



HOME CONTROL INTERNATIONAL LIMITED

(incorporated in the Cayman Islands with limited liability)
Stock Code : 1747



2024 INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Director

Mr. Kwok Hoong SIU (*Chief Executive Officer*) (appointed with effect from 1 April 2024)

Mr. Alain PERROT (*redesignated to non-executive Director* with effect from 1 April 2024)

Non-executive Directors

Mr. Alain PERROT (*Chairman of the Board*)

Mr. Wei ZHOU

Mr. Ewing FANG

Independent Non-executive Directors

Ms. Keet Yee LAI

Mr. Werner Peter VAN ECK

Dr. Shou Kang CHEN

AUDIT COMMITTEE

Dr. Shou Kang CHEN (*Chairman*)

Mr. Werner Peter VAN ECK

Ms. Keet Yee LAI

REMUNERATION COMMITTEE

Dr. Shou Kang CHEN (*Chairman*)

Mr. Werner Peter VAN ECK

Mr. Wei ZHOU

NOMINATION COMMITTEE

Mr. Werner Peter VAN ECK (*Chairman*)

Mr. Alain PERROT

Ms. Keet Yee LAI

COMPANY SECRETARY

Ms. Sum Yi TSUI *ACG, HKACG*

AUTHORISED REPRESENTATIVES

Mr. Wei ZHOU

Ms. Sum Yi TSUI

REGISTERED OFFICE

Sertus Chambers, Governors Square

Suite #5-204

23 Lime Tree Bay Avenue

P.O. Box 2547

Grand Cayman, KY1-1104

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

151 Lorong Chuan

#04-03A

New Tech Park

Singapore 556741

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

Room 1901, 19/F, Lee Garden One

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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Sertus Incorporations (Cayman) Limited

Sertus Chambers, Governors Square

Suite #5-204, 23 Lime Tree Bay Avenue

P.O. Box 2547

Grand Cayman, KY1-1104

Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Corporate Information

PRINCIPAL BANK

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8 Marina View
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Singapore 018960

STOCK CODE

1747

COMPANY'S WEBSITE

www.omniremotes.com

LEGAL ADVISER TO THE COMPANY

As to Hong Kong law

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Central
Hong Kong

AUDITOR

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Recognised Public Interest Entity Auditor
7 Straits View, Marina One, Singapore 018936

Management Discussion and Analysis

OVERVIEW

Home Control International Limited (the “Company”, together with its subsidiaries, the “Group”) is a globally leading home control solution provider headquartered in Singapore with worldwide presence in North America, Europe, Asia and Latin America. Originally established as the home control division of Philips prior to the acquisition of the entire stake of Home Control Singapore Pte. Ltd. by the Company from Philips in April 2015, the Group has been operating in this industry for over 30 years. Under the brand “Omni Remotes”, the Group develops and offers high quality and bespoke remote controls for a vast array of pay television (TV) operators and consumer electronics brands. The products are shipped to over 40 countries, with a blue-chip customer base that includes AT&T Services Inc. in North America, Sky CP Limited, British Telecommunications PLC, Vodafone Group Services Limited, and Liberty Global Services B.V. in Europe, as well as Reliance Retail Limited, Bharti Airtel Limited, and Hisense Electric Co., Ltd. in Asia.

The Group maintains a strong focus on innovation, with over 200 invention patents and owning one of the most comprehensive Infrared (IR) and code databases in the world. Simple Setup, its intelligent multi-device control solution, has been deployed to dozens of customers in the pay television (TV) operator and consumer electronics domains since its inception. In addition, its sustainability portfolio, including solar and ultra-low power platforms, has received broad industry recognition and commercial interest.

The Company continues to invest in various remote control technologies, including in the areas of sustainability, advanced sensors, as well as targeted solutions for vertical segments.

BUSINESS REVIEW

The Group’s revenue for the six months ended 30 June 2024 came in at approximately US\$52.1 million, representing a slight increase of approximately 3.7% from approximately US\$50.2 million in the same period in 2023.

In line with the market expectation, and with the automation and improved cost management measures adopted by the Group as set out in the Company's annual report 2023, coupled with a product mix with higher margins, as well as greater efficiency and material savings, and without taking into account the non-recurring restructuring costs of approximately US\$0.5 million incurred related to further optimising the cost structure, the Group has turned in an adjusted net profit (non-IFRS measure) of approximately US\$3.8 million for the six months ended 30 June 2024 as compared to an adjusted net profit (non-IFRS measure) of approximately US\$0.5 million for the six months ended 30 June 2023. ^(Note)

PROSPECT AND OUTLOOK

The persistent and heightened worldwide inflation has pivoted, but the instability of the political and economic situation arising from conflicts in Russia-Ukraine and the Middle East region, as well as the risk of global recession due to high interest rates are not averted yet. These factors may impede customer resummptions of new projects and consumer acquisitions. It is difficult to estimate the full impact given the dynamic nature of these circumstances. The Group will pay continuous attention to the situation, adhere to government measures and recommendations, continue to mitigate foreseeable risks with all sites and subsidiaries, and endeavor to operate with minimal impact on any function serving the business and the customers.

While the Group will continue to take steps in cost management, fresh resources will be channeled into research & development, sales force expansion to diversify into several adjacent spaces of the business, as well as improvements of its supply chain to support the existing business and the ongoing diversification. Its new digital automated production site located in the Hunan province of China has started mass production according to plan and is running at the planned capacity. The Group has mitigation plans in place if and when the global political situation evolves to materially impact the freedom of trades within our business.

Note: To supplement the unaudited condensed consolidated interim results of the Group prepared in accordance with the IFRS Accounting Standards ("IFRS") issued by International Accounting Standards Board ("IASB"), an additional non-IFRS measure (in terms of adjusted net profit) has been presented in this report. This unaudited non-IFRS measure should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with the IFRS. This non-IFRS measure could provide additional information to investors and others in understanding and evaluating the unaudited condensed consolidated interim results of operations of the Group in the same manner as it helps the management compare the financial results across accounting periods and with those of other peer companies. In addition, this non-IFRS measure may be defined differently from similar terms used by other companies.

The adjusted net profit ("Adjusted Net Profit (non-IFRS measure)") eliminates the effect of the non-recurring restructuring and severance costs incurred to optimise the cost structure so as to maintain competitiveness of the Group in the current business environment. The term of Adjusted Net Profit (non-IFRS measure) is not defined under the IFRS. The use of Adjusted Net Profit (non-IFRS measure) has material limitations as an analytical tool, as it does not include all items that impact the profit/loss for the relevant periods. The effect of the item eliminated from the Adjusted Net Profit (non-IFRS measure) is a significant component in understanding and assessing the operating and financial performance of the Group.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the six months ended 30 June 2024 increased by approximately 3.7% (approximately US\$1.9 million) compared to the six months ended 30 June 2023 mainly due to an approximate US\$13 million increase in revenue in the North America and Europe regions, partially offset by an approximate US\$11.1 million decrease in the Asia and Latin America regions.

The following table sets forth the breakdown of revenue of the Group by the geographical location of customers for the six months ended 30 June 2024 and 30 June 2023, respectively.

	For the six months ended 30 June 2024		For the six months ended 30 June 2023		Changes	
	US\$'000 (Unaudited)	% of Revenue	US\$'000 (Unaudited)	% of Revenue	US\$'000	%
North America	21,713	41.6	14,013	27.9	7,700	55.0
Europe	20,259	38.9	14,907	29.7	5,352	35.9
Asia	6,864	13.2	13,251	26.4	(6,387)	(48.2)
Latin America	3,271	6.3	8,075	16.0	(4,804)	(59.5)
Total	52,107	100.0	50,246	100.0	1,861	3.7

Cost of sales

The cost of sales of the Group mainly consists of components including finished goods from ODM (original design manufacturing), outsourcing and overheads. The cost of sales amounted to approximately US\$36.7 million and approximately US\$39.0 million for the six months ended 30 June 2024 and the six months ended 30 June 2023 respectively, representing approximately 70.4% and approximately 77.5% of the total revenue for the corresponding periods.

The following table sets forth the breakdown of the cost of sales for the six months ended 30 June 2024 and the six months ended 30 June 2023, respectively.

	For the six months ended 30 June 2024		For the six months ended 30 June 2023	
	US\$'000 (Unaudited)	%	US\$'000 (Unaudited)	%
Cost of components	31,069	84.7	32,274	82.9
Outsourcing	4,617	12.6	5,019	12.9
Overheads	982	2.7	1,660	4.2
	36,668	100.0	38,953	100.0

Gross profit

Gross profit increased by approximately US\$4.1 million from approximately US\$11.3 million for the six months ended 30 June 2023 to approximately US\$15.4 million for the six months ended 30 June 2024. Gross profit has increased mainly due to better product mix.

Other income

Other income of the Group has remained the same at approximately US\$0.1 million for the six months ended 30 June 2024 and 30 June 2023 respectively.

Selling and distribution expenses

Selling and distribution expenses of the Group increased from approximately US\$3.0 million for the six months ended 30 June 2023 to approximately US\$3.6 million for the six months ended 30 June 2024. The increase in selling and distribution expenses was mainly due to an approximate US\$0.4 million increase in distribution expenses and an approximate US\$0.3 million increase in professional fees.

Administrative expenses

Administrative expenses of the Group decreased by approximately US\$0.2 million, from approximately US\$6.1 million for the six months ended 30 June 2023 to approximately US\$5.9 million for the six months ended 30 June 2024. The decrease was mainly due to an approximate US\$0.2 million decrease in wages and salaries, pension contribution expenses and other personnel expenses.

Other expenses

Other expenses of the Group decreased from approximately US\$3.2 million for the six months ended 30 June 2023 to approximately US\$1.5 million for the six months ended 30 June 2024. The decrease of US\$1.7 million was mainly due to an approximate US\$1.5 million decrease in restructuring expenses, an approximate US\$0.4 million decrease in outsourced payroll services, partially offset by an approximate US\$0.2 million reduction in non-recurring engineering costs recovery.

Finance costs – net

Comparing to the six months ended 30 June 2023, net finance cost of the Group incurred during the six months ended 30 June 2024 decreased by approximately US\$0.5 million. The decrease was mainly due to an approximate US\$0.3 million decrease in interest on bank loans and an approximate US\$0.2 million decrease due to modification gain on financial assets.

Profit/(Loss) before tax

Profit before tax of the Group for the six months ended 30 June 2024 was approximately US\$4.1 million, as compared to a loss before tax of approximately US\$1.8 million for the six months ended 30 June 2023. This was mainly due to the changes of the profit and loss items stated above.

Income tax expense

The Group's income tax expense increased from a tax credit of approximately US\$0.3 million for the six months ended 30 June 2023 to a tax expense of approximately US\$0.9 million for the six months ended 30 June 2024. The income tax expense for the six months ended 30 June 2024 was higher mainly due to an increase in profit before tax.

Profit/(Loss) for the period

As a result of the above, the Group recorded a net profit after tax of approximately US\$3.2 million for the six months ended 30 June 2024, representing an increase of approximately US\$4.7 million from the loss after tax for the six months ended 30 June 2023 of approximately US\$1.5 million.

Earnings/(Loss) per Share

The basic and diluted earnings/(loss) per share of the Group for the six months ended 30 June 2024 is US0.63 cents and US0.63 cents, respectively (six months ended 30 June 2023: US(0.30) cents and US(0.30) cents, respectively).

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2024, the Group had cash and cash equivalents of approximately US\$19.4 million. The board (the “Board”) of directors (the “Directors”) of the Company is of the opinion that the financial position of the Group is healthy, and the Group has sufficient resources to support its operations and meet its foreseeable capital expenditures.

Cash flow

The following table sets forth a summary of the cash flows of the Group for the six months ended 30 June 2024 and 30 June 2023, respectively:

	For the six months ended	
	30 June 2024 US\$'000 (Unaudited)	30 June 2023 US\$'000 (Unaudited)
Net cash generated from operating activities	5,507	5,951
Net cash used in investing activities	(159)	(501)
Net cash used in financing activities	(2,654)	(7,990)
Net increase/(decrease) in cash and cash equivalents	2,694	(2,540)
Cash and cash equivalents at beginning of the period	16,872	15,317
Effects of exchange rate changes on cash and cash equivalents	(143)	17
Cash and cash equivalents at end of the period	19,423	12,794

Net cash flow generated from operating activities

The Group generates cash from operating activities primarily from sales of goods. Cash flow from operating activities reflects profit before taxation for the six months ended 30 June 2024 adjusted for (i) non-cash item such as depreciation of property, plant and equipment, and depreciation of right-of-use assets, interest expenses, provision for inventories and other items, which lead to the operating profit before changes in working capital; and (ii) effects of cash flows arising from changes in working capital, including changes in inventories, trade and other receivables and trade and other payables and other items, which lead to cash generated from operations; and income tax paid, which result in net cash generated from operating activities.

For the six months ended 30 June 2024, the Group’s net cash generated from operating activities was approximately US\$5.5 million, primarily due to (i) cash generated before working capital changes of approximately US\$6.0 million; (ii) decrease in trade receivables of approximately US\$2.1 million; (iii) decrease in prepayment and other receivables of approximately US\$0.7 million, partially offset by (iv) decrease in trade payables of approximately US\$3.4 million.

Net cash flow used in investing activities

Cash flow used in investing activities mainly relates to purchase of property, plant and equipment of approximately US\$0.2 million. For the six months ended 30 June 2024, the Group's net cash used in investing activities was approximately US\$0.2 million, which was primarily attributable to purchases of property, plant and equipment of approximately US\$0.2 million.

Net cash flow used in financing activities

Cash flow used in financing activities mainly includes proceeds from interest-bearing bank loans and repayment of interest-bearing bank loans. For the six months ended 30 June 2024, the Group's net cash flow used in financing activities was approximately US\$2.7 million, mainly attributable to approximately US\$1.8 million repayment of interest-bearing bank loans, approximately US\$0.6 million interest paid on loans, and approximately US\$0.3 million repayment of lease obligations.

NET CURRENT ASSETS

The Group's net current assets decreased by approximately US\$10.0 million from approximately US\$21.9 million as at 31 December 2023 to approximately US\$11.9 million as at 30 June 2024. The decrease was primarily due to (i) a decrease in trade receivables of approximately US\$1.9 million; (ii) an increase in interest-bearing loans of approximately US\$9.4 million; (iii) an increase in other payables and accruals of approximately US\$0.6 million; (iv) an increase in tax payable of approximately US\$0.7 million and (v) reclassification of financial asset at amortised costs from current to non-current of approximately US\$3.2 million, which were partially offset by (i) an increase in cash and cash equivalents of approximately US\$2.6 million; and (ii) a decrease in trade payables of approximately US\$3.4 million.

CAPITAL EXPENDITURE

The Group's capital expenditure consisted of purchase costs relating to property, plant and equipment. For the six months ended 30 June 2024, the Group's capital expenditure amounted to approximately US\$0.2 million for the acquisition of property, plant and equipment. The Group funded such capital expenditure primarily with cash generated from operating activities.

Capital and investment commitments

As at 30 June 2024, the Group did not have any capital and investment expenditure contracted for as at the end of the reporting period but not recognised in the interim condensed consolidated financial statements.

BANK LOANS AND CONTINGENT LIABILITIES

Bank loans

The Group's bank loans primarily consisted of short-term trade financing from bank. As at 30 June 2024, the Group had approximately US\$13.2 million (2023: US\$3.8 million) from short-term bank loans.

As at 30 June 2024, there was a floating charge over bank accounts of Home Control Singapore Pte. Ltd. ("HCS"), a wholly-owned subsidiary of the Company, amounting to approximately US\$14.7 million to secure the Group's bank loans.

Contingent liabilities

As at 30 June 2024, the Group did not have any contingent liabilities and guarantees.

Gearing ratio

Gearing ratio equals total debt divided by the adjusted total assets of the Group. Total debt includes all interest-bearing bank loans and lease liabilities. Adjusted total assets exclude goodwill. The gearing ratios as at 30 June 2024 and 31 December 2023 are approximately 22.2% and approximately 25.1%, respectively.

SEGMENT INFORMATION

An analysis of the Group's revenue and results by geographical segment based on the location of customers for the six months ended 30 June 2024 is set out in note 5 in the "Notes to Interim Condensed Consolidated Financial Information".

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have other plans for material investments or capital assets as at 30 June 2024.

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during the six months ended 30 June 2024.

CAPITAL STRUCTURE AND TREASURY POLICIES

The business activities of the Group are mainly financed by the share capital, interest-bearing bank loans and cash generated from the operating activities. As at 30 June 2024, the interest-bearing bank loans which were denominated in USD, at floating contractual interest rate, and maturing from 2024 up to 2026 was US\$13.2 million (as at 31 December 2023: US\$15.0 million). For details of the interest rates and maturity profile, please refer to note 17 in the “Notes to Interim Condensed Consolidated Financial Information”. No additional share of the Company (the “Shares”) was issued during the six months ended 30 June 2024. Details of the movements in the Company’s share capital are set out in note 18 in the “Notes to Interim Condensed Consolidated Financial Information”. The Board will continue to follow a prudent policy in managing the Group’s financial resources such as cash with the objective of maintaining a strong and healthy liquidity position to ensure that the Group is placed to seize future growth opportunities as and when such opportunities appear. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations when the interest-bearing bank loans are denominated in United States Dollar (“USD”) and majority of the cash maintained by the Group is denominated in USD despite also denominated in various other currencies including Euro, Singapore Dollar, Renminbi (“RMB”) and HKD. For details, please refer to the section headed “Foreign Exchange Risk Management” in this report below. However, the management of the Group constantly monitors the economic situation and the Group’s foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

FOREIGN EXCHANGE RISK MANAGEMENT

The functional currency of most of the entities of the Group is USD. The sales of the Group are mainly denominated in USD while purchases are mainly denominated in USD or RMB. In addition, the Group has its headquarters in Singapore and operating subsidiaries in the U.S., Belgium, the PRC and Brazil, of which overheads are settled in local currencies and therefore the Group is exposed to foreign exchange risks. Fluctuations in foreign exchange rates may be caused by various factors such as change in government policies, change in domestic and international economic and political conditions, and is always unpredictable. The Group had not entered into any agreements to hedge its exchange rate exposure, as the Group’s results of operations have generally been partially mitigated by the natural offset of foreign currency receivables with foreign currency payables. Going forward, the Group expects that exchange rates of SGD, RMB and USD will continue to fluctuate. Changes in the foreign exchange rates between the Group’s functional currencies and reporting currency may have an adverse impact on the Group’s finance costs, sales and product margins, and may reduce the value of, and dividends payable on, the Shares. The Group’s business and financial position may be materially and adversely affected. The management of the Group will continue to monitor the Group’s foreign currency exchange exposure and will take prudent measures to minimise that currency exchange risk.

EMPLOYEES, REMUNERATION POLICY

As at 30 June 2024, the Group had 146 employees (31 December 2023: 150 employees). The employees benefit expense incurred during the six months ended 30 June 2024 was approximately US\$6.1 million. As required by the applicable laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local government. The Group's remuneration policy rewards employees and Directors based on individual's performance, demonstrated capabilities, involvement, market comparable information and the performance of the Group. The Group improves the professional skills and management level of its employees through internal and external training. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Performance bonuses are offered to qualified employees based on individual and the Group's performance. The Group did not experience any material labour disputes during the six months ended 30 June 2024. The Company adopted a stock option plan of the Company as approved by the Board on 1 May 2015 (the "Scheme") as incentive for eligible employees. As at 1 May 2022, the Scheme was terminated upon the expiry of the Scheme period. No new options were granted and exercised thereunder during six months ended 30 June 2024. As at 1 May 2022, all options granted and accepted prior to such termination and not yet exercised under the Scheme were lapsed in accordance with the terms of the Scheme. The Company adopted the share award scheme on 20 August 2020 (the "Share Award Scheme") in order to recognise the contributions of such selected grantees (the "Selected Grantees") and in driving the continuous business operation and development of the Group. The Share Award Scheme shall terminate on the earlier of (i) the tenth (10th) anniversary date of the 20 August 2020; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Grantees under the Share Award Scheme. On 5 October 2020, the Board has resolved to award a total of not more than 5,016,337 award shares (the "Award Shares"), representing approximately 1.00% of the total issued Shares as at the date of this report, to ten Selected Grantees pursuant to the Share Award Scheme. On 5 October 2022, 2,508,166 Award Shares were vested and the Board has resolved to allot and issue a total of 2,508,166 new Shares, representing approximately 0.50% of the total issued Shares as at the date of this report of which (a) 1,191,379 new Shares were allotted and issued to four connected Selected Grantees (being Mr. Alain PERROT, Chairman of the Board and the then executive Director (and currently a non-executive Director), and three other connected Selected Grantees who are directors of certain subsidiaries of the Company) pursuant to specific mandate; and (b) 1,316,787 new Shares were allotted and issued to six non-connected Selected Grantees pursuant to general mandate. On 5 October 2023, 2,508,171 Award Shares were vested and the Board has resolved to allot and issue a total of 2,508,171 new Shares, representing approximately 0.50% of the total issued Shares as at the date of this report of which (a) 1,191,381 new Shares were allotted and issued to four connected Selected Grantees (being Mr. Alain PERROT, Chairman of the Board and the then executive Director (and currently a non-executive Director), and three other connected Selected Grantees who are directors of certain subsidiaries of the Company) pursuant to specific mandate; and (b) 1,316,790 new Shares were allotted and issued to six non-connected Selected Grantees pursuant to general mandate. As at 30 June 2024, all 5,016,337 Award Shares granted under the Share Award Scheme have been vested and no new Share Awards have been granted during the period. Accordingly, no Award Shares remain outstanding and unvested as at 30 June 2024. The details of the Share Award Scheme are disclosed in the announcements of the Company dated 20 August 2020, 5 October 2020 and 12 November 2020; and the circular of the Company dated 27 October 2020.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the date of this report, the Group had not entered into any off-balance sheet transactions.

USE OF PROCEEDS FROM LISTING

The Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 14 November 2019 (the “Listing Date”) and the net proceeds raised from this initial public offering after deducting underwriting fees and other related listing expenses amounted to approximately HK\$84.93 million (equivalent to approximately US\$10.83 million) (the “IPO Proceeds”).

As disclosed in the Company’s annual report for 2023, the unutilised IPO Proceeds would be applied in the same manner as set out in the prospectus of the Company dated 31 October 2019 (the “Prospectus”) and were expected to be fully utilised by the end of year 2021 (the “Original Timeline”). However, due to the prolonged outbreak of COVID-19, the global economic environment has been unstable and has hindered business discussions and due diligence procedures, the Original Timeline has been delayed.

Based on the Directors’ best estimation and assumption of future market conditions, the unutilised IPO Proceeds are expected to be fully utilised by 2024. Set out below is the Group’s planned use and actual use of the IPO Proceeds as at 30 June 2024:

	Planned use of IPO Proceeds (adjusted on a pro rata basis on the actual net proceeds) <i>HK\$' million</i>	Planned use of IPO Proceeds (adjusted on a pro rata basis on the actual net proceeds) <i>US\$' million</i>	Unutilised IPO Proceeds as at beginning of the financial year i.e. 1 January 2024 <i>US\$' million</i>	Proceeds utilised during the six months ended 30 June 2024 <i>US\$' million</i>	Utilised IPO Proceeds up to 30 June 2024 <i>US\$' million</i>	Unutilised as at 30 June 2024 <i>US\$' million</i>	Expected timeline for the unutilised IPO Proceeds
1 Strategic investments or acquisitions in the over-the-top (“OTT”) system and/or smart home security products	23.01	2.93	2.93	-	-	2.93	The unutilised IPO Proceeds are expected to be fully utilised by 2024.
2 Repayment of bank borrowing	21.12	2.69	-	-	2.69	-	-
3 R&D and develop the products for OTT segment and extend product lines in smart home products	14.27	1.82	1.82	-	-	1.82	The unutilised IPO Proceeds are expected to be fully utilised by 2024.
4 Expansion of professional sales force to support business expansion	13.8	1.76	1.21	0.03	0.58	1.18	The unutilised IPO Proceeds are expected to be fully utilised by 2024.
5 Strengthen the supply chain management and investment by extending beyond the PRC	6.57	0.84	-	-	0.84	-	-
6 Working capital and general corporate purposes	6.16	0.79	0.79	-	-	0.79	The unutilised IPO Proceeds are expected to be fully utilised by 2024.
	84.93	10.83	6.75	0.03	4.11	6.72	

The Directors expect that the use of IPO Proceeds can bring further improvements to the Group's overall business performance.

The Directors will constantly evaluate the Group's business strategies and specific needs from time to time. As at the date of this report, the Directors are not aware of any material changes to the planned use of IPO Proceeds as set out in the Prospectus. Further announcement will be made if there are any changes on the use of proceeds as and when appropriate.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

EVENTS AFTER THE REPORTING PERIOD

No other important events affecting the Company and its subsidiaries that require additional disclosures or adjustments occurred after the six months ended 30 June 2024 and up to the date of this report.

Corporate Governance and Other Information

CORPORATE GOVERNANCE CODE

The Group is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the shareholders of the Company (the "Shareholders"). The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its Shareholders.

The Company has adopted a corporate governance policy with provisions no less exacting than the Corporate Governance Code (the "Corporate Governance Code") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "Listing Rules") and complied with all the applicable code provisions set out in the Corporate Governance Code throughout the six months ended 30 June 2024 except for the deviation as detailed below.

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the Company structure up to and until 31 March 2024, Mr. Alain PERROT was the chairman of the Board (the "Chairman") and the chief executive officer (the "CEO"). The Board believed that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considered that the deviation from the code provision C.2.1 of the Corporate Governance Code was acceptable in such circumstance. In addition, at the relevant time, apart from Mr. Alain PERROT being the executive Director, the Board comprised two non-executive Directors and three independent non-executive Directors, and was appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders. Following the resignation of Mr. Alain PERROT from his role as the CEO and the appointment of Mr. Kwok Hoong SIU as the executive Director and the CEO with effect from 1 April 2024, the Company has fully complied with the requirements as set out in the code provision C.2.1 of the Corporate Governance Code. For details, please refer to the announcement of the Company dated 5 March 2024.

The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for Shareholders.

INTERIM DIVIDEND

The Board did not recommend to declare any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the model code for securities transactions by directors of the listed issuer as set out in Appendix C3 of the Listing Rules (the "Model Code") as its code of conduct regarding securities transactions by the Directors and relevant employees. Upon specific enquiry of all Directors, all Directors have confirmed that they complied with the required standards set out in the Model Code for the six months ended 30 June 2024.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

To gradually diversify the Group's lending relationships and to partially replace the existing loan facilities obtained prior to the Listing ("Existing Loan Facilities") with new loan facilities that offer lower borrowing cost and more flexible terms for a listed company, on 8 July 2020, the Company as borrower entered into a new facility agreement ("2020 Facility Agreement") with a bank (the "Bank") as lender in relation to facilities of up to US\$6,000,000 (or its equivalent amount in other currencies) (the "2020 New Facility"). The original maturity date of the 2020 New Facility is 30 June 2021, which has been extended to 30 June 2024 by the Bank. Other than that, all terms and conditions under the 2020 Facility Agreement remain unchanged. The purpose of the 2020 New Facility is for general working capital purposes.

Pursuant to the 2020 Facility Agreement, the Company undertakes, among others, that the controlling shareholder of the Company (the "Controlling Shareholder") shall maintain not less than 70% ownership of the Company. A breach of such undertaking will constitute an event of default under the 2020 Facility Agreement and all amounts (including principal and interest accrued thereon) due and owing by the Company to the Bank under the 2020 Facility Agreement shall become immediately due and payable by the Company without further demand.

As at 30 June 2024, US\$2,500,000 remained outstanding under the 2020 Facility Agreement.

On 23 February 2021, HCS as borrower entered into a new facility agreement ("2021 Facility Agreement") with a global bank (the "Lender") in relation to a term loan facility in the aggregate amount of US\$24,450,000 (the "2021 New Facility"). The 2021 New Facility has a term of 60 months from its utilization date. The purpose of the 2021 New Facility is to fully replace the Existing Loan Facilities with the 2021 New Facility that offer lower borrowing cost and more flexible terms for the subsidiary of a listed company.

As at 30 June 2024, US\$10,850,000 remained outstanding under the 2021 Facility Agreement.

Pursuant to the 2021 Facility Agreement, a specific performance covenant is imposed on the Controlling Shareholder to hold at least 51% of the voting Shares of the Company.

Save as disclosed above, for the six months ended 30 June 2024, there was no other loan agreement of the Company with covenants relating to specific performance of the Controlling Shareholder.

LOAN ARRANGEMENTS GRANTED TO ENTITIES

For the six months ended 30 June 2024, the Group did not grant any loan to any entity which is subject to disclosure requirements under Rule 13.13 of the Listing Rules.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

For the six months ended 30 June 2024, there was no pledge of Shares by the Controlling Shareholder.

BREACH OF LOAN AGREEMENTS

As at 30 June 2024, pursuant to a bank loan agreement of HCS, one of the financial covenant was breached, mainly related to the maintenance of a financial measure above an agreed level against the Group's payment obligations within a twelve month period. As a result, the lender has the right to demand immediate repayment of the bank loan with principal of US\$10,850,000 and related interest by HCS and the entire balance is classified as a current liability.

On discovery of the breach, the Group had informed the lender subsequent to balance sheet date, and the lender has agreed to waive the non-compliance of the financial covenant prior to the date of this report. Save for the above, there was no breach of the terms of the loan agreements by the Company or its subsidiaries that are significant to the business operations of the Group for the six months ended 30 June 2024.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

For the six months ended 30 June 2024, there was no financial assistance or guarantee to affiliated companies by the Company which is subject to disclosure.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 20 August 2020 (the "Adoption Date").

Any full-time employee, director or senior management of the Company or other members of the Group are eligible to participate in the Share Award Scheme.

The purpose of the Share Award Scheme is to (i) align the interests of eligible participants directly to those of the Shareholders through ownership of Shares; (ii) recognize the contributions made by the Selected Grantees and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (iii) attract high-calibre employees for further development of the Group. Subject to any early termination as may be determined by the Board in accordance with the terms of the Share Award Scheme, the Share Award Scheme shall be effective for ten (10) years commencing from the Adoption Date. As at the date of this report, the remaining life of the Share Award Scheme was approximately six years.

The Board shall not make any further award under the Share Award Scheme which will result in the number of Shares awarded by the Board thereunder representing in excess of 1.5% of the total issued Shares as at the Adoption Date or result in a breach of the public float of the Company falling below the minimum level required in the Listing Rules upon issuance of the Award Shares. On the basis of a total of 501,633,663 Shares in issue as at the Adoption Date, the maximum number of Shares permitted to be issued under the Share Award Scheme is 7,524,504 Shares, which represents approximately (but not more than) 1.50% of the total issued Shares as at the Adoption Date and represents approximately 1.49% of the total issued Shares as at the date of this report.

On 5 October 2020, the Board has resolved to award a total of not more than 5,016,337 award shares (the "Award Shares"), representing approximately 1.00% of the total issued Shares as at the date of the grant, at nil consideration under the Share Award Scheme of which (a) 2,382,760 Award Shares are granted to four connected Selected Grantees (being Mr. Alain PERROT, Chairman of the Board and the then executive Director (and currently a non-executive Director), and three other connected Selected Grantees who are directors of certain subsidiaries of the Company) by way of the proposed allotment and issue of new Shares pursuant to specific mandate; and (b) not more than 2,633,577 Award Shares are granted to six non-connected Selected Grantees by way of the proposed allotment and issue of new Shares pursuant to general mandate.

Pursuant to the Share Award Scheme, no amount is payable on application or acceptance of the Award Shares and no purchase price is payable for the Award Shares awarded, which is determined by the Board in its absolute discretion after taking into account that the purposes of the Share Award Scheme, as detailed above, are to incentivize and retain Selected Grantees, and to attract talents to join the Group. As such, for those Award Shares awarded pursuant to the rules of the Share Award Scheme, the purchase price for the Award Shares under the Share Award Scheme is nil.

At the extraordinary general meeting of the Company held on 12 November 2020, ordinary resolutions were passed in relation to the grant of Award Shares to the connected Selected Grantees and the grant of specific mandate to the Directors regarding the issue and allotment of 2,382,760 Award Shares to the connected Selected Grantees.

50% of the total Award Shares shall be vested on the second anniversary of the date of grant; and 50% of the total Award Shares shall be vested on the third anniversary of the date of grant. There is no other performance target required except the eligible participant remains as an employee of the Group during the vesting period. There is no maximum entitlement for each eligible participant under the rules of the Share Award Scheme and as at the date of this report, no Selected Grantee has been granted Award Shares exceeding 1% of the total issued share capital of the Company.

On 5 October 2022, 2,508,166 Award Shares were vested and the Board has resolved to allot and issue a total of 2,508,166 new Shares to satisfy the grant of the Award Shares to the ten Selected Grantees on 5 October 2020 pursuant to the Share Award Scheme.

On 5 October 2023, 2,508,171 Award Shares were vested and the Board has resolved to allot and issue a total of 2,508,171 new Shares, representing approximately 0.50% of the total issued Shares as enlarged by such allotment and issue, to satisfy the grant of the Award Shares to the ten Selected Grantees on 5 October 2020 pursuant to the Share Award Scheme. As at 31 December 2023, a total of 5,016,337 Shares have been allotted and issued to the ten Selected Grantees pursuant to the Share Award Scheme.

As at 1 January 2024, there were 2,508,167 Award Shares available for grant under the Share Award Scheme. During the six months ended 30 June 2024, no Share Awards were granted, and accordingly as at 30 June 2024, there were 2,508,167 Award Shares available for grant under the Share Award Scheme. As at the date of this report, the total number of Shares available for issue under the Share Award Scheme is 2,508,167 Shares (representing approximately 0.5% of the total issued Shares as at the date of this report), of which 2,508,167 Shares are available for issue in case of further grant of 2,508,167 Share Awards (representing approximately 0.5% of the total issued Shares as at the date of this report).

Corporate Governance and Other Information

As at 30 June 2024, all 5,016,337 Award Shares granted under the Share Award Scheme have been vested and no new Share Awards have been granted during the period. Accordingly, no Award Shares remain outstanding and unvested as at 30 June 2024. There was also no cancellation, forfeiture, expiration or lapse of Award Shares during the six months ended 30 June 2024. Details of the grantees under the Share Award Scheme and movements of Award Shares during the period are set forth in the table below:

Name of Grantees	Relationship with the Group	Date of Grant	Number of Award Shares				
			Outstanding as at 1 January 2024	Granted during the period	Vested during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2024
Alain PERROT	Chairman of the Board and non-executive Director	5 October 2020	-	-	-	-	-
Jean Paul L. ABRAMS	Director of a subsidiary of the Company	5 October 2020	-	-	-	-	-
Guat Beng NG (黃月明)	Director of certain subsidiaries of the Company	5 October 2020	-	-	-	-	-
Yuechun ZHU (朱閱春)	Director of certain subsidiaries of the Company	5 October 2020	-	-	-	-	-
Six non-connected selected grantees	Full-time employees of the Group	5 October 2020	-	-	-	-	-
Total			-	-	-	-	-

For further details of the Share Award Scheme, please refer to the announcements of the Company dated 20 August 2020, 5 October 2020 and 12 November 2020; and the circular of the Company dated 27 October 2020.

CHANGE IN THE DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B OF THE LISTING RULES

The change in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

- Mr. SIU Kwok Hoong ("Mr. Siu") has been appointed as an executive Director and the CEO, each with effect from 1 April 2024. Mr. Siu has entered into a service contract with the Company for a term of one year and renewable automatically thereafter for successive terms of one year each commencing from the date next after the expiry of the then current term of office, subject to provisions of the articles of association of the Company and the Listing Rules. Mr. Siu is not entitled to any remuneration and benefits as an executive Director but will receive an annual remuneration of SGD292,500.00 for his appointment as the CEO with reference to his duties, responsibility and expected time commitment to the Company's affairs.
- Mr. Alain PERROT ("Mr. Perrot") has stepped down from his role as the CEO, and has been redesignated from an executive Director to a non-executive Director, each with effect from 1 April 2024. Mr. Perrot has entered into a service contract with the Company for a term of one year and renewable automatically thereafter for successive terms of one year each commencing from the date next after the expiry of the then current term of office, subject to provisions of the articles of association of the Company and the Listing Rules. Mr. Perrot is entitled to an annual remuneration of US\$50,000.00 with reference to his duties, responsibility and expected time commitment to the Company's affairs and shall be subject to review.

For further details of Mr. Siu's appointment and Mr. Perrot's redesignation, please refer to the announcement of the Company dated 5 March 2024.

Save as disclosed above, there is no other information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

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

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Interest in the Shares

Name of Director	Nature of interest	Number of Shares or underlying Shares ^(Note 1)	Approximate percentage of interest in the Company ^(Note 1)
Alain PERROT	Beneficial owner	1,254,084 (L)	0.25%
Kwok Hoong SIU	Beneficial owner	501,634 (L)	0.10%

Note:

- As at 30 June 2024, the Company issued 506,650,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

(ii) Interest in associated corporation

Name of Director	Name of associated corporation	Nature of Interest	Number of shares interested ^(Note 1)	Approximate percentage of interest in the associated corporation
Alain PERROT ^(Note 2)	Omni Remotes do Brasil Ltda	Beneficial owner	100	1%
	NHPEA IV Home Control Netherlands B.V. ("NHPEA")	N/A ^(Note 2)	N/A ^(Note 2)	N/A ^(Note 2)

Notes:

- All interests stated are long positions.
- Mr. Alain PERROT's interest in NHPEA is a cash-settled derivative interest in NHPEA by way of an agreement between him and Morgan Stanley Private Equity Asia IV, L.L.C..

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES

As at 30 June 2024, to the best knowledge of the Directors, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO, or otherwise notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, were as follows:

Name of Shareholders	Nature of interest	Number of Shares or underlying Shares ^(Note 1)	Approximate percentage of shareholding ^(Note 1)
Morgan Stanley	Interest of controlled corporation	375,000,000 (L) <i>(Notes 2 and 3)</i>	74.02%
MS Holdings Incorporated	Interest of controlled corporation	375,000,000 (L) <i>(Notes 2 and 3)</i>	74.02%
Morgan Stanley Private Equity Asia IV, Inc.	Interest of controlled corporation	375,000,000 (L) <i>(Notes 2 and 3)</i>	74.02%
Morgan Stanley Private Equity Asia IV, L.L.C.	Interest of controlled corporation	375,000,000 (L) <i>(Notes 2 and 3)</i>	74.02%
North Haven Private Equity Asia IV, L.P.	Interest of controlled corporation	375,000,000 (L) <i>(Notes 2 and 3)</i>	74.02%
North Haven Private Equity Asia IV Holdings Limited	Interest of controlled corporation	375,000,000 (L) <i>(Notes 2 and 3)</i>	74.02%
NHPEA IV Holding Cooperatief U.A.	Interest of controlled corporation	375,000,000 (L) <i>(Notes 2 and 3)</i>	74.02%
NHPEA	Beneficial owner	375,000,000 (L) <i>(Notes 2 and 3)</i>	74.02%

Notes:

1. As at 30 June 2024, the Company issued 506,650,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
2. Such 375,000,000 Shares belong to the same batch of Shares.
3. Pursuant to section 336 of the SFO, if certain conditions are met, the Shareholders are required to submit a disclosure of interest notice. In the event of changes in the shareholding of the Shareholders in the Company, the Shareholders will not be required to notify the Company and the Stock Exchange unless certain conditions are met. Therefore, the latest shareholding of the Shareholders in the Company may be different from the shareholding submitted to the Stock Exchange.

Save as disclosed above, as at 30 June 2024, the Directors are not aware of any other persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, or otherwise notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

REVIEW OF FINANCIAL INFORMATION BY THE AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the Corporate Governance Code. As at the date of this report, the Audit Committee consists of the three independent non-executive Directors, namely, Dr. Shou Kang CHEN (Chairman), Mr. Werner Peter VAN ECK and Ms. Keet Yee LAI.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 and discussed with the management the accounting principles and practices adopted by the Group, risk management and internal controls and financial reporting matters of the Group and this report. The Audit Committee has no disagreement with the accounting treatment adopted by the Company. The unaudited interim financial information of the Group for the six months ended 30 June 2024 has been reviewed by the auditor of the Company in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the International Auditing and Assurance Standards Board.

Review Report of Interim Financial Information

Report on Review of Interim Financial Information

To the Board of Directors of Home Control International Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 27 to 54, which comprises the interim condensed consolidated statement of financial position of Home Control International Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2024 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising material accounting policy information and other explanatory information. 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”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore, 16 August 2024

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Revenue	6	52,107	50,246
Cost of Sales	8	(36,668)	(38,953)
Gross Profit		15,439	11,293
Other Income	6	54	77
Selling and distribution expenses	8	(3,598)	(2,986)
Administrative expenses	8	(5,885)	(6,076)
Provision for impairment loss:			
– Trade receivables		(6)	(29)
Other expenses	8	(1,485)	(3,189)
Finance costs – net	7	(413)	(923)
Profit/(loss) before tax		4,106	(1,833)
Income tax (expense)/credit	9	(898)	344
Profit/(loss) for the period and attributable to owners of the Company		3,208	(1,489)
Other comprehensive loss:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(71)	(10)
Other comprehensive loss for the period		(71)	(10)
Total comprehensive income/(loss) for the period and attributable to owners of the Company		3,137	(1,499)
Earnings/(loss) per share for profit/(loss) attributable to owners of the company:			
Basic	19	US 0.63 cents	US (0.30) cents
Diluted	19	US 0.63 cents	US (0.30) cents

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Financial Position

30 June 2024

		30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
	<i>Notes</i>		
ASSETS			
Non-current asset			
Property, plant and equipment and right-of-use assets	10	2,015	2,775
Other intangible assets		6	12
Goodwill	11	8,877	8,877
Deferred tax assets		286	217
Other receivables	14	–	628
Financial asset at amortised costs	12	3,229	–
Total non-current assets		14,413	12,509
Current assets			
Financial asset at amortised costs	12	–	3,229
Inventories		10,863	11,135
Trade receivables	13	24,339	26,251
Prepayments and other receivables	14	661	740
Cash and cash equivalents	15	19,423	16,872
Total current assets		55,286	58,227
Total assets		69,699	70,736
LIABILITIES			
Current liabilities			
Trade payables	16	24,343	27,711
Other payables and accruals		4,800	4,152
Advance received from customer		–	53
Interest-bearing bank loans	17	13,238	3,834
Lease liabilities		172	393
Provisions		106	131
Tax payables		775	89
Total current liabilities		43,434	36,363
Net current assets		11,852	21,864
Total assets less current liabilities		26,265	34,373

Interim Condensed Consolidated Statement of Financial Position
30 June 2024

		30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
	<i>Notes</i>		
Non-current liabilities			
Interest-bearing bank loans	17	–	11,171
Lease liabilities		71	114
Provisions		184	188
Deferred tax liabilities		62	89
Total non-current liabilities		317	11,562
Net assets		25,948	22,811
EQUITY			
Share capital	18	5,067	5,067
Reserves		20,881	17,744
Total equity		25,948	22,811

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company								
	Share capital US\$'000	Share premium* US\$'000	Statutory reserve* US\$'000	Retained profit/ loss* US\$'000	Share award reserve* US\$'000	Employee share option reserve* US\$'000	Exchange fluctuation reserve* US\$'000	Capital reserve* US\$'000	Total US\$'000
At 1 January 2024	5,067	8,013	47	6,371	-	-	(307)	3,620	22,811
Profit for the period	-	-	-	3,208	-	-	-	-	3,208
Other comprehensive loss for the period: Exchange differences related to foreign operations	-	-	-	-	-	-	(71)	-	(71)
Total comprehensive income/(loss) for the period	-	-	-	3,208	-	-	(71)	-	3,137
At 30 June 2024 (Unaudited)	5,067	8,013	47	9,579	-	-	(378)	3,620	25,948
At 1 January 2023	5,042	7,830	47	7,990	155	-	(380)	3,620	24,304
Loss for the period	-	-	-	(1,489)	-	-	-	-	(1,489)
Other comprehensive loss for the period: Exchange differences related to foreign operations	-	-	-	-	-	-	(10)	-	(10)
Total comprehensive loss for the period	-	-	-	(1,489)	-	-	(10)	-	(1,499)
Share award scheme arrangements	-	-	-	-	32	-	-	-	32
At 30 June 2023 (Unaudited)	5,042	7,830	47	6,501	187	-	(390)	3,620	22,837

* These reserve accounts comprise the consolidated reserves of US\$20,881,000 (2023: US\$17,795,000) in the consolidated statement of financial position as at 30 June 2024.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Cash flows from operating activities			
Profit/(Loss) before tax		4,106	(1,833)
Adjustments for:			
– Depreciation of property, plant and equipment	8	679	1,005
– Depreciation of right-of-use assets	8	264	274
– Amortisation of other intangible assets	8	6	10
– Amortisation of loan arrangement fee and facility fee	7	33	33
– Share award scheme expenses	8	–	32
– Loss on disposal of property, plant and equipment	8	1	4
– Interest expenses	7	579	890
– Interest income from bank deposits		(26)	(32)
– Modification gain on financial assets	7	(199)	–
– Impairment loss on financial assets	13	6	29
– Provision for inventories		459	98
– Effect of exchange rate changes		84	5
		5,992	515
Change in working capital:			
– (Increase)/Decrease in inventories		(187)	3,220
– Decrease in trade receivables		2,105	1,651
– Decrease/(Increase) in prepayment and other receivables		707	(70)
– (Decrease)/Increase in trade payables		(3,368)	2,452
– Increase/(Decrease) in other payables and accruals		648	(719)
– Decrease in payment from customers		(53)	–
– Decrease in provisions		(29)	(60)
Cash generated from operating activities		5,815	6,989
Net income tax paid		(308)	(1,038)
Net cash generated from operating activities		5,507	5,951
Cash flows from investing activities			
Purchases of property, plant and equipment	10	(185)	(533)
Interest received		26	32
Net cash used in investing activities		(159)	(501)

Interim Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2024

	<i>Notes</i>	2024 (Unaudited) <i>US\$'000</i>	2023 (Unaudited) <i>US\$'000</i>
Cash flows from financing activities			
Repayment of interest-bearing bank loans		(1,800)	(6,800)
Principal portion of lease payments		(275)	(300)
Interest portion of lease liabilities		(12)	(17)
Interest paid		(567)	(873)
Net cash used in financing activities		(2,654)	(7,990)
Net increase/(decrease) in cash and cash equivalents		2,694	(2,540)
Cash and cash equivalents at beginning of period		16,872	15,317
Effects of exchange rate changes on cash and cash equivalents		(143)	17
Cash and cash equivalents at end of period	<i>15</i>	19,423	12,794

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in the provision of solutions for sensing and control technologies marketed in the smart home automation, consumer electronics and set-top-box segments.

The Shares of the Company have been listed on the Main Board of the Stock Exchange since the listing date on 14 November 2019.

The immediate holding company of the Company is NHPEA IV Home Control Netherlands B.V., which is incorporated in the Netherlands and the ultimate holding company of the Company is Morgan Stanley, which is listed on the New York Stock Exchange and is incorporated in the United States of America.

This interim condensed consolidated financial information is presented in thousands of unit of United States Dollars ("US\$'000"), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board on 16 August 2024.

This interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRS Accounting Standards ("IFRS") issued by International Accounting Standards Board ("IASB").

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. In preparing this unaudited interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

Taxes on income for the six-month periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

The interim condensed consolidated financial information has been prepared under the historical cost convention.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the new standards and amendments to its existing standards which are relevant to the Group’s operations and are applicable to the Group’s accounting periods beginning on 1 January 2024. The Group has adopted all the new and revised standards, amendments and interpretations that are relevant to the Group’s operations and mandatory for annual period beginning 1 January 2024. The effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group’s current and prior years’ results or financial position.

The Group has adopted the following revised IFRSs for the first time for annual period beginning 1 January 2024

Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangement</i>

Standards and amendments which are not yet effective and not early adopted

Amendments to IAS 21 ⁽¹⁾	<i>Lack of Exchangeability</i>
Amendments to IFRS 10 and IAS 28 ⁽²⁾	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>

(1) Effective for annual periods beginning 1 January 2025
(2) New effective date to be determined

The Group is assessing the full impact of these new and amended standards, interpretation and accounting guideline. Some of them may give rise to change in presentation, disclosure and measurements of certain items on the Group’s results of operations and financial position, but the impacts are not expected to be significant.

4. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has determined that the carrying amounts of cash and cash equivalents, trade receivables, financial assets included in financial assets at amortised cost, prepayments and other receivables, trade payables, financial liabilities included in other payables and accruals, current portion of interest-bearing bank loans, reasonably approximate to their fair values because these financial instruments are mostly short term in nature. The carrying amounts of long-term interest-bearing bank loans, which incur interest at floating interest rates, also approximate to their fair values as the interest rate is periodically adjusted to the market rate.

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.

5. OPERATING SEGMENT INFORMATION

An operating segment, in part, is a component of an enterprise whose operating results are regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance. Operating segments may be aggregated only to a limited extent. Management reviews the financial information about revenues and operating results as a whole for purpose of making operating decisions and assessing financial performance. Accordingly, the Group only has a single operating and reportable segment. Therefore, no further information about the operating segment is presented other than the entity-wide disclosures.

5. OPERATING SEGMENT INFORMATION (Continued)

Entity-wide Disclosures

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
North America	21,713	14,013
Europe	20,259	14,907
Asia	6,864	13,251
Latin America	3,271	8,075
	52,107	50,246

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

(b) Non-current assets

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
North America	15	30
Europe	132	180
Asia	1,874	2,577
	2,021	2,787

The non-current asset information above is based on the locations of the non-current assets and excludes goodwill, deferred tax assets, other receivables and financial asset at amortised costs.

5. OPERATING SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the six months ended 30 June 2024 and 2023 is set out below:

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Customer 1	10,822	6,372
Customer 2	7,191	N/A*

* The corresponding revenue from the customer was not disclosed as the revenue did not individually account for 10% or more of the Group's revenue for the period.

6. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
<i>Revenue from contracts with customers</i>		
Sale of goods	52,046	50,134
Royalty income	61	112
	52,107	50,246

6. REVENUE AND OTHER INCOME (Continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Timing of revenue recognition		
At a point in time		
– Sale of goods	52,046	50,134
Over time		
– Royalty income	61	112
Total revenue from contracts with customers	52,107	50,246

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon passage of control of goods.

Payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Royalty income

The performance obligation is satisfied over time based on each licensed product manufactured by the licensee.

6. REVENUE AND OTHER INCOME (Continued)

Revenue from contracts with customers

An analysis of other income is as follows:

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Government grants (Note (a))	28	10
Others	26	67
	54	77

- (a) The government grants for the six months ended 30 June 2024 comprised subsidies received from the local governments to support the business operation of the entities.

There are no unfulfilled conditions or contingencies relating to these grants.

7. FINANCE COSTS – NET

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Finance costs – net		
Interests on:		
– Bank borrowings	(567)	(873)
– Lease liabilities	(12)	(17)
Amortisation of loan arrangement fee and facility and legal fee	(33)	(33)
Modification gain on financial assets (Note (a))	199	–
	(413)	(923)

- (a) The non-current other receivables of US\$628,000 as at 31 December 2023 were loan receivables from a non-related party that bore interest at 11.0% maturing in December 2027. During the six months ended 30 June 2024, the Group agreed with the non-related party to repay the outstanding amounts for a consideration of US\$827,000 and a modification gain of US\$199,000 was recognised.

8. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Cost of inventories sold	30,612	32,176
Provision for inventories	459	98
Outsourcing costs	4,617	5,018
Depreciation of property, plant and equipment	679	1,005
Depreciation of right-of-use assets	264	274
Loss on disposal of property, plant and equipment	1	4
Loss on phishing attack*	–	340
Amortisation of other intangible assets	6	10
Distribution costs	594	186
Foreign exchange differences, net	44	49
Auditor's remuneration		
– Audit service	75	121
– Non-audit services	25	59
Restructuring and severance costs	545	2,033
Expenses for short term leases	–	29
Expenses for low value leases	2	2
Employee benefits expense		
– <i>Wage and salaries</i>	5,080	5,199
– <i>Pension scheme contributions</i>	905	1,099
– <i>Long service awards</i>	11	(2)
– <i>Share award scheme</i>	–	32
– <i>Other employee benefits</i>	121	157

During the six months ended 30 June 2024, the Group incurred expenses for the purpose of research and development of US\$2,866,000 (2023: US\$3,053,000), which comprised employee benefits expenses of US\$2,048,000 (2023: US\$2,220,000).

* The Group recorded approximately US\$nil (2023: US\$340,000) in "other expenses" in the Interim Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2024 relating to two business email compromise attacks. These two payments made out to fictitious invoices were reported to relevant law enforcement authorities and investigated by a forensic firm and the Group. The respected loss has been recovered from insurance in the year ended 31 December 2023. The relevant internal control system was further strengthened.

9. INCOME TAXES

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which entities of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company and HCIL Master Option Limited are not subject to any income tax in this jurisdiction.

The Singapore statutory income tax for HCS has been provided at the rate of 17% (2023: 17%) on the estimated assessable profits arising in Singapore during the reporting period.

The federal tax for Premium Home Control Solutions LLC has been provided at the rate of 21% (2023: 21%), and the state tax has been provided at the rate of 4% (2023: 4%) on the estimated assessable profits arising in the United States of America during the reporting period.

The provision for Mainland China income tax has been provided at the applicable income tax rate of 25% (2023: 25%) on the estimated assessable profits of the PRC subsidiaries of the Group in accordance with the PRC Corporate Income Tax Law. The income tax for HCS (Suzhou) Limited has been provided at the rate of 25% (2023: 15%) on the estimated assessable profits arising in China during the reporting period. Home Control Solutions (Suzhou) Limited qualified as a Micro-sized Enterprise and was subject to a preferential income tax rate of 5% (2023: 5%) for the reporting period.

The corporate income tax rate for Home Control Europe NV has been provided at the rate of 25% (2023: 25%) on the estimated assessable profits arising in Belgium during the reporting period.

The corporate income tax rate for Omni Remotes do Brasil Ltda has been provided at the rate of 24% (2023: 24%) on the estimated assessable profits arising in Brazil during the reporting period.

9. INCOME TAXES (Continued)

The Group calculates the period income tax expense/(credit) using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense/(credit) are as follows:

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Current tax – Singapore		
Charge for the period	761	87
Under-provision in prior periods	1	–
Current tax – United States of America		
Charge for the period	96	85
Current tax – China and elsewhere		
Charge for the period	141	31
	999	203
Deferred tax	(101)	(547)
Total tax expense/(credit) for the period	898	(344)

10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Property, plant and equipment					Right-of-use assets				
	Furniture and fittings	Specific tools	Machinery and equipment	Construction- in-progress	Sub-total	Re- instatement	Office premises	Motor vehicles	Sub-total	Total
Cost										
At 31 December 2022 and 1 January 2023 (Audited)	132	16,237	6,550	468	23,387	331	3,718	387	4,436	27,823
Additions	-	3	24	506	533	-	-	-	-	533
Transfer	-	575	-	(575)	-	-	-	-	-	-
Disposals	-	(1,735)	(63)	-	(1,798)	-	-	-	-	(1,798)
Lease modification	-	-	-	-	-	-	-	6	6	6
Exchange differences	-	(38)	(70)	-	(108)	-	(159)	(122)	(281)	(389)
At 30 June 2023 (Unaudited)	132	15,042	6,441	399	22,014	331	3,559	271	4,161	26,175
Accumulated depreciation										
At 31 December 2022 and 1 January 2023 (Audited)	132	15,149	4,706	-	19,987	306	3,010	182	3,498	23,485
Charge for the period	-	533	472	-	1,005	6	223	45	274	1,279
Disposals	-	(1,734)	(60)	-	(1,794)	-	-	-	-	(1,794)
Exchange differences	-	(37)	(66)	-	(103)	(1)	(135)	(81)	(217)	(320)
At 30 June 2023 (Unaudited)	132	13,911	5,052	-	19,095	311	3,098	146	3,555	22,650

10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

	Property, plant and equipment					Right-of-use assets					
	Furniture and fittings	Specific tools	Machinery and equipment		Construction- in-progress	Sub-total	Re- instatement	Office premises	Motor vehicles	Sub-total	Total
			US\$'000	US\$'000							
Cost											
At 31 December 2023 and 1 January 2024 (Audited)	132	15,156	5,995	470	21,753	345	3,518	272	4,135	25,888	
Additions	-	-	-	185	185	-	10	-	10	195	
Transfer	-	327	-	(327)	-	-	-	-	-	-	
Disposals	-	-	(57)	-	(57)	-	-	-	-	(57)	
Exchange differences	-	(24)	(42)	-	(66)	(5)	(44)	(9)	(58)	(124)	
At 30 June 2024 (Unaudited)	132	15,459	5,896	328	21,815	340	3,484	263	4,087	25,902	
Accumulated depreciation											
At 31 December 2023 and 1 January 2024 (Audited)	132	14,367	4,993	-	19,492	317	3,188	116	3,621	23,113	
Charge for the period	-	356	323	-	679	7	221	36	264	943	
Disposals	-	-	(56)	-	(56)	-	-	-	-	(56)	
Exchange differences	-	(24)	(39)	-	(63)	(4)	(42)	(4)	(50)	(113)	
At 30 June 2024 (Unaudited)	132	14,699	5,221	-	20,052	320	3,367	148	3,835	23,887	
Net carrying amount											
At 30 June 2023 (Unaudited)	-	1,131	1,389	399	2,919	20	461	125	606	3,525	
At 31 December 2023 (Audited)	-	789	1,002	470	2,261	28	330	156	514	2,775	
At 30 June 2024 (Unaudited)	-	760	675	328	1,763	20	117	115	252	2,015	

11. GOODWILL

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Cost and net carrying amount	8,877	8,877

As at 30 June 2024, no impairment charge has been recorded against goodwill (30 June 2023: no impairment charge).

12. FINANCIAL ASSET AT AMORTISED COSTS

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Unlisted investment at amortised cost		
– Non-current	3,229	–
– Current	–	3,229

The above investments were treasury management principal protected products issued by a licensed financial institution. The investments are denominated in Hong Kong Dollar. The investment matures initially 1.5 years from inception, and will be rolled over automatically unless the parties mutually agree to terminate it. The financial institution has the right to redeem the investments prior to its termination, and the discretion to determine the interest to be compensated.

These investments are classified as financial asset at amortised cost as their contractual cash flows are solely payments of principal and interest.

The investments are rolled over in May 2024.

13. TRADE RECEIVABLES

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Trade receivables	24,678	26,584
Impairment	(339)	(333)
	24,339	26,251

Trade receivables are non-interest-bearing and are generally on 30 to 90 days' credit terms. They are recognised at their original invoice amounts on initial recognition.

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

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
0–90 days	20,479	23,473
91 to 180 days	2,577	1,628
More than 180 days	1,283	1,150
	24,339	26,251

The movements in the loss allowance for impairment of trade receivables are as follows:

	30 June 2024 (Unaudited) US\$'000	30 June 2023 (Unaudited) US\$'000
At beginning of period	333	253
Impairment loss	6	29
At end of period	339	282

14. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Current		
Other receivables	58	176
Value-added tax recoverable	50	90
Prepayments	553	474
	661	740
Non-current		
Other receivables (Note (a))	–	628
	661	1,368

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

The Group had applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. For current other receivables, the balances were settled within 12 months and had no historical default.

- (a) The non-current other receivables of US\$628,000 as at 31 December 2023 were loan receivables from a non-related party that bore interest at 11.0% maturing in December 2027. During the six months ended 30 June 2024, the Group agreed with the non-related party to repay the outstanding amounts for a consideration of US\$827,000 and a modification gain of US\$199,000 was recognised in (Note 7).

15. CASH AND CASH EQUIVALENTS

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Cash and cash equivalents	19,423	16,872
Denominated in:		
US\$	14,933	13,066
Euro	1,479	1,363
Singapore Dollar	235	204
RMB	2,135	1,382
British Pound Sterling	225	423
Brazilian Real	238	234
Others	178	200
Total	19,423	16,872

Cash at banks earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

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. The remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

16. TRADE PAYABLES

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Trade payables	24,343	27,711

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

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
0–90 days	18,747	20,546
91 to 180 days	5,589	7,086
More than 180 days	7	79
	24,343	27,711

The trade payables are non-interest-bearing and are normally settled on 90-day credit terms.

17. INTEREST-BEARING BANK LOANS

	As at 30 June 2024 (Unaudited)		
	Contractual interest rate (%)	Maturity	US\$'000
Current			
Loan from bank – secured (Note (a))	SOFR + 2.5%	Repayable on demand due to breach of loan covenant (Note (b))	10,738
Loan from bank – unsecured	SOFR + 1.7%	Sep 2024	2,500
			13,238
	As at 31 December 2023 (Audited)		
	Contractual interest rate (%)	Maturity	US\$'000
Current			
Loan from bank – secured (Note (a))	SOFR + 2.5%	Mar & Sep 2024	1,334
Loan from bank – unsecured	SOFR + 1.7%	Mar 2024	2,500
			3,834
Non-current			
Loan from bank – secured (Note (a))	SOFR + 2.5%	Mar 2025 – Mar 2026	11,171
			15,005

The bank loan of the Group has been presented net of the loan arrangement fee. If Secured Overnight Financing Rate (“SOFR”) is less than zero, SOFR shall be deemed to be zero. All interest-bearing bank loans are denominated in USD.

- (a) As at 30 June 2024 and 31 December 2023, the bank loan was secured by a floating charge over bank accounts of HCS amounting to approximately US\$14.7 million (2023: US\$11.0 million).
- (b) As at 30 June 2024, pursuant to a bank loan agreement of HCS, one of the financial covenant was breached, mainly related to the maintenance of a financial measure above an agreed level against the Group’s payment obligations within a twelve month period. As a result, the lender has the right to demand immediate repayment of the bank loan with principal of US\$10,850,000 and related interest by HCS and the entire balance is classified as a current liability.

On discovery of the breach, the Group had informed the lender subsequent to balance sheet date, and the lender has agreed to waive the non-compliance of the financial covenant prior to the date of this report.

The bank loan of the Group has been presented net of the loan arrangement fee.

17. INTEREST-BEARING BANK LOANS (Continued)

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Analysed into:		
Loan from bank repayable:		
– Within one year or on demand	13,238	3,834
– In the second year	–	7,359
– In the third to fifth year, inclusive	–	3,812
	13,238	15,005

18. SHARE CAPITAL

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Authorised:		
5,000,000,000 (31 December 2023: 5,000,000,000) ordinary shares of US\$0.01 each	50,000	50,000
Issued and fully paid:		
506,650,000 (31 December 2023: 506,650,000) ordinary shares US\$0.01 each	5,067	5,067

19. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on profit/(loss) for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 506,650,000 (2023: 502,238,372) in issue.

The calculation of the diluted earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to owners of the Company. 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 of all dilutive potential ordinary shares into ordinary shares.

19. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (Continued)

The calculations of basic and diluted earnings/(loss) per share are based on:

	30 June 2024 (Unaudited) US\$'000	30 June 2023 (Unaudited) US\$'000
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company, used in the basic earnings/(loss) per share calculation	3,208	(1,489)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	506,650,000	502,238,372
Effects of dilution – weighted average number of ordinary shares:		
– Share awards	–	2,508,171
	506,650,000	504,746,543

20. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and immediate holding company at terms agreed between the parties:

Compensation of key management personnel of the Group:

	30 June 2024 (Unaudited) US\$'000	30 June 2023 (Unaudited) US\$'000
Short-term employee benefits	662	570
Pension scheme contributions	74	67
Total compensation paid to key management personnel	736	637

21. 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:

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Financial assets		
Trade receivables	24,339	26,251
Other receivables	58	804
Cash and cash equivalents	19,423	16,872
Financial assets at amortised cost	3,229	3,229
	47,049	47,156
Financial liabilities		
Trade payables	24,343	27,711
Financial liabilities included in other payables and accruals	3,487	2,715
Interest-bearing bank loans	13,238	15,005
Lease liabilities	243	507
	41,311	45,938

22. DIVIDENDS

No dividend has been declared by the Company during the six months ended 30 June 2024 and 30 June 2023.

23. EVENTS AFTER THE REPORTING PERIOD

No other important events affecting the Company and its subsidiaries that require additional disclosures or adjustments occurred after the six months ended 30 June 2024.