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China Hongguang Holdings Limited

中國宏光控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8646)

2024 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of China Hongguang Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024. This announcement, containing the full text of the 2024 interim report of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of interim results.

By Order of the Board
China Hongguang Holdings Limited
LIN Weishan
Chairwoman and Executive Director

Hong Kong, 30 August 2024

As at the date of this announcement, the Executive Directors are Mr. WEI Jiakun, Ms. LIN Weishan and Ms. LI Wanna; and the Independent Non-Executive Directors are Ms. CHEN Xiuyan, Mr. JIA Xiaogang and Mr. WU Yong.

This announcement, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting. This announcement will also be published on the website of the Company at www.hongguang.hk.



CHINA HONGGUANG HOLDINGS LIMITED

中國宏光控股有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8646

2024

INTERIM REPORT



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (collectively the “Directors” and individually a “Director”) of China Hongguang Holdings Limited (the “Company”, together with its subsidiaries, collectively the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This report will be available on the Company’s website www.hongguang.hk and will remain on the “Latest Listed Company Information” page on the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its posting.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. WEI Jiakun (*Chief Executive Officer*)
Ms. LIN Weishan (*Chairwoman*)
Ms. LI Wanna

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. CHEN Xiuyan
Mr. JIA Xiaogang
Mr. WU Yong

AUDIT COMMITTEE

Ms. CHEN Xiuyan (*Chairwoman*)
Mr. JIA Xiaogang
Mr. WU Yong

REMUNERATION COMMITTEE

Mr. WU Yong (*Chairman*)
Ms. CHEN Xiuyan
Mr. JIA Xiaogang

NOMINATION COMMITTEE

Mr. JIA Xiaogang (*Chairman*)
Ms. CHEN Xiuyan
Mr. WU Yong

JOINT COMPANY SECRETARIES

Ms. LUI Mei Ka *HKICPA*
Mr. WENG Weilin

AUTHORIZED REPRESENTATIVES

Mr. WEI Jiakun
Mr. WENG Weilin

COMPLIANCE OFFICER

Mr. WEI Jiakun

AUDITOR

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Certified Public Accountants
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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
17M Floor
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PRINCIPAL BANKERS

Agricultural Bank of China Limited

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Dongshan, Rongcheng
Jieyang, Guangdong
the PRC

Bank of China Limited

Jieyang Branch
Linjiang North Road North
Xiaocui Road East, Dongshan
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the PRC

DBS Bank (Hong Kong) Limited

11th Floor, The Center
99 Queen's Road Central
Central, Hong Kong

STOCK CODE

8646

COMPANY WEBSITE ADDRESS

www.hongguang.hk

INTERIM UNAUDITED RESULTS

The board of directors (the “Board”) of China Hongguang Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2024, together with the unaudited comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	3	82,846	80,153
Cost of sales		(62,686)	(54,030)
Gross profit		20,160	26,123
Other net income	4	737	3,581
Sales and marketing expenses		(151)	(62)
General and administrative expenses		(7,462)	(7,791)
Profit from operations		13,284	21,851
Finance costs	5(a)	(2,203)	(2,420)
Profit before taxation	5	11,081	19,431
Income tax expense	6	(1,696)	(2,556)
Profit for the period		9,385	16,875
Earnings per share	7		
Basic (RMB cent)		2.04	4.23

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period	9,385	16,875
Other comprehensive loss for the period (after tax)		
Item that will not be reclassified to profit or loss:		
Exchange difference on translation of financial statements of the Company	(1,813)	(2,370)
Item that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of financial statements of subsidiaries outside mainland China	1,333	200
Other comprehensive loss for the period	(480)	(2,170)
Total comprehensive income for the period	8,905	14,705

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	8	33,883	38,888
Right-of-use assets		1,358	1,389
Equity instrument at fair value through other comprehensive income		25,227	25,227
Deferred tax assets		3,532	3,531
Other receivables		–	750
		<u>64,000</u>	<u>69,785</u>
Current assets			
Inventories	9	171,523	160,190
Trade and other receivables	10	208,680	207,872
Cash and cash equivalents		2,852	1,167
		<u>383,055</u>	<u>369,229</u>
Current liabilities			
Trade and other payables	11	17,631	28,308
Bank loans	12	65,600	62,400
Other borrowings	13	7,953	13,336
Income tax payable		17,377	10,121
		<u>108,561</u>	<u>114,165</u>
Net current assets		<u>274,494</u>	<u>255,064</u>
Total assets less current liabilities		<u>338,494</u>	<u>324,849</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Non-current liabilities			
Other borrowings	13	8,775	3,556
Deferred revenue		2,897	3,376
		<u>11,672</u>	<u>6,932</u>
Net assets		<u>326,822</u>	<u>317,917</u>
Equity			
Share capital	14	4,114	4,114
Reserves		322,708	313,803
Total equity		<u>326,822</u>	<u>317,917</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company							
	Share capital	Share premium	Capital reserve	PRC statutory reserve	Other reserve	Exchange reserve	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 31 December 2022 and 1 January 2023 (audited)	3,564	83,570	(202)	12,417	-	(1,134)	171,101	269,316
Changes in equity for the six months ended 30 June 2023								
Profit for the period	-	-	-	-	-	-	16,875	16,875
Other comprehensive (loss)	-	-	-	-	-	(2,170)	-	(2,170)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(2,170)	16,875	14,705
Issue of shares	550	10,054	-	-	-	-	-	10,604
Balance at 30 June 2023 (unaudited)	<u>4,114</u>	<u>93,624</u>	<u>(202)</u>	<u>12,417</u>	<u>-</u>	<u>(3,304)</u>	<u>187,976</u>	<u>294,625</u>
Balance at 31 December 2023 and 1 January 2024 (audited)	4,114	93,625	(202)	16,209	2,320	(1,186)	203,037	317,917
Changes in equity for the six months ended 30 June 2024								
Profit for the period	-	-	-	-	-	-	9,385	9,385
Other comprehensive (loss)	-	-	-	-	-	(480)	-	(480)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(480)	9,385	8,905
Balance at 30 June 2024 (unaudited)	<u>4,114</u>	<u>93,625</u>	<u>(202)</u>	<u>16,209</u>	<u>2,320</u>	<u>(1,666)</u>	<u>212,422</u>	<u>326,822</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash used in operating activities	851	(9,695)
Net cash generated from/(used in) investing activities	1	5,925
Net cash (used in)/generated from financing activities	833	(2,116)
Net increase in cash and cash equivalents	1,685	(5,886)
Cash and cash equivalents at beginning of the period	1,167	13,268
Cash and cash equivalents at end of the period	<u>2,852</u>	<u>7,382</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION

China Hongguang Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 25 May 2017 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares are listed on the GEM (“GEM”) of The Stock Exchange of Hong Kong Limited from 13 January 2020. The Group, comprising the Company and its subsidiaries, are principally engaged in the manufacture and sales of architectural glass products in the People’s Republic of China (“PRC”).

The address of the registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Room 1202, 1204–06, 12th Floor, The Chinese Bank Building, 61 Des Voeux Road Central, Central, Hong Kong.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The unaudited condensed consolidated results for the six months ended 30 June 2024 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), of which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the unaudited condensed consolidated results

The unaudited condensed consolidated results for the six months ended 30 June 2024 comprise the Company and its subsidiaries.

Items included in the unaudited condensed consolidated financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "Functional Currency"). Except for share and per share information, the unaudited condensed consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousands, which is the presentation currency.

The measurement basis used in the preparation of the unaudited condensed consolidated results is the historical cost basis.

The preparation of unaudited condensed consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group derives all its revenue from the sales of glass products in the PRC.

Revenue represents the sales value of goods sold to customers, net of sales tax and value added tax.

i. Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products lines is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products lines		
– Sales of energy-efficient safety glass products	81,690	68,792
– Sales of smart glass products	1,156	1,057
	<u>82,846</u>	<u>80,153</u>

All revenue was recognised at a point in time under HKFRS 15.

The Group's customer base is diversified. There are five and two individual customer with whom transactions have exceeded 10% of the Group's revenues for the six months ended 30 June 2024 and 30 June 2023 respectively.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

3. REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

ii. Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for glass products such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfied the remaining performance obligations under the contracts for sales of glass products that had an original expected duration of one year or less.

(b) Segment reporting

HKFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's most senior executive management for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sale of glass products.

4. OTHER NET INCOME

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Government grants	580	980
Rentals from operating leases	157	157
Others	—	2,444
	<u>737</u>	<u>3,581</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank loans	1,657	1,279
Interest on other borrowings	546	1,141
	<u>2,203</u>	<u>2,420</u>

(b) Staff costs

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Contributions to defined contribution retirement plan (i)	312	275
Salaries, wages and other benefits	2,381	2,222
	<u>2,692</u>	<u>2,497</u>

- (i) Employees of the Group's PRC subsidiary are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiary contributes funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

5. PROFIT BEFORE TAXATION *(Continued)*

(b) Staff costs *(Continued)*

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) Other items

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	2,146	1,858
Depreciation of right-of-use assets	31	43
Impairment loss on trade and other receivables recognised	–	–
Research and development costs (i)	6,012	5,677
Cost of inventories (ii)	62,686	54,030

(i) Research and development costs included staff costs of RMB454,000, RMB254,000, and depreciation of RMB2,066,000, RMB1,772,000, for the six months ended 30 June 2024 and 2023 respectively, which are also included in the respective total amounts disclosed separately above or in note 5(b).

(ii) Cost of inventories included staff costs of RMB1,706,000, and RMB1,662,000, and depreciation of RMB2,859,000 and RMB2,551,000, for the six months ended 30 June 2024 and 2023 respectively, which are also included in the respective total amounts disclosed separately above or in note 5(b).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

6. INCOME TAX EXPENSE

Income tax expense in the condensed consolidated statement of profit or loss represents:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax		
Provision for PRC income tax for the period	<u>1,696</u>	<u>2,556</u>
Deferred tax		
Reversal of temporary differences	<u>-</u>	<u>-</u>
	<u><u>1,696</u></u>	<u><u>2,556</u></u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) No provision for Hong Kong Profits Tax was made for the subsidiary incorporated in Hong Kong as the subsidiary did not have income subject to Hong Kong Profits Tax during the reporting period.
- (iii) The PRC subsidiary, Jieyang Hongguang Coated Glass Co., Ltd. ("Hongguang Glass") is subject to the PRC statutory income tax rate of 25%. Hongguang Glass was accredited as a "High and New Technology Enterprise" in October 2014 and renewed its certificate in December 2023 for another three years from December 2023 to December 2026 during which it is entitled to a preferential income tax rate of 15% pursuant to the current applicable CIT Law and its regulations.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

7. EARNINGS PER SHARE

(a) Basic earnings per share

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

For the six months ended 30 June	
2024	2023
RMB'000	RMB'000

Earnings

Profit for the period attributable to owners
of the Company

<u>9,385</u>	<u>16,875</u>
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For the six months ended 30 June	
2024	2023
'000	'000

Number of shares

Weighted average number of ordinary
shares issued

<u>458,990</u>	<u>399,331</u>
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(b) Diluted earnings per share

No diluted earnings per share for both of the periods ended 30 June 2024 and 2023 is presented as there were no potential ordinary shares in issue for both of the periods ended 30 June 2024 and 2023.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

8. PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipment are all located in the PRC.

At 30 June 2024, property, plant and equipment with net book value of approximately RMB32,039,000 (At 31 December 2023: RMB43,696,000).

9. INVENTORIES

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Glass manufacturing		
– Raw materials	20,984	30,741
– Finished goods	150,539	129,449
	171,523	160,190

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Trade debtors, gross amount	153,959	136,918
Less: Loss allowance recognised	(17,396)	(17,396)
	<hr/>	<hr/>
Trade debtors, net of loss allowance	136,563	119,522
Deposits and prepayments	72,117	89,100
	<hr/>	<hr/>
	208,680	208,622
	<hr/> <hr/>	<hr/> <hr/>
	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Analysis for reporting purpose classified under		
– Current assets	208,680	207,872
– Non-current assets	–	750
	<hr/>	<hr/>
	208,680	208,622
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

10. TRADE AND OTHER RECEIVABLES (Continued)

Aged analysis

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

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 3 months	89,928	89,913
3 to 6 months	35,169	5,379
6 to 12 months	2,961	9,262
Over 1 year	8,505	14,968
	136,563	119,522

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

11. TRADE AND OTHER PAYABLES

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Trade payables	3,245	2,147
Other payables and accruals	14,386	26,161
	17,631	28,308

Aged analysis

As of the end of the reporting period, the aged analysis of trade payables, based on the invoice date, is as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 1 month	–	–
1 to 3 months	–	87
Over 3 months	3,245	2,060
	3,245	2,147

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

12. BANK LOANS

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 1 year or on demand	65,600	62,400
Over 1 year	–	–
	65,600	62,400
	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Analysis for reporting purposes:		
– Current liabilities	65,600	62,400
– Non-current liabilities	–	–
	65,600	62,400

The bank loans were secured by the guarantees given by Ms. Lin Weishan, Mr. Wei Jiakun and Ms. Liu Rong (the “Guarantors”). These individuals are shareholders of the Company’s immediate holding company, Ming Liang Global Limited. Ms. Lin Weishan and Mr. Wei Jiakun are also directors of the Company.

In addition to the above, the bank loans to the extent of RMB52,600,000 (31 December 2023: RMB37,200,000) as at 30 June 2024 were secured by the Group’s property, plant and equipment.

As at 30 June 2024, the bank loans carried interest at interest rates ranged 3.30%–5.00% (31 December 2023: 3.30%–5.30%) per annum.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

13. OTHER BORROWINGS

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Secured other borrowings repayable:		
– Within 1 year or on demand	7,953	13,336
– Over 1 year and not more than 2 years	8,775	3,556
	16,728	16,892
	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Analysis for reporting purposes:		
– Current liabilities	7,953	13,336
– Non-current liabilities	8,775	3,556
	16,728	16,892

The Group entered into agreements with certain third parties, pursuant to which the Group disposed of its machineries to these third parties, and thereafter leases back such machineries for a period of 2 years with the options granted to the Group to repurchase these machineries at nominal considerations at the end of the lease periods. Ms. Lin Weishan, Mr. Wei Jiakun, Ms. Liu Rong and a related company controlled by Mr. Wei Jiakun have given guarantees for the Group's obligations under the agreements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

13. OTHER BORROWINGS (Continued)

Management is of the view that the transfer of the machineries under the above agreements does not satisfy the requirements as a sale of assets under HKFRS 15, accordingly the Group as a seller-lessee continues to recognize the assets and accounts for the transfer proceeds as other borrowings and monthly rental paid by the Group are recognised as repayment of other borrowings and interest thereon.

On initial recognition, at 31 December 2023 and 30 June 2024, the other borrowings are carried at the effective interest rates of 7.00%–10.00% per annum.

14. SHARE CAPITAL

	No. of shares '000	HK\$'000	RMB'000
Ordinary shares, issued and fully paid:			
At 31 December 2023,			
1 January 2024 and			
30 June 2024	458,990	4,589	4,114
	<u>458,990</u>	<u>4,589</u>	<u>4,114</u>

The Company was incorporated in the Cayman Islands on 25 May 2017 with an initial authorised share capital of HK\$380,000 divided into 38,000,000 shares with a par value of HK\$0.01 each, of which one fully paid share was allotted and issued on 25 May 2017. On 11 December 2019, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2024

15. DIVIDEND

The Directors did not recommend the payment of any dividend for the six months ended 30 June 2024 (2023: Nil).

16. APPROVAL OF FINANCIAL INFORMATION

This financial information were approved and authorised for issue by the Board on 30 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Group primarily engages in the manufacture and sale of architectural glass products, including energy-efficient safety glass products and smart glass product in Southern China, under our own brand “Hongguang”. Our energy-efficient safety glass products include coated glass, insulating glass, laminated glass and tempered glass; and our smart glass product is mainly dimming glass. With a diversified product portfolio, we are able to cater to a variety of customer requirements and specifications, which helps us to increase our profitability and adjust to market situations and industry trends. Meanwhile, our strong research and development capabilities, in particular, our proprietary technologies and technological know-how will allow us to continue to offer high-quality products and be updated with the market developments.

BUSINESS REVIEW

The Board hereby presents the interim results of the Group for the six months ended 30 June 2024, together with the comparative figures for the corresponding period ended 30 June 2023.

FINANCIAL REVIEW

Revenue

Our revenue is generated from the sales of the following product categories: (1) energy-efficient safety glass products; and (2) smart glass product.

The table below sets forth the breakdown of the Group's revenue by product category:

	For the six months ended 30 June		2023	
	2024			
	RMB'000	%	RMB'000	%
	(unaudited)		(unaudited)	
– Sales of energy-efficient safety glass products	81,690	99	79,096	99
– Sales of smart glass products	1,156	1	1,895	1
	82,846	100	80,153	100

For the six months ended 30 June 2024, revenue arising from energy-efficient safety glass products amounted to RMB81,690 thousand (2023: RMB79,096 thousand), representing 99% (2023: 99%) of our total revenue.

For the six months ended 30 June 2024, revenue arising from smart glass product amounted to RMB1,156 thousand (2023: RMB1,057 thousand).

The Group's total revenue increased 3.36% from RMB80,153 thousand for the six months ended 30 June 2023 to RMB82,846 thousand for the six months ended 30 June 2024. The increase was mainly due to the revenue increase from the production and sales of energy-efficient safety glass products.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

Our gross profit decreased from RMB26,123 thousand for the six months ended 30 June 2023 to RMB20,160 thousand for the six months ended 30 June 2024. The decrease was mainly due to the strong competition in price of our products for the period (for the six months ended 30 June 2024: 24.3%; for the six months ended 30 June 2023: 32.6%). The table below sets forth the breakdown of our gross profit and gross profit margin by product category for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
	(unaudited)		(unaudited)	
– Sales of energy-efficient safety glass products	19,893	24.4	25,693	32.5
– Sales of smart glass products	267	23.1	430	40.7
Total gross profit/gross profit margin	<u>20,160</u>	<u>24.3</u>	<u>26,123</u>	<u>32.6</u>

The gross profit margin of energy-efficient safety glass products decreased from 32.5% to 24.4%; the gross profit margin of smart glass product decreased from 40.7% to 23.1%.

Other net income

The Group's other net income decreased from RMB3,581 thousand for the six months ended 30 June 2023 to RMB737 thousand for the six months ended 30 June 2024.

Cost of sales

The Group's cost of sales increased from RMB54,030 thousand for the six months ended 30 June 2023 to RMB62,686 thousand for the six months ended 30 June 2024, which was mainly due to the increase in sales.

Sales and marketing expense

The Group's sales and marketing expense increased from RMB62 thousand for the six months ended 30 June 2023 to RMB151 thousand for the six months ended 30 June 2024.

General and administrative expense

The Group's general and administrative expense slightly decreased from RMB7,791 thousand for the six months ended 30 June 2023 to RMB7,462 thousand for the six months ended 30 June 2024.

Among which, our research and development costs increased from RMB5,677 thousand for the six months ended 30 June 2023 to RMB6,012 thousand for the six months ended 30 June 2024.

Finance costs

The Group's finance costs decreased from RMB2,420 thousand for the six months ended 30 June 2023 to RMB2,203 thousand for the six months ended 30 June 2024.

Staff costs

The Group's staff costs increased from RMB2,497 thousand for the six months ended 30 June 2023 to RMB2,692 thousand for the six months ended 30 June 2024.

Income tax expense

The Group's income tax expenses decreased from RMB2,556 thousand for the six months ended 30 June 2023 to RMB1,696 thousand for the six months ended 30 June 2024, which was mainly due to Jieyang Hongguang Coated Glass Co., Ltd.* (揭陽市宏光鍍膜玻璃有限公司), our indirect wholly-owned subsidiary, recording a worse operating result than last period, and having a lower income tax than last period.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the period

Due to the above factors, the net profit for the period of the Group was RMB9,385 thousand for the six months ended 30 June 2024, while there was a net profit of RMB16,875 thousand for the corresponding period in 2023, which was mainly because the gross profit decreased in 2024.

Human resources and remuneration policies

As at 30 June 2024, the Group employed a total of 65 full-time employees. For the six months 30 June 2024, the Group's staff costs, including contributions to the defined contribution retirement scheme, salaries, wages and other benefits, amounted to approximately RMB2,692 thousand.

Liquidity and financial resources

The credit risk of the Group mainly arises from trade receivables and bank balances. To minimize our credit risk, the management of the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for unrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

As at 30 June 2024, the current ratio of the Group was 3.53, compared with 3.23 as at 31 December 2023. The cash and cash equivalents of the Group in aggregate amounted to RMB2,852 thousand as at 30 June 2024 (As at 31 December 2023: RMB1,167 thousand).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, the bank loans of the Group amounted to RMB65,600 thousand (As at 31 December 2023: RMB62,400 thousand), and the Group did not experience any withdrawal of facilities, default in payment of trade and other payables, bank and loans or breach of financial covenants.

The Group's financial position remained solid and we have sufficient bank balances to meet our liabilities when they become due. Amounts due from associates/connected companies/shareholders ("Shareholders", and each, a "Shareholder") of the Company are continuously monitored by assessing the credit quality of the counterparty, taking into account their financial position, past experience and other factors. When necessary, impairment loss is made for estimated unrecoverable amounts. The credit risk on bank balances are limited as most of the bank balances are at banks with high credit ratings assigned by international credit ratings agencies.

Material investments

For the six months ended 30 June 2024, the Group did not acquire or hold any significant investment (2023: nil).

Material acquisitions/disposals

For the six months ended 30 June 2024, the Group did not complete any significant acquisitions/disposals (2023: nil).

Foreign exchange risk

The principal activities of the Group are conducted in China, and the transactions of the Group is primarily denominated in RMB. The Group does not have any foreign currency hedging policies. However, the management monitors our foreign exchange risk and will consider hedging significant foreign currency exposure should the need arise. As at 30 June 2024 and 30 June 2023, the Group does not have any outstanding instruments for hedging purposes.

MANAGEMENT DISCUSSION AND ANALYSIS

Principal risks and uncertainties faced by the Company

Principal risks and uncertainties faced by the Company in achieving its business objectives, and the solutions adopted by the Group are as follows:

Impact of local and international regulations

The business operation of the Group is subject to government policies and relevant regulations and guidelines imposed by regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the Group's business operation by the authorities. The Group closely monitors changes in government policies, regulations and the market, and conducts research to assess the impact brought by these changes.

Pledge of assets

The property, plant and equipment of the Group are located in China.

As at 30 June 2024, property, plant and equipment with net book values of RMB87 thousand (As at 31 December 2023: RMB87 thousand) were pledged as security to obtain bank loans of RMB52,600 thousand (As at 31 December 2023: RMB37,200 thousand).

Comparison of business objectives with actual business progress

Since the shares of the Company listed on GEM of the Stock Exchange on 13 January 2020 and up to the date of this report, we are starting to implement our business objectives as set out in the section headed "Statement of Business Objectives and Use of Proceeds" of the prospectus of the Company dated 31 December 2019.

Save as disclosed in this report, there are no significant events subsequent to 30 June 2024 which would materially affect the Group's operating and financial performance as of the date of the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of net proceeds from the share offer

The Company's shares were listed on the Stock Exchange on 13 January 2020 with a total of 75,000,000 offer shares issued and based on the final Offer Price of HK\$0.77 per Offer Share, the net proceeds raised from the global offering were approximately HK\$19.2 million (RMB17.1 million, exchange rate of HK\$ to RMB is 0.8919 on date of 13 January 2020). There was no change in the intended use of net proceeds as previously disclosed in the Prospectus. As at 30 June 2024, the net proceeds have been utilised as follows:

Use	Approximate% of total actual net proceeds	Adjusted use of net proceeds in the manner and proportion as stated in the Prospectus		Utilised net proceeds as at 30 June 2024	Unutilised net proceeds as at 30 June 2024
		HK\$'000	RMB'000	RMB'000	RMB'000
Upgrade the Group's existing production facilities	51.3%	9,800	8,741	8,741	–
Repay the Group's bank loan	10.8%	2,100	1,873	1,873	–
Enhance the Group's research and development capabilities	12.9%	2,500	2,230	2,230	–
Enhance the infrastructure of information technology, production safety and environmental protection in order to upgrade the Group's Xianqiao Plant and ERP system	14.4%	2,800	2,497	2,497	–
Expand the Group's sales and marketing coverage	5.6%	1,100	981	981	–
Provide funding for the Group's working capital and other general corporate purposes	5.6%	900	803	803	–

MANAGEMENT DISCUSSION AND ANALYSIS

Future plans for material investments or capital assets

As at 30 June 2024, the Group did not have plans for material investments and capital assets.

2023 Share Subscription

On 20 June 2023, the Company entered into share subscription agreement with the subscribers, pursuant to which the Company will allot and issue, and the subscribers will subscribe for, an aggregate of 59,990,000 subscription shares at a price of HK\$0.194 per share (“2023 Share Subscription”). The aggregate gross proceeds of the 2023 Share Subscription was approximately HK\$11,638,060. The aggregate net proceeds of the 2023 Share Subscription, after the deduction of related fees and expenses, was approximately HK\$11,558,060.

During the year ended 31 December 2023, HK\$5,779,030 was utilised for repayment of borrowings, and HK\$5,779,030 was utilised for the Group’s general working capital, and all proceeds of the 2023 Share Subscription was fully utilised as at 31 December 2023 according to the plan of use of proceeds as previously disclosed.

2022 Share Subscription

On 17 May 2022, the Company entered into share subscription agreement with Ming Liang Global, pursuant to which the Company has conditionally agreed to allot and issue, and Ming Liang Global has conditionally agreed to subscribe for, 99,000,000 subscription shares at a price of HK\$0.4 per share (“2022 Share Subscription”). The net proceeds of the 2022 Share Subscription was approximately HK\$39,600,000.

During the year ended 31 December 2022, HK\$23,760,000 was utilised for the maintenance and operation of the existing business (including purchase of raw materials, upgrading and purchase of production equipment to enhance efficiency and quality, and repayment of borrowings), HK\$11,880,000 was utilised for acquisition of new equipment which has capability of producing BIPV glass and repayment of borrowings (since potential acquisition of new business did not materialize), and HK\$1,460,000 was utilised for the Group’s general working capital.

During the year ended 31 December 2023, remaining HK\$2,500,000 was utilised for the Group’s general working capital. All proceeds of the 2022 Share Subscription was fully utilised as at 31 December 2023 according to the plan of use of proceeds as previously disclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

Disclosures under Rules 17.22 to 17.24 of the GEM Listing Rules

As at 30 June 2024, there is no circumstance which would give rise to a disclosure obligation on the part of the Group under Rules 17.22 to 17.24 of the GEM Listing Rules.

Capital commitment

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Contracted for	—	—

Gearing ratio

As at 30 June 2024, the Group's gearing ratio (total loans and borrowings/total equity) was 36.8%, compared with 24.9% as at 31 December 2023.

Dividend

The Directors did not recommend the payment of any dividend for the six months ended 30 June 2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND PROSPECTS

The Group was listed on GEM of the Stock Exchange on 13 January 2020 (the “Listing Date”) and the fund raised from the listing laid a solid foundation for the future development of the Group.

The markets and technological advances in relation to coated glass have developed significantly in recent years, driven primarily by a series of building energy conservation policies and standards promulgated by the PRC Government such as the Guidance Opinion on the Development of Glass Industry in the 13th Five-Year Plan* (《玻璃工業「十三五」發展指導意見》) issued by the China Architectural and Industrial Glass Association* (中國建築玻璃與工業玻璃協會).

According to Frost & Sullivan (弗若斯特沙利文) (“Sullivan”), an independent global consulting firm, coated glass production volume in China is expected to increase at a CAGR of about 5.6% from 130.8 million m² in 2021 to 171.6 million m² in 2026. Coated glass, our primary energy-efficient safety glass product, is a type of energy-saving glass which is commonly used in the construction industry. We believe our specialisation in coated glass well positions us to capture the opportunities arising from the continual growth of the demand of coated glass in China.

With the strong demand for dimming glass in new buildings, Sullivan estimates that dimming glass production volume in China is expected to increase at a CAGR of 23.8% from 513,800 m² in 2021 to 1,496,500 m² in 2026 and there will also be an upward trend of a similar scale in dimming glass sales volume. We further leveraged our cumulative experience and technological know-how in the production of smart glass product. We believe that our business will benefit from increasing market demand for smart glass products in China.

* For identification purposes only

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code during the six months ended 30 June 2024.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2024, the interests or short positions of the Directors and chief executives in the shares (the "Shares"), underlying Shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Name	Nature of interest	Total number of Shares held (L) ⁽¹⁾	Percentage of shareholding
Mr. WEI Jiakun ("Mr. Wei")	Settlor of a discretionary trust; Interest of spouse	249,750,000 (L) ⁽²⁾	54.41%
Ms. LIN Weishan ("Ms. Lin")	Settlor of discretionary trust; Interest of spouse	249,750,000 (L) ⁽²⁾	54.41%

OTHER INFORMATION

Notes:

1. The letter “L” denotes the entity/person’s long position in the Shares.
2. These Shares are held by Ming Liang Global Limited, the entire issued share capital of which is held by Wei Family Limited, which is in turn entirely held by IQ EQ (BVI) Limited, acting as the trustee of The Wei Family Trust. The Wei Family Trust is a discretionary trust established by Mr. Wei, Ms. Lin (the spouse of Mr. Wei) and Ms. LIU Rong (“Ms. Liu”, the mother of Mr. Wei) as the settlors and the beneficiaries of The Wei Family Trust include Mr. Wei, Ms. Lin, Ms. Liu and certain family members of Mr. Wei. Each of Mr. Wei, Ms. Lin, Ms. Liu, IQ EQ (BVI) Limited and Wei Family Limited is deemed to be interested in the Shares held by Ming Liang Global Limited by virtue of the SFO.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed “Directors’ and Chief Executives’ interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporation” above, at no time during the six months ended 30 June 2024 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the Shares or underlying Shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, so far as is known to the Directors, the following persons (other than Directors or chief executives of the Company) had or deemed or taken to have interest or short position in Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name	Capacity/nature of interest	Total number of Shares held (L) ⁽¹⁾	Percentage of shareholding
Ming Liang Global Limited	Beneficial owner	249,750,000 (L) ⁽²⁾	54.41%
Wei Family Limited	Interest in a controlled corporation	249,750,000 (L) ⁽²⁾	54.41%
IQ EQ (BVI) Limited	Trustee of a trust	249,750,000 (L) ⁽²⁾	54.41%
Mr. Wei	Settlor of a discretionary trust; Interest of spouse	249,750,000 (L) ⁽²⁾	54.41%
Ms. Lin	Settlor of a discretionary trust; Interest of spouse	249,750,000 (L) ⁽²⁾	54.41%
LIU Rong ("Ms. Liu")	Settlor of a discretionary trust	249,750,000 (L) ⁽²⁾	54.41%
Power Solution International Holdings Limited	Beneficial owner	24,750,000 (L) ⁽³⁾	5.39%
LI Wei	Interest in a controlled corporation	24,750,000 (L) ⁽³⁾	5.39%

OTHER INFORMATION

Notes:

1. The letter “L” denotes the entity/person’s long position in the Shares.
2. These Shares are held by Ming Liang Global Limited, the entire issued share capital of which is held by Wei Family Limited, which is in turn entirely held by IQ EQ (BVI) Limited, acting as the trustee of The Wei Family Trust. The Wei Family Trust is a discretionary trust established by Mr. Wei, Ms. Lin (the spouse of Mr. Wei) and Ms. Liu (the mother of Mr. Wei) as the settlors and the beneficiaries of The Wei Family Trust include Mr. Wei, Ms. Lin, Ms. Liu and certain family members of Mr. Wei. Each of Mr. Wei, Ms. Lin, Ms. Liu, IQ EQ (BVI) Limited and Wei Family Limited is deemed to be interested in the Shares held by Ming Liang Global Limited by virtue of the SFO.
3. These Shares are held by Power Solution International Holdings Limited, which is beneficially owned by Mr. Li Wei as to 50%, and the other two individuals as to 25% and 25%, respectively. Mr. Li Wei is deemed to be interested in these Shares by virtue of the SFO.

RELATED PARTY TRANSACTIONS

The Group had not entered into any related party transactions during the six months ended 30 June 2024.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors, nor the controlling shareholders of the Company, nor any of their respective close associates that competes or may compete, directly or indirectly, with the businesses of the Group, and any other conflicts of interest which any such person has had or may have with the Group during the six months ended 30 June 2024 that would require disclosure under Rule 11.04 of the GEM Listing Rules.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2024 and up to the date of this interim report.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

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

SHARE OPTION SCHEME

The Company approved and adopted a share option scheme on 30 June 2023 (the "Scheme").

The purpose of the Share Option Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive to the Eligible Participants and to promote the success of the business of the Group. Under the Scheme, the Directors may grant options to any eligible persons of the Group, including the directors (including independent non-executive directors) and employees (whether full-time or part-time) of any member of the Group (including persons who are granted Options under the Share Option Scheme as inducement to enter into employment contracts with any member of the Group). (The factors in assessing whether any person is eligible to participate in the Share Option Scheme include (1) the performance of the Directors and employees; (2) their time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (3) their length of engagement with the Group; and (4) their contribution or potential contribution to the development and growth of the Group).

Since the date of adoption and up to the date of this interim report, the Company has not granted or agreed to grant any share options under the Scheme.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to promoting high standards of corporate governance through its continuous effort in improving its corporate governance practices and process. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for safeguarding the interests and the assets of the Group.

The shares of the Company were listed on GEM of the Stock Exchange on 13 January 2020. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. The Directors consider that throughout the six months ended 30 June 2024, the Company has applied the principles and complied with all applicable code provisions set out in the CG Code.

OTHER INFORMATION

CHANGE IN DIRECTORS' INFORMATION

Mr. CHEN Biming resigned as an executive director of the Company, with effect from 11 July 2024.

Since the date of the annual report of the Company for the year ended 31 December 2023 and up to the date of this report, save as disclosed in this interim report, there were no substantial changes to the Directors' information required to be disclosed pursuant to Rule 13.51(B) of the Listing Rule.

AUDIT COMMITTEE

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2024 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules and that adequate disclosures have been made.

DIVIDEND

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2024.

By Order of the Board
China Hongguang Holdings Limited
LIN Weishan
Chairwoman and Executive Director

Hong Kong, 30 August 2024

As at the date of this report, the Executive Directors are Mr. WEI Jiakun, Ms. LIN Weishan and Ms. LI Wanna; and the Independent Non-Executive Directors are Ms. CHEN Xiuyan, Mr. JIA Xiaogang and Mr. WU Yong.