant
			Outstanding as at 1 January 2023	Granted during the Period	Exercised during the Period	Weighted average closing price immediately before the date of exercise	Cancelled/ Lapsed during the Period	Outstanding as at 30 June 2023	Percentage of total issued share capital <sup>(1)</sup>	Exercise period	
			(HK\$)		(HK\$)						
Mr. Martin Patrick Pos (associate of Mr. Martin Pos)	11 December 2020	1.01	62,000	–	–	N/A	–	62,000	0.004%	11 December 2023 to 10 December 2030 <sup>(6)</sup>	1.00
			93,000	–	–	N/A	–	93,000	0.006%	11 December 2024 to 10 December 2030 <sup>(6)</sup>	
			155,000	–	–	N/A	–	155,000	0.009%	11 December 2025 to 10 December 2030 <sup>(6)</sup>	
<b>Total number held by Directors</b>	29 September 2014	3.58	11,780,000	–	–	N/A	–	11,780,000	0.706%	29 September 2014 to 28 September 2024 <sup>(6)</sup>	3.49
	27 March 2018	4.54	27,500,000	–	–	N/A	–	27,500,000	1.649%	27 March 2018 to 27 March 2028 <sup>(6)</sup>	4.12
	23 May 2019	3.75	6,900,000	–	–	N/A	–	6,900,000	0.414%	23 May 2019 to 22 May 2029 <sup>(7)</sup>	1.94
	19 June 2020	0.96	12,254,000	–	–	N/A	–	12,254,000	0.735%	Refer to note <sup>(8)</sup>	0.92
<b>Total number held by Associates</b>	19 June 2020	0.96	620,000	–	–	N/A	–	620,000	0.037%	Refer to note <sup>(8)</sup>	0.92
	11 December 2020	1.01	310,000	–	–	N/A	–	310,000	0.019%	Refer to note <sup>(8)</sup>	1.00
<b>Total number held by Employees of the Group</b>	29 September 2014	3.58	12,500,000	–	–	N/A	600,000	11,900,000	0.713%	29 September 2014 to 28 September 2024 <sup>(6)</sup>	3.49
	7 October 2015	3.75	9,800,000	–	–	N/A	–	9,800,000	0.588%	7 October 2015 to 6 October 2025 <sup>(6)</sup>	3.66
	27 March 2018	4.54	4,000,000	–	–	N/A	–	4,000,000	0.240%	27 March 2018 to 27 March 2028 <sup>(6)</sup>	4.12
	28 May 2018	5.122	3,600,000	–	–	N/A	–	3,600,000	0.216%	28 May 2018 to 27 May 2028 <sup>(7)</sup>	4.92
	23 May 2019	3.75	27,790,000	–	–	N/A	40,000	27,750,000	1.664%	23 May 2019 to 22 May 2029 <sup>(8)</sup>	1.94
	19 June 2020	0.96	10,890,300	–	–	N/A	121,800	10,768,500	0.646%	Refer to note <sup>(8)</sup>	0.92
	11 December 2020	1.01	3,682,000	–	–	N/A	–	3,682,000	0.221%	Refer to note <sup>(8)</sup>	1.00
16 June 2022	1.042	675,000	–	–	N/A	175,000	500,000	0.030%	Refer to note <sup>(10)</sup>	1.03	

# Management Discussion and Analysis

Fair values of the share options granted at the date of grant were as follows:

For directors/former director/associates:

Date of grant	Exercise period	Fair value HK\$ per share <sup>(1)</sup>
29 September 2014	29 September 2017 to 28 September 2024 <sup>(2)</sup>	1.11
29 September 2014	29 September 2018 to 28 September 2024 <sup>(2)</sup>	1.17
29 September 2014	29 September 2019 to 28 September 2024 <sup>(2)</sup>	1.23
27 March 2018	27 September 2020 to 27 March 2028 <sup>(3)</sup>	1.66
27 March 2018	27 September 2021 to 27 March 2028 <sup>(3)</sup>	1.76
27 March 2018	27 September 2022 to 27 March 2028 <sup>(3)</sup>	1.84
23 May 2019	23 May 2022 to 22 May 2029 <sup>(7)</sup>	0.29
23 May 2019	23 May 2023 to 22 May 2029 <sup>(7)</sup>	0.31
23 May 2019	23 May 2024 to 22 May 2029 <sup>(7)</sup>	0.33
19 June 2020	28 August 2020 to 27 August 2027 <sup>(8)</sup>	0.27
19 June 2020	28 August 2021 to 27 August 2027 <sup>(8)</sup>	0.31
19 June 2020	28 August 2022 to 27 August 2027 <sup>(8)</sup>	0.35
19 June 2020	27 September 2020 to 27 March 2028 <sup>(8)</sup>	0.28
19 June 2020	27 September 2021 to 27 March 2028 <sup>(8)</sup>	0.32
19 June 2020	27 September 2022 to 27 March 2028 <sup>(8)</sup>	0.35
19 June 2020	28 May 2021 to 27 May 2028 <sup>(8)</sup>	0.30
19 June 2020	28 May 2022 to 27 May 2028 <sup>(8)</sup>	0.34
19 June 2020	28 May 2023 to 27 May 2028 <sup>(8)</sup>	0.37
19 June 2020	23 May 2022 to 22 May 2029 <sup>(8)</sup>	0.35
19 June 2020	23 May 2023 to 22 May 2029 <sup>(8)</sup>	0.38
19 June 2020	23 May 2024 to 22 May 2029 <sup>(8)</sup>	0.41
11 December 2020	11 December 2023 to 10 December 2030 <sup>(9)</sup>	0.40
11 December 2020	11 December 2024 to 10 December 2030 <sup>(9)</sup>	0.43
11 December 2020	11 December 2025 to 10 December 2030 <sup>(9)</sup>	0.45

For employees:

Date of grant	Exercise period	Fair value HK\$ per share <sup>(1)</sup>
29 September 2014	29 September 2017 to 28 September 2024 <sup>(5)</sup>	1.06 <sup>(2)</sup>
29 September 2014	29 September 2018 to 28 September 2024 <sup>(5)</sup>	1.14 <sup>(2)</sup>
29 September 2014	29 September 2019 to 28 September 2024 <sup>(5)</sup>	1.20 <sup>(2)</sup>
29 September 2014	29 September 2017 to 28 September 2024 <sup>(5)</sup>	1.09 <sup>(3)</sup>
29 September 2014	29 September 2018 to 28 September 2024 <sup>(5)</sup>	1.16 <sup>(3)</sup>
29 September 2014	29 September 2019 to 28 September 2024 <sup>(5)</sup>	1.22 <sup>(3)</sup>
7 October 2015	7 October 2018 to 6 October 2025 <sup>(4)</sup>	1.22
7 October 2015	7 October 2019 to 6 October 2025 <sup>(4)</sup>	1.30
7 October 2015	7 October 2020 to 6 October 2025 <sup>(4)</sup>	1.37
27 March 2018	27 September 2020 to 27 March 2028 <sup>(6)</sup>	1.42
27 March 2018	27 September 2021 to 27 March 2028 <sup>(6)</sup>	1.53
27 March 2018	27 September 2022 to 27 March 2028 <sup>(6)</sup>	1.62
28 May 2018	28 May 2021 to 27 May 2028 <sup>(6)</sup>	1.42
28 May 2018	28 May 2022 to 27 May 2028 <sup>(6)</sup>	1.53
28 May 2018	28 May 2023 to 27 May 2028 <sup>(6)</sup>	1.62
23 May 2019	23 May 2022 to 22 May 2029 <sup>(7)</sup>	0.25
23 May 2019	23 May 2023 to 22 May 2029 <sup>(7)</sup>	0.28
23 May 2019	23 May 2024 to 22 May 2029 <sup>(7)</sup>	0.31
19 June 2020	28 August 2020 to 27 August 2027 <sup>(8)</sup>	0.27
19 June 2020	28 August 2021 to 27 August 2027 <sup>(8)</sup>	0.31
19 June 2020	28 August 2022 to 27 August 2027 <sup>(8)</sup>	0.35
19 June 2020	27 September 2020 to 27 March 2028 <sup>(6)</sup>	0.28
19 June 2020	27 September 2021 to 27 March 2028 <sup>(6)</sup>	0.32
19 June 2020	27 September 2022 to 27 March 2028 <sup>(6)</sup>	0.35
19 June 2020	28 May 2021 to 27 May 2028 <sup>(6)</sup>	0.30
19 June 2020	28 May 2022 to 27 May 2028 <sup>(6)</sup>	0.34
19 June 2020	28 May 2023 to 27 May 2028 <sup>(6)</sup>	0.37
19 June 2020	23 May 2022 to 22 May 2029 <sup>(6)</sup>	0.35
19 June 2020	23 May 2023 to 22 May 2029 <sup>(6)</sup>	0.38
19 June 2020	23 May 2024 to 22 May 2029 <sup>(6)</sup>	0.41
11 December 2020	11 December 2023 to 10 December 2030 <sup>(9)</sup>	0.40
11 December 2020	11 December 2024 to 10 December 2030 <sup>(9)</sup>	0.43
11 December 2020	11 December 2025 to 10 December 2030 <sup>(9)</sup>	0.45
16 June 2022	16 June 2025 to 15 June 2032 <sup>(10)</sup>	0.45
16 June 2022	16 June 2026 to 15 June 2032 <sup>(10)</sup>	0.49
16 June 2022	16 June 2027 to 15 June 2032 <sup>(10)</sup>	0.52

# Management Discussion and Analysis

Notes:

- (1) The percentage is calculated based on the total number of 1,668,031,166 shares in issue as at 30 June 2023.
- (2) The share options are exercisable within a period of 10 years from 29 September 2014 and subject to the following vesting schedule and performance review:
  - (i) one third of the share options vested on 29 September 2017;
  - (ii) one third of the share options vested on 29 September 2018; and
  - (iii) the remaining one third of the share options vested on 29 September 2019.
- (3) The share options are exercisable within a period of 10 years from 29 September 2014 and subject to the following vesting schedule and performance review:
  - (i) for some grantees, the share options shall be vested on 29 September 2018; and
  - (ii) for the remaining grantees, one third of the share options vested on 29 September 2017, one third of the share options vested on 29 September 2018 and the remaining one third of the share options vested on 29 September 2019.
- (4) The share options are exercisable within a period of 10 years from 7 October 2015 and subject to the following vesting schedule and performance review:
  - (i) one third of the share options vested on 7 October 2018;
  - (ii) one third of the share options vested on 7 October 2019; and
  - (iii) the remaining one third of the share options vested on 7 October 2020.
- (5) The share options are exercisable within a period of 10 years from 27 March 2018 and subject to the following vesting schedule and performance review:
  - (i) 20% of the share options vested on 27 September 2020;
  - (ii) another 30% of the share options vested on 27 September 2021; and
  - (iii) the remaining share options vested on 27 September 2022.
- (6) The share options are exercisable within a period of 10 years from 28 May 2018 and subject to the following vesting schedule and performance review:
  - (i) 20% of the share options vested on 28 May 2021;
  - (ii) another 30% of the share options vested on 28 May 2022; and
  - (iii) the remaining share options vested on 28 May 2023.
- (7) The share options are exercisable within a period of 10 years from 23 May 2019 and subject to the following vesting schedule and performance review:
  - (i) 20% of the share options vested on 23 May 2022;
  - (ii) another 30% of the share options vested on 23 May 2023; and
  - (iii) the remaining share options vested on 23 May 2024.

- (8) Among the 23,642,500 share options, the vesting schedule and exercise period are as follows:
- (i) 93,333 share options will be vested on 28 August 2020 and exercisable until 27 August 2027;
  - (ii) 93,333 share options will be vested on 28 August 2021 and exercisable until 27 August 2027;
  - (iii) 93,334 share options will be vested on 28 August 2022 and exercisable until 27 August 2027;
  - (iv) 2,107,200 share options will be vested on 27 September 2020 and exercisable until 27 March 2028;
  - (v) 3,160,800 share options will be vested on 27 September 2021 and exercisable until 27 March 2028;
  - (vi) 5,268,000 share options will be vested on 27 September 2022 and exercisable until 27 March 2028;
  - (vii) 172,000 share options will be vested on 28 May 2021 and exercisable until 27 May 2028;
  - (viii) 258,000 share options will be vested on 28 May 2022 and exercisable until 27 May 2028;
  - (ix) 430,000 share options will be vested on 28 May 2023 and exercisable until 27 May 2028;
  - (x) 2,396,300 share options will be vested on 23 May 2022 and exercisable until 22 May 2029;
  - (xi) 3,594,450 share options will be vested on 23 May 2023 and exercisable until 22 May 2029; and
  - (xii) 5,975,750 share options will be vested on 23 May 2024 and exercisable until 22 May 2029.
- (9) The share options are exercisable within a period of 10 years from 11 December 2020 and subject to the following vesting schedule and performance review:
- (i) 20% of the share options vested on 11 December 2023;
  - (ii) another 30% of the share options vested on 11 December 2024; and
  - (iii) the remaining share options vested on 11 December 2025.
- (10) The share options are exercisable within a period of 10 years from 16 June 2022 and subject to the following vesting schedule and performance review:
- (i) 20% of the share options vested on 16 June 2025;
  - (ii) another 30% of the share options vested on 16 June 2026; and
  - (iii) the remaining share options vested on 16 June 2027.
- (11) The fair value of the share options is determined in accordance with HKFRS 2 by reference to the cost of purchase of the share options, or the fair value at grant date, taking into account all non-vesting conditions associated with the grant on grant date. No adjustment is required for expected dividends since the employees are entitled to receive dividends paid during the vesting period.
- (12) The share options were granted for employees of CYBEX.
- (13) The share options were granted for employees of gb.

# Management Discussion and Analysis

As at 31 December 2022 and 30 June 2023, the total number of options available for grant under the 2020 Share Option Scheme was 117,126,516 and 117,423,316, respectively.

As at 30 June 2023, the number of shares that may be issued in respect of the options granted under the 2010 Share Option Scheme and the 2020 Share Option Scheme in total divided by the weighted average number of ordinary shares of the Company in issue for the Period was 7.88%.

As at 30 June 2023, the total number of shares available for issue under the 2020 Share Option Scheme was 117,423,316 shares, which represented 7.04% of the shares in issue as at the date of this report.

The options issued pursuant to the 2010 Share Option scheme and the 2020 Share Option Scheme will expire no later than 10 years from the date of grant of the option.

As at the date of this report, the remaining life of the 2020 Share Option Scheme is approximately 6 years and 8 months.

For any options granted to Directors, chief executives or substantial shareholders of the Company, or any of their respective associate, options to be granted to any of these persons shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of options). Where any option granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12-month period, (i) representing in aggregate over 0.1% of the shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares, in excess of HK\$5 million, such grant of options shall be subject to prior approval by resolutions of the shareholders (voting by way of poll).

The maximum number of shares issued and to be issued in respect of options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the total shares of the Company in issue, without prior approval from the shareholders of the Company and with such participants and his associates abstaining from voting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1.00 in total by the grantee. The exercise price is determined by the Directors and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's share.

## Significant Acquisition, Disposal or Investment

During the Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures, or investment.

## Future Plans for Material Investments or Capital Assets

The Group did not have plans for material investments or capital assets as at 30 June 2023.

# Other Information



## Other Information

### Purchase, Sale or Redemption of Shares

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### Dividends

The board of directors (the “**Directors**”) of the Company (the “**Board**”) does not recommend payment of any dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

### Corporate Governance

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and formulate its business strategies and policies as well as to enhance corporate value and accountability.

The Company has applied the principles set out in the Code on Corporate Governance Practices (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and has also put in place certain recommended best practices as set out in the CG Code. The Board is of the opinion that the Company has complied with all the code provisions set out in the CG Code throughout the Period.

### Specific Performance Obligations of Controlling Shareholders Under Rule 13.18 of the Listing Rules

#### April 2021 Facility Agreement

To refinance certain existing bank loans, on 13 April 2021, Goodbaby (Hong Kong) Limited, a wholly-owned subsidiary of the Company (as borrower), the Company (as guarantor), one financial institution (as mandated lead arranger and bookrunner and underwriter, facility agent and security agent) and certain financial institutions (as original lenders) entered into a facility agreement (the “**April 2021 Facility Agreement**”) in respect of a US\$165,000,000 term loan facility with a term of 36 months from the first utilisation date. The total commitment under the April 2021 Facility Agreement may be increased by not more than US\$85,000,000 by way of accession(s) of additional lender(s). With this refinance, the debt structure of the Company will be optimized and relevant finance cost will be improved.

Under the April 2021 Facility Agreement, if (a) Mr. Song (together with his family, including his or his spouse's family trust) is, collectively, no longer the single largest beneficial shareholder of the Company; or (b) Mr. Song (together with his family, including his or his spouse's family trust) collectively, no longer beneficially owns at least 30% of the issued share capital of the Company, then the borrower shall:

- (1) immediately notify the facility agent thereof. Forthwith after the occurrence of such event or circumstance, no further utilisation shall be made and all the available facility shall be automatically cancelled in full; and
- (2) at the request of any lender, prepay that lender's participation in the loans together with accrued interests thereon and break costs (if any).

If the shares in the Company are beneficially owned by any person mentioned above through one or more corporations (“**holding companies**”) controlled by such person(s) (whether acting alone or together), then the entire shareholding of such holding companies in the Company shall be taken into account in determining compliance with (a) and (b) above.

The term loan facility under this April 2021 Facility Agreement was fully utilised in 23 September 2021. As at 30 June 2023, US\$165,000,000 remains outstanding in respect of this April 2021 Facility Agreement.

For further details, please also refer to the announcement of the Company dated 13 April 2021.

Save as disclosed above, as at 30 June 2023, the Company did not have other disclosure obligations under Rule 13.18 of the Listing Rules.

### **Director’s Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Period. The Company has also established a code of conduct no less exacting than the Model Code (the “**Employees Code of Conduct**”) for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Code of Conduct by the employees was noted by the Company.

### **Audit Committee**

As at the date of this report, the audit committee of the Company (“**Audit Committee**”) consists of three independent non-executive Directors, namely Ms. Chiang Yun, Mr. Shi Xiaoguang and Mr. So Tak Young, and Ms. Chiang Yun is the chairlady of the Audit Committee. The unaudited interim condensed consolidated financial Information of the Group for the Period have been reviewed by the Audit Committee.

The unaudited interim results for the Period have been reviewed by the Company’s auditors, Ernst & Young, 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.

### **Arrangements to Purchase Shares or Debentures**

Other than the Share Option Schemes as set out in note 21 to the interim condensed consolidated financial statements, at no time during the Period was the Company, its holding companies or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

## Other Information

### Interest and Short Positions of Directors in the Shares, Underlying Shares or Debentures

As at 30 June 2023, the interests or short positions of the Directors or chief executives of the Company then in office in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required, pursuant to the Model Code, are as follows:

### Directors’ Interest in the Shares and/or Underlying Shares

Name of Director	Nature of Interest	Number of Shares and/or Underlying Shares	Approximate percentage of Shareholding
Mr. Song Zhenghuan (“Mr. Song”) (Notes 2 & 5)	Beneficiary of a trust/ Beneficial owner/Interest of controlled corporation/ Interest of spouse	769,639,427 (L)	46.14%
Mr. Martin Pos	Beneficial owner	73,747,293 (L)	4.42%
Mr. Xia Xinyue	Beneficial owner	12,400,000 (L)	0.74%
Mr. Liu Tongyou (“Mr. Liu”) (Note 3)	Beneficial owner/Interest of controlled corporation	39,710,573 (L)	2.38%
Mr. Michael Nan Qu	Beneficial owner/Interest of spouse	4,809,000 (L)	0.29%
Ms. Fu Jingqiu (“Ms. Fu”) (Notes 2 & 5)	Beneficiary of a trust/ Beneficial owner/Interest of spouse	769,639,427 (L)	46.14%
Mr. Ho Kwok Yin, Eric	Beneficial owner	1,096,000 (L)	0.07%
Ms. Chiang Yun	Beneficial owner	896,000 (L)	0.05%
Mr. Shi Xiaoguang	Beneficial owner	896,000 (L)	0.05%
Mr. Jin Peng	Beneficial owner	96,000 (L)	0.01%

Notes:

- (1) The letter “L” denotes the person’s long position in such shares.
- (2) Mr. Song and Ms. Fu are beneficiaries of Grappa Trust of which Credit Suisse Trust Limited (Singapore) is the trustee. Ms. Fu is a beneficiary of Golden Phoenix Trust of which Credit Suisse Trust Limited (Guernsey) is the trustee. See notes (2) to (4) of the section headed “Substantial Shareholders’ Interests and Short Positions” for further details of the interest.
- (3) Mr. Liu is interested in 29,057,573 shares of the Company held through Silvermount Limited, a company wholly owned by him. He also holds 10,653,000 share options of the Company.
- (4) Each of the Directors is deemed to have an interest in the underlying shares of the Company within the meaning of Part XV of the SFO in respect of the share options of the Company granted to him/her, details are as follows:

Name of Director	Number of Share Options granted
Mr. Song Zhenghuan	1,390,000
Mr. Martin Pos	24,100,000
Mr. Xia Xinyue	12,400,000
Mr. Liu Tongyou	10,653,000
Mr. Michael Nan Qu	4,700,000
Ms. Fu Jingqiu	2,207,000
Mr. Ho Kwok Yin, Eric	1,096,000
Ms. Chiang Yun	896,000
Mr. Shi Xiaoguang	896,000
Mr. Jin Peng	96,000

- (5) Since Ms. Fu is Mr. Song’s spouse, each of Mr. Song and Ms. Fu is deemed to have an interest in the underlying Shares of the Company within the meaning of Part XV of the SFO in respect of the Share Options of the Company granted to each of them.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive of the Company or their respective close associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Substantial Shareholders' Interests and Short Positions

As at 30 June 2023, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company:

Name	Capacity	Number of Shares and/or Underlying Shares	Approximate Percentage of Shareholding
Cayey Enterprises Limited (Note 2)	Interest of Controlled Corporation/Beneficial Owner	548,994,581 (L)	32.91%
Credit Suisse Trust Limited (Singapore) (Note 2)	Trustee	548,994,581 (L)	32.91%
Grappa Holdings Limited (Note 2)	Interest of Controlled Corporation	548,994,581 (L)	32.91%
Pacific United Developments Limited ("PUD") (Note 2)	Beneficial Owner	409,518,229 (L)	24.55%
Sure Growth Investments Limited (Note 3)	Beneficial Owner	129,293,975 (L)	7.75%
FIL Limited	Investment Manager	115,622,000 (L)	6.93%
Pandanus Associates Inc.	Investment Manager	115,622,000 (L)	6.93%
Pandanus Partners L.P.	Investment Manager	115,622,000 (L)	6.93%
Credit Suisse Trust Limited (Guernsey) (Note 4)	Trustee	87,753,871 (L)	5.26%
Golden Phoenix Limited	Interest of Controlled Corporation	87,753,871 (L)	5.26%
Rosy Phoenix Limited (Note 4)	Beneficial Owner	87,753,871 (L)	5.26%

Notes:

- (1) The letter "L" denotes the person's long position in such shares.
- (2) PUD is owned as to approximately 53.44% by Cayey Enterprises Limited, which in turn is, as at 30 June 2023, wholly owned by Grappa Holdings Limited the issued share capital of which is owned as to 50% by Seletar Limited and as to 50% by Serangoon Limited, as nominees for Credit Suisse Trust Limited (Singapore), which is the trustee holding 548,994,581 interest on trust for the beneficiaries of the Grappa Trust. The beneficiaries of the Grappa Trust include Mr. Song, Ms. Fu and family members of Mr. Song and Ms. Fu. The Grappa Trust is a revocable discretionary trust established under the laws of Singapore.
- (3) Sure Growth Investments Limited is owned as to 44.44% by Mr. Song, as to 22.22% by Ms. Fu, as to 11.11% by Mr. Liu, executive director of the Company and as to 5.56% by Mr. Michael Nan Qu, executive director of the Company.
- (4) Rosy Phoenix Limited is indirectly held by Credit Suisse Trust Limited (Guernsey) as the trustee of the Golden Phoenix Trust; Ms. Fu is the settlor of the Golden Phoenix Trust and Credit Suisse Trust Limited (Guernsey) is the trustee holding 87,753,871 interest on trust for the beneficiaries that include Ms. Fu.

Save as disclosed above, as at 30 June 2023, the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

## Important Events After the Period

Details of the event after the reporting period of the Group are set out in note 29 to the Financial Statements.

Save as disclosed above, no material events affecting the Company or its subsidiaries has occurred subsequent to 30 June 2023.

## Other Information

### **Disclosure of Information of Directors Under Rules 13.51(2) and 13.51(B)(1) of the Listing Rules**

Changes in Directors' biographical details since the date of the 2022 annual report of the Company, which are required to be disclosed pursuant to Rules 13.51(2) and 13.51(B)(1) of the Listing Rules, are set out below:-

- Mr. Martin Pos, an existing executive Director and the former the Chief Executive Officer of the Company, stepped down from his role as the Chief Executive Officer of the Company with effect from 21 March 2023 and assumed the role as the executive chairman of CYBEX with effect from the same date; and
- Mr. Liu Tongyou, an existing executive Director and the Chief Executive Officer of the Company, was appointed as the Chief Executive Officer of the Company with effect from 21 March 2023.

Save as disclosed above, there is no change of information of each Director that is required to be disclosed under Rules 13.51(2) and 13.51(B)(1) of the Listing Rules since the publication of the 2022 annual report of the Company.

For and on behalf of the Board of Directors

**Song Zhenghuan**

*Chairman*

30 August 2023

**Report on Review  
of Interim Condensed  
Consolidated  
Financial Information**

## Independent Review Report



Ernst & Young  
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### To the board of directors of Goodbaby International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

### Introduction

We have reviewed the interim financial information set out on pages 31 to 72, which comprises the condensed consolidated statement of financial position of Goodbaby International Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) issued by the International Accounting Standards Board (the “**IASB**”).

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

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

### Conclusion

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

### Ernst & Young

*Certified Public Accountants*  
Hong Kong  
30 August 2023

## Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023	2022
		(Unaudited)	
		(HK\$'000)	
Revenue	4	3,889,199	4,372,828
Cost of sales		(2,104,401)	(2,687,891)
<b>Gross profit</b>		1,784,798	1,684,937
Other income and gains	4	60,401	71,940
Selling and distribution expenses		(1,027,978)	(1,045,536)
Administrative expenses		(704,201)	(691,630)
Other expenses		(343)	(911)
<b>Operating profit</b>		112,677	18,800
Finance income	5	21,347	22,876
Finance costs	6	(106,855)	(52,783)
Share of losses of:			
Joint ventures		(2,061)	(2,085)
An associate		(437)	–
<b>PROFIT/(LOSS) BEFORE TAX</b>	7	24,671	(13,192)
Income tax credit	8	5,181	15,613
<b>Profit for the period</b>		29,852	2,421
Attributable to:			
Owners of the parent		25,012	(1,443)
Non-controlling interests		4,840	3,864
		<b>29,852</b>	<b>2,421</b>
Earnings/(loss) per share attributable to ordinary equity holders of the parent:	10		
Basic			
For profit/(loss) for the period (HK\$)		<b>0.01</b>	<b>(0.00)</b>
Diluted			
For profit/(loss) for the period (HK\$)		<b>0.01</b>	<b>(0.00)</b>



## Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	(Unaudited)	
	(HK\$'000)	
<b>PROFIT FOR THE PERIOD</b>	29,852	2,421
<b>Other comprehensive loss</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges		
Effective portion of changes in fair value of hedging instruments arising during the period	(96,508)	378
Reclassification adjustments for loss/(gains) included in the consolidated statement of profit or loss	52,810	(6,172)
Income tax effect	7,779	514
	(35,919)	(5,280)
Exchange differences:		
Exchange differences on translation of foreign operations	(173,801)	(308,549)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(209,720)	(313,829)
<b>Other comprehensive loss for the period, net of tax</b>	(209,720)	(313,829)
<b>Total comprehensive loss for the period</b>	<b>(179,868)</b>	<b>(311,408)</b>
Attributable to:		
Owners of the parent	(183,042)	(313,389)
Non-controlling interests	3,174	1,981
	<b>(179,868)</b>	<b>(311,408)</b>

## Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	30 June 2023	31 December 2022
		(Unaudited)	(Audited)
(HK\$'000)			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	952,055	986,099
Right-of-use assets	12	313,905	330,552
Goodwill	13	2,583,085	2,631,379
Other intangible assets	14	2,049,597	2,086,571
Investments in joint ventures		6,925	9,497
Investment in an associate		8,176	4,396
Deferred tax assets		76,942	67,413
Pledged deposits	23	572,057	829,430
Time deposits	23	–	302,258
Other long-term assets		10,477	11,197
<b>Total non-current assets</b>		<b>6,573,219</b>	<b>7,258,792</b>
<b>CURRENT ASSETS</b>			
Inventories	15	1,494,454	1,902,009
Trade receivables	16	1,093,847	997,328
Prepayments and other receivables		487,761	572,204
Due from related parties	28	5,528	2,503
Financial assets at fair value through profit or loss	22	29,324	28,519
Cash and cash equivalents	23	1,026,970	921,961
Pledged deposits	23	230,896	16,018
Time deposits	23	317,660	–
Derivative financial instruments	19	11,842	15,361
<b>Total current assets</b>		<b>4,698,282</b>	<b>4,455,903</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	17	986,836	1,169,653
Other payables and accruals		832,695	784,438
Income tax payable		41,260	32,019
Provision		51,125	72,167
Interest-bearing bank loans and other borrowings	18	1,227,250	1,181,953
Lease liabilities	12	102,695	102,936
Derivative financial instruments	19	101,184	44,098
Due to related parties	28	434	730
Defined benefit plan liabilities		361	359
<b>Total current liabilities</b>		<b>3,343,840</b>	<b>3,388,353</b>
<b>NET CURRENT ASSETS</b>		<b>1,354,442</b>	<b>1,067,550</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>7,927,661</b>	<b>8,326,342</b>

## Interim Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2023

	Notes	30 June 2023	31 December 2022
		(Unaudited)	(Audited)
(HK\$'000)			
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans and other borrowings	18	2,004,724	2,172,825
Provision		30,999	29,295
Defined benefit plan liabilities		2,767	2,882
Other liabilities		2,936	1,934
Lease liabilities	12	187,135	197,236
Deferred tax liabilities		318,681	364,517
Total non-current liabilities		2,547,242	2,768,689
<b>Net assets</b>		<b>5,380,419</b>	<b>5,557,653</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	20	16,680	16,680
Reserves		5,319,590	5,499,998
		5,336,270	5,516,678
Non-controlling interests		44,149	40,975
<b>Total equity</b>		<b>5,380,419</b>	<b>5,557,653</b>

SONG Zhenghuan  
Director

LIU Tongyou  
Director

## Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the parent											Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Statutory reserve funds	Cumulative translation adjustments	Defined benefit plans	Merger reserve	Capital reserve	Hedging reserve	Retained earnings	Total		
	(HK\$'000)												
	(Unaudited)												
At 31 December 2022 and 1 January 2023	16,680	3,320,411	207,590	265,117	(282,807)	5,858	153,975	(8,256)	(11,404)	1,849,514	5,516,678	40,975	5,557,653
Profit for the period	-	-	-	-	-	-	-	-	-	25,012	25,012	4,840	29,852
Other comprehensive loss for the period:													
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	(35,919)	-	(35,919)	-	(35,919)
Exchange differences on translation	-	-	-	-	(172,135)	-	-	-	-	-	(172,135)	(1,666)	(173,801)
<b>Total comprehensive loss for the period</b>	-	-	-	-	(172,135)	-	-	-	(35,919)	25,012	(183,042)	3,174	(179,868)
Equity-settled share option arrangements	-	-	2,634	-	-	-	-	-	-	-	2,634	-	2,634
<b>At 30 June 2023 (unaudited)</b>	<b>16,680</b>	<b>3,320,411</b>	<b>210,224</b>	<b>265,117</b>	<b>(454,942)</b>	<b>5,858</b>	<b>153,975</b>	<b>(8,256)</b>	<b>(47,323)</b>	<b>1,874,526</b>	<b>5,336,270</b>	<b>44,149</b>	<b>5,380,419</b>

	Attributable to owners of the parent											Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Statutory reserve funds	Cumulative translation adjustments	Defined benefit plans	Merger reserve	Capital reserve	Hedging reserve	Retained earnings	Total		
	(HK\$'000)												
	(Unaudited)												
At 31 December 2021 and 1 January 2022	16,680	3,320,411	192,403	237,652	287,726	5,474	153,975	(8,256)	11,394	1,843,492	6,060,951	36,553	6,097,504
Profit for the period	-	-	-	-	-	-	-	-	-	(1,443)	(1,443)	3,864	2,421
Other comprehensive loss for the period:													
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	(5,280)	-	(5,280)	-	(5,280)
Exchange differences on translation	-	-	-	-	(306,666)	-	-	-	-	-	(306,666)	(1,883)	(308,549)
<b>Total comprehensive loss for the period</b>	-	-	-	-	(306,666)	-	-	-	(5,280)	(1,443)	(313,389)	1,981	(311,408)
Equity-settled share option arrangements	-	-	11,607	-	-	-	-	-	-	-	11,607	-	11,607
<b>At 30 June 2022 (unaudited)</b>	<b>16,680</b>	<b>3,320,411</b>	<b>204,010</b>	<b>237,652</b>	<b>(18,940)</b>	<b>5,474</b>	<b>153,975</b>	<b>(8,256)</b>	<b>6,114</b>	<b>1,842,049</b>	<b>5,759,169</b>	<b>38,534</b>	<b>5,797,703</b>

## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	(Unaudited)	
	(HK\$'000)	
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit/(loss) before tax	24,671	(13,192)
Adjustments for:		
Finance costs	106,855	52,783
Share of losses of joint ventures	2,061	2,085
Share of loss of an associate	437	–
Interest income	(21,347)	(22,876)
Loss/(gain) on disposal of items of property, plant and equipment	7	(23,543)
Loss on disposal of Intangible assets	–	51
Fair value gains, net:		
Derivative instruments – transactions not qualifying as hedges	–	(1,747)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(288)	(927)
Gain on wealth investment products	(381)	(169)
Depreciation and amortization	235,422	246,484
Provision of inventories	8,312	4,346
Provision for impairment of receivables	26,687	2,871
Equity-settled share option expenses	2,634	11,607
	385,070	257,773
Decrease in inventories	399,243	307,551
(Increase)/decrease in trade receivables	(123,206)	13,128
Increase in prepayments and other receivables	(15,165)	(125,406)
(Increase)/decrease in amounts due from related parties	(3,025)	6,139
Decrease in pledged deposits	1,908	–
Decrease in derivative financial instruments	60,605	33,194
Decrease in other long-term assets	720	1,026
Decrease in trade and bills payables	(182,817)	(435,918)
Increase/(decrease) in other payables and accruals	39,401	(94,687)
Decrease in provision	(19,338)	(39,664)
(Decrease)/increase in amounts due to related parties	(296)	1,593
Decrease in defined benefit plan liabilities	(113)	(82)
Increase in other liabilities	1,002	257
Cash generated from/(used in) operations	543,989	(75,096)
Income tax refund	9,237	1,298
Income tax paid	(48,011)	(21,168)
Net cash flows generated from/(used in) operating activities	505,215	(94,966)

## Interim Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023	2022
		(Unaudited)	
		(HK\$'000)	
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Interest received		7,639	9,498
Gain on wealth investment products received		381	169
Purchase of items of property, plant and equipment		(115,936)	(136,084)
Addition to other intangible assets		(27,815)	(27,415)
Proceeds from disposal of property, plant and equipment		3,979	32,419
Increase in investment in an associate		–	(4,677)
Increase in investment in joint ventures		–	(7,753)
Purchase of wealth management products		–	(58,466)
Net cash flows used in investing activities		(131,752)	(192,309)
<b>CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		631,054	787,087
Repayment of borrowings		(755,715)	(685,392)
Interest paid		(87,125)	(47,316)
Principal portion of lease payments		(54,688)	(61,405)
Decrease in pledged deposits		4,236	13,573
Net cash flows (used in)/generated from financing activities		(262,238)	6,547
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>111,225</b>	<b>(280,728)</b>
Cash and cash equivalents at beginning of period		921,961	1,087,413
Effect of foreign exchange rate changes, net		(6,216)	(29,974)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	23	<b>1,026,970</b>	<b>776,711</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

## 1. Corporate Information

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2023 were authorized to issue in accordance with a resolution of directors on 30 August 2023.

The Company was incorporated in the Cayman Islands on 14 July 2000 as an exempted company with limited liability. The registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares (the "shares") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 24 November 2010.

The Group is principally engaged in design, research and development ("R&D"), manufacturing, marketing and distribution of products for children.

### 2.1 Basis of Preparation

The interim condensed consolidated financial information for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The financial information is presented in Hong Kong Dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

### 2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

## 2.2 Changes in Accounting Policies and Disclosures (Continued)

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

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's policy aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

### 2.2 Changes in Accounting Policies and Disclosures (Continued)

- (d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

### 3. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) Strollers and accessories segment, which engages in the research, design, manufacture and sale of strollers and accessories under the Group's own brands and third parties' brands;
- (b) Car seats and accessories segment, which engages in the research, design, manufacture and sale of car seats and accessories under the Group's own brands and third parties' brands;
- (c) Non-durable products segment, which includes maternity and baby-care products and apparel and home textile products; and
- (d) Others segment, which engages in the research, design, manufacture and sale of other children's products under the Group's own brands and third parties' brands.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment revenue.

### 3. Operating Segment Information (Continued)

#### Six months ended 30 June 2023

	Strollers and accessories	Car seats and accessories	Non-durable products	Others	Consolidated
	(HK\$'000)				
	(Unaudited)				
<b>Segment revenue (note 4)</b>					
Sales to external customers	1,545,963	1,606,374	337,617	399,245	3,889,199
<b>Segment results</b>	725,809	784,513	152,652	121,824	1,784,798
Other income and gains					60,401
Corporate and other unallocated expenses					(1,738,310)
Other expenses					(343)
Finance income					21,347
Finance costs (other than interest on lease liabilities)					(100,724)
Share of losses of:					
Joint ventures					(2,061)
An associate					(437)
<b>Profit before tax</b>					<b>24,671</b>
<b>Other segment information:</b>					
Impairment losses recognised in the statement of profit or loss, net	12,183	11,606	8,583	2,627	34,999
Depreciation and amortisation	102,963	88,563	23,730	20,166	235,422

#### Six months ended 30 June 2022

	Strollers and accessories	Car seats and accessories	Non-durable products	Others	Consolidated
	(HK\$'000)				
	(Unaudited)				
<b>Segment revenue (note 4)</b>					
Sales to external customers	1,751,108	1,647,874	418,907	554,939	4,372,828
<b>Segment results</b>	687,102	676,493	192,789	128,553	1,684,937
Other income and gains					71,940
Corporate and other unallocated expenses					(1,743,015)
Other expenses					(911)
Finance income					22,876
Finance costs (other than interest on lease liabilities)					(46,934)
Share of losses of:					
Joint ventures					(2,085)
An associate					-
<b>Loss before tax</b>					<b>(13,192)</b>
<b>Other segment information:</b>					
Impairment losses recognised in the statement of profit or loss	5,387	778	492	560	7,217
Depreciation and amortisation	108,837	89,253	24,314	24,080	246,484

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

### 3. Operating Segment Information (Continued)

#### Geographical information

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

	European market	North America market	Mainland China market	Other overseas markets	Total
	(HK\$'000)				
	(Unaudited)				
Six months ended 30 June 2023					
Segment revenue:					
Sales to external customers	1,511,772	1,349,832	700,200	327,395	3,889,199
Six months ended 30 June 2022					
Segment revenue:					
Sales to external customers	1,449,691	1,741,459	855,000	326,678	4,372,828

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

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

	30 June 2023	31 December 2022
	(HK\$'000)	
	(Unaudited)	(Audited)
Mainland China	4,454,682	5,156,734
North America	1,075,538	1,016,219
Europe	940,479	993,336
	6,470,699	7,166,289

The non-current asset information above is based on the locations of the assets excluding financial instruments, deferred tax assets, investments in joint ventures and an investment in an associate.

#### Information about major customers

During the six months ended 30 June 2023, revenue from sales to the two major third-party customers were HK\$505,584,000 and HK\$482,495,000, respectively (six months ended 30 June 2022: one major customer amounting to HK\$553,220,000). The revenue from sales to the customers were derived from sales by the strollers and accessories, car seats and accessories and others segments, including sales to a group of entities which are known to be under common control with the customers.

#### 4. Revenue, Other Income and Gains

An analysis of revenue is as follows:

	Six months ended 30 June	
	2023	2022
	(HK\$'000)	
(Unaudited)		
<i>Revenue from contracts with customers</i>		
Sale of goods	3,874,415	4,357,872
Rendering of testing services	14,784	14,956
	<b>3,889,199</b>	<b>4,372,828</b>

#### Revenue from contracts with customers

##### (i) Disaggregated revenue information

##### For the Six months ended 30 June 2023

Segments	Strollers and accessories	Car seats and accessories	Non-durable products	Others	Total
	HK\$'000 (Unaudited)				
<b>Type of goods or services</b>					
Sale of goods	1,545,963	1,606,374	337,617	384,461	3,874,415
Rendering of testing services	–	–	–	14,784	14,784
<b>Total revenue from contracts with customers</b>	<b>1,545,963</b>	<b>1,606,374</b>	<b>337,617</b>	<b>399,245</b>	<b>3,889,199</b>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	1,545,963	1,606,374	337,617	384,461	3,874,415
Services transferred at a point in time	–	–	–	14,784	14,784
<b>Total revenue from contracts with customers</b>	<b>1,545,963</b>	<b>1,606,374</b>	<b>337,617</b>	<b>399,245</b>	<b>3,889,199</b>
<b>Revenue from contracts with customers</b>					
External customers	1,545,963	1,606,374	337,617	399,245	3,889,199

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

### 4. Revenue, Other Income and Gains (Continued)

#### Revenue from contracts with customers (continued)

##### (i) Disaggregated revenue information (continued)

For the Six months ended 30 June 2022

Segments	Strollers and accessories	Car seats and accessories	Non-durable products	Others	Total
	HK\$'000 (Unaudited)				
<b>Type of goods or services</b>					
Sale of goods	1,751,108	1,647,874	418,907	539,983	4,357,872
Rendering of testing services	–	–	–	14,956	14,956
<b>Total revenue from contracts with customers</b>	<b>1,751,108</b>	<b>1,647,874</b>	<b>418,907</b>	<b>554,939</b>	<b>4,372,828</b>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	1,751,108	1,647,874	418,907	539,983	4,357,872
Services transferred at a point in time	–	–	–	14,956	14,956
<b>Total revenue from contracts with customers</b>	<b>1,751,108</b>	<b>1,647,874</b>	<b>418,907</b>	<b>554,939</b>	<b>4,372,828</b>
<b>Revenue from contracts with customers</b>					
External customers	1,751,108	1,647,874	418,907	554,939	4,372,828

#### Other income and gains

	Six months ended 30 June	
	2023	2022
	(HK\$'000) (Unaudited)	
Other income and gains:		
Net foreign exchange gain	44,341	2,572
Government grants (note (a))	2,963	30,898
Compensation income (note (b))	2,410	5,974
Gain on sales of scrap materials (note (c))	1,609	5,435
Gain on wealth investment products	381	169
Gain on disposal of fixed assets (note (d))	–	23,543
Fair value gains, net		
– Derivative instruments – transactions not qualifying as hedges	–	1,747
Others	8,697	1,602
<b>Total</b>	<b>60,401</b>	<b>71,940</b>

Note (a): The amount represents subsidies received from local government authorities in connection with certain financial support to local business enterprises. These government subsidies mainly comprised subsidies for export activities, subsidies for development and other miscellaneous subsidies and incentives for various purposes.

Note (b): The amount represents the compensation received from customers as a result of cancellation of orders and suppliers as a result of defective products or shipment delay in the normal course of business and other infringement compensation.

Note (c): The amount represents the gain on sales of aluminium, plastics, cloth and other scrap materials.

Note (d): The amount represents the gain on disposal of building, machinery, and other fixed assets.

## 5. Finance Income

	Six months ended 30 June	
	2023	2022
	(HK\$'000)	
	(Unaudited)	
Interest income on bank deposits	21,347	22,876

## 6. Finance Costs

	Six months ended 30 June	
	2023	2022
	(HK\$'000)	
	(Unaudited)	
Interest on bank loans, overdrafts and other loans	100,724	46,934
Interest on lease liabilities	6,131	5,849
	<b>106,855</b>	<b>52,783</b>

## 7. Profit/(Loss) Before Tax

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

	Six months ended 30 June	
	2023	2022
	(HK\$'000)	
	(Unaudited)	
Cost of inventories sold	2,095,935	2,679,749
Cost of services provided	8,466	8,142
Depreciation of property, plant and equipment	139,949	148,748
Depreciation of right-of-use assets	60,014	63,053
Amortisation of intangible assets	35,459	34,683
Research and development ("R&D") costs	195,501	225,333
Short-term rental expenses*	15,236	21,463
Auditors' remuneration	5,060	5,435
Employee benefit expense (including directors' remuneration):		
Wages, salaries and other benefits	831,479	898,365
Share option expense	2,634	11,607
Pension scheme costs (defined benefit plans) (including administrative expense)	167	171
Pension scheme contributions	31,736	37,059
	866,016	947,202
Net foreign exchange gain	(44,341)	(2,572)
Fair value gains, net:		
Derivative instruments – transactions not qualifying as hedges	–	(1,747)
Gain on wealth investment products	(381)	(169)
Provision for impairment of receivables	26,687	2,871
Provision of inventories	8,312	4,346
Product warranties and liabilities	10,118	17,617
Loss/(gain) on disposal of items of property, plant and equipment	7	(23,543)
Bank interest income	(21,347)	(22,876)

\* Short-term rental expenses consist of lease payments of leases with lease term ends within 12 months of the date of initial application and property management fee on retail stores, storages and office premises.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

### 8. Income Tax

The Company and its subsidiaries incorporated in the Cayman Islands and the British Virgin Islands (“**BVI**”), respectively, are exempted from taxation.

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

State income tax and federal income tax of the Group’s subsidiary in the United States have been provided for at the rates of state income tax and federal income tax on the estimated assessable profits of the subsidiary during the year. The state income tax rates are 1% to 12% in the respective states in which the subsidiary operates, and the federal income tax rate was lowered to 21% effective from 1 January 2018, as a result of U.S. tax reform enacted in December 2017.

The Group’s subsidiary registered in Japan is subject to income tax based on the taxable income at rates ranging from 15% to 23.2% on a progressive basis.

The Group’s subsidiaries registered in Germany are subject to corporation tax based on the taxable income at the rate of 15.825% and trade income tax on the taxable income at rates ranging from 12.95% to 17%.

The Group’s subsidiaries registered in Denmark are subject to income tax based on the taxable income at the rate of 22%.

The Group’s subsidiary registered in the Czech Republic is subject to income tax based on the taxable income at the rate of 19%.

The Group’s subsidiary registered in Canada is subject to Federal income tax based on the taxable income at the rate of 15% and provincial and territorial income tax at rates ranging from 8% to 16%.

The Group’s subsidiary registered in the United Arab Emirates is subject to income tax at the rate of 9% for taxable income above AED375,000.

All of the Group’s subsidiaries registered in the People’s Republic of China (the “**PRC**”), which only have operations in Mainland China, are subject to PRC enterprise income tax (“**EIT**”) on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws, at the rate of 25%.

Pursuant to relevant tax rules under the EIT Law and with the approval from the relevant tax authorities in the PRC, two of the Group’s subsidiaries, Goodbaby Child Products Co., Ltd. (“**GCPC**”) and EQO Testing and Certification Services Co.,Ltd. (“**EQTC**”), are qualified as “High and New Technology Enterprises” and are entitled to a preferential tax rate of 15% from 2020 to 2022.

The major components of income tax expense of the Group are as follows:

	Six months ended 30 June	
	2023	2022
	(HK\$'000)	
	(Unaudited)	
Current income tax		
– Charge for the Period	35,222	24,619
Deferred income tax	(40,403)	(40,232)
<b>Income tax credit reported in the statement of profit or loss</b>	<b>(5,181)</b>	<b>(15,613)</b>

## 9. Dividends

The board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2023 (Six months ended 30 June 2022: Nil).

## 10. Earnings/(Loss) Per Share

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,668,031,166 in issue during the Six months ended 30 June 2023 (Six months ended 30 June 2022: 1,668,031,166).

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

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

The calculation of earnings/(loss) per share is based on:

	Six months ended 30 June	
	2023	2022
	(HK\$'000)	
	(Unaudited)	
Earnings/(Loss)		
<b>Profit/(loss) attributable to ordinary equity holders of the parent used in the basic earnings/(loss) per share calculation</b>	<b>25,012</b>	<b>(1,443)</b>

	Number of shares	
	Six months ended 30 June	
	2023	2022
	(Unaudited)	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	1,668,031,166	1,668,031,166
Effect of dilution – weighted average number of ordinary shares:		
Share options	–	–
<b>Total</b>	<b>1,668,031,166</b>	<b>1,668,031,166</b>



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

### 11. Property, Plant and Equipment

30 June 2023

	Buildings and land	Plant and machinery	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
	(HK\$'000)						
	(Unaudited)						
At 31 December 2022 and at 1 January 2023:							
Cost	596,979	1,333,220	22,682	382,844	426,842	67,040	2,829,607
Accumulated depreciation and impairment	(422,443)	(913,636)	(19,469)	(267,844)	(220,116)	–	(1,843,508)
<b>Net carrying amount</b>	<b>174,536</b>	<b>419,584</b>	<b>3,213</b>	<b>115,000</b>	<b>206,726</b>	<b>67,040</b>	<b>986,099</b>
At 1 January 2023, net of accumulated depreciation	174,536	419,584	3,213	115,000	206,726	67,040	986,099
Additions	1,532	6,627	17	5,463	55,995	46,302	115,936
Disposals	(172)	(3,546)	(83)	(185)	–	–	(3,986)
Depreciation provided during the period	(18,284)	(58,702)	(1,075)	(23,937)	(37,951)	–	(139,949)
Transfers	2,380	30,865	442	5,871	745	(40,303)	–
Exchange realignment	(902)	(2,856)	(80)	1,067	(3,731)	457	(6,045)
<b>At 30 June 2023, net of accumulated depreciation and impairment</b>	<b>159,090</b>	<b>391,972</b>	<b>2,434</b>	<b>103,279</b>	<b>221,784</b>	<b>73,496</b>	<b>952,055</b>
At 30 June 2023:							
Cost	586,281	1,356,182	21,638	392,787	475,839	75,025	2,907,752
Accumulated depreciation and impairment	(427,191)	(964,210)	(19,204)	(289,508)	(254,055)	(1,529)	(1,955,697)
<b>Net carrying amount</b>	<b>159,090</b>	<b>391,972</b>	<b>2,434</b>	<b>103,279</b>	<b>221,784</b>	<b>73,496</b>	<b>952,055</b>

## 11. Property, Plant and Equipment (Continued)

### 31 December 2022

	Buildings and land	Plant and machinery	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
	(HK\$'000)						
	(Audited)						
At 31 December 2021 and at 1 January 2022:							
Cost	647,267	1,303,059	25,086	375,930	327,761	87,358	2,766,461
Accumulated depreciation	(427,570)	(871,929)	(18,283)	(251,897)	(165,151)	–	(1,734,830)
<b>Net carrying amount</b>	<b>219,697</b>	<b>431,130</b>	<b>6,803</b>	<b>124,033</b>	<b>162,610</b>	<b>87,358</b>	<b>1,031,631</b>
At 1 January 2022, net of accumulated depreciation	219,697	431,130	6,803	124,033	162,610	87,358	1,031,631
Additions	5,374	46,087	36	34,192	126,802	118,659	331,150
Disposals	(8,120)	(287)	(53)	(871)	(549)	–	(9,880)
Depreciation provided during the period	(39,115)	(129,435)	(3,485)	(50,628)	(75,573)	–	(298,236)
Transfers	8,961	98,185	281	15,810	10,132	(133,369)	–
Exchange realignment	(12,261)	(26,096)	(369)	(7,536)	(16,696)	(5,608)	(68,566)
<b>At 31 December 2022, net of accumulated depreciation and impairment</b>	<b>174,536</b>	<b>419,584</b>	<b>3,213</b>	<b>115,000</b>	<b>206,726</b>	<b>67,040</b>	<b>986,099</b>
At 31 December 2022:							
Cost	596,979	1,333,220	22,682	382,844	426,842	67,040	2,829,607
Accumulated depreciation and impairment	(422,443)	(913,636)	(19,469)	(267,844)	(220,116)	–	(1,843,508)
<b>Net carrying amount</b>	<b>174,536</b>	<b>419,584</b>	<b>3,213</b>	<b>115,000</b>	<b>206,726</b>	<b>67,040</b>	<b>986,099</b>

At 30 June 2023, no certain of the Group's plant and machinery (31 December 2022: with a net carrying amount of approximately HK\$2,347,000) were pledged to secure bank loan granted to the Group (note 18).

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

### 12. Leases

The Group has lease contracts for various items of plant and machinery, motor vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 10 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and machinery generally have lease terms between 3 and 6 years. Buildings generally have lease term between 1 and 10 years. Furniture and fixtures generally have lease terms between 2 and 5 years, while motor vehicles generally have lease terms between 1 and 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period/year are as follows:

#### 30 June 2023

	Prepaid land lease	Buildings	Plant and machinery	Motor vehicles	Furniture and fixtures	Total
	(HK\$'000)					
	(Unaudited)					
As at 1 January 2023	41,762	269,223	1,534	16,160	1,873	330,552
Additions	–	41,380	3,552	4,028	–	48,960
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(1,218)	–	–	–	(1,218)
Depreciation charge	(916)	(52,315)	(895)	(5,578)	(310)	(60,014)
Exchange realignment	(1,329)	(3,441)	8	348	39	(4,375)
As at 30 June 2023	39,517	253,629	4,199	14,958	1,602	313,905

#### 31 December 2022

	Prepaid land lease	Buildings	Plant and machinery	Motor vehicles	Furniture and fixtures	Total
	(HK\$'000)					
	(Audited)					
As at 1 January 2022	47,752	268,235	2,373	15,934	2,255	336,549
Additions	–	123,196	128	10,267	3,467	137,058
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(750)	–	–	–	(750)
Depreciation charge	(1,557)	(101,978)	(970)	(9,071)	(3,708)	(117,284)
Exchange realignment	(4,433)	(19,480)	3	(970)	(141)	(25,021)
As at 31 December 2022	41,762	269,223	1,534	16,160	1,873	330,552

## 12. Leases (Continued)

### (b) Lease liabilities

	As at 30 June 2023	As at 31 December 2022
	(HK\$'000)	
	(Unaudited)	(Audited)
Current	102,695	102,936
Non-current	187,135	197,236
<b>Carrying amount at period/year end</b>	<b>289,830</b>	<b>300,172</b>

## 13. Goodwill

	(HK\$'000)
Cost and net carrying amount at 1 January 2022 (Audited)	2,812,866
Exchange realignment	(181,487)
Cost and net carrying amount at 31 December 2022 and 1 January 2023 (Audited)	2,631,379
Exchange realignment	(48,294)
<b>Cost and net carrying amount at 30 June 2023 (Unaudited)</b>	<b>2,583,085</b>

## 14. Other Intangible Assets

### 30 June 2023

	Trademarks	Computer software	Non-compete agreement	Customer relationship	Patents	Total
	(HK\$'000)					
	(Unaudited)					
At 31 December 2022 and at 1 January 2023:						
Cost	1,684,976	167,168	6,848	546,304	81,097	2,486,393
Accumulated amortisation	(33,827)	(98,077)	(6,848)	(214,856)	(46,214)	(399,822)
<b>Net carrying amount</b>	<b>1,651,149</b>	<b>69,091</b>	<b>–</b>	<b>331,448</b>	<b>34,883</b>	<b>2,086,571</b>
At 1 January 2023, net of accumulated amortisation	1,651,149	69,091	–	331,448	34,883	2,086,571
Additions	231	32,016	–	–	85	32,332
Amortisation provided during the period	(998)	(12,516)	–	(19,098)	(2,847)	(35,459)
Exchange realignment	(26,922)	(663)	–	(6,151)	(111)	(33,847)
<b>At 30 June 2023, net of accumulated amortization</b>	<b>1,623,460</b>	<b>87,928</b>	<b>–</b>	<b>306,199</b>	<b>32,010</b>	<b>2,049,597</b>
At 30 June 2023:						
Cost	1,657,202	195,953	6,992	536,783	81,690	2,478,620
Accumulated amortisation	(33,742)	(108,025)	(6,992)	(230,584)	(49,680)	(429,023)
<b>Net carrying amount</b>	<b>1,623,460</b>	<b>87,928</b>	<b>–</b>	<b>306,199</b>	<b>32,010</b>	<b>2,049,597</b>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

### 14. Other Intangible Assets (Continued)

#### 31 December 2022

	Trademarks	Computer software	Non-compete agreement	Customer relationship	Patents	Total
	(HK\$'000)					
	(Audited)					
At 31 December 2021 and at 1 January 2022:						
Cost	1,816,735	137,532	7,297	590,187	77,956	2,629,707
Accumulated amortisation	(36,676)	(70,505)	(7,221)	(192,952)	(40,798)	(348,152)
<b>Net carrying amount</b>	<b>1,780,059</b>	<b>67,027</b>	<b>76</b>	<b>397,235</b>	<b>37,158</b>	<b>2,281,555</b>
At 1 January 2022, net of accumulated amortisation	1,780,059	67,027	76	397,235	37,158	2,281,555
Additions	1,595	27,364	–	–	7,577	36,536
Disposals	–	(49)	–	–	–	(49)
Amortisation provided during the year	(2,059)	(20,527)	(72)	(38,313)	(5,583)	(66,554)
Exchange realignment	(128,446)	(4,724)	(4)	(27,474)	(4,269)	(164,917)
<b>At 31 December 2022, net of accumulated amortization</b>	<b>1,651,149</b>	<b>69,091</b>	<b>–</b>	<b>331,448</b>	<b>34,883</b>	<b>2,086,571</b>
At 31 December 2022:						
Cost	1,684,976	167,168	6,848	546,304	81,097	2,486,393
Accumulated amortisation	(33,827)	(98,077)	(6,848)	(214,856)	(46,214)	(399,822)
<b>Net carrying amount</b>	<b>1,651,149</b>	<b>69,091</b>	<b>–</b>	<b>331,448</b>	<b>34,883</b>	<b>2,086,571</b>

### 15. Inventories

	As at 30 June 2023	As at 31 December 2022
	(HK\$'000)	
	(Unaudited)	(Audited)
Raw materials	236,792	273,698
Work in progress	19,217	20,176
Finished goods	1,238,445	1,608,135
	<b>1,494,454</b>	<b>1,902,009</b>

## 16. Trade Receivables

	As at 30 June 2023	As at 31 December 2022
	(HK\$'000)	
	(Unaudited)	(Audited)
Trade receivables	1,162,677	1,040,037
Impairment of trade receivables	(68,830)	(42,709)
	<b>1,093,847</b>	<b>997,328</b>

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

An aging analysis of the trade receivables of the Group, based on the invoice date and net of provisions, is as follows:

	As at 30 June 2023	As at 31 December 2022
	(HK\$'000)	
	(Unaudited)	(Audited)
Within 3 months	1,012,881	906,679
3 to 6 months	52,602	33,004
6 months to 1 year	25,687	28,719
Over 1 year	2,677	28,926
	<b>1,093,847</b>	<b>997,328</b>

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### 17. Trade and Bills Payables

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

	As at 30 June 2023	As at 31 December 2022
	(HK\$'000)	
	(Unaudited)	(Audited)
Within 3 months	858,039	858,407
3 to 12 months	120,300	300,273
1 to 2 years	5,141	7,687
2 to 3 years	1,262	1,173
Over 3 years	2,094	2,113
	<b>986,836</b>	<b>1,169,653</b>

The trade and bills payables are non-interest-bearing and normally settled on terms of 60 to 90 days. The carrying amounts of the trade and bills payables approximate to their fair values due to their short-term maturity.

### 18. Interest-Bearing Bank Loans and Other Borrowings

		As at 30 June 2023		As at 31 December 2022	
		Maturity	HK\$'000 (Unaudited)	Maturity	HK\$'000 (Audited)
		Current			
Bank overdrafts – secured	Note (a)	2023	145,938	2023	217,974
Bank overdrafts – unsecured	Note (a)	2023	78	2023	1,503
Current portion of long-term bank loans – secured	Note (b)	2023-2024	623,205	2023	364,481
Bank borrowings – secured	Note (b)	2023-2024	164,850	2023	290,139
Bank borrowings – unsecured		2023-2024	293,179	2023	307,856
			<b>1,227,250</b>		<b>1,181,953</b>
Non-current					
Bank borrowings – secured	Note (b)	2024	1,429,872	2024-2025	1,691,450
Bank borrowings – unsecured		2024-2025	574,852	2024-2025	481,375
			<b>2,004,724</b>		<b>2,172,825</b>
<b>Total</b>			<b>3,231,974</b>		<b>3,354,778</b>

Note (a): The bank overdraft facilities amounted to HK\$320,395,000, of which HK\$146,016,000 had been utilised as at the end of the reporting period. The bank overdraft facilities are revolving facilities with no termination date.

Note (b): As at 30 June 2023, certain of the Group's bank loans are secured by:

- (i) standby letters of credit and letters of guarantee from certain banks issued by a subsidiary of the Group; and
- (ii) the guarantee from the Company.

Note (c): The effective interest rates of the bank loans and other borrowing range from 1.09% to 7.22% (2022: 0.63% to 6.18%).

## 19. Derivative Financial Instruments

	As at 30 June 2023	
	Assets	Liabilities
	(HK\$'000)	
	(Unaudited)	
Forward currency contracts		
– designated as hedging instruments	11,842	101,184

	As at 31 December 2022	
	Assets	Liabilities
	(HK\$'000)	
	(Audited)	
Forward currency contracts		
– designated as hedging instruments	15,361	44,098

## 20. Share Capital

	Number of shares in issue	Share capital
	('000)	(HK\$'000)
Issued and fully paid:		
At 1 January 2023 and 30 June 2023	1,668,031	16,680

Details of the Group's share option scheme and the share options issued under the scheme are included in note 21 to the financial statements.

## 21. Share Option Scheme

The share option scheme adopted by the Company on 5 November 2010 (the "2010 Share Option Scheme") was terminated and a new one was adopted by the Company following the termination of the 2010 Share Option Scheme on the annual general meeting of the Company held on 25 May 2020 (the "2020 Share Option Scheme").



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### 21. Share Option Scheme (Continued)

The purpose of the share options schemes is to motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group. Eligible participants of the share option schemes include full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any Directors (including non-executive and independent non-executive Directors) of the Company or any of its subsidiaries and advisers, consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries as described in the share option schemes. The 2010 Share Option Scheme and the 2020 Share Option Scheme both have a term of 10 years. Upon termination of the 2010 Share Option Scheme mentioned above, no further options may be granted thereunder but the provisions of the 2010 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to the termination.

The maximum number of share options originally permitted to be granted under the 2010 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at 28 May 2018. The maximum number of share options currently permitted to be granted under the 2020 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at 25 May 2020. The maximum number of shares issuable under share options to each eligible participant under the 2010 Share Option Scheme and 2020 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue as at the date on which the share options are granted to the relevant eligible participants. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue on the date of such grant or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a vesting period determined by the Directors and ends on a date which shall not be later than ten years from the date upon which the share options are deemed to be granted and accepted.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 19 June 2020, the Board announced that the Company shall allow holders of the existing share options (the "Existing Share Options") granted on 28 August 2017, 27 March 2018, 28 May 2018 and 23 May 2019 under the 2010 Share Option Scheme to exchange their Existing Share Options for new share options to be granted under the 2020 Share Option Scheme. As at 19 June 2020, none of the above share options was vested.

## 21. Share Option Scheme (Continued)

A total of 96,650,000 Existing Share Options were cancelled under the 2010 Share Option Scheme and replaced by a total of 26,084,500 new share options with an exercise price of HK\$0.96 per share under the 2020 Share Option Scheme (the “**Replacement Options**”).

The exchange ratio of the Replacement Options to Existing Share Options were based on their fair values on the modification date, i.e. 19 June 2020.

### (a) 2010 Share Option Scheme

The following share options were outstanding under the 2010 Share Option Scheme during the six months ended 30 June 2023:

	Weighted average exercise price	Number of options
	HK\$ per share	'000
At 1 January 2022	3.989	106,680
Forfeited during the year	3.750	(2,810)
At 31 December 2022 and 1 January 2023	3.996	103,870
Forfeited during the period	3.591	(640)
At 30 June 2023	3.998	103,230

No share options were exercised or cancelled during the period ended 30 June 2023.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

### 21. Share Option Scheme (Continued)

#### (a) 2010 Share Option Scheme (Continued)

The exercise prices and exercise periods of the above share options outstanding at the end of the reporting period are as follows:

#### 30 June 2023

Number of options	Exercise price	Exercise period
'000	HK\$ per share	
7,127	3.58	29 September 2017 to 28 September 2024
8,626	3.58	29 September 2018 to 28 September 2024
7,926	3.58	29 September 2019 to 28 September 2024
3,267	3.75	7 October 2018 to 6 October 2025
3,267	3.75	7 October 2019 to 6 October 2025
3,267	3.75	7 October 2020 to 6 October 2025
6,300	4.54	27 September 2020 to 27 March 2028
9,450	4.54	27 September 2021 to 27 March 2028
15,750	4.54	27 September 2022 to 27 March 2028
720	5.122	28 May 2021 to 27 May 2028
1,080	5.122	28 May 2022 to 27 May 2028
1,800	5.122	28 May 2023 to 27 May 2028
6,930	3.75	23 May 2022 to 22 May 2029
10,395	3.75	23 May 2023 to 22 May 2029
17,325	3.75	23 May 2024 to 22 May 2029
<b>103,230</b>		

**21. Share Option Scheme** (Continued)**(a) 2010 Share Option Scheme** (Continued)**31 December 2022**

Number of options	Exercise price	Exercise period
'000	HK\$ per share	
7,327	3.58	29 September 2017 to 28 September 2024
8,826	3.58	29 September 2018 to 28 September 2024
8,126	3.58	29 September 2019 to 28 September 2024
3,267	3.75	7 October 2018 to 6 October 2025
3,267	3.75	7 October 2019 to 6 October 2025
3,267	3.75	7 October 2020 to 6 October 2025
6,300	4.54	27 September 2020 to 27 March 2028
9,450	4.54	27 September 2021 to 27 March 2028
15,750	4.54	27 September 2022 to 27 March 2028
720	5.122	28 May 2021 to 27 May 2028
1,080	5.122	28 May 2022 to 27 May 2028
1,800	5.122	28 May 2023 to 27 May 2028
6,970	3.75	23 May 2022 to 22 May 2029
10,395	3.75	23 May 2023 to 22 May 2029
17,325	3.75	23 May 2024 to 22 May 2029
<b>103,870</b>		

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

### 21. Share Option Scheme (Continued)

#### (b) 2020 Share Option Scheme

The following share options were outstanding under the 2020 Share Option Scheme during the six months ended 30 June 2023:

	Weighted average exercise price	Number of options
	HK\$ per share	'000
At 1 January 2022	0.966	29,419
Granted and accepted during the year	1.042	675
Forfeited during the year	0.969	(1,663)
At 31 December 2022 and 1 January 2023	0.943	28,431
Forfeited during the period	1.008	(296)
<b>At 30 June 2023</b>	<b>0.943</b>	<b>28,135</b>

The exercise prices and exercise periods of the above share options outstanding at the end of the reporting period are as follows:

#### 30 June 2023

Number of options	Exercise price	Exercise period
'000	HK\$ per share	
93	0.96	28 August 2020 to 27 August 2027
93	0.96	28 August 2021 to 27 August 2027
93	0.96	28 August 2022 to 27 August 2027
2,108	0.96	27 September 2020 to 27 March 2028
3,161	0.96	27 September 2021 to 27 March 2028
5,268	0.96	27 September 2022 to 27 March 2028
172	0.96	28 May 2021 to 27 May 2028
258	0.96	28 May 2022 to 27 May 2028
430	0.96	28 May 2023 to 27 May 2028
2,397	0.96	23 May 2022 to 22 May 2029
3,594	0.96	23 May 2023 to 22 May 2029
5,976	0.96	23 May 2024 to 22 May 2029
798	1.01	11 December 2023 to 10 December 2030
1,198	1.01	11 December 2024 to 10 December 2030
1,996	1.01	11 December 2025 to 10 December 2030
100	1.042	16 June 2025 to 15 June 2032
150	1.042	16 June 2026 to 15 June 2032
250	1.042	16 June 2027 to 15 June 2032
<b>28,135</b>		

**21. Share Option Scheme** (Continued)**(b) 2020 Share Option Scheme** (Continued)**31 December 2022**

Number of options	Exercise price	Exercise period
'000	HK\$ per share	
93	0.96	28 August 2020 to 27 August 2027
93	0.96	28 August 2021 to 27 August 2027
93	0.96	28 August 2022 to 27 August 2027
2,108	0.96	27 September 2020 to 27 March 2028
3,161	0.96	27 September 2021 to 27 March 2028
5,268	0.96	27 September 2022 to 27 March 2028
180	0.96	28 May 2021 to 27 May 2028
270	0.96	28 May 2022 to 27 May 2028
430	0.96	28 May 2023 to 27 May 2028
2,483	0.96	23 May 2022 to 22 May 2029
3,594	0.96	23 May 2023 to 22 May 2029
5,991	0.96	23 May 2024 to 22 May 2029
798	1.01	11 December 2023 to 10 December 2030
1,198	1.01	11 December 2024 to 10 December 2030
1,996	1.01	11 December 2025 to 10 December 2030
135	1.042	16 June 2025 to 15 June 2032
202	1.042	16 June 2026 to 15 June 2032
338	1.042	16 June 2027 to 15 June 2032
<b>28,431</b>		

The Group overall recognised a share option expense of HK\$2,634,000 during the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$11,607,000).

The fair value of the share options granted during the year ended 31 December 2022 was HK\$337,500, of which the Group recognised share option expenses of HK\$22,000.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

### 21. Share Option Scheme (Continued)

#### (b) 2020 Share Option Scheme (Continued)

The fair value of equity-settled share options granted was estimated as at the date of grant, using a binomial tree model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Share options granted on 16 June 2022
Fair value under binomial model (HK\$)	337,500
Dividend yield (%)	0.00
Spot stock price (HK\$ per share)	1.042
Historical volatility (%)	46.73
Risk-free interest rate (%)	3.342
Expected life of options (year)	10

The risk-free rate for periods within the contractual life of the option is based on the yield of Hong Kong Exchange Fund Notes.

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value. At the end of the reporting period, the Company had 103,230,000 and 28,134,500 share options outstanding under the 2010 Share Option Scheme and 2020 Share Option Scheme, respectively. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 131,364,500 additional ordinary shares of the Company and additional share capital of HK\$1,313,650 and share premium of HK\$437,923,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 103,230,000 and 28,057,000 share options outstanding under the 2010 Share Option Scheme and 2020 Share Option Scheme respectively, which represented approximately 6.19% and 1.68% of the Company's shares in issue as at that date.

## 22. Financial Assets at Fair Value through Profit or Loss

	As at 30 June 2023	As at 31 December 2022
	(HK\$'000)	
	(Unaudited)	(Audited)
Call options over non-controlling interests with an expiration date within one year	29,324	28,519

The above call options were classified as financial assets at fair value through profit or loss as their expiration date is within one year.

## 23. Cash and Cash Equivalents

		As at 30 June 2023	As at 31 December 2022
		(HK\$'000)	
		(Unaudited)	(Audited)
Cash and bank balances		1,080,721	956,567
Time deposits	(i)	1,066,862	1,113,100
		<b>2,147,583</b>	<b>2,069,667</b>
Less: Pledged deposits for:			
Certain standby letter of credit and guarantee		(770,911)	(798,515)
Accrued interest of pledged deposits	(i)	(29,977)	(42,902)
Non-pledged time deposits with original maturity of more than three months when acquired		(317,660)	(302,258)
Other restricted bank balances		(2,065)	(4,031)
<b>Cash and cash equivalents</b>		<b>1,026,970</b>	<b>921,961</b>

Note (i): The time deposits held by the Group as of 30 June 2023 bear interest at 2.70% to 3.91% per annum with a duration of 36 months. These deposits are measured at amortised cost and interest income from these time deposits is measured using the effective interest rate method.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to HK\$370,863,000 (31 December 2022: HK\$767,917,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.



## Notes to the Interim Condensed Consolidated Financial Information

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### 24. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

#### Financial assets

As at 30 June 2023	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	(HK\$'000)		
Trade receivables	–	1,093,847	1,093,847
Financial assets included in prepayments and other receivables	–	339,882	339,882
Financial assets at fair value through profit and loss	29,324	–	29,324
Due from related parties	–	5,528	5,528
Derivative financial instruments	11,842	–	11,842
Other long-term assets	–	10,477	10,477
Pledged bank deposits	–	802,953	802,953
Time deposits	–	317,660	317,660
Cash and cash equivalents	–	1,026,970	1,026,970
	<b>41,166</b>	<b>3,597,317</b>	<b>3,638,483</b>

As at 31 December 2022	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	(HK\$'000)		
Trade receivables	–	997,328	997,328
Financial assets included in prepayments and other receivables	–	425,092	425,092
Financial assets at fair value through profit and loss	28,519	–	28,519
Due from related parties	–	2,503	2,503
Derivative financial instruments	15,361	–	15,361
Other long-term assets	–	11,197	11,197
Pledged bank deposits	–	845,448	845,448
Time deposits	–	302,258	302,258
Cash and cash equivalents	–	921,961	921,961
	<b>43,880</b>	<b>3,505,787</b>	<b>3,549,667</b>

**24. Financial Instruments by Category** (Continued)**Financial liabilities**

As at 30 June 2023	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	(HK\$'000)		
Financial liabilities included in other payables and accruals	–	832,695	832,695
Trade and bills payables	–	986,836	986,836
Interest-bearing bank loans and other borrowings	–	3,231,974	3,231,974
Lease liabilities	–	289,830	289,830
Derivative financial instruments	101,184	–	101,184
Due to related parties	–	434	434
	<b>101,184</b>	<b>5,341,769</b>	<b>5,442,953</b>

As at 31 December 2022	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	(HK\$'000)		
Financial liabilities included in other payables and accruals	–	204,819	204,819
Trade and bills payables	–	1,169,653	1,169,653
Interest-bearing bank loans and other borrowings	–	3,354,778	3,354,778
Lease liabilities	–	300,172	300,172
Derivative financial instruments	44,098	–	44,098
Due to related parties	–	730	730
	<b>44,098</b>	<b>5,030,152</b>	<b>5,074,250</b>

## Notes to the Interim Condensed Consolidated Financial Information

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### 25. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	(HK\$'000)			
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Financial assets</b>				
Derivative financial instruments	11,842	15,361	11,842	15,361
Pledged deposits, non-current portion	572,057	829,430	572,057	829,430
Time deposits, non-current portion	–	302,258	–	302,258
Financial assets at fair value through profit or loss – call options over non-controlling interests	29,324	28,519	29,324	28,519
	<b>613,223</b>	<b>1,175,568</b>	<b>613,223</b>	<b>1,175,568</b>

	Carrying Amounts		Fair Values	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	(HK\$'000)			
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Financial liabilities</b>				
Derivative financial instruments	101,184	44,098	101,184	44,098
Interest-bearing bank loans and other borrowing (other than lease liabilities)	3,231,974	3,354,778	3,187,339	3,354,064
	<b>3,333,158</b>	<b>3,398,876</b>	<b>3,288,523</b>	<b>3,398,162</b>

The finance manager of each subsidiary of the Group is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

## 25. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group enters into forward currency contracts with various counterparties, principally financial institutions with high credit ratings. The forward currency contracts are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts are the same as their fair values.

The Group adopts Black-Scholes option valuation model in determining the fair value of the call option over non-controlling interests. The assumptions made are not supported by observable market price or interest rate. The Group believes that the fair value estimated using valuation techniques is reasonable and the most appropriate value as of the balance sheet date.

For put option over non-controlling interests, the fair values are determined as the present values of the future payments to be made when the options are exercised. The assumptions made are not supported by observable market price or interest rate. Discount rates need to be estimated. The Group believes that the fair value estimated using valuation techniques is reasonable and the most appropriate value as of the balance sheet date.

As at 30 June 2023, the marked-to-market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the financial instruments recognised at fair value.

## Notes to the Interim Condensed Consolidated Financial Information

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### 25. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Fair value hierarchy

Assets measured at fair value:

#### As at 30 June 2023

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	(HK\$'000)			
	(Unaudited)			
Derivative financial instruments	–	11,842	–	11,842
Financial assets at fair value through profit or loss – call options over non-controlling interests	–	–	29,324	29,324
	–	11,842	29,324	41,166

#### As at 31 December 2022

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	(HK\$'000)			
	(Audited)			
Derivative financial instruments	–	15,361	–	15,361
Financial assets at fair value through profit or loss – call options over non-controlling interests	–	–	28,519	28,519
	–	15,361	28,519	43,880

The movements in fair value measurements in Level 3 during the period are as follows:

	Six months ended 30 June	
	2023	2022
	(HK\$'000)	
At 1 January	28,519	10,606
Exchange realignment	805	(755)
<b>At 30 June</b>	<b>29,324</b>	<b>9,851</b>

## 25. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

### Fair value hierarchy (Continued)

Liabilities measured at fair value:

#### As at 30 June 2023

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	(HK\$'000)			
	(Unaudited)			
Derivative financial instruments	–	101,184	–	101,184
Interest-bearing bank loans and other borrowings (other than lease liabilities)	–	3,187,339	–	3,187,339
	–	<b>3,288,523</b>	–	<b>3,288,523</b>

#### As at 31 December 2022

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	(HK\$'000)			
	(Audited)			
Derivative financial instruments	–	44,098	–	44,098
Interest-bearing bank loans and other borrowings (other than lease liabilities)	–	3,354,064	–	3,354,064
	–	<b>3,398,162</b>	–	<b>3,398,162</b>

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2022: Nil).

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

### 26. Contingent Liabilities

In the ordinary course of business, the Group may from time to time be involved in legal proceedings and litigations. The Group records a liability when the Group believes that it is both probable that a loss has been incurred by the Group and the amount can be reasonably estimated. With respect to the Group's outstanding legal matters, notwithstanding that the outcome of such legal matters is inherently unpredictable and subject to uncertainties, the Group believes that, based on its current knowledge, the amount or range of reasonably possible loss will not, either individually or in the aggregate, have a material adverse effect on the Group's business, financial position, results of operations, or cash flows.

### 27. Commitments

The Group had the following capital commitments as at 30 June 2023 and 31 December 2022:

	30 June 2023	31 December 2022
	(HK\$'000)	
	(Unaudited)	(Audited)
Contracted but not provided for:		
Property plant and equipment	1,213	3,768
Capital contributions payable to an associate	–	4,478
	1,213	8,246

### 28. Related Party Transactions and Balances

#### (a) Name and relationship

Name of related party	Relationship with the Group
Mr. Song Zhenghuan ("Mr. Song")	Director and one of the ultimate shareholders of the Company
Goodbaby Group Co., Ltd. ("GGCL")	Controlled by Mr. Song and his spouse
Goodbaby China Holdings Limited ("CAGB")	Controlled by Mr. Song and his spouse
Goodbaby Group Pingxiang Co., Ltd. ("GGPX")	Wholly owned by GGCL
Suzhou Goodbaby Qingtao Technology Service Co., Ltd. ("GCQT")	Joint Venture
Goodbaby Mechatronics s.r.o. ("GBMS")	Joint Venture
Kunshan Goodbaby Tommee Tippee Child Products Co.,Ltd. ("GCTP")	Joint Venture

**28. Related Party Transactions and Balances** (Continued)**(b) Related party transactions**

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	Six months ended 30 June	
	2023	2022
	(HK\$'000)	
	(Unaudited)	
Sales of goods to related parties (note (a))		
GCQT	1,485	–
CAGB and its subsidiaries#	8	793
	1,493	793
Purchase of goods from related parties (note (a))		
GCQT	395	36
Service charge from a related party (note (b))		
GCQT	4,760	3,134

Note (a): The sales and purchase of goods were made according to the prices and terms mutually agreed between the related parties.

Note (b): The service charge from the related party was made according to the prices and terms agreed with the related party.

# The related party transactions marked with # above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules, which are exempted from the independent shareholders' approval, but subject to the reporting, annual review and announcement requirements of the Listing Rules.

**(c) Outstanding balances with related parties**

	As at	As at
	30 June 2023	31 December 2022
	(HK\$'000)	
	(Unaudited)	(Audited)
Amounts due from related parties:		
GCQT	3,992	2,503
GBMS	1,536	–
	5,528	2,503
Lease liabilities due to a related party (note(a))		
GGPX	23,350	38,517
Amounts due to related parties:		
GBMS	–	448
GCTP	434	282
	434	730

Note (a): The Group has entered into lease agreements in respect of certain warehouse and plant from GGPIX. at 30 June 2023, the Group recognised right-of-use assets of HK\$21,954,000 and lease liabilities of HK\$23,350,000. The transactions were made according to the prices and terms agreed with the related parties.



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

### 28. Related Party Transactions and Balances (Continued)

#### (d) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2023	2022
	(HK\$'000)	
	(Unaudited)	
Short term employee benefits	20,933	21,521
Equity-settled share option expense	1,092	7,556
Post-employment benefits	483	395
<b>Total compensation paid to key management personnel</b>	<b>22,508</b>	<b>29,472</b>

### 29. Events After the Reporting Period

There are no significant events after the end of the reporting period.

### 30. Approval of the Financial Statements

The financial statements were approved and authorized for issue by the board of directors on 30 August 2023.



## A Leading Juvenile Products Company

Goodbaby International Holdings Limited  
(Incorporated in the Cayman Islands with limited liability)  
[www.gbinternational.com.hk](http://www.gbinternational.com.hk)  
Stock Code: 1086

