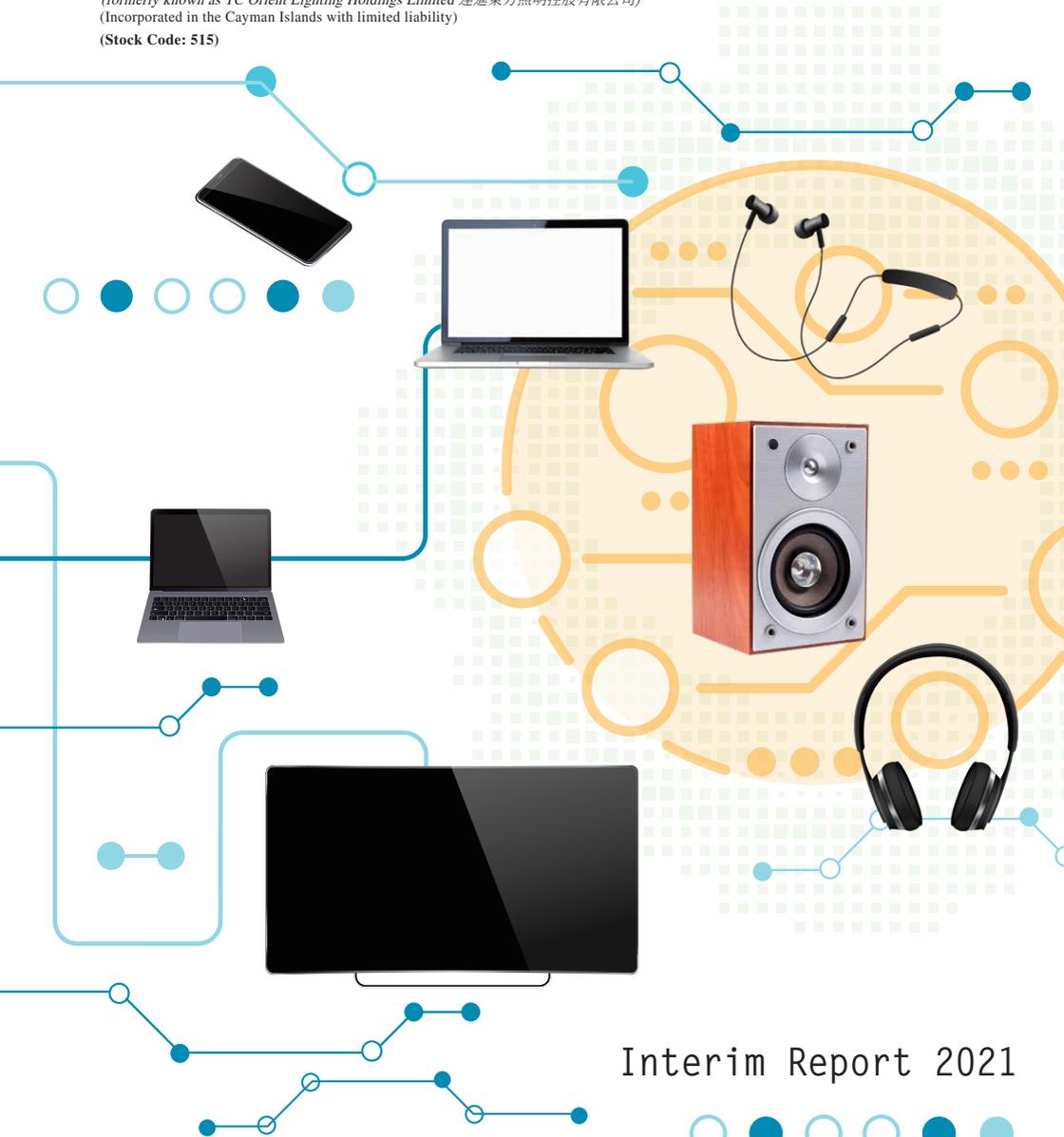




CHINA SILVER TECHNOLOGY HOLDINGS LIMITED 中華銀科技控股有限公司

(formerly known as TC Orient Lighting Holdings Limited 達進東方照明控股有限公司)
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 515)



Interim Report 2021





CONTENTS

	Page
Interim Results	
– Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
– Condensed Consolidated Statement of Financial Position	4
– Condensed Consolidated Statement of Changes in Equity	6
– Condensed Consolidated Statement of Cash Flows	8
– Notes to the Condensed Consolidated Financial Statements	9
Management Discussion and Analysis	20
Other Information	24





The Board (the “**Board**”) of directors (the “**Directors**”) is pleased to announce the unaudited consolidated interim results of China Silver Technology Holdings Limited (formerly known as TC Orient Lighting Holdings Limited) (the “**Company**”) and its subsidiaries (collectively known as the “**Group**”) for the six months ended 30 June 2021. These interim condensed consolidated financial statements were not audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Turnover	3	240,569	101,347
Cost of sales		(224,954)	(101,052)
Gross profit/(loss)		15,615	295
Other income		3,163	5,267
Other losses		(62)	(515)
Selling and distribution expenses		(9,129)	(8,236)
Administrative expenses		(19,270)	(20,367)
Finance costs		(4,193)	(7,530)
Loss before tax		(13,876)	(31,086)
Income tax expense	4	-	(4)
Loss for the period	5	(13,876)	(31,090)
Other comprehensive expense:			
<i>Items that will not be reclassified to profit or loss:</i>			
Deficit on revaluation of properties		(1,437)	(1,067)
Deferred tax assets arising from revaluation of properties		359	267
Total comprehensive expense for the period		(14,954)	(31,890)





CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		(13,329)	(30,300)
Non-controlling interests		(547)	(790)
		(13,876)	(31,090)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(14,407)	(31,100)
Non-controlling interests		(547)	(790)
		(14,954)	(31,890)
Loss per share (HK cents)			
– Basic and diluted	7	(0.49)	(1.11)





CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	156,091	161,780
Right-of-use asset		16,075	16,383
Trade receivables with extended credit terms	9	2,775	4,855
		174,941	183,018
Current assets			
Inventories		40,776	37,564
Trade and other receivables	9	256,780	238,073
Bills receivable	9	3,111	–
Pledged bank deposits		57,907	41,771
Bank balances, deposits and cash		33,602	25,114
		392,176	342,522
Current liabilities			
Trade and other payables	10	157,631	152,520
Contract liabilities		11,232	13,938
Bills payable	10	164,471	117,236
Lease liabilities		1,151	1,113
Taxation payable		67,800	67,102
Bank borrowings – due within one year	11	154,762	154,762
		557,047	506,671
Net current liabilities		(164,871)	(164,149)
Total assets less current liabilities		10,070	18,869





CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2021

		30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		99	685
Deferred taxation		17,374	17,733
		17,473	18,418
Net (liabilities)/assets		(7,403)	451
Capital and reserves			
Share capital	12	278,924	271,824
Reserves		(229,261)	(214,854)
Equity attributable to owners of the Company		49,663	56,970
Non-controlling interests		(57,066)	(56,519)
Total equity		(7,403)	451

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	Statutory reserve HK\$'000	Special reserve HK\$'000	Share option reserve HK\$'000	Capital contribution reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2021 (audited)	271,824	566,877	470	51,288	15,003	1,156	19,394	1,893	15,781	(886,716)	56,970	(56,519)	451
Loss for the period	-	-	-	-	-	-	-	-	-	(13,329)	(13,329)	(547)	(13,876)
Deficit on revaluation of properties	-	-	-	(1,437)	-	-	-	-	-	-	(1,437)	-	(1,437)
Deferred tax liabilities arising from revaluation of properties	-	-	-	359	-	-	-	-	-	-	359	-	359
Total comprehensive expense for the period	-	-	-	(1,078)	-	-	-	-	-	(13,329)	(14,407)	(547)	(14,954)
Exercise of share option	7,100	834	-	-	-	-	(834)	-	-	-	7,100	-	7,100
At 30 June 2021 (unaudited)	278,924	567,711	470	50,210	15,003	1,156	18,560	1,893	15,781	(900,045)	49,663	(57,066)	(7,403)



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2021

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	The People's Republic of China (the "PRC") statutory reserve HK\$'000	Special reserve HK\$'000	Share option reserve HK\$'000	Capital contribution reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2020 (audited)	271,824	566,877	470	36,656	15,003	1,156	22,748	1,893	14,303	(816,784)	114,146	(56,636)	57,510
Loss for the period	-	-	-	-	-	-	-	-	-	(30,300)	(30,300)	(790)	(31,090)
Deficit on revaluation of properties	-	-	-	(1,067)	-	-	-	-	-	-	(1,067)	-	(1,067)
Deferred tax liabilities arising from revaluation of properties	-	-	-	267	-	-	-	-	-	-	267	-	267
Total comprehensive expense for the period	-	-	-	(800)	-	-	-	-	-	(30,300)	(31,100)	(790)	(31,890)
Issue of shares upon subscription of new shares	-	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2020 (unaudited)	271,824	566,877	470	35,856	15,003	1,156	22,748	1,893	14,303	(847,084)	83,046	(57,426)	25,620



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Net cash inflow from operating activities	15,635	37,779
Net cash used in investing activities:		
Withdrawal of pledged bank deposits	93,552	31,164
Placement of pledged bank deposits	(109,688)	(60,380)
Purchase of property, plant and equipment	(30)	(3,016)
Other investing cash flows	767	861
	(15,399)	(31,371)
Net cash generated from/(used in) financing activities:		
Interest paid	(4,193)	(7,530)
Repayment of other Borrowings	(1,786)	(12,770)
Proceeds from the issuance of shares upon exercise of share option	7,100	–
Other borrowing raised	7,131	20,222
	8,252	(78)
Net increase in cash and cash equivalents	8,488	6330
Cash and cash equivalents at 1 January	25,114	23,785
Effect of foreign exchange rate changes	–	–
Cash and cash equivalents at 30 June, represented by bank balances, deposits and cash	33,602	30,115





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements (the “**Interim Financial Statements**”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with Hong Kong Accounting Standard (the “**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The interim financial report has been prepared in accordance with same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

(b) Going concern basis

The Group incurred a loss of approximately HK\$13,876,000 during the six months ended 30 June 2021 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$164,871,000 and the total liabilities exceeded its total assets by approximately HK\$7,403,000. In preparing the condensed consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors adopted the going concern basis for the preparation of the condensed consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

(1) *Necessary facilities*

The Group is in the process of negotiating with its bankers to secure necessary facilities to meet the Group’s working capital and financial requirements in the near future.





1. BASIS OF PREPARATION *(continued)*

(b) Going concern basis *(continued)*

(2) *Financial support*

One of the shareholders has agreed to continuously provide financial support for the continuing operations of the Group so as to enable it to meet its liabilities when they fall due and to carry on its business without a significant curtailment of operations in the twelve months from 30 June 2021.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.





3. SEGMENT INFORMATION

The following is an analysis of the Group's turnover and results by reportable and operating segments:

	For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Segment turnover – external sales		
Manufacturing and trading of single-sided printed circuit boards (“PCB”) (“Single-sided PCB”)	35,395	37,874
Manufacturing and trading of double-sided PCB (“Double-sided PCB”)	161,819	49,253
Manufacturing and trading of multi-layered PCB (“Multi-layered PCB”)	17,736	14,220
Lighting emitting diode (“LED”) lighting (“LED Lighting”)	25,619	–
Total	240,569	101,347
Timing of revenue recognition		
At a point in time	240,569	101,347
Over time	–	–
Segment loss		
Single-sided PCB	(833)	(7,063)
Double-sided PCB	(3,807)	(9,186)
Multi-layered PCB	(417)	(2,652)
LED Lighting	(1,467)	(2,518)
Tradings of tower and electric cable	(392)	(1,140)
	(6,916)	(22,559)
Other income	130	190
Central administrative costs	(2,897)	(1,187)
Finance costs	(4,193)	(7,530)
Loss before tax	(13,876)	(31,086)

Segment loss represents the loss incurred by each segment after allocation of selling and administrative staff cost with reference to turnover and without allocation of certain other income, central administrative costs (mainly including audit fee, exchange loss and depreciation of property, plant and equipment for administrative purpose) and finance costs. This is the measure reported to the Board, who is the chief operating decision maker, for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profit Tax	–	–
PRC Enterprise Income Tax (“EIT”)	–	4
	–	4

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both years.

Under the Law of the People’s Republic of China on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

5. LOSS FOR THE PERIOD

Loss for the period has been arrived after charging/(crediting) the following items:

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Directors’ emoluments	1,440	1,184
Other staff costs	33,712	25,676
Total staff costs	35,152	26,826
Depreciation of right-of-use assets	308	850
Depreciation of property, plant and equipment	5,293	5,001
Imputed interest income on trade receivables		
with extended credit terms (included in other income)	(214)	(395)
Interest income on bank deposits and bank balances		
(included in other income)	(124)	(161)
Sales of scrap materials (included in other income)	(2,279)	(871)
Government grants (note)	(6)	(975)
Share-based payment	–	530

Note: For the six months ended 30 June 2020, government grants were granted to the Group as subsidies to support the Hong Kong and PRC subsidiaries. Part of the government grants were supported by HKSAR-Employment Support Scheme which were under conditions that the number of staff for the subsidiary from June 2020 to November 2020 should not be less than those in March 2020. Other government grants had no conditions or contingencies attached to them and they were non-recurring in nature.





6. DIVIDENDS

No dividends were paid, declared or proposed during the interim period (six months ended 30 June 2020: nil).

The Directors of the Company have determined that no dividend will be paid in respect of the interim period.

7. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share:		
Loss for the period attributable to owners of the Company	(13,329)	(30,300)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,726,520	2,718,237

The calculation of the diluted loss per share for the periods ended 30 June 2021 and 2020 did not assume the exercise of the Company's outstanding share options as the effect is anti-dilutive.



8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

The Group's buildings classified as property, plant and equipment were revalued by Roma Appraisals Limited, an independent qualified professional valuer not connected with the Group. The buildings were revalued at depreciated replacement cost approach. The resulting loss on revaluation of HK\$1,437,000 was recognised to the property revaluation reserve during the six months ended 30 June 2021 (six months ended 30 June 2020: gain HK\$1,067,000).

During the six months ended 30 June 2021, the Group paid HK\$30,000 (six months ended 30 June 2020: HK\$3,016,000) on acquisition of property, plant and equipment.

9. TRADE, BILLS AND OTHER RECEIVABLES

(a) Trade and other receivables

Included in trade and other receivables was trade receivables of approximately HK\$171,174,000 (31 December 2020: HK\$142,913,000) as follows:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Trade receivables with normal credit terms	207,110	176,536
Less: Allowance for expected credit losses	(86,019)	(86,019)
	121,091	90,517
Trade receivables with extended credit terms	55,895	58,208
Less: Allowance for expected credit losses	(5,812)	(5,812)
	50,083	52,396
Total trade receivables, net of allowance for expected credit losses	171,174	142,913
Less: Non-current portion of trade receivables with extended credit terms	(2,775)	(4,855)
Current portion of trade receivables	168,399	138,058
Advances to suppliers and other receivables	88,381	100,015
Current portion of trade and other receivables	256,780	238,073





9. TRADE, BILLS AND OTHER RECEIVABLES (continued)

(a) Trade and other receivables (continued)

The Group generally allows an average credit period of 30 days to 180 days to its trade on PCB customers and tradings of towers and electric cable customers with normal credit terms and credit period ranging from one year to ten years to its trade LED lighting customers with extended credit terms which is based on the contractual repayment schedule under certain “energy management contract” (EMC) arrangement with the Group’s LED lighting customers, a significant portion of which being government entities in the PRC.

The following is an aging analysis of trade receivables with normal credit terms and trade receivables with extended credit terms, net of allowance for doubtful debts, respectively, presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	Extended credit terms		Normal credit terms		Total	
	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
0 – 30 days	-	-	34,996	28,241	34,996	28,241
31 – 60 days	-	-	25,563	19,982	25,563	19,982
61 – 90 days	-	-	23,131	10,267	23,131	10,267
91 – 180 days	-	-	30,364	23,665	30,364	23,665
Over 180 days	50,083	52,396	7,037	8,362	57,120	60,758
	50,083	52,396	121,091	90,517	171,174	142,913

Movement in the lifetime expected credit losses (ECL) for trade receivables with normal credit terms in accordance with the simplified approach set out in HKFRS 9:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Balance at beginning of the period	86,019	87,187
Allowance for expected credit losses	-	1,168
	86,019	86,019



9. TRADE, BILLS AND OTHER RECEIVABLES (continued)

(a) Trade and other receivables (continued)

Movement in the lifetime ECL for trade receivables with extended credit terms in accordance with the simplified approach set out in HKFRS 9:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Balance at beginning of the period	5,812	11,356
Reversal of allowance for expected credit losses	–	(5,544)
	5,812	5,812

(b) Bills Receivable

The following is an aging analysis of bills receivable based on issue date of the bills at the end of the reporting period:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
0 – 30 days	3,111	–
31 – 60 days	–	–
61 – 90 days	–	–
91 – 180 days	–	–
Over 180 days	–	–
	3,111	–

(c) Movement in the ECL for other receivables in accordance with the general approach set out in HKFRS 9:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Balance at the beginning of the period	53,773	25,808
Allowance for expected credit losses	–	27,965
	53,773	53,773





10. TRADE, BILLS AND OTHER PAYABLES

(a) Trade and other payables

The aging analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
0 – 30 days	7,228	9,541
31 – 60 days	20,048	9,741
61 – 90 days	7,814	9,730
91 – 180 days	16,956	14,782
Over 180 days	58,494	57,749
	110,540	101,543
Other payables (note)	27,861	33,364
Accrued salaries and other accrued charges	19,230	17,613
	157,631	152,520

The credit period on purchases of goods ranged from 90 days to 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Note: At the end of interim period, included in the Group's other payable is an amount of HK\$7,131,000 (31 December 2020: HK\$1,786,000), being loan from other borrowers in interest rate range from 8% to 18% and repaid in accordance with the terms of the loan agreements. During the interim period ended 30 June 2021, interest in the amount of HK\$866,000 (six months ended 30 June 2020: HK\$3,190,000) was recognised as the finance cost in the consolidated statements of profit or loss.

(b) Bills payable

The aging analysis of bills payable is as follows:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
0 – 30 days	64,301	33,703
31 – 60 days	15,420	5,800
61 – 90 days	5,256	2,928
91 – 180 days	53,838	28,088
Over 180 days	25,656	46,717
	164,471	117,236





11. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to HK\$Nil (six months ended 30 June 2020: HK\$Nil). The bank borrowings as at 30 June 2021 were secured by the assets of the Group as disclosed in note 15.

12. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 31 December 2020 and 30 June 2021	12,000,000	1,200,000
Issued and fully paid:		
Ordinary shares at 1 January 2021	2,718,237	271,824
Exercise of share option	71,000	7,100
At 30 June 2021	2,789,237	278,924

13. SHARE OPTION SCHEME

The Company's new share option scheme was adopted on 19 August 2016 for the purpose of providing incentives to directors, employees, consultants and advisers of the Company or the Group and to promote the success of the business of the Group.

During the six months ended 30 June 2021, 71,000,000 share options were exercised (2020: Nil), and no share options were granted (2020: Nil).

During the current interim period, Nil (six months ended 30 June 2020: Nil) share options lapsed or were forfeited.

14. CAPITAL COMMITMENTS

At 30 June 2021, the Group has no commitment (as at 31 December 2020: Nil) in respect of the acquisition of property, plant and equipment contracted for but not provided in the Interim Financial Statements.

15. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to banks to secure general banking facilities granted to the Group:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Buildings	126,226	129,143
Pledged bank deposits	57,907	41,771
Right-of-use assets	16,075	16,383
	200,208	187,297





16. RELATED PARTY DISCLOSURES

Save as disclosed elsewhere in this Interim Financial Statement, the Group entered into the following material related party transactions:

Compensation of key management personnel

The remuneration of key management for the Group (representing directors) during the period under review are set out as follows:

	For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Short-term benefits	1,410	1,150
Post-employment benefits	30	34
	1,440	1,184

17. LITIGATION

- (a) The Company was informed by its legal advisers that a writ of summons dated 10 May 2016 under Hong Kong High Court Action No. 1228/2016 (the "**Legal Action**") was filed by Mr. Li Jian Chao ("**Mr. Li**") seeking to claim from the Company an alleged outstanding special bonus payment in the amount of HK\$1,640,000. Mr. Li was formerly the chief executive officer and executive director the Company before he resigned on 5 June 2015. On 12 July 2016, the Company filed a defence and counterclaim against Mr. Li (re-amended on 3 May 2018, the "**Counterclaim**"), whereby the Company denied (inter alia) that Mr. Li is entitled to the alleged amount and counterclaimed from Mr. Li (inter alia) a total sum of HK\$5,240,000, being wrongful receipts by Mr. Li based on certain invalid resolutions purportedly passed by the Board between 31 December 2014 and 4 June 2015, and/or damages for breach of fiduciary duties by Mr. Li when he was a director of the Company between 1 September 2014 and 5 June 2015. The Company will continue to uphold its rights in the Legal Action and the Counterclaim. In the meantime, the Board considers that the Legal Action and the Counterclaim are unlikely to result in any material adverse effect to the Company's operations or financial position. Further details relating to the Legal Action and Counterclaim are more particularly set out in the Company's announcements dated 13 May and 14 July 2016.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group is principally engaged in the manufacturing and trading of a broad range of LED lighting and PCBs including single-sided PCBs, double-sided PCBs and multi-layered PCBs (for up to 12 layers). The breakdown of turnover based on products is summarised as follows:

	For the six months ended 30 June					
	2021		2020		Increase/ (decrease) HK\$'000	Change in %
	HK\$'000	%	HK\$'000	%		
Single-sided PCB	35,395	14.7	37,874	37.4	(2,479)	(6.5)
Double-sided PCB	161,819	67.3	49,253	48.6	112,566	228.5
Multi-layered PCB	17,736	7.4	14,220	14.0	3,516	24.7
LED Business	25,619	10.6	–	–	25,619	–
Total	240,569	100.0	101,347	100.0	139,222	137.4

The three categories of PCB products are mainly applied in consumer electronics, computers and computer peripherals, and communications equipment. During the period, single and double-sided PCBs used for consumer electronics accounted for approximately 82.0% of the Group's turnover, while high-end multi-layered PCBs accounted for 7.4% of the Group's turnover.

During the period under review, the breakdown of turnover based on geographical locations is summarised as follows:

	For the six months ended 30 June					
	2021		2020		Increase/ (decrease) HK\$'000	Change in %
	HK\$'000	%	HK\$'000	%		
Hong Kong	13,679	5.1	14,437	14.2	(758)	(5.3)
The PRC	190,401	79.1	71,534	70.6	118,867	166.2
Asia (excluding Hong Kong and the PRC)	2,000	0.9	598	0.6	1,402	234.4
Europe	34,489	14.3	14,778	14.68	19,711	133.4
Others	–	–	–	–	–	0
Total	240,569	100.0	101,347	100.0	139,222	137.4





During the period under review, the Group's revenue increased mainly due to: (i) the alleviation of COVID-19 epidemic, resulting in increased orders from customers and general improvements in supply chain environment; and (ii) the increased unit price for the sales of our PCB products during the first half of 2021.

FINANCIAL REVIEW

The PCB business has been the Group's main source of income for many years. During the period under review, the Group's turnover amounted to approximately HK\$240.6 million, representing an increase of 137.4% as compared to approximately HK\$101.3 million for the corresponding period last year, principally resulted from the increase of purchase orders of Double-sided PCB. Loss attributable to shareholders was significantly decreased to approximately HK\$13.3 million (2020: HK\$30.3 million), principally due to: (i) the alleviation of COVID-19 epidemic, resulting in increased orders from customers and general improvements in supply chain environment; (ii) the increased unit price for the sales of our PCB products during the first half of 2021; and (iii) the implementation of cost-control measures. The gross profit margin for the six months ended 30 June 2021 was 6.5%.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2021, the Group had total assets of approximately HK\$567.1 million (31 December 2020: HK\$525.5 million) and interest-bearing borrowings of approximately HK\$161.9 million (31 December 2020: HK\$158.3 million), representing a gearing ratio (defined as interest-bearing borrowings over total assets) of approximately 28.5% (31 December 2020: 30.1%).

The Group had net current liabilities of approximately HK\$164.9 million (31 December 2020: HK\$164.1 million) consisted of current assets of approximately HK\$392.2 million (31 December 2020: HK\$342.5 million) and current liabilities of approximately HK\$557.0 million (31 December 2020: HK\$506.7 million), representing a current ratio of approximately 0.70 (31 December 2020: 0.68).

As at 30 June 2021, the Group had cash and bank balances (including pledged bank deposits) of approximately HK\$91.5 million (31 December 2020: HK\$66.9 million). As at 30 June 2021, the Group had bank balances, deposit and cash of approximately HK\$33.6 million (31 December 2020: HK\$25.1 million).

FOREIGN CURRENCY EXPOSURE

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in Hong Kong dollars ("HK\$") and Renminbi ("RMB"). However, foreign currencies, mainly United States Dollars ("US\$"), are required to settle the Group's expenses and additions on property, plant and equipment. There are also sales transactions denominated in US\$ and RMB. The Group will consider using forward contracts to hedge its foreign currency exposure if it considers the risk to be significant.



DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (30 June 2020: Nil).

HUMAN RESOURCES

As at 30 June 2021, the Group employed a total of approximately 538 employees (31 December 2020: 537), including approximately 497 employees in its Zhongshan production site, 23 employees in its PRC LED business units and 18 employees in its Hong Kong office.

The Group's remuneration policy is reviewed regularly, with reference to the legal framework, market conditions and the performance of the Group and individual staff. The remuneration policy and remuneration packages of the executive directors and members of the senior management are also reviewed by the remuneration committee. The Group may grant share options and discretionary bonuses to eligible employees based on the performance of the Group and individuals. Under the Group's remuneration policy, employees are rewarded in line with the market rate in compliance with statutory requirements of all jurisdictions where it operates. The Group intends to hold regular training programmes and encourages staffs to attend training courses and seminars that are related directly or indirectly to the Group's business.

CORPORATE STRATEGY

The primary objective of the Company is to enhance long-term total return for our shareholders. To achieve this objective, the Group's strategy is to place equal emphasis on achieving sustainable recurring earnings growth and maintaining the Group's strong financial profile. The Management Discussion and Analysis contain discussions and analysis of the Group's performance and the basis on which the Group generates or preserves value over the longer term and the basis on which the Group will execute its strategy for delivering the Group's objective.

FUND RAISING ACTIVITIES

The Company has not conducted any equity fund-raising activities during the first half of 2021. The Company will continue to explore debt and equity fundings from bankers and investors to improve the working capital and liquidity and cash flow position of the Group.





OUTLOOK

The Group's production facilities are principally situated in Zhongshan city and Shenzhen city, both in Guangdong Province. Since late January 2020, travel restrictions and other public health measures (the "**Public Health Measures**") including quarantine requirements of travelers were imposed in various areas in China in an attempt to contain the novel Coronavirus epidemic (the "**Epidemic**").

The Epidemic has resulted in adverse impact on the business performance of the market. The Group has taken all practicable measures to cope with the challenges ahead, including the implementation of cost-control measures and the exploration of opportunities to further develop its business and enhance its growth potential. In the meantime, the Group is striving for the highest caution standard to protect the health and safety of our staff.

During the first half of 2021, the Company's PCB business increased in revenue, principally due to: (i) the alleviation of COVID-19 epidemic, resulting in increased orders from customers and general improvements in supply chain environment; and (ii) the increased unit price for the sales of our PCB products during the first half of 2021. The Group has taken various cost-savings and quality improvement measures, and adopted strategic pricing policy and proactive marketing approach to attract more sales orders from both existing and potential customers.

Pending the development and spread of the Epidemic subsequent to the date of the financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these financial statements. The Group will continue to monitor the development of the Epidemic and react actively to its impact on the financial position and operating results of the Group.

Regarding the LED segment, the Company has established a wholly-owned subsidiary, 連雲港市達進東方智能科技有限公司 (Lianyungang TC Orient Intelligence Technology Co., Ltd.*) for the purpose of carrying out lighting projects, including constructions, designs and trading of material in Jiangsu Province. The LED segment recognised revenue of HK\$25,619,000 during the first half of 2021, and will continue to explore suitable business opportunities.

CHARGE OF ASSETS

Details of the charge of assets are set out in note 15 to the financial statements.





OTHER INFORMATION

MEMORANDUM OF UNDERSTANDING ON THE PROPOSED ACQUISITION OF EQUITY INTEREST IN RETAIL CHAIN STORES IN CHINA

On 15 December 2020, the Company entered into a non-legally binding memorandum of understanding with independent third party vendors regarding the acquisition of minority interest in 廣州酒類專賣店連鎖有限公司 (Guangzhou Wine & Liquor Franchised Chain Stores Co., Ltd.*) (the "**Wine Company**"). The Wine Company is a limited liability company established under the laws of the PRC which is principally engaged in the operation of retail chain stores in China. Based on the finalised consideration agreed by the parties after negotiation, the acquisition does not constitute any notifiable transaction under the Listing Rules.

PROPOSED DEVELOPMENT OF THE NEW PHASE OF DEVELOPMENT SITE IN ZHONGSHAN

As disclosed in the Company's announcement dated 2 February 2021, the Company is implementing the construction of the new phase of production facilities, involving two buildings of factory and office uses at the development site at Gaoping Boulevard, Sanjiao Town, Zhongshan City, Guangdong Province, the PRC which is adjacent to the Group's existing production plant.

The development site is a transferred land of industrial use with total site area of 65,999.7 square meters, with land use right of 50 years running from 1998 to 2048 being granted to the Company's indirect wholly-owned subsidiary, 中山市達進電子有限公司 (Zhongshan Tat Chun Electronics Co., Ltd.*) ("**Zhongshan TC**"). Due to the changes in the town planning and in support of the development of the Group as a quality industrial enterprise above designated size in accordance with the Government policy of delegation and streamlining of administrative functions, the maximum plot ratio permitted for the construction of buildings on the Development Site was increased from 1.5 times to 3.5 times (the "**Plot Ratio Relaxation**"). In response to that, the Group submitted building plans on the proposed development to the Government containing its proposal to construct the New Phase with total gross floor area of 120,513.22 square meters and comprising two buildings of factory and office uses, each not exceeding eleven floors above ground and one basement level. The building plans regarding the proposed development has now been approved by the Government. Based on the current design of building plans, the total construction cost for the proposed development is estimated to be RMB270 million, which is expected to be financed by the Group's internal resources, external borrowings and equity fundraisings.





STRATEGIC COOPERATION ON COWORKING PROJECT

On 2 February 2021, Zhongshan TC entered into the strategic cooperative agreement with 深圳市穩毅實業有限公司 (Shenzhen Wenyi Industrial Co., Ltd.*) (the “**Strategic Partner**”), pursuant to which the Strategic Partner expresses its intention to utilize the capacity of the new phase of the development site in Zhongshan to the extent not used by the Group for the purpose of operating the coworking project. Under the terms of the strategic cooperative agreement, the formal agreement is expected to provide for, among other things: (a) the cooperation period of ten years from the date of commencement of operation of the new phase; (b) the service income to be received by Zhongshan TC from the Strategic Partner under the strategic cooperation, being measured by a revenue sharing model with a guaranteed return based on the area of premises occupied by the Strategic Partner in the new phase; and (c) other customary terms and conditions applicable to similar business arrangements. Further announcement(s) will be made by the Company when appropriate if there is further development on the Strategic Cooperation.

MEMORANDUM OF UNDERSTANDING ON DATA CENTER, CLOUD AND BLOCKCHAIN PLATFORM

On 10 February 2021, the Company entered into a non-legally binding Memorandum of Understanding with Ancent Group Limited (安訊集團有限公司) and its shareholder (as vendor), both being independent third parties, pursuant to which the Company proposed to invest in not less than 51% issued share capital in Ancent through the subscription of new shares and/or the purchase of existing shares from the vendor (the “**Proposed Investment**”). Ancent is principally engaged in data center operation and a solution provider of cloud computing, remote working, big data, network security and blockchain platform. If the Memorandum of Understanding proceeds to signing of a formal binding agreement, it is currently expected that the Proposed Investment may constitute a discloseable transaction or major acquisition for the Company under Chapter 14 of the Listing Rules. Further announcement(s) relating to the Proposed Investment may be made by the Company as and when necessary.





MEMORANDUM OF UNDERSTANDING IN RELATION TO A TECHNOLOGY COMPANY IN JIANGXI PROVINCE

On 9 July 2021, the Company entered into a non-legally binding Memorandum of Understanding with 崇仁縣中元電子科技有限公司 (Chongren County Zhongyuan Electronics Technology Co., Ltd.*), an independent third party pursuant to which the Company proposed to invest in not more than 45% equity interest in the Target Company by way of subscription of new equity or acquisition of equity from existing shareholders of the Target Company. The scope of business of the Target Company includes the technology development and sales of integrated circuits, electronic components, communication products and industrial automation equipment, investment in industrial park projects, and enterprise management consultancy. If the Memorandum of Understanding proceeds to signing of a formal binding agreement, it is currently expected that the Proposed Investment may constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) relating to the Proposed Investment may be made by the Company as and when necessary.

COOPERATIVE AGREEMENT ON DISTRIBUTION OF SMART MOBILE COMMUNICATION DEVICES

On 5 August 2021, the Company entered into the Cooperative Agreement with Dayu Industry (HK) Co., Ltd. (大宇實業(香港)有限公司) (“**Dayu**”), an independent third party, in relation to the Proposed Cooperation involving the supply of smart mobile communication devices (the “**Goods**”) by the Group to Dayu. Subject to the signing of binding agreement(s) and the placing of purchase orders, the Cooperative Agreement contemplates annual sales in Hong Kong of not less than HK\$300 million in the first year of cooperation. If the Proposed Cooperation materialized by way of binding agreement(s) and purchase orders, the sale of the Goods will be conducted in the ordinary and usual course of business of the Group.

INVESTMENT IN THE NEW PRODUCTION LINES IN JIANGXI PROVINCE

On 13 August 2021, the Company entered into a project agreement with the People’s Government of Chongren County, Jiangxi Province, the PRC in relation to the proposed investment by the Group of the new production lines at the new factory (the “**New Factory**”) situated at the Electronics Technology Industrial Park, Chongren Hi-Tech Zone, Chongren County, Jiangxi Province, the PRC (the “**Project**”).

The timetable of the implementation of the Project is subject to the development of events, such as the selection of premises for the New Factory, the negotiation of terms of lease, the signing of tenancy agreement and the delivery of vacant possession of the New Factory by the landlord. The Company will comply with the Listing Rules when the terms of the lease regarding the New Factory are finalised in due course.





DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the interests or short positions of the directors and chief executives and their associates in the shares, underlying shares and debenture of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (“SFO”), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), were as follows:

Interest in shares:

Name of Shareholders	Capacity	Number of shares held (long position)	Percentage of issued share capital
Xu Ming	Beneficial Owner (Note 1)	1,000,000	0.04%
Guo Jun Hao	Beneficial Owner (Note 1)	1,000,000	0.04%
Wong Kwok On	Beneficial Owner (Note 1)	1,000,000	0.04%
Bonathan Wai Ka Cheung	Beneficial Owner (Note 1)	1,000,000	0.04%
Dr. Loke Yu (alias Loke Hoi Lam)	Beneficial Owner (Note 1)	1,000,000	0.04%
Mai Huazhi	Beneficial Owner (Note 1)	5,000,000	0.18%
Zeng Yongguang	Interest of Spouse (Note 2)	1,000,000	0.04%

Note 1: These underlying shares were based on the disclosure of interest (“DI”) filings made when share options were granted to the relevant directors on 8 October 2019, further details of which are set out in the section headed “Share Option Schemes”.

Note 2: Based on the DI filings, Mr. Zeng Yongguang is deemed to be interested in the 1,000,000 shares of the Company held by his spouse, Ms. Zeng Xiaoxian.

Other than disclosed above, none of the directors and chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2021.



SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the following person (other than a director or chief executive of the Company) had an interest or short position in the shares and underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Interest in shares:

Name of Shareholders	Capacity	Number of shares held (long position)	Percentage of issued share capital
Intelligent South Network (Note 1)	Beneficial owner	216,000,000	7.74%
Union Insurance (Note 1)	Interest in controlled corporation and beneficial owner	225,084,000	8.07%
Li Sidi (Note 1)	Interest in controlled corporation	225,084,000	8.07%
China Silver Investments (Note 2)	Beneficial owner	152,039,495	5.45%
Jiang Jianjun (Note 2)	Interest in controlled corporation and beneficial owner	265,619,495	9.52%

Note 1: Based on DI filing made by the relevant persons, as at 30 June 2021, (a) 216,000,000 Shares were held by Intelligent South Network Group Limited ("**Intelligent South Network**"), which was wholly owned by Union Insurance Limited ("**Union Insurance**"); (b) 9,084,000 Shares were directly held by Union Insurance; and (c) Union Insurance was wholly owned by Li Sidi. The deemed interests of Intelligent South Network, Union Insurance and Li Sidi duplicated with each others.

Note 2: Based on DI filing made by the relevant persons, as at 30 June 2021, (a) 152,039,495 Shares were held by China Silver Investments Development Limited ("**China Silver Investments**"), which was wholly owned by Jiang Jianjun; and (b) 113,580,000 Shares were directly held by Jiang Jianjun. The deemed interests of China Silver Investments and Jiang Jianjun duplicated with each others.

Note 3: The shareholding percentages are calculated on the basis of 2,789,236,970 issued Shares of the Company as at 30 June 2021.

Other than disclosed above, as at 30 June 2021, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which fall to be disclosed to the Company under the Provisions of Divisions 2 and 3 of Part XV of the SFO.





SHARE OPTION SCHEMES

Old Share Option Scheme

The share option scheme of the Company which was adopted on 5 June 2006 (the “**Old Share Option Scheme**”) was established before the Company’s listing on The Stock Exchange of Hong Kong Limited in June 2006 for the purposes of attracting and retaining the best available personnel, providing additional incentive to employees, directors, consultants and advisers of the Group and promoting the success of the business of the Group. A summary of the principal terms of the Old Share Option Scheme can be founded on pages V-12 to V-20 of the Company’s prospectus.

The Old Share Option Scheme had a life span of ten years and expired on 4 June 2016. Upon expiry of the Old Share Option Scheme, no further share option should be granted under the expired scheme but in all other respects the rules of the Old Share Option Scheme remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with the rules of the Old Share Option Scheme, and share options which were granted prior to the termination or expiry of the Old Share Option Scheme will continue to be valid and exercisable in accordance with the rules of the Old Share Option Scheme and their terms of issue.

As disclosed by the Company on 22 July 2016 and 20 December 2017, as a result of the completion of the open offer and rights issue on 25 July 2016 and 20 December 2017, respectively, the exercise price of the share options and the number of Shares to be allotted and issued upon the exercise of the share options granted under the Old Share Option Scheme were adjusted. As at the date of this report, the number of Shares issuable on exercise of the outstanding options under the Old Share Option Scheme were 29,089,487 Shares, representing 1.04% of the existing issued share capital of the Company.

New Share Option Scheme

Following the expiry of the Old Share Option Scheme, the Company adopted a new share option scheme at its extraordinary general meeting held on 19 August 2016 (the “**New Share Option Scheme**”) for the purposes of providing the Company with a flexible means of giving incentive or rewards to directors, employees, consultants, advisers, contractors of the Group or any of its invested entities, or discretionary trust or controlled corporation of any of the foregoing (the “**Eligible Participants**”) for their retention and contribution or potential contribution to the Group and providing the Eligible Participants with an opportunity to have a personal stake in the Company with a view to motivating the Eligible Participants to utilise their performance and efficiency for the benefit of the Group and attracting and retaining or otherwise maintaining an on-going relationship with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group. A summary of the principal terms of the New Share Option Scheme can be found on pages 9 to 17 of the Company’s circular dated 29 July 2016.





The New Share Option Scheme had a life span of ten years running from 19 August 2016 to 18 August 2026. Under the terms of the New Share Option Scheme, the Board may, at its discretion, grant options to Eligible Participants to subscribe for Shares. Initially, the maximum number of Shares which may be issued upon the exercise of all options to be granted under the New Share Option Scheme (the “**Scheme Mandate Limit**”) was 90,225,766 Shares, being 10% of the Shares in issue as at the date of approval of the New Share Option Scheme on 19 August 2016. The maximum entitlement of each Eligible Participant in any 12-month period must not exceed 1% of the shares in issue, provided that the maximum entitlement for any grantee being a substantial shareholder or an independent non-executive director or their associates shall be capped at 0.1% of the shares in issue (or HK\$5 million in value based on the closing price of the shares underlying the options, whichever is higher). Any grant exceeding these individual limits shall be subject to shareholders’ approval, with the relevant grantees and their associates abstaining from voting. The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

Unless otherwise determined by the Directors at their sole discretion, there is no requirement of a minimum period for which an Option must be held or any performance target which must be satisfied or achieved before such an Option can be exercised. An Option shall be exercisable at any time during an exercise period to be notified by the Board to each grantee, provided that no Option shall be exercisable later than ten years after its date of grant. The subscription price of the options must be at least the highest of: (a) the closing price of a Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant which must be a business day; (b) the average of the closing prices of the Shares as shown on the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the date of grant; and (c) the nominal value of a Share. HK\$1.00 is payable by each Eligible Participant to the Company on acceptance of an offer of an Option, which shall be paid within 21 days from the date of offer.

On 6 December 2017, the Company granted 90,000,000 share options under the New Share Option Scheme (the “**2017 Options**”) to Eligible Participants at an exercise price of HK\$0.178 per share. All the 2017 Options lapsed without exercise on or before 31 December 2019. On 8 October 2019, the Company granted 220,000,000 share options under the New Share Option Scheme (the “**2019 Options**”) to Eligible Participants at an exercise price of HK\$0.10 per share. During the first half of 2021, 71,000,000 Shares were issued on the exercise of the 2019 Options. As at the date of this report, the number of Shares issuable on exercise of the outstanding 2019 Options under the New Share Option Scheme were 148,000,000 Shares, representing 5.31% of the existing issued share capital of the Company.

At the annual general meeting of the Company held on 22 June 2020, the Scheme Mandate Limit was refreshed to allow the Company to grant up to the maximum of 271,823,697 Options, representing 10% of the Shares in issue on the date of approval of the refreshment. No Options were granted by the Company since then, and the number of Options available for grant remains at 271,823,697.





Grantee	Date of grant	Exercise price per share HK\$	Outstanding as at 1 January 2021 '000	Granted during the period '000	Reclassification during the period '000	Exercised during the period '000	Lapsed/ Forfeited during the period '000	Outstanding as at 30 June 2021 '000
Directors:								
Mai Huazhi	8 October 2019	0.100	5,000	-	-	-	-	5,000 (Note 4)
Xu Ming	8 October 2019	0.100	1,000	-	-	-	-	1,000 (Note 4)
Guo Jun Hao	8 October 2019	0.100	1,000	-	-	-	-	1,000 (Note 4)
Wong Kwok On	8 October 2019	0.100	1,000	-	-	-	-	1,000 (Note 4)
Bonathan Wai Ka Cheung	8 October 2019	0.100	1,000	-	-	-	-	1,000 (Note 4)
Loke Hoi Lam	8 October 2019	0.100	1,000	-	-	-	-	1,000 (Note 4)
Subtotal			10,000	-	-	-	-	10,000
Consultants:								
	29 November 2010	2.316	-	-	-	-	-	- (Note 1)
	22 October 2014	0.854	15,870	-	-	-	-	15,870 (Note 3)
	8 October 2019	0.100	22,000	-	-	18,000	-	4,000 (Note 4)
Subtotal			37,870	-	-	18,000	-	19,870
Employees:								
	2 September 2011	1.440	6,295	-	-	-	-	6,295 (Note 2)
	22 October 2014	0.854	6,924	-	-	-	-	6,924 (Note 3)
	8 October 2019	0.100	187,000	-	-	53,000	-	134,000 (Note 4)
Subtotal			200,219	-	-	53,000	-	147,219
Total			248,089	-	-	71,000	-	177,089

Note 1: These options have vested (i) as to 30% on the date of grant of 29 November 2010; (ii) as to further 30% one year after the date of grant; and (iii) as to the remaining 40% two years after the date of grant. These options will expire on the 10th anniversary after the date of grant. As disclosed in the Company's announcement dated 20 December 2017, the exercise price of this series of options were adjusted from HK\$2.807 (before 20 December 2017) to HK\$2.316 (after 20 December 2017) as a result of the Company's one-for-one rights issue in 2017.

Note 2: These options have vested (i) as to 25% on 2 March 2012 (i.e. six months after the date of grant); (ii) as to further 25% on 2 March 2013; (iii) as to further 25% on 2 March 2014; and (iv) as to the remaining 25% on 2 March 2015. These options will expire on the 10th anniversary after the date of grant, i.e. on 2 September 2021. As disclosed in the Company's announcement dated 20 December 2017, the exercise price of this series of options were adjusted from HK\$1.747 (before 20 December 2017) to HK\$1.440 (after 20 December 2017) as a result of the Company's one-for-one rights issue in 2017.

Note 3: Options are exercisable on or after the date of grant of 22 October 2014. These options will expire on the 10th anniversary after the date of grant. As disclosed in the Company's announcement dated 20 December 2017, the exercise price of this series of options were adjusted from HK\$1.035 (before 20 December 2017) to HK\$0.854 (after 20 December 2017) as a result of the Company's one-for-one rights issue in 2017.

Note 4: These options are vesting (i) as to 50% from 8 October 2019; and (ii) as to further 50% from 1 January 2021. These options will expire on 31 December 2021.





DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than the Company's Old Share Option Scheme and New Share Option Scheme disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 16 to the consolidated financial statements, no contracts of significance, to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as at 30 June 2021 or at any time during the period.

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of its own listed securities.

CHANGES OF DIRECTORS' INFORMATION

During the period under review and up to the date of this report, the following changes in Directors' information are disclosed pursuant to Rule 13.51B of the Listing Rules:

On 26 January 2021, Dr. Loke Yu (also known as Lok Hoi Lam) ("**Dr. Loke**") resigned as an independent non-executive director of CIMC-TianDa Holdings Company Limited, a company formerly listed on the Stock Exchange. On 11 June 2021, Dr. Loke resigned as an independent non-executive director of Zhong An Group Ltd (Stock Code: 672), a company listed on the Stock Exchange.





COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company and the Directors confirm, to the best of their knowledge, that the Company complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as stated in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) during the six months from 1 January 2021 to 30 June 2021, except the deviations disclosed as follows:

Under Code Provision C.1.2, management should provide all members of the Board with monthly updates on the issuer’s performance, position and prospects, which may include monthly management accounts and material variance between projections and actual results. During the period, although management accounts were not circulated to Board members on monthly basis, regular verbal updates were given by management to Directors on working level meetings from time to time, which the management and the Board consider to be sufficient and appropriate in the circumstances in giving a balanced and understandable assessment of the Group’s performance and enabling Directors to discharge their duties.

The Board and the compliance committee shall continue to monitor and review the Company’s corporate governance practices to ensure compliance of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company follows the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the “**Model Code**”) as the code of conduct for Directors in their dealings in the Company’s securities. All existing directors have confirmed to the Company that they have complied with the Model Code during the six months ended 30 June 2021.



AUDIT COMMITTEE

As at 30 June 2021, the Audit Committee of the Company (“**AC**”) comprised of three independent non-executive Directors, namely, Dr. Loke Yu (alias Loke Hoi Lam), Mr. Wong Kwok On and Mr. Bonathan Wai Ka Cheung. Dr. Loke Yu possesses recognised professional qualifications in accounting and has wide experience in audit and accounting. As at 30 June 2021, Dr. Loke Yu is the chairman of AC.

No former partner of the Company’s existing auditing firm acted as a member of the AC within two years from ceasing to be a partner or having any financial interest in the auditing firm.

The AC was delegated with the authority of the Board of the Company to investigate any activity within its terms of reference. The primary function of the AC is to review and supervise the Group’s financial reporting process and internal controls. The AC has also reviewed arrangements to enable employees of the Group to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure proper arrangements that in place for fair and independent investigation and follow up actions. The full terms of reference of the AC are available on the Company’s website: www.csthld.com and the website of the Stock Exchange: www.hkexnews.hk.

The Group’s unaudited financial statements for the six months ended 30 June 2021 have been reviewed by the AC, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.





CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Xu Ming
Mr. Zeng Yongguang
Mr. Guo Jun Hao
Mr. Mai Huazhi
Mr. Lin Wan'an

NON-EXECUTIVE DIRECTORS

Mr. Lai Yubin
Mr. Wei Xiaomin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Kwok On
Mr. Bonathan Wai Ka Cheung
Dr. Loke Yu (alias Loke Hoi Lam)
Ms. Qiu Yumei

AUDIT COMMITTEE

Dr. Loke Yu (alias Loke Hoi Lam)
(chairman of committee)
Mr. Wong Kwok On
Mr. Bonathan Wai Ka Cheung
Ms. Qiu Yumei

REMUNERATION COMMITTEE

Ms. Qiu Yumei *(chairman of committee)*
Dr. Loke Yu (alias Loke Hoi Lam)
Mr. Bonathan Wai Ka Cheung

NOMINATION COMMITTEE

Ms. Qiu Yumei *(chairman of committee)*
Dr. Loke Yu (alias Loke Hoi Lam)
Mr. Bonathan Wai Ka Cheung

COMPLIANCE COMMITTEE

Dr. Loke Yu (alias Loke Hoi Lam)
(chairman of committee)
Mr. Bonathan Wai Ka Cheung
Ms. Qiu Yumei

COMPANY SECRETARY

Mr. Chan Chun Kau

AUTHORISED REPRESENTATIVES

Mr. Zeng Yongguang
Mr. Chan Chun Kau

HEAD OFFICE

Unit E, 30/F., Tower B, Billion Centre
1 Wang Kwong Road
Kowloon Bay, Kowloon
Hong Kong

REGISTERED OFFICE

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

AUDITOR

HLB Hodgson Impey Cheng Limited

PRINCIPAL BANKERS

China Construction Bank Corporation,
Zhongshan Branch
Agricultural Bank of China,
Zhongshan Branch
China Trust Commercial Bank, Ltd.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong

STOCK CODE

00515

WEB-SITE

www.csthld.com





On behalf of the Board, I would like to extend our sincere appreciation to all management and staff members of their diligence and dedication, the continuing support of our business partners and the Company's shareholders.

On behalf of the Board

Zeng Yongguang

Executive Director

Hong Kong, 20 August 2021

