



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
2023

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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 2023. 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 2023

	Notes	For the six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Turnover	3	111,077	190,243
Cost of sales		(103,297)	(181,032)
Gross profit		7,780	9,211
Other income		5,212	2,283
Other losses, net		535	(360)
Selling and distribution expenses		(3,907)	(8,051)
Administrative expenses		(11,252)	(19,395)
Finance costs		(11,522)	(4,377)
Loss before tax		(13,154)	(20,689)
Income tax credit	4	20	–
Loss for the period	5	(13,134)	(20,689)
Other comprehensive expense:			
<i>Items that will not be reclassified to profit or loss:</i>			
Surplus/(deficit) on revaluation of properties		1,541	(3,057)
Deferred taxation arising from revaluation of properties		(385)	764
		1,156	(2,293)
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation		(1,854)	–
Other comprehensive expense for the period		(698)	(2,293)
Total comprehensive expense for the period		(13,832)	(22,982)

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

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		(12,389)	(18,653)
Non-controlling interests		(745)	(2,036)
		(13,134)	(20,689)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(12,826)	(20,946)
Non-controlling interests		(1,006)	(2,036)
		(13,832)	(22,982)
Loss per share (<i>HK cents</i>)			
– Basic and diluted	7	(1.85)	(3.05)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	434,188	431,900
Right-of-use asset		14,844	15,153
		449,032	447,053
Current assets			
Inventories		41,852	46,266
Trade and other receivables	9	130,323	136,898
Pledged bank deposits		41,616	46,700
Bank balances, deposits and cash		34,146	28,463
		247,937	258,327
Current liabilities			
Trade and other payables	10	120,665	141,819
Contract liabilities		381	375
Bills payable	10	131,151	146,748
Lease liabilities		814	773
Taxation payable		63,729	65,737
Bank borrowings – due within one year	11	339,186	311,291
		655,926	666,743
Net current liabilities		(407,989)	(408,416)
Total assets less current liabilities		41,043	38,637

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2023

	Notes	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Non-current liabilities			
Lease Liabilities		980	1,398
Deferred taxation		19,022	18,445
Convertible bonds		14,115	–
		34,117	19,843
Net assets			
		6,926	18,794
Capital and reserves			
Share capital	12	669	334,708
Reserves		68,200	(254,977)
Equity attributable to owners of the Company		68,869	79,731
Non-controlling interests		(61,943)	(60,937)
Total equity		6,926	18,794

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital HK\$'000	Share premium HK\$'000	Share redemption reserve HK\$'000	Capital reserve HK\$'000	Property revaluation reserve HK\$'000	The PRC statutory reserve HK\$'000	Special reserve HK\$'000	Share option contribution reserve HK\$'000	Capital contribution reserve HK\$'000	Convertible bonds 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 2023 (audited)	334,708	567,711	470	53,425	15,003	1,156	11,313	1,893	-	18,510	(924,458)	79,731	(60,937)	18,794	
Loss for the period	-	-	-	-	-	-	-	-	-	-	(12,389)	(12,389)	(745)	(13,134)	
Other comprehensive income/(expense) for the year:															
Exchange differences arising in translation	-	-	-	-	-	-	-	-	-	-	(1,593)	-	(1,593)	(261)	
Deficit on revaluation of properties	-	-	-	1,541	-	-	-	-	-	-	-	-	1,541	-	
Deferred tax liabilities arising from revaluation of properties	-	-	-	(385)	-	-	-	-	-	-	-	-	(385)	-	
Total comprehensive expense for the period	-	-	-	1,156	-	-	-	-	-	(1,593)	(12,389)	(12,389)	(1,006)	(13,832)	
Effect of capital reorganisation	(334,039)	(567,711)	-	-	-	-	-	-	-	-	-	901,750	-	-	
Equity-settled share based transaction	-	-	-	-	-	-	1,162	-	-	-	-	-	1,162	-	
Issuance of convertible bonds	-	-	-	-	-	-	-	-	-	802	-	-	802	-	
At 30 June 2023 (unaudited)	669	-	470	54,581	15,003	1,156	12,475	1,893	802	16,917	(35,097)	68,869	(61,943)	6,926	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2023

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	The IRC 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 2022 (audited)	278,924	567,711	470	52,621	15,003	1,156	11,313	1,893	14,155	(883,405)	59,841	(59,349)	492
Loss for the period	-	-	-	-	-	-	-	-	-	(18,653)	(18,653)	(2,036)	(20,689)
Deficit on revaluation of properties	-	-	-	(3,057)	-	-	-	-	-	-	(3,057)	-	(3,057)
Deferred tax liabilities arising from revaluation of properties	-	-	-	764	-	-	-	-	-	-	764	-	764
Total comprehensive expense for the period	-	-	-	(2,293)	-	-	-	-	-	(18,653)	(20,946)	(2,036)	(22,982)
Issue of shares upon subscription of new shares	55,784	-	-	-	-	-	-	-	-	-	55,784	-	55,784
At 30 June 2022 (unaudited)	334,708	567,711	470	50,328	15,003	1,156	11,313	1,893	14,155	(902,058)	94,679	(61,385)	33,294

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Net cash outflow from operating activities	(418)	(16,661)
Net cash generated from/(used in) investing activities:		
Withdrawal of pledged bank deposits	147,191	129,011
Placement of pledged bank deposits	(141,633)	(124,896)
Purchase of property, plant and equipment	(5,543)	(30,636)
Other investing cash flows	315	274
	330	(26,247)
Net cash generated from financing activities:		
Interest paid	(11,522)	(4,377)
Issuance of convertible bond	15,000	–
Issue of shares upon subscription of new shares	–	55,784
Bank borrowing raised	3,624	–
	7,102	51,407
Net increase in cash and cash equivalents	7,014	8,499
Cash and cash equivalents at 1 January	28,463	19,990
Effect of foreign exchange rate changes	(1,331)	–
Cash and cash equivalents at 30 June, represented by bank balances, deposits and cash	34,146	28,489

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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\$13,134,000 during the six months ended 30 June 2023 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$407,989,000. 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.

(2) *Financial support*

A shareholder has agreed to continue to 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 2023.

2. APPLICATION OF 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 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17	Insurance contracts
Amendments to HKAS 8	Definition of accounting estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction

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. TURNOVER AND 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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Segment turnover – external sales		
Manufacturing and trading of single-sided printed circuit boards (“PCB”) (“Single-sided PCB”)	11,143	35,184
Manufacturing and trading of double-sided PCB (“Double-sided PCB”)	96,752	142,542
Manufacturing and trading of multi-layered PCB (“Multi-layered PCB”)	3,182	10,643
Others	–	1,874
Total	111,077	190,243
Timing of revenue recognition		
At a point in time	111,077	190,243
Over time	–	–
Segment gain/(loss)		
Single-sided PCB	46	(1,828)
Double-sided PCB	401	(7,405)
Multi-layered PCB	13	(553)
Others	(2,585)	(3,986)
	(2,125)	(13,772)
Other income	4,251	473
Central administrative costs	(3,758)	(3,013)
Finance costs	(11,522)	(4,377)
Loss before tax	(13,154)	(20,689)

3. TURNOVER AND SEGMENT INFORMATION *(continued)*

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 CREDIT

	For the six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current tax:		
Hong Kong Profit Tax	–	–
PRC Enterprise Income Tax (“EIT”)	–	–
Deferred tax	20	–
	20	–

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 (the “PRC”) 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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Directors' emoluments	1,500	1,477
Other staff costs	10,508	21,924
Total staff costs	12,008	23,401
Depreciation of right-of-use assets	309	308
Depreciation of property, plant and equipment	2,388	4,010
Imputed interest income on trade receivables with extended credit terms (included in other income)	–	(158)
Interest income on bank deposits and bank balances (included in other income)	(315)	(274)
Sales of scrap materials (included in other income)	(961)	(1,258)
Government grants (note)	(3,614)	(334)
Share-based payments	1,162	–

Note:

Government grants were mainly granted to the Group as subsidies to support the operation of the Hong Kong and PRC subsidiaries. During the period ended 30 June 2022, the Group recognised government grants of approximately HK\$176,000 in respect of COVID-19 related subsidies which is related to Employment Support Scheme provided by the Hong Kong Government. For other government grants, there are no special conditions or contingencies that are needed to be fulfilled 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 2022: 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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share:		
Loss for the period attributable to owners of the Company	(12,389)	(18,653)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	669,415	610,789

The calculation of the diluted loss per share for the periods ended 30 June 2023 and 2022 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 gain on revaluation of HK\$1,541,000 was recognised to the property revaluation reserve during the six months ended 30 June 2023 (six months ended 30 June 2022: loss on revaluation of HK\$3,057,000).

During the six months ended 30 June 2023, the Group paid HK\$5,543,000 (six months ended 30 June 2022: HK\$30,636,000) on addition of property, plant and equipment.

9. TRADE, BILLS AND OTHER RECEIVABLES

(a) Trade and other receivables

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Trade receivables with normal credit terms	137,850	139,548
Less: Allowance for expected credit losses	(84,984)	(84,984)
	52,866	54,564
Trade receivables with extended credit terms	43,461	44,692
Less: Allowance for expected credit losses	(6,148)	(6,148)
	37,313	38,544
Total trade receivables, net of allowance for expected credit losses	90,179	93,108
Advances to suppliers and other receivables	40,144	43,790
Current portion of trade and other receivables	130,323	136,898

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.

9. TRADE, BILLS AND OTHER RECEIVABLES (continued)

(a) Trade and other receivables (continued)

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 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
0 – 30 days	-	-	20,845	19,317	20,845	19,317
31 – 60 days	-	-	9,233	10,161	9,233	10,161
61 – 90 days	-	-	5,254	7,614	5,254	7,614
91 – 180 days	-	-	14,392	13,654	14,392	13,654
Over 180 days	37,313	38,544	3,142	3,818	40,455	42,362
	37,313	38,544	52,866	54,564	90,179	93,108

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 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Balance at beginning of the period	84,984	85,183
Allowance for expected credit losses	-	(199)
	84,984	84,984

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 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Balance at beginning of the period	6,148	5,901
Provision for expected credit losses	-	247
	6,148	6,148

9. TRADE, BILLS AND OTHER RECEIVABLES (continued)

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

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Balance at the beginning of the period	46,812	50,787
Reversal of allowance for expected credit losses	–	(3,975)
	46,812	46,812

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 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
0 – 30 days	2,605	3,076
31 – 60 days	3,105	4,453
61 – 90 days	2,338	2,357
91 – 180 days	11,047	13,493
Over 180 days	33,699	35,511
	52,794	58,890
Other payables (note)	58,091	70,289
Accrued salaries and other accrued charges	9,780	12,640
	120,665	141,819

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, the Group's other payable included an amount of HK\$3,523,000 (31 December 2022: HK\$3,571,000), being loan from other borrowers carrying an interest rate of 18% p.a. and repayable in accordance with the terms of the loan agreements. During the interim period ended 30 June 2023, interest in the amount of HK\$315,000 (six months ended 30 June 2022: HK\$321,000) was recognised as the finance cost in the consolidated statements of profit or loss.

10. TRADE, BILLS AND OTHER PAYABLES (continued)**(b) Bills payable**

The aging analysis of bills payable is as follows:

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
0 – 30 days	16,295	4,916
31 – 60 days	57,240	–
61 – 90 days	–	860
91 – 180 days	57,616	21,646
Over 180 days	–	119,326
	131,151	146,748

11. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans in the amount of HK\$3,625,000 (six months ended 30 June 2022: HK\$50,833,000). The bank borrowings as at 30 June 2023 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 1 January 2022	12,000,000	1,200,000
Five-to-one share consolidation on 24 May 2022	(9,600,000)	–
	2,400,000	1,200,000
At 31 December 2022 and 1 January 2023	1,197,600,000	–
	1,200,000,000	1,200,000
At 30 June 2023		
Issued and fully paid:		
Ordinary shares at 1 January 2022	2,789,237	278,924
Issue of shares under the subscriptions completed in March and May 2022	557,840	55,784
Share Consolidation effective in May 2022	(2,677,662)	–
	669,415	334,708
Ordinary shares at 31 December 2022 and 1 January 2023	–	(334,039)
Effect of capital reorganisation effective in January 2023		
	669,415	669
At 30 June 2023		

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 2023, 54,300,000 share options were granted (2022: Nil) and no share options were exercised (2022: 71,000,000), lapsed (2022: Nil) or forfeited (2022: Nil).

14. CAPITAL COMMITMENTS

At 30 June 2023, the Group has commitment in the amount of HK\$27,402,000 (as at 31 December 2022: HK\$32,085,000) 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 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Buildings	126,920	126,705
Pledged bank deposits	41,616	46,700
Right-of-use assets	14,844	15,153
Construction in progress	244,048	239,365
	427,428	427,923

16. RELATED PARTY TRANSACTIONS

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 2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Short-term benefits	1,470	1,448
Post-employment benefits	30	29
	1,500	1,477

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					
	2023		2022		Increase/ (decrease) HK\$'000	Change in %
	HK\$'000	%	HK\$'000	%		
Single-sided PCB	11,143	10.0	35,184	18.5	(24,041)	(68.3)
Double-sided PCB	96,752	87.1	142,542	74.9	(45,790)	(32.1)
Multi-layered PCB	3,182	2.9	10,643	5.6	(7,461)	(70.1)
LED Business	–	–	1,874	1.0	(1,874)	(100.0)
Total	111,077	100.0	190,243	100.0	(79,166)	(41.6)

The three categories of PCB products are mainly applied in consumer electronics, computers and computer peripherals, and communications equipment. During the period under review, single and double-sided PCBs used for consumer electronics accounted for approximately 97.1% of the Group's turnover, while high-end multi-layered PCBs accounted for approximately 2.9% 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					
	2023		2022		Increase/ (decrease) HK\$'000	Change in %
	HK\$'000	%	HK\$'000	%		
Hong Kong	3,113	2.8	5,156	2.7	(2,043)	(39.6)
The PRC	98,284	88.5	168,387	88.5	(70,103)	(41.6)
Asia (excluding Hong Kong and the PRC)	261	0.2	5,258	2.8	(4,997)	(95.0)
Europe	9,419	8.5	11,442	6.0	(2,023)	(17.7)
Total	111,077	100.0	190,423	100.0	(79,346)	(41.7)

During the period under review, the Group's revenue decreased mainly due to the decrease in sales quantity of PCB products, caused by the uncertain outlook of global economy and the dampened demand of electronic products as affected by various factors including the Russian-Ukraine war, US federal rate hike and the China-US trade tension.

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\$111.1 million, representing a decrease of 41.6% as compared to approximately HK\$190.2 million for the corresponding period last year, principally resulted from the decrease in sales quantity of PCB products. Loss attributable to shareholders was decreased to approximately HK\$12.4 million (2022: HK\$18.7 million), principally due to the increase of other income and the decreases in selling and distribution expenses and administrative expenses. The gross profit margin for the six months ended 30 June 2023 was approximately 7.0% (2022: 4.8%).

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2023, the Group had total assets of approximately HK\$696.9 million (31 December 2022: HK\$705.4 million) and interest-bearing borrowings of approximately HK\$356.8 million (31 December 2022: HK\$315.9 million), representing a gearing ratio (defined as interest-bearing borrowings over total assets) of approximately 51.2% (31 December 2022: 44.8%).

The Group had net current liabilities of approximately HK\$408.0 million (31 December 2022: HK\$408.4 million) consisted of current assets of approximately HK\$247.9 million (31 December 2022: HK\$258.3 million) and current liabilities of approximately HK\$655.9 million (31 December 2022: HK\$666.7 million), representing a current ratio of approximately 0.38 (31 December 2022: 0.39).

As at 30 June 2023, the Group had cash and bank balances (including pledged bank deposits) of approximately HK\$75.8 million (31 December 2022: HK\$75.2 million). As at 30 June 2023, the Group had bank balances, deposit and cash of approximately HK\$34.1 million (31 December 2022: HK\$28.5 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 2023 (30 June 2022: Nil).

HUMAN RESOURCES

As at 30 June 2023, the Group employed a total of approximately 242 employees (31 December 2022: 372), including approximately 203 employees in its PCB production site, 13 employees in its PRC LED business units and 26 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.

Grant of Share Option

On 19 January 2023, the Board resolved to grant 54,300,000 share options to 60 Grantees, of which 17,400,000 options were granted to 11 directors and 36,900,000 options were granted to 49 employees of the Group. The exercise price of the options is HK\$0.14 per share, being the higher of (i) the closing price of HK\$0.140 per share as quoted in the Stock Exchange's daily quotation sheet on the date of grant; and (ii) HK\$0.140 per share, being the average closing price as quoted in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant. The options granted shall vest as to 50% on 19 January 2024, being the first anniversary of the Date of Grant, and as to the remaining 50% on 19 January 2025, being the second anniversary of the Date of Grant. Subject to vesting, the options are exercisable until 19 January 2026. For details of the option grant, please refer to the Company's announcement dated 19 January 2023.

Issue of Convertible Bonds under General Mandate

On 15 February 2023, the Company and two independent subscribers, Union Insurance Limited and Ms. Wang Shuang, entered into two subscription agreements to subscribe for 3-year, 8% per annum convertible bonds (the “**Convertible Bonds**”) in the aggregate principal amount of HK\$15,262,320. Based on the initial conversion price of HK\$0.114, an aggregate of 133,880,000 conversion shares will be allotted and issued by the Company upon the full exercise of the Convertible Bonds. The initial conversion price of HK\$0.114 represents: (i) a premium of approximately 3.64% over the closing price of HK\$0.110 per share as quoted on the Stock Exchange on the date of signing of the subscription agreements; and (ii) a premium of approximately 0.35% over the average closing price of HK\$0.1136 per share as quoted on the Stock Exchange for the five trading days immediately prior to the date of signing of the subscription agreements. The net proceeds of approximately HK\$15 million from the issue of the Convertible Bonds have been fully utilized as intended, as to over 60% for financing the ongoing construction of the New Phase Development of the Group’s existing production plant in Zhongshan and as to the remaining sum for meeting the Group’s liabilities and accruals when they fall due. The issue of the Convertible Bonds was completed on 3 March 2023. Further details of the subscriptions were set out in the Company’s announcements dated 15 February 2023 and 3 March 2023.

Issue of New Shares under Specific Mandate

On 9 June 2023, the Company entered into subscription agreements (the “**Subscription Agreements**”) with 5 subscribers pursuant to which the Company has conditionally agreed to allot and issue for an aggregate of 440,000,000 subscription shares (the “**Subscription Shares**”) at the subscription price of HK\$0.10 per Subscription Share. The 440,000,000 Subscription Shares represents approximately 65.73% of the share capital of the Company then currently in issue, and approximately 39.66% of the issued share capital of the Company as enlarged by the issue of 440,000,000 Subscription Shares. The subscription price of HK\$0.10 per Subscription share represents: (i) a discount of approximately 4.76% to the closing price of HK\$0.105 per share as quoted on the Stock Exchange on the date of the Subscription Agreements; and (ii) a discount of approximately 5.66% to the average closing price of approximately HK\$0.106 per share as quoted on the Stock Exchange for the last five trading days of the shares immediately prior to the date of the Subscription Agreements. The gross and net proceeds from the Subscriptions were expected to be approximately HK\$44 million and HK\$41.5 million, respectively. The Company intended to use such net proceeds as to HK\$35.5 million for the repayment of the Group’s debts and liabilities when they fall due and as to HK\$6 million for the Group’s working capital (such as salaries, rental expenses, professional fees and office overheads). The Subscription Shares was intended to be allotted and issued under specific mandate, which was subject to the shareholders’ approval at the EGM. Subsequent to the end of the interim period, the Subscriptions were voted down at the EGM held on 7 August 2023 and lapsed. Further details of the subscriptions and their lapse were set out in the Company’s announcements dated 9 June 2023, 30 June 2023 and 7 August 2023.

Capital Reorganisation

On 3 August 2022, the Board proposed to implement a capital reorganisation of the issued share capital of the Company (the “**Capital Reorganisation**”), which comprises: (i) the Capital Reduction, involving the reduction of the issued share capital of the Company by cancelling the paid up capital to the extent of HK\$0.499 on each of the issued Existing Shares such that the par value of each issued Existing Share will be reduced from HK\$0.50 to HK\$0.001; (ii) the Share Premium Reduction, involving the reduction of the entire amount standing to the credit of the Share Premium Account, simultaneously with the Capital Reduction becoming effective; (iii) the Share Sub-division, involving the sub-division of each of the authorised but unissued Existing Shares with par value of HK\$0.50 each into 500 unissued New Shares with par value of HK\$0.001 each, immediately following the Capital Reduction becoming effective; and (iv) the credits arising from the Capital Reduction and the Share Premium Reduction be applied towards offsetting the accumulated losses of the Company as at the Effective Date and the balance of any such credit remaining after offsetting the accumulated losses be transferred to a distributable reserve account of the Company which may be applied by the Company in any manner as permitted under the applicable laws and the memorandum and articles of association of the Company. The resolutions regarding the Capital Reorganisation were approved at an extraordinary general meeting held on 30 September 2022. Following the satisfaction of all the conditions precedent to the Capital Reorganisation, the Capital Reorganisation became effective on 17 January 2023. Details of the Capital Reorganisation were disclosed in the Company’s announcements dated 3 August 2022, 2 September 2022, 30 September 2022 and 11 November 2022 and the Company’s circular dated 5 September 2022.

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.

On 9 January 2023, Zhongshan TC entered into two Project Agreements with the People's Government of Sanjiao Town (the "**Town Government**") in relation to Project A and Project B (as mentioned below, collectively the "**Projects**"), i.e. the possible investment by the Group of Phase 3 Development at the Group's development site in Sanjiao Town, Zhongshan City. The Company emphasizes that given we are still in the process of Phase 2 Development, Phase 3 Development is only at an early planning stage and would only be commenced if it is in the best interests of the Group to do so, say, when the then-existing production facilities are close to full utilization, and there is sufficient funding available to the Group to complete the Projects. Further announcement(s) will be made by the Company if and when there is any significant development of the Projects which may trigger any disclosure obligations under the Listing Rules.

Project A

Project A involves the possible investment by the Group to construct new factory and ancillary premises with gross floor area of approximately 151,875.44 sq.m. Development Site A is situated at No. 98, Gaoping Boulevard, Sanjiao Town, Zhongshan City, Guangdong Province, the PRC, having a total site area of 65,999.7 square meters, with its land use right running until July and August 2048. Subject to the obtaining of Building Permit, the Group is expected to invest, or procure the investment of, RMB349,320,000 on the construction of Project A within specified time limit. Project A is expected to achieve an annual tax payment level of RMB26.68 million for at least one year during the performance supervision period of approximately 8 years commencing on the date of Building Permit.

Project B

Project B involves the possible investment by the Group to construct new factory and ancillary premises with gross floor area of approximately 248,333.45 sq.m. Development Site B is situated at No. 91, Gaoping Boulevard, Sanjiao Town, Zhongshan City, Guangdong Province, the PRC, having a total site area of 66,666.7 square meters, with its land use right running until September 2048. Subject to the obtaining of Building Permit, the Group is expected to invest, or procure the investment of, RMB571,170,000 on the construction of Project B within specified time limit. Project B is expected to achieve an annual tax payment level of RMB40 million for at least one year during the performance supervision period of approximately 8 years commencing on the date of Building Permit.

OUTLOOK

The Board considers that it is vital and necessary for the Group to dedicate more efforts on the research and development with the view to achieving product upgrade. The Group has paid high attention to develop high value-added PCB products, particularly the copper-based PCB engaged in clean and environmentally friendly applications.

Regarding the LED segment, the Group intends to focus on credit management and to optimize the trade receivable collection. The Group intends to pursue only after profitable projects with shorter receivable cycle.

THE IMPACT OF NOVEL CORONAVIRUS EPIDEMIC

The Group's production facilities are principally situated in Zhongshan city and Shenzhen city, both in Guangdong Province. Between January 2020 and November 2022, travel restrictions and other public health measures (the "**Public Health Measures**") were imposed in various areas in China in an attempt to contain the novel Coronavirus epidemic (the "**Epidemic**"), affecting the human resources of the Group, the supply chains of raw materials and product shipments and the general economic atmosphere whether in China and globally.

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, 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.

With the lifting of COVID-19 related restrictions in China in December 2022, the economy of China is expected to return to faster growth. However, the global economy, particularly the manufacturing sector, will continue to be overshadowed by US federal rate hike, geopolitical tensions, new protectionism and technology war in semiconductors. The Group will continue to adapt itself to overcome the challenges ahead, by the adoption of cost-savings and quality improvement measures, and strategic pricing policy and proactive marketing approach to attract more sales orders from both existing and potential customers.

CAPITAL COMMITMENT

As at 30 June 2023, the Group had capital commitment of approximately HK\$27,402,000 (as at 31 December 2022: HK\$32,085,000) in respect of addition of property, plant and equipment contracted for but not provided in the consolidated financial statements.

CHARGE OF ASSETS

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

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, 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 directors	Capacity	Number of shares held (long position)	Percentage of issued share capital (Note 3)
Lai Yubin	Beneficial owner (Note 1)	2,000,000	0.30%
Kong Chan Fai	Beneficial owner (Note 1)	1,000,000	0.15%
Xu Ming	Beneficial owner (Note 1)	3,000,000	0.45%
Zeng Yongguang	Beneficial owner (Note 1)	3,000,000	0.45%
	Interest of spouse (Note 2)	200,000	0.03%
Guo Jun Hao	Beneficial owner (Note 1)	3,000,000	0.45%
Liang Jiaxin	Beneficial owner (Note 1)	1,000,000	0.15%
Wei Xiaomin	Beneficial owner (Note 1)	2,000,000	0.30%
Wong Kwok On	Beneficial owner (Note 1)	600,000	0.09%
Bonathan Wai Ka Cheung	Beneficial owner (Note 1)	600,000	0.09%
Loke Yu	Beneficial owner (Note 1)	600,000	0.09%
Qiu Yumei	Beneficial owner (Note 1)	600,000	0.09%

Notes:

- These underlying shares were based on disclosure of interest (“DI”) filings made when share options were granted to the relevant directors on 19 January 2023, further details of which are set out in the section headed “Share Option Schemes”.
- Mr. Zeng Yongguang is deemed to be interested in the 200,000 shares of the Company held by his spouse, Ms. Zeng Xiaoxian.
- The shareholding percentages, being rounded numbers, are calculated on the basis of 669,415,394 issued shares of the Company as at 30 June 2023.

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 2023.

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

As at 30 June 2023, 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 and underlying shares:

Name of shareholders	Capacity	Number of shares held (long position)	Percentage of issued share capital
Li Sidi (Note 1)	Interest in controlled corporation	126,370,800	18.88%
Union Insurance (Note 1)	Interest in controlled corporation and beneficial owner	124,554,000	18.61%
Intelligent South Network (Note 1)	Beneficial owner	43,200,000	6.45%
Wang Shuang (Note 2)	Beneficial owner	66,940,000	10.00%

Note 1: Based on the then latest DI filings made by the relevant persons, as at 30 June 2023, Ms. Li Sidi was deemed to be interested in 126,370,800 shares, comprising: (a) 14,414,000 shares which were held by her controlled corporation, Union Insurance Limited ("**Union Insurance**"); (b) 66,940,000 underlying shares which may be allotted and issued by the Company to Union Insurance upon full conversion of convertible bonds held by Union Insurance; (c) 43,200,000 shares which were held by Intelligent South Network Group Limited ("**Intelligent South Network**"), a wholly-owned subsidiary of Union Insurance; and (d) 1,816,800 shares which were held by Ms. Li Sidi personally.

Note 2: Based on the then DI filing made by the relevant person, Ms. Wang Shuang was deemed to be interested in 66,940,000 shares.

Note 3: The shareholding percentages, being rounded numbers, are calculated on the basis of 669,415,394 issued shares of the Company as at 30 June 2023.

Other than disclosed above, as at 30 June 2023, 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 a result of the completion of the open offer and rights issue on 25 July 2016 and 20 December 2017 and the five-to-one share consolidation on 24 May 2022, 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 4,558,930 shares (following the adjustment on the coming into effect of the five-to-one share consolidation), representing approximately 0.68% 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. 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 10% of the shares in issue as at the date of approval of the New Share Option Scheme or the subsequent refreshment. 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.

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 options to subscribe for up to the maximum of 271,823,697 pre-consolidation shares (equivalent to 54,364,739 shares as adjusted after the five-to-one share consolidation). During the six months ended 30 June 2023, 54,300,000 share options were granted (2022: Nil) and no share options were exercised (2022: 71,000,000), lapsed (2022: Nil) or forfeited (2022: Nil). After this grant of option, the number of options remained available for grant is 64,739 shares. The New Share Option Scheme has a remaining lifespan of 2 years and 10 months.

Grantee	Date of grant	Exercise price per share HK\$	Outstanding as at 1 January 2023 '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 2023 '000
Directors:								
Lai Yubin	19 January 2023	0.14	–	2,000	–	–	–	2,000 (Note 1)
Kong Chan Fai	19 January 2023	0.14	–	1,000	–	–	–	1,000 (Note 1)
Xu Ming	19 January 2023	0.14	–	3,000	–	–	–	3,000 (Note 1)
Zeng Yongguang	19 January 2023	0.14	–	3,000	–	–	–	3,000 (Note 1)
Guo Jun Hao	19 January 2023	0.14	–	3,000	–	–	–	3,000 (Note 1)
Liang Jiaxin	19 January 2023	0.14	–	1,000	–	–	–	1,000 (Note 1)
Wei Xiaomin	19 January 2023	0.14	–	2,000	–	–	–	2,000 (Note 1)
Wong Kwok On	19 January 2023	0.14	–	600	–	–	–	600 (Note 1)
Bonathan Wai Ka Cheung	19 January 2023	0.14	–	600	–	–	–	600 (Note 1)
Loke Yu	19 January 2023	0.14	–	600	–	–	–	600 (Note 1)
Qiu Yumei	19 January 2023	0.14	–	600	–	–	–	600 (Note 1)
Subtotal				17,400	–	–	–	17,400
Consultants:								
	22 October 2014	4.27	3,174	–	–	–	–	3,174 (Note 2)
Subtotal			3,174	–	–	–	–	3,174
Employees:								
	22 October 2014	4.27	1,385	–	–	–	–	1,385 (Note 2)
	19 January 2023	0.14	–	36,900	–	–	–	36,900 (Note 1)
Subtotal			1,385	36,900	–	–	–	38,285
Total			4,559	54,300	–	–	–	58,859

Note:

- The date of grant of these options was 19 January 2023, and the closing price of shares immediately before the date of grant was HK\$0.140 per share. These options are vesting (i) as to 50% on or after 19 January 2024, being the first anniversary of the date of grant; and (ii) as to remaining 50% on or after 19 January 2025, being the second anniversary of the date of grant. These options will expire on the 3rd anniversary after the date of grant. The fair value of these options was assessed on the date of grant of 19 January 2023 at HK\$3,520,000. The fair value of the options was measured on the date of grant based on the binomial option pricing model using the following key inputs and assumptions: (a) an expected volatility of 74% based on historical annualized volatility over a period of time based on the expected lifespan of the share options, which is over one year; (b) no annual dividends being made based on historical dividend pattern in the most recent five years; and (c) a risk-free interest rate of 3.19% based on the yields of HKMA Exchange Fund Notes and government bonds. For the purpose of the calculation of fair value, no adjustment was made for options expected to be forfeited due to the expected insignificant staff turnover and the lack of historical data. While the binomial option pricing model is regarded as a generally accepted methodology to calculate the fair value of options, it requires the input of subjective assumptions (including share price volatility) and any changes in subjective input assumptions could materially affect the fair value estimate. Therefore, the Directors are of the view that the model does have limitations and does not necessarily provide a reliable single measurement of the fair value of the share options.
- 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, and further adjusted to HK\$4.27 as a result of the coming into effect of the five-to-one share consolidation on 24 May 2022.

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 2023 or at any time during the period.

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

During the six months ended 30 June 2023, 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:

Dr. Loke Yu (alias Loke Hoi Lam): (a) resigned as an independent non-executive director of TradeGo FinTech Limited, a company listed on the GEM of the Stock Exchange with stock code: 8017 on 8 February 2023; and (b) retired as an independent non-executive director of Tianjin Development Holdings Limited, a company listed on the Main Board of the Stock Exchange with stock code: 882 on 21 June 2023. On 10 April 2023, Mr. Bonathan Wai Ka Cheung resigned as a non-executive director of International Genius Company (formerly known as Amber Hill Financial Holdings Limited), a company listed on the Stock Exchange with stock code: 33.

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 2023 to 30 June 2023, except the deviations disclosed as follows:

Under Code Provision D.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 under review, 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 2023.

AUDIT COMMITTEE

As at 30 June 2023, the Audit Committee of the Company ("**AC**") comprised of four independent non-executive Directors, namely, Dr. Loke Yu (alias Loke Hoi Lam), Mr. Wong Kwok On, Mr. Bonathan Wai Ka Cheung and Ms. Qiu Yumei. Dr. Loke Yu possesses recognised professional qualifications in accounting and has wide experience in audit and accounting. As at 30 June 2023, 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 2023 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. Kong Chan Fai (*Vice-Chairman*)
Mr. Xu Ming (*Chief Executive Officer*)
Mr. Zeng Yongguang
Mr. Guo Jun Hao
Ms. Liang Jiaxin

NON-EXECUTIVE DIRECTORS

Mr. Lai Yubin (*Chairman*)
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

Lai Yubin

Chairman

Hong Kong, 25 August 2023