

China Display Optoelectronics Technology Holdings Limited

華顯光電技術控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 334)




Interim Report
2024





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Director

Mr. LIAO Qian (*Chairman*)

Executive Directors

Mr. OUYANG Hongping (*Chief Executive Officer*)
Mr. WEN Xianzhen
Mr. XI Wenbo
Mr. WANG Xinfu (*appointed on 27 August 2024*)

Independent Non-Executive Directors

Ms. HSU Wai Man Helen
Mr. LI Yang
Mr. XU Yan
Ms. YANG Qiulin (*appointed on 23 May 2024*)

COMPANY SECRETARY

Ms. CHEUNG Bo Man, Solicitor, Hong Kong

AUDITOR

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

LEGAL ADVISOR

Ronald Tong & Co.
Room 501, 5/F
Sun Hung Kai Centre
30 Harbour Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8th Floor, Building 22E
Phase Three
Hong Kong Science Park
Pak Shek Kok
New Territories
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

TICKER SYMBOL

Listed on The Stock Exchange of Hong Kong Limited
under the share ticker number 334

WEBSITE

<http://www.tclcdot.com>





INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue	5	1,841,000	1,226,859
Cost of sales		(1,771,395)	(1,140,085)
Gross profit		69,605	86,774
Other income and gains	5	32,035	36,076
Selling and distribution expenses		(5,813)	(12,259)
Administrative expenses		(96,231)	(70,763)
(Provision for)/reversal of impairment on financial assets		(67)	221
Other expenses		(1,135)	(50,533)
Finance costs	7	(51)	(592)
LOSS BEFORE TAX	6	(1,657)	(11,076)
Income tax credit	8	8,631	3,658
PROFIT/(LOSS) FOR THE PERIOD		6,974	(7,418)
Attributable to:			
Owners of the parent		6,974	(7,418)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	10		
Basic			
– For profit/(loss) for the period		RMB0.33 cent	(RMB0.35 cent)
Diluted			
– For profit/(loss) for the period		RMB0.33 cent	(RMB0.35 cent)

INTERIM RESULTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
PROFIT/(LOSS) FOR THE PERIOD	6,974	(7,418)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	(1,226)	(9,353)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(1,226)	(9,353)
OTHER COMPREHENSIVE LOSS, NET OF TAX	(1,226)	(9,353)
TOTAL COMPREHENSIVE INCOME/(LOSS), NET OF TAX	5,748	(16,771)
Attributable to:		
Owners of the parent	5,748	(16,771)
	5,748	(16,771)





INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 June 2024	31 December 2023
	<i>Notes</i>	(Unaudited)	(Audited)
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		717,624	722,606
Intangible assets		12,981	12,499
Goodwill		3,011	3,011
Deposits paid for purchase of items of property, plant and equipment		8,733	2,453
Deferred tax assets		8,468	8,475
Right-of-use assets		28,568	29,456
Treasury deposits at related party		235,000	15,000
Time deposits	13	19,000	19,000
Total non-current assets		1,033,385	812,500
CURRENT ASSETS			
Inventories	11	205,458	200,641
Trade and bills receivables	12	660,465	542,417
Prepayments and other receivables		96,657	119,252
Derivative financial instruments		–	2,486
Treasury deposits at related party		841,121	831,403
Cash and cash equivalents	13	36,286	23,178
Total current assets		1,839,987	1,719,377
CURRENT LIABILITIES			
Trade payables	14	1,219,933	1,049,888
Other payables and accruals		592,851	409,907
Derivative financial instruments		2,780	5,036
Interest-bearing bank and other borrowings	15	–	3,161
Lease liabilities		–	337
Tax payable		23,159	41,468
Total current liabilities		1,838,723	1,509,797
NET CURRENT ASSETS		1,264	209,580
TOTAL ASSETS LESS CURRENT LIABILITIES		1,034,649	1,022,080

INTERIM RESULTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

30 June 2024

	<i>Notes</i>	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		–	234
Deferred income		17,984	10,929
Deferred tax liabilities		1,469	1,469
Total non-current liabilities		19,453	12,632
Net assets		1,015,196	1,009,448
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	172,134	172,134
Reserves		843,062	837,314
Total equity		1,015,196	1,009,448





INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent									
	Share capital <i>RMB'000</i>	Share premium account <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Contributed surplus <i>RMB'000</i>	Share award reserve <i>RMB'000</i>	Shares held for Share Award Scheme <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total equity <i>RMB'000</i>
At 1 January 2024 (Audited)	172,134	79,476	(77,680)	167,911	50	(13,080)	109,178	(6,655)	578,114	1,009,448
Profit for the period	-	-	-	-	-	-	-	-	6,974	6,974
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:										
Exchange differences on translation of financial statements	-	-	-	-	-	-	-	(1,226)	-	(1,226)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	(1,226)	6,974	5,748
Appropriations to statutory surplus reserve	-	-	-	-	-	-	1,080	-	(1,080)	-
At 30 June 2024 (Unaudited)	172,134	79,476*	(77,680)*	167,911*	50*	(13,080)*	110,258*	(7,881)*	584,008*	1,015,196

* These reserve accounts comprise the reserves of RMB843,062,000 (31 December 2023: RMB837,314,000) in the condensed consolidated statement of financial position.

INTERIM RESULTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2023

	Attributable to owners of the parent									
	Share capital <i>RMB'000</i>	Share premium account <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Contributed surplus <i>RMB'000</i>	Share award reserve <i>RMB'000</i>	Shares held for Share Award Scheme <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total equity <i>RMB'000</i>
At 1 January 2023 (Audited)	172,134	79,476	(77,680)	167,911	50	(13,080)	100,602	(2,852)	573,604	1,000,165
Loss for the period	-	-	-	-	-	-	-	-	(7,418)	(7,418)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:										
Exchange differences on translation of financial statements	-	-	-	-	-	-	-	(9,353)	-	(9,353)
Total comprehensive loss for the period	-	-	-	-	-	-	-	(9,353)	(7,418)	(16,771)
At 30 June 2023 (Unaudited)	172,134	79,476	(77,680)	167,911	50	(13,080)	100,602	(12,205)	566,186	983,394





INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(1,657)	(11,076)
Adjustments for:			
Finance costs	7	51	592
Bank interest income	5	(17,785)	(7,694)
Depreciation of property, plant and equipment	6	44,543	51,559
Amortisation of intangible assets	6	1,320	1,252
Depreciation of right-of-use assets	6	217	217
Gain from disposal of items of property, plant and equipment		1,023	–
Impairment of/(Reversal of impairment) trade and bills receivables	6	78	(208)
Reversal of impairment of other receivables	6	(12)	(7)
Write-down of inventories to net realisable value	6	1,863	132
Fair value gains, net:			
Exchange loss/(gain)		137	(4,317)
Gain on change in fair value		230	9,419
(Increase)/decrease in inventories		(6,679)	9,698
Increase in trade and bills receivables		(137,680)	(167,041)
Decrease/(increase) in prepayments, deposits and other receivables		42,158	(305)
Increase/(decrease) in trade payables		386,790	(7,198)
Decrease in other payables and accruals		(39,980)	(18,936)
Decrease/(increase) in derivative financial instruments		229	(9,475)
Increase in deferred income		7,054	7,620
Cash from operations		281,900	(145,768)
Hong Kong tax paid		–	–
Mainland China tax paid		(9,189)	(1,594)
Net cash flows from operating activities		272,711	(147,362)

INTERIM RESULTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Net cash flows from operating activities		272,711	(147,362)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		17,785	7,694
Purchases of items of property, plant and equipment		(54,511)	(88,504)
Proceeds from disposal of items of property, plant and equipment		288	(2,414)
Recovery of advances from ultimate controlling company		–	693,247
Increase in treasury deposits at related party		(229,717)	–
Net cash flows used in investing activities		(266,155)	610,023
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans		(3,161)	(59,508)
Interest paid		–	(1,025)
Net cash flows from financing activities		(3,161)	(60,533)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		23,178	278,972
Effect of foreign exchange rate changes, net		9,713	9,700
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13	36,286	690,800
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	13	36,286	690,800
Non-pledged time deposits with original maturity of less than three months when acquired	13	–	–
Cash and cash equivalents as stated in the statement of cash flows		36,286	690,800





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

1. CORPORATE AND GROUP INFORMATION

China Display Optoelectronics Technology Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, while its principal place of business in Hong Kong is located at 8/F, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

During the six months ended 30 June 2024, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the manufacture and sale of LCD modules for use in smart devices, and providing processing service of LCD modules.

In the opinion of the directors of the Company (“Directors”), the immediate holding company and the ultimate holding company of the Company are High Value Ventures Limited, a limited liability company incorporated in the British Virgin Islands, and TCL Technology Group Corporation (“TCL Technology”), a limited liability company established in the People’s Republic of China (the “PRC”) and listed on the Shenzhen Stock Exchange, respectively.

Information about subsidiaries

Particulars of the Company’s subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary share capital	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
China Display Optoelectronics Technology (Huizhou) Co., Ltd. (“CDOT Huizhou”)*	PRC/Mainland China*	RMB451,686,900	RMB451,686,900	–	100	Manufacture and sale of LCD modules for use in mobile phones and tablets and providing processing service of LCD modules
Huizhou Kedate Zhixian Technology Co., Ltd. (“Kedate Zhixian”)*	PRC/Mainland China*	RMB50,000,000	RMB50,000,000	–	100	Manufacture and sale of LCD modules for use in mobile phones and tablets and providing processing service of LCD modules
Taijia Investment Limited	Hong Kong	HK\$10,000	HK\$10,000	–	100	Investment holding, merchandising and sales
TCL Display Technology (Hong Kong) Limited	Hong Kong	HK\$1	HK\$1	–	100	Investment holding, merchandising and sales
TCL Intelligent Display Electronics Limited	Bermuda	HK\$1	HK\$1	100	–	Investment holding
TCL Display Technology (BVI) Limited	British Virgin Islands	US\$1	US\$1	–	100	Investment holding
Taixing Investment Limited	Bermuda	HK\$10,000	HK\$10,000	100	–	Investment holding

* CDOT Huizhou and Kedate Zhixian are registered as limited liability companies under PRC law.

* Mainland China means any part of the PRC excluding Hong Kong, Macau and Taiwan.

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

3. CHANGES TO THE GROUP’S ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the current period’s financial information.

Amendments to HKAS 1 and HKFRS

Practice Statement 2

Amendments to HKAS 1

Amendments to HKAS 7

Amendments to HKAS 8

Disclosure of Accounting Policies

Amendments to Non-current Liabilities and Covenants

Amendments to Supplier Finance Arrangements

Definition of Accounting Estimates

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group’s financial statements.
- (b) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group’s financial statements.
- (c) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group’s approach and policy align with the amendments, the amendments had no impact on the Group’s financial statements.





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group operates in one business unit based on its products, and has one reportable operating segment being the display products segment which principally engages in the processing, manufacture and sale of LCD module products.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Mainland China	1,628,833	196,576
Other countries/areas	212,167	1,030,283
	1,841,000	1,226,859

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

(b) Non-current assets

All significant operating assets of the Group are located in Mainland China. Accordingly, no geographical information of segment assets is presented.

Information about major customers

Revenue of approximately RMB888,916,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB485,285,000) was derived from sales to related companies.

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Segments	LCD modules	LCD modules
Types of goods and services		
Sale of industrial products	1,818,142	1,209,564
Processing services	22,858	17,295
Total revenue from contracts with customers	1,841,000	1,226,859
Geographical markets		
Mainland China	1,628,833	196,576
Other countries/areas	212,167	1,030,283
Total revenue from contracts with customers	1,841,000	1,226,859
Timing of revenue recognition		
Goods and services transferred at a point in time	1,841,000	1,226,859





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

5. REVENUE, OTHER INCOME AND GAINS (Continued)

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Other income, net		
Bank interest income	17,785	7,694
Subsidy income*	12,391	2,071
Gain on disposal of raw materials, samples and scraps	1,042	6,322
Others	1,418	48,453
	32,636	64,540
Gains, net		
Exchange gains	833	19,655
Fair value gains, net:		
Derivative financial instruments – transactions not qualifying as hedges	(230)	(9,419)
Realised gain on derivative financial instruments	(1,204)	(38,700)
	32,035	36,076

* Subsidy income represented various government grants received by the Group in Mainland China. In the opinion of the management, there are no unfulfilled conditions or contingencies relating to these grants.

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cost of inventories sold	1,771,395	1,140,085
Depreciation	44,543	51,559
Amortisation of intangible assets	1,320	1,252
Depreciation of right-of-use assets	217	217
Research and development costs: Current period expenditures*	64,236	52,136
Employee benefit expense (including directors' remuneration):		
Wages and salaries	176,128	155,462
Pension scheme contributions	7,884	9,065
	184,012	164,527
Exchange gains, net	(833)	(19,655)
Realised loss on derivative financial instruments***	1,204	38,700
Fair value loss on derivative financial instruments***	230	9,419
Impairment/(reversal of impairment) of trade and bills receivables	78	(208)
Reversal of impairment of financial assets included in prepayments and other receivables	(12)	(7)
Write-down of inventories to net realisable value**	1,863	132

* Research and development costs are included in "Administrative expenses" in the interim condensed consolidated statement of profit or loss.

** The write-down of inventories to net realisable value is included in "Cost of sales" in the interim condensed consolidated statement of profit or loss.

*** Realised loss on derivative financial instruments and fair value loss on derivative financial instruments are included in "Other income and gains" in the interim condensed consolidated statement of profit or loss.





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Interest on bank loans and bonds	–	580
Interest on lease liabilities	–	1
Interest on discounted notes without recourses and factored trade receivables	51	11
	51	592

8. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current – Hong Kong Charge for the period	–	–
Current – Mainland China (Credit)/charge for the period	(997)	6,597
Adjustment in respect of current tax of previous periods	(7,890)	(10,884)
Deferred	256	629
Total tax credit for the period	(8,631)	(3,658)

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

9. DIVIDENDS

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

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount for the six months ended 30 June 2024 is based on the profit/(loss) for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 2,096,908,406 (six months ended 30 June 2023: 2,096,520,150) in issue less shares held for the share award scheme of the Company ("Share Award Scheme") during the period, as adjusted to reflect the rights issue during the period.

The Company had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024.

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings/(loss)		
Profit/(loss) attributable to owners of the parent, used in the basic and diluted earnings/(loss) per share calculations	6,974	(7,418)
	<hr/>	
	Number of shares For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme during the period used in the basic and diluted earnings/(loss) per share calculations	2,096,908,406	2,096,520,150





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

11. INVENTORIES

	30 June 2024 (Unaudited) <i>RMB'000</i>	31 December 2023 (Audited) <i>RMB'000</i>
Raw materials	130,776	125,009
Work in progress	29,728	9,923
Finished goods	44,954	65,709
	205,458	200,641

12. TRADE AND BILLS RECEIVABLES

	30 June 2024 (Unaudited) <i>RMB'000</i>	31 December 2023 (Audited) <i>RMB'000</i>
Trade receivables	651,208	532,506
Bills receivable	9,977	10,553
Impairment	(720)	(642)
	660,465	542,417

An ageing analysis of the trade and bills receivables as at the end of the six months ended 30 June 2024 (the "Interim Period"), based on the invoice date and net of loss allowance, is as follows:

	30 June 2024 (Unaudited) <i>RMB'000</i>	31 December 2023 (Audited) <i>RMB'000</i>
Within 1 month	201,841	223,225
1 to 2 months	222,705	186,819
2 to 3 months	217,659	125,955
Over 3 months	18,260	6,418
	660,465	542,417

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is normally required. The credit period is generally 30 to 90 days, depending on the size and credibility of the customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

13. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Cash and bank balances	36,286	23,178
Time deposits	19,000	19,000
	55,286	42,178
Less: Non-pledged time deposits with original maturity of more than one year	19,000	19,000
Cash and cash equivalents	36,286	23,178
Cash and cash equivalents and time deposits denominated in		
– RMB	30,064	35,210
– HK\$	1,219	2,228
– United States dollars (“US\$”)	24,003	4,740
Cash and cash equivalents and time deposits	55,286	42,178

RMB is not freely convertible into other currencies. However, under PRC’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

As at 30 June 2024, included in the Group’s cash and bank balances and time deposits were deposits of RMB38,818,705 (31 December 2023: RMB29,528,382) placed with Finance Company. The interest rate for the deposits placed with Finance Company during the Interim Period ranged from 0.01% to 2.75% (2023: 0.35% to 2.75%) per annum, which was determined based on the savings rates offered by the People’s Bank of China. Further details of the Master Financial Services (2023-2025) Agreement are set out in the circular of the Company dated 21 November 2022. Further details of the interest income from the deposits in the related parties are set out in note 20 to the financial information.





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

14. TRADE PAYABLES

	30 June 2024 (Unaudited) <i>RMB'000</i>	31 December 2023 (Audited) <i>RMB'000</i>
Trade payables	1,219,933	1,049,888

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

	30 June 2024 (Unaudited) <i>RMB'000</i>	31 December 2023 (Audited) <i>RMB'000</i>
Within 30 days	617,729	587,058
31 to 60 days	286,427	225,483
61 to 90 days	189,924	149,125
Over 90 days	125,853	88,222
	1,219,933	1,049,888

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 150 days.

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	–	–	–	0.20-0.21	2024	3,161
			–			3,161
			–			3,161
Analysed into:						
Bank loans repayable			–			3,161
Within one year			–			3,161
			–			3,161

Notes:

- (a) The Group had banking facilities of RMB1,770,000,000 (31 December 2023: RMB1,760,000,000), of which RMB5,500,000 (31 December 2023: RMB435,618,000) had been utilised as at the end of the Interim Period.
- (b) As at 30 June 2024, the Group had nil interest-bearing bank borrowings, thus the Company's ultimate holding company provided nil guarantee on the Group's interest-bearing bank borrowings (31 December 2023: RMB3,161,000).





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

16. SHARE CAPITAL

	30 June 2024	31 December 2023
Authorised:		
4,000,000,000 (31 December 2023: 4,000,000,000) ordinary shares of HK\$0.10 each (HK\$'000)	400,000	400,000
Issued and fully paid:		
2,114,307,929 (31 December 2023: 2,114,307,929) ordinary shares (HK\$'000)	211,431	211,431
Equivalent to RMB'000	172,134	172,134

As at 30 June 2024, the total number of issued ordinary shares of the Company was 2,114,307,929 (2023: 2,114,307,929) shares which included 17,399,523 (2023: 17,399,523) shares held for the Share Award Scheme adopted by the Company.

There's no movement in the Company's share capital during the current period.

Share Options

Details of the Company's share option scheme and the share options granted under the scheme are included in note 18 to the financial information.

17. SHARE AWARD SCHEME

On 17 March 2016 (the "Adoption Date"), the Board (for the purposes of the Share Award Scheme (as defined below), also including such committee or such sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer) resolved to adopt a restricted share award scheme (the "Share Award Scheme") for the purpose of providing incentives to the participants under the Share Award Scheme. Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at its sole and absolute discretion designate an award ("Award" and collectively "Awards") to be made to a selected participant ("Selected Person" and collectively "Selected Persons"). Participants of the Share Award Scheme cover any employee, adviser, consultant, agent, contractor, client or supplier of any member of the Group and any employee or officer of any affiliated company whom the Board in its sole discretion considers may contribute or have contributed to the Group. Awards may be satisfied by (i) existing shares to be acquired by the trustee engaged by the Company for the purpose of administering the Share Award Scheme (the "Trustee") from the market, or (ii) new shares to be allotted and issued to the Trustee by the Company (collectively "Awarded Shares"), in both cases the costs of which will be borne by the Company, and will be held on trust by the Trustee for the Selected Persons until the end of each vesting period subject to fulfilment of the vesting conditions (if any). The specific mandate for the issuance and allotment of new shares as Awarded Shares pursuant to the Share Award Scheme was approved by the shareholders of the Company at the special general meeting of the Company held on 11 May 2016 (the "Approval Date"). On 9 August 2017, the Share Award Scheme was amended by the Group, pursuant to which, the Board may accelerate the vesting of the unvested Awarded Shares for grantees on a date prior to the original vesting date and waive or alter any or all of the vesting conditions attached to such Awarded Shares.

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

17. SHARE AWARD SCHEME (Continued)

Subject to the refreshment of the scheme limit and the adjustment in the event of consolidation or subdivision of shares of the Company ("Shares"), the Board shall not make any further award of Awarded Shares which will result in: (i) the aggregate number of the Awarded Shares granted under the Share Award Scheme exceeding 10% of the issued share capital of the Company as at the Adoption Date (i.e. 172,149,980 Shares); and (ii) the aggregate number of the Shares held by public shareholders of the Company falling below the minimum percentage as prescribed under the Listing Rules. Unless otherwise approved by the shareholders of the Company, the aggregate number of new Shares to be granted as Awarded Shares in each financial year shall not exceed 3% of the total number of issued Shares of the Company as at the Approval Date (i.e. 51,644,994 Shares) or the latest new approval date (i.e. latest date on which the relevant shareholders' approval is obtained), as the case may be.

On 20 May 2016, the Company entered into a trust deed with BOCI-Prudential Trustee Limited thereby appointing it as the Trustee.

On 17 March 2016, the Board resolved to conditionally grant Awards comprising a total of 51,644,994 Awarded Shares being new Shares to 97 Selected Persons pursuant to the terms of the Share Award Scheme (the "Shares Grant A"). The Shares Grant A was subject to (i) the approval of the specific mandate for the issuance and allotment of new Shares as Awarded Shares pursuant to the Share Award Scheme by the shareholders; and (ii) the approval by the listing committee of The Stock Exchange of Hong Kong Limited ("Stock Exchange") for the listing of, and permission to deal in, such new Shares. The conditions were all fulfilled on 11 May 2016.

On 9 August 2017, the Board resolved to conditionally grant Awards with new shares to certain grantees (the "Shares Grant B") pursuant to the terms of the Share Award Scheme. This involved conditionally granting Awards of a total of 44,813,829 Awarded Shares being new Shares and 6,831,165 Awarded Shares being existing Shares from the market to 145 Selected Persons, who were all employees, and 2 Selected Persons, who were non-employees of the Group, respectively. Out of the 145 Selected Persons of the Shares Grant B, 4 were connected persons of the Company (the "Connected Grantees") who were conditionally granted a total of 15,364,499 Awarded Shares being new Shares. The Awards to such Connected Grantees constituted connected transactions and were therefore also subject to the approval by the independent shareholders, which has been obtained on 13 October 2017.

Unvested Awarded Shares do not confer rights on the holders to receive dividends or to vote at general meetings of the Company.

Since the Adoption Date and up to 30 June 2024, 103,289,988 Shares in aggregate have been granted under the Share Award Scheme of the Company, of which 102,946,488 Shares had been vested, and 343,500 Shares had been forfeited.

As at 30 June 2024, an aggregate of 1,710,704 Awarded Shares (as at 31 December 2023: 1,710,704 Awarded Shares) were unvested and deemed as returned shares. Accordingly, an amount of RMB705,000 (as at 31 December 2023: RMB705,000) was charged to the Shares held for the Share Award Scheme reserve.

During the Interim Period, no Award has been granted, vested, cancelled, lapsed or deducted. Nor were there any outstanding Awards granted under the Share Award Scheme at the beginning and/or at the end of the Interim Period.



**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)**

30 June 2024

18. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Share Option Scheme”) for the purpose of recognising and providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations, helping the Group in retaining its existing employees, recruiting additional employees and providing them with a direct economic interest in attaining the long-term business objectives of the Group. Eligible participants of the Share Option Scheme include employees of the Company or any of its subsidiaries (including any executive and non-executive director or proposed executive and non-executive director of the Company), adviser, consultant, agent, contractor, client or supplier of any member of the Group or any other person whom the Board in its sole discretion considers may contribute or have contributed to the Group. The Share Option Scheme became effective on 25 June 2015 and, unless otherwise terminated, will remain in force for 10 years from that date.

The total number of shares of the Company which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of approval of each of the Share Option Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the shareholders. The maximum number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. The maximum number of shares issued or to be issued upon exercise of share options granted to any one participant in a 12-month period shall not exceed 1% (or 0.1% for any substantial shareholder, independent non-executive director or other associates, see the paragraph below) of the issued shares of the Company.

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

The offer of a grant of share options may be accepted upon payment of a non-refundable nominal consideration of HK\$1.00 by each grantee. The Share Option Scheme does not specify any minimum holding period but the Board has the authority to determine the minimum period for which a share option in respect of some or all of the Shares forming the subject of the share options must be held before it can be exercised. The exercise period of the share options granted is determinable by the directors, and commences on a specified date and ends on a date which is not later than ten years from the date of grant of the relevant share option.

The exercise price of a share option to subscribe for shares of the Company is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company’s shares on the Stock Exchange on the date of grant; (ii) the average closing price of the Company’s shares on the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company’s shares.

Share options do not confer rights on the holders to receive dividends or to vote at general meetings of the Company.

The fair value of the share options granted during 2016 was RMB18,502,000 (HK\$0.28 each). 32,806,987 share options were expired on 17 March 2022, and the share option reserve was transferred to retained profits accordingly.

According to the scheme limit of the Share Option Scheme as refreshed at the annual general meeting held on 11 May 2016, the Company may further grant 172,149,980 share options, representing approximately 8.14% of the number of issued shares of the Company as at 30 June 2024.

At the date of approval of these interim condensed consolidated financial information, the Company had no outstanding share options.

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

19. COMMITMENTS

The Group had the following capital commitments as at 30 June 2024:

	30 June 2024 (Unaudited) <i>RMB'000</i>	31 December 2023 (Audited) <i>RMB'000</i>
Contracted, but not provided for:		
Plant and machinery	110,445	46,839

20. RELATED-PARTY TRANSACTIONS AND BALANCES

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties, which were categorised as transactions conducted with TCL Technology and its affiliates and TCL Industries Holdings Co., Ltd. ("TCL Holdings") and its affiliates during the Interim Period:

	For the six months ended 30 June	
	2024 (Unaudited) <i>RMB'000</i>	2023 (Unaudited) <i>RMB'000</i>
TCL Technology and its then affiliates:		
Sales of products	818,470	409,971
Processing services	22,858	17,296
Sales of raw materials and samples	16,163	36,152
Purchases of raw materials and products	614,628	79,981
Purchases of services	35,979	7,898
Rental and other related charges	2,319	1,861
Sales of services	5,315	–
Interest income	8,992	5,661
Guarantee fee	37	155
	1,524,761	558,975
TCL Holdings and its then affiliates:		
Sales of products	47,588	58,018
Sales of raw materials and samples	1,117	549
Purchases of raw materials and products	16,921	20,614
Purchases of services	–	834
Purchases of plant, vehicles, furniture and fixtures	486	3,060
Interest income	–	78
	66,112	83,153





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

20. RELATED-PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Other transactions with related parties

The Company's ultimate holding company provided nil guarantee on certain bank loans of the Group (31 December 2023: nil) as at the end of the Interim Period, as further detailed in note 15 to the financial information.

(c) Outstanding balances with related parties

	Due from related companies		Due to related companies	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	(Unaudited) RMB'000	(Audited) RMB'000	(Unaudited) RMB'000	(Audited) RMB'000
Current:				
TCL Technology and the then affiliates:	507,140	981,043	629,098	269,460
TCL Holdings and the then affiliates:	49,908	70,246	27,467	194,264
	557,048	1,051,289	656,565	463,724
Non-current:				
TCL Technology and the then affiliates:	235,000	15,000	-	-
TCL Holdings and the then affiliates:	-	-	-	-
	235,000	15,000	-	-
	792,048	1,066,289	656,565	463,724

As at 30 June 2024, the current balance with the immediate holding company, an affiliate of TCL Technology, included an amount of RMB34,538,000 (31 December 2023: RMB34,300,000) relating to the reimbursement for the listing expense which was paid by the immediate holding company on behalf of the Company. The remaining balances with TCL Technology and its affiliates and TCL Holdings and its affiliates are mainly trading balances which are repayable on credit terms similar to those offered to the major customers of the Group.

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024	2023
	(Unaudited) RMB'000	(Unaudited) RMB'000
Short-term employee benefits	1,568	1,589

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2024

21. TRANSFERS OF FINANCIAL ASSETS

(a) Transferred financial assets that are not derecognised in their entity

At 30 June 2024, the Group did not retain any rights on the use of discounting certain bills receivable to banks in exchange for cash (the “Discounted Bills”) (31 December 2023: RMB3,161,000). In the opinion of the Directors, the Group had retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amount of the Discounted Bills and the associated interest-bearing bank borrowings.

(b) Transferred financial assets that are derecognised in their entity

The Group had no endorsed certain bills receivables accepted by banks (31 December 2023: nil) to certain of its suppliers (the “Derecognised Bills”). The Derecognised Bills had a maturity of one to two months at the end of the Interim Period. In accordance with the law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”). In the opinion of the Directors, the Group had transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it had derecognised the full carrying amounts of the Derecognised Bills and the associate trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair value of the Group’s Continuing Involvement in the Derecognised Bills is not significant.

For the six months ended 30 June 2024, the Group had not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gain or loss were recognised from the Continuing Involvement, both during the six months or cumulatively.

22. APPROVAL OF THE FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the Board on 27 August 2024.





INDUSTRY REVIEW

In the first half of 2024, although the consumer market was gradually recovering, consumer confidence and demand remained weak. The overall mobile phone market was still plagued by challenges, with signs of divergent demand. The trend towards high-end mobile phones and the expansion of emerging markets have driven the gradual growth of the global smartphone market. According to the report of International Data Corporation (“IDC”), the global smartphone shipments in the second quarter of 2024 increased for the fourth consecutive quarter, rising by 6.5% year-on-year to 285.4 million units, with overall shipments in the first half of 2024 exceeding 570 million units. The performance of China’s market was particularly impressive. Driven by extensive promotion activities and improved brand inventory levels, smartphone shipments in the China domestic market reached 139 million units for the first half of 2024, representing a year-on-year growth of 11.6% and outperforming the global market.

In the upstream panel market, the panel industry has gradually entered a new upward cycle since 2023, which proved favourable to the industry’s sustained prosperity, with the panel prices maintaining a moderate uptrend and showing signs of market recovery. The research reports from Sigmaintell revealed that as smartphone brands became more active in the low-end market and the demand for seasonal stocking increased, the demand for amorphous silicon liquid-crystal display (“A-Si LCD”) mobile phone panels continued to rise in June 2024. However, the low-end market remained cost-oriented, and module price competition was fierce. In the tablet panel segment, panel shipments increased to approximately 57.0 million units in the first quarter of 2024, representing a quarter-on-quarter growth of 6.0%. The rise in shipments was mainly due to the growing demand from China domestic tablet brands. China domestic manufacturers have deployed more efforts in their marketing strategies for tablet products, resulting in a significant year-on-year increase of 18.0% in the procurement demand for tablet panels.

BUSINESS REVIEW

For the Review Period, the Group continued to optimise its business and product mix by leveraging its advantages in scale and production line layout and achieved significant growth in revenue driven by the increase in shipment of tablet modules.

During the Review Period, the Group recorded a total revenue of RMB1,841.0 million, representing a year-on-year increase of 50.1%. Total sales volume amounted to 19.8 million units, representing a decrease of 9.8% year-on-year. The Group has benefitted from its integrated panel and module business model with TCL China Star Optoelectronics Technology Company Limited (“TCL CSOT”). With a stable supply of panels, the Group has shifted its focus towards development of medium-sized display modules. Since late 2023, the Group has been gradually supplying tablet modules to first-tier brand customers, prompting the sales volume to increase progressively and rapidly in the first half of 2024. During the Review Period, the sales volume of tablet modules increased by 44.6 times year-on-year to 2.3 million units, contributing a revenue of RMB433.5 million. The advancement and implementation of artificial intelligence (“AI”) technology has accelerated the enhancement of Internet of Things (“IoT”) products, contributing to the structural growth of the market. The Group is dedicated to advancing its smart home business and successfully marketed IoT-related products during the Review Period, recording an almost 5-fold year-on-year increase in the sales volume of commercial display products to 457,700 units, with the corresponding revenue amounting to RMB431.6 million. Due to the challenges in the mobile phone market, the sales volume of mobile phone module products was 13.6 million units, representing a year-on-year decrease of 35.1%, with a corresponding revenue of RMB705.8 million. The high unit price of medium-sized products contributed to a 76.3% year-on-year increase in the overall average selling price of the Group’s products, reaching RMB100.9.

During the Review Period, the overall supply chain unit price was under pressure as a result of a weakening consumer market. Additionally, changes in the Group’s product mix contributed to a decline in the gross profit margin, which was recorded at 3.8%. The gross profit amounted to RMB69.6 million. The Group experienced a positive shift in profitability during the second half of 2023, achieving a profit attributable to owners of the parent of RMB7.0 million for the Review Period, compared to a loss of RMB7.4 million for the corresponding period in 2023. The turnaround from loss to profit was mainly attributable to: (i) government subsidies amounting to approximately RMB10 million received by the Group’s subsidiaries in the PRC during the Review Period due to the subsidiaries being eligible for enhanced value-added tax (“VAT”) credits; (ii) realised losses on derivative financial instruments (such as forward currency contracts used to hedge the Group’s foreign currency exposure) decreasing from RMB40 million in the corresponding period in 2023 to less than RMB1 million for the Review Period; and (iii) costs reduction and efficiency enhancing measures adopted by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

- **Sales volume by product segment and their respective year-on-year comparisons**

(Unaudited)	For the six months ended 30 June				Change
	2024		2023		
	'000 units	%	'000 units	%	
Sale of Products					
Mobile Phone Modules	13,631.5	68.9	21,011.2	95.7	-35.1%
Tablet Modules	2,264.2	11.4	49.6	0.2	+4,459.3%
Commercial Display Products	457.7	2.3	78.2	0.3	+485.4%
Parts and Others	1,668.6	8.4	0.2	0.0	+758,336.8%
Processing and Manufacturing Services	1,780.4	9.0	825.2	3.8	+115.8%
Total	19,802.4	100.0	21,964.4	100.0	-9.8%

- **Revenue by product segment and their respective year-on-year comparisons**

(Unaudited)	For the six months ended 30 June				Change
	2024		2023		
	RMB million	%	RMB million	%	
Sale of Products					
Mobile Phone Modules	705.8	38.3	1,196.7	97.6	-41.0%
Tablet Modules	433.5	23.6	10.4	0.8	+4,093.1%
Commercial Display Products	431.6	23.5	2.3	0.2	+18,607.3%
Parts and Others	247.3	13.4	0.2	0.0	+128,452.9%
Processing and Manufacturing Services	22.8	1.2	17.3	1.4	+32.2%
Total	1,841.0	100.0	1,226.9	100.0	+50.1%

During the Review Period, China remained the Group's principal market. The revenue from Mainland China and Hong Kong were RMB1,628.8 million and RMB212.2 million respectively, which accounted for 88.5% and 11.5% of the Group's total revenue respectively.

- **Revenue by geographical segment and their respective year-on-year comparisons**

(Unaudited)	For the six months ended 30 June				Change
	2024		2023		
	RMB million	%	RMB million	%	
Mainland China	1,628.8	88.48	196.6	16.02	+728.6%
Hong Kong	212.2	11.52	1,029.8	83.94	-79.4%
Others	-	-	0.5	0.04	-
Total	1,841.0	100.00	1,226.9	100.00	+50.1%





Synergy with TCL CSOT t9 production line to improve core competitiveness

Following the commencement of production of TCL CSOT's LCD panel t9 production line, which focuses on the medium-sized IT and professional display markets, in 2022 and the formation of an integrated panel and module business model between the Group and TCL CSOT, the Group has been actively developing its medium-sized display modules and smart home products, and providing customised services to a number of first-tier brand customers. During the Review Period, an additional production line for medium-sized modules was implemented in order to meet the market demand and capitalise on the huge opportunities in the smart home and IoT markets. During the Review Period, the Group has made great advancements in its tablet module products and other smart home products, thereby refining its product mix. The initiative not only mitigated the risks associated with the single-product strategy, but also provided renewed momentum for the Group's development, further improving its profitability.

The Group's smart factory in Chenjiang, Huizhou, is equipped with several intelligent production lines and a comprehensive digitalized system. The Group intends to enhance its production efficiency and product quality by upgrading its technology and craftsmanship, as well as expanding economies of scale to reduce costs. This strategic initiative aims to strengthen the Group's core competitiveness.

OUTLOOK

Looking ahead, plagued by geopolitical conflicts, persistently high interest rates, and elevated economic costs, the growth of the global economy will remain sluggish. The Chinese economy is showing a steady recovery supported by enhanced policies, however, the improvement of consumer confidence and spending levels require additional time. This situation presents a challenge for the growth of the consumer electronics industry in the second half of 2024.

The mobile phone market is showing signs of weak recovery, and shipment volume is projected to grow at a modest rate. IDC's forecast indicated that, the advancement of 5G and new technologies such as AI in emerging markets is anticipated to drive global smartphone shipments to a year-on-year growth of 4%, reaching 1,210 million units in the entire year of 2024. This trend is expected to continue in the next few years. The tablet market is anticipated to enter a replacement cycle, driven by consumers' demand for enhanced performance and experience. As a result, there will be a shift towards high-end tablet products. The Group will continue to expand its product categories and actively seek new growth drivers by leveraging the advancements presented by 5G, IoT and AI.

Given the trend of "consumption downgrade" and the growing demand in the tablet market, there has been a rise in the demand for A-Si LCD products, which primarily caters to the low-to-mid-end product segment. By leveraging on the production capacity released by TCL CSOT t9 product line, the Group has strategically adjusted its product mix and maintained a relatively stable order volume. The Group will continue to enhance its own technology capabilities and expand its production lines for medium-sized modules, in line with the development of the medium-sized product market.

In the long term, the Group remains cautiously optimistic about the prospects of the development of its display module business and is confident that it will be able to enhance its competitiveness by perfecting its industrial chain and improving its technology and economies of scale. At the same time, the Group will continue to deepen its cooperation with TCL CSOT, consolidate its customer base, boost product sales in a cost-reducing and efficiency-enhancing manner, and endeavour to create better value for the Group and its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Liquidity and Financial Resources

During the Review Period, the Group's principal financial instruments comprised cash and cash equivalents, short-term deposits and time deposits. The main objective for the use of these financial instruments is to maintain a continuity of funding and flexibility at the lowest cost possible.

The Group's cash and cash equivalents and time deposits balance as at 30 June 2024 amounted to RMB55.3 million, of which 43.4% was denominated in US dollar, 54.4% was denominated in RMB and 2.2% was denominated in HK dollar. The Group's treasury deposits balance as at 30 June 2024 amounted to RMB1,076.1 million, such deposits were placed with TCL Technology Group Corporation ("TCL Technology") pursuant to the Master Financial Services (2023-2025) Agreement dated 31 October 2022 entered into among the Company, TCL Technology and TCL Technology Finance Co., Ltd.* (TCL科技集團財務有限公司, "Finance Company")(as amended and supplemented by the supplemental agreement ("Supplemental Agreement") to the Master Financial Services (2023-2025) Agreement dated 27 October 2023 entered into among the Company, TCL Technology and the Finance Company).

As at 30 June 2024, the Group had no interest-bearing bank loans and other borrowings. Please refer to note 15 to the financial statements for further details in respect of borrowings of the Group during the Review Period.

As at 30 June 2024, total equity attributable to owners of the parent was RMB1,015.2 million (31 December 2023: RMB1,009.4 million), and the gearing ratio was 0% (31 December 2023: 0.1%). The gearing ratio was calculated based on the Group's total interest-bearing loans (including bank borrowings and other borrowings) divided by total assets.

Pledge of Assets

As at 30 June 2024, no asset of the Group was pledged (31 December 2023: nil).

Capital Commitments and Contingent Liabilities

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Contracted, but not provided for: Plant and equipment	110,445	46,839

As at 30 June 2024, the Group had no significant contingent liabilities (31 December 2023: nil).

Foreign Exchange Risk

The Group's business and operations is facing the international market, thus it is inevitable for the Group to be exposed to the risk arising from foreign exchange transactions and conversion.

The Group is committed to striking a balance among trades, assets and liabilities that are denominated in foreign currencies to achieve a natural hedging effect. The Group also used forward currency contracts to reduce the foreign currency exposures. In addition, pursuant to the principle of prudent financial management, the Group has not conducted or engaged in any high-risk derivative transactions during the Review Period.





Pending Litigation

The Group had not been involved in any material litigation for the six months ended 30 June 2024.

Significant Investments Held

There was no significant investment held by the Group as at 30 June 2024.

Material Acquisitions and Disposals

The Group did not undertake any material acquisition or disposal of subsidiaries, associates or joint ventures during the Review Period.

Employees and Remuneration Policies

As at 30 June 2024, the Group had a total of 2,322 employees. During the Review Period, the total staff costs amounted to approximately RMB184.0 million. The Group aims to provide employees with reasonable, legal and competitive compensation, bonus and welfare by offering remuneration packages which are regularly updated based on local gross domestic product (GDP) growth and the latest laws and regulations. Training and development programmes are also provided on an on-going basis to employees of the Group. During the Review Period, the Company has also reviewed the remuneration policy with reference to the existing legislations, market conditions, as well as the performances of employees and the Company. In order to align the interests of staff with those of shareholders, the Company may grant share options and share awards to relevant grantees, including employees of the Group, under the Company's share option scheme and share award scheme respectively.

Future Plans for Material Investments or Capital Assets

As at 30 June 2024, the Group did not have any concrete plans for material investments or capital assets for the second half of the year 2024.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and/or short position of the Directors and chief executives of the Company in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong, hereinafter the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), were as follows:

Interests in the Company – Long Positions

Name of Director	Nature of interest	Number of Ordinary Shares held Personal interests	Number of Shares held under Equity Derivatives	Total	Approximate Percentage of Issued Share Capital of the Company (Note 1)
OUYANG Hongping	Beneficial owner	14,037,998	–	14,037,998	0.66%

Notes:

- Such percentage was calculated based on the number of Shares and underlying Shares in which the relevant Director was interested as notified to the Company and disclosed on the website of the Stock Exchange pursuant to Part XV of the SFO, against the number of issued Shares as at 30 June 2024, being 2,114,307,929 Shares in issue.

Interests in Associated Corporation of the Company – Long Positions

TCL Technology Group Corporation (Note 1)

Name of Director	Nature of interest	Number of Ordinary Shares held Personal Interests	Other interests (Note 2)	Number of Shares Held under Equity Derivatives	Total	Approximate Percentage of Issued Share Capital of TCL Technology (Note 3)
LIAO Qian	Beneficial owner	1,726,619	1,470,042	–	3,196,661	0.0170%
OUYANG Hongping	Beneficial owner	462,435	323,434	–	785,869	0.0042%
XI Wenbo	Beneficial owner	442,039	277,403	–	719,442	0.0038%

Notes:

- TCL Technology, a joint stock limited company established under the laws of the PRC, is the ultimate controlling shareholder of the Company.
- These interests are incentive shares that have been granted to the relevant Director under the incentive scheme adopted by TCL Technology and were not vested as at 30 June 2024.
- Such percentage was calculated based on the number of issued shares of TCL Technology as at 30 June 2024, being 18,779,080,767 shares in issue, as informed by TCL Technology.



Save as disclosed above, as at 30 June 2024, none of the Directors nor the chief executives of the Company had registered an interest and/or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that were required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2024, the interests and short positions of the persons (other than a Director or chief executive of the Company) in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long position in shares of the Company

Name of Shareholder	Nature of Interest	Number of Shares held	Approximate Percentage of Issued Share Capital of the Company (Note 3)
TCL Technology	Interest of controlled corporation	1,357,439,806 (Note 1)	64.20%
TCL China Star Optoelectronics Technology Co., Ltd.	Interest of controlled corporation	1,357,439,806 (Note 2)	64.20%

Notes:

- For the purposes of Part XV of the SFO, TCL Technology is deemed to be interested in 1,357,439,806 Shares, all of which are indirectly held through High Value Ventures Limited, a wholly-owned subsidiary of China Star Optoelectronics International (HK) Limited, which in turn is wholly owned by TCL China Star Optoelectronics Technology Co., Ltd. ("TCL CSOT") which is owned as to 79.17% by TCL Technology as at 30 June 2024.
- For the purposes of Part XV of the SFO, TCL CSOT is deemed to be interested in 1,357,439,806 Shares, all of which are indirectly held through High Value Ventures Limited, a wholly-owned subsidiary of China Star Optoelectronics International (HK) Limited, which in turn is wholly-owned by TCL CSOT as at 30 June 2024.
- Such percentage was calculated based on the total number of Shares in which each of the substantial shareholders was interested as disclosed on the website of the Stock Exchange against the number of issued shares of the Company as at 30 June 2024, being 2,114,307,929 Shares.
- As at 30 June 2024, the following Directors were directors/employees of a company which had an interest in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:
 - Mr. LIAO Qian was also an executive director, senior vice president and secretary of the board of directors of TCL Technology;
 - Mr. OUYANG Hongping was also the senior vice president of TCL CSOT, a director of Wuhan China Star Optoelectronics Technology Company Limited* (武漢華星光電技術有限公司, a subsidiary of TCL Technology) and a director and the general manager of Wuhan China Star Optoelectronics Semiconductor Display Technology Company Limited* (武漢華星光電半導體顯示技術有限公司, a subsidiary of TCL CSOT);
 - Mr. XI Wenbo was also the vice president and head of financial centre of TCL CSOT.

Save as disclosed above, as at 30 June 2024, no person, other than the Directors and chief executives of the Company whose interests or short positions are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had notified the Company of an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to section 336 of the SFO.

OTHER INFORMATION

SHARE OPTION SCHEME

By way of a resolution of the shareholders of the Company passed on the further special general meeting of the Company on 11 March 2015, the Company adopted the share option scheme ("Share Option Scheme") with effect from the resumption of trading in the Shares on the Stock Exchange on 25 June 2015 and, unless otherwise terminated, will remain in force for 10 years until 24 June 2025. The purpose of the Share Option Scheme is to recognise, motivate and provide incentives and rewards to the eligible participants who contribute to the success of the Group's operations, and to help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. Eligible participants of the Share Option Scheme include employees of the Company or any of its subsidiaries (including any executive and non-executive director or proposed executive and non-executive director of the Company), adviser, consultant, agent, contractor, client or supplier of any member of the Group or any other person whom the Board in its sole discretion considers may contribute or have contributed to the Group. The Share Option Scheme has not yet been amended according to the latest amendments to Chapter 17 of the Listing Rules which took effect from 1 January 2023.

The total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue on the date of approval of the Share Option Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the Shareholders. The maximum number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the issued Shares from time to time. The maximum number of shares issued or to be issued upon exercise of share options granted to (i.e. the maximum entitlement of) any one participant in a 12-month period shall not exceed 1% (or 0.1% for any substantive shareholder, independent non-executive director or other associates) of the issued Shares unless otherwise approved by the Shareholders at a general meeting of the Company.

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

The offer of a grant of share options may be accepted by each grantee (and upon payment of a non-refundable nominal consideration of HK\$1.00 by each grantee) until 5:00 p.m. of the 5th business day following the date of offer, provided that no such offer shall be open for acceptance after the expiry or termination of the Share Option Scheme. The Share Option Scheme does not specify any minimum holding period or vesting period but the Board has the authority to determine the minimum period for which a share option in respect of some or all of the Shares forming the subject of the share options must be held before it can be exercised. The exercise period of the share options granted is determinable by the Board, and commences on a specified date and ends on a date which is not later than ten years from the date of grant of the relevant share option. The exercise price of a share option to subscribe for Shares is determined by the Board, but may not be less than the highest of (i) the closing price of the Company's shares on the Stock Exchange on the date of grant; (ii) the average closing price of the Shares on the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Shares. Share options do not confer rights on the holders to receive dividends or to vote at general meetings of the Company.

For further details, please refer to note 18 to the financial statements in this interim report. Both as at 30 June 2024 and as at 6 September 2024, being the latest practicable date of this interim report, the total number of Shares available for issue in respect of the Share Option Scheme was 172,149,980 shares, representing approximately 8.14% of the then issued Shares as at both 30 June 2024 and 6 September 2024.

The Directors have estimated the values of the share options granted, calculated using the binomial option pricing model as at the date of grant of the share options as set out in note 18 to the financial statements in this interim report, which are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself.



As at 1 January 2024 and 30 June 2024, there was no outstanding or unvested share option. Both as at 1 January 2024 and 30 June 2024, the total number of Shares that could be issued upon exercise of all share options that could be granted under the then available scheme mandate limit were 172,149,980 Shares, which represented about 8.14% of the issued shares of the Company as at both 1 January 2024 and 30 June 2024.

During the six months ended 30 June 2024, no share options has been granted, exercised, vested, lapsed or cancelled, and no share was issued pursuant to the Share Option Scheme.

SHARE AWARD SCHEME

The Board resolved to adopt the share award scheme (“Share Award Scheme”) with effect from 17 March 2016. The purposes and objectives of the Share Award Scheme are to recognise and motivate the contribution of its participants and to provide them with incentives, to help the Company in retaining its existing employees and attracting and recruiting suitable personnel as additional employees for further development of the Group, and to provide them with a direct economic interest in attaining the long-term business objectives of the Company. The specific mandate for the issuance and allotment of new shares as awarded Shares pursuant to the Share Award Scheme was subsequently approved by the shareholders of the Company during the special general meeting of the Company on 11 May 2016. On 9 August 2017, the Share Award Scheme was amended by the Board, pursuant to which, the Board may accelerate the vesting of the unvested awarded Shares for grantees on a date prior to the original vesting date and waive or alter any or all of the vesting conditions attached to such awarded Shares. Unless otherwise terminated, the Share Award Scheme shall be valid and effective for a term of 10 years commencing from 17 March 2016 until 16 March 2026. The Share Award Scheme has not yet been amended according to the latest amendments to Chapter 17 of the Listing Rules which took effect from 1 January 2023.

Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at its sole and absolute discretion designate an award (“Award” and collectively “Awards”) to be made to a selected participant (“Selected Person” and collectively “Selected Persons”). Participants of the Share Award Scheme cover any employee, adviser, consultant, agent, contractor, client or supplier of any member of the Group and any employee or officer of any affiliated company (i.e. TCL Technology and its subsidiaries and companies which, in accordance with the generally accepted accounting principles in the PRC, is recorded as an affiliated company in the financial statements of TCL Technology, which shall include any companies in which TCL Technology is directly or indirectly interested in not less than 20% of its issued share capital (or in case such companies have no share capital, a power to exercise or control the exercise of not less than 20% of voting in its members’ meeting)) whom the Board in its sole discretion considers may contribute or have contributed to the Group.

Awards may be satisfied by (i) existing shares to be acquired by the trustee engaged by the Company for the purpose of administrating the Share Award Scheme (the “Trustee”), from the market, or (ii) new shares to be allotted and issued to the Trustee by the Company, in both case the costs of which will be borne by the Company, and will be held on trust by the Trustee for the Selected Persons until the end of each vesting period subject to fulfilment of the vesting conditions (if any) in accordance with the provisions of the Share Award Scheme.

Subject to the refreshment of the scheme limit and the adjustment in the event of consolidation or subdivision of shares, the Board shall not make any further award of awarded Shares which will result in: (i) the aggregate number of the Shares awarded under the Share Award Scheme exceeding 10% of the issued Share capital of the Company as at the date of adoption of the Share Award Scheme (i.e. 172,149,980 Shares); and (ii) the aggregate number of the Shares held by public Shareholders falling below the minimum percentage as prescribed under the Listing Rules.

Unless otherwise approved by the Shareholders and subject to the adjustment in the event of consolidation or subdivision of Shares, the aggregate number of new Shares to be granted as awarded Shares in each financial year shall not exceed 3% of the total number of issued Shares as at the date of approval of the Share Award Scheme (i.e. 51,644,994 Shares) or the latest new approval date (i.e. latest date on which the relevant Shareholders’ approval of the refreshed scheme limit is obtained), as the case may be.

OTHER INFORMATION

Unless otherwise approved by the Shareholders and subject to the adjustment in the event of consolidation or subdivision of Shares, the maximum number of Shares which may be awarded to (i.e. the maximum entitlement of) any one participant in a 12-month period shall not exceed 1% of the issued share capital of the Company as at the adoption date of the Share Award Scheme (i.e. 17,214,998 Shares) or the latest new approval date (i.e. latest date on which the relevant Shareholders' approval of the refreshed scheme limit is obtained), as the case may be, provided that the aggregate interests of the connected persons in the Share Award Scheme shall at all time be less than 30%.

The Share Award Scheme does not specify any minimum vesting period. Pursuant to the Share Award Scheme, the Board has the authority to determine, among other things, the vesting period and schedule, the number and form of awarded Shares, and the terms and conditions for each grant of Award in respect of the Awards. In general, the grantees of the Award are not required to pay for the awarded Shares.

During the six months ended 30 June 2024, no Award has been granted, vested, cancelled, lapsed or deducted. There is no outstanding or unvested Award granted under the Share Award Scheme as at 1 January 2024 and as at 30 June 2024.

Since the adoption date of the Share Award Scheme and up to 30 June 2024, 103,289,988 Shares in aggregate have been granted under the Share Award Scheme, of which 102,946,488 Shares had been vested, and 343,500 Shares had been forfeited. Accordingly, both as at 1 January 2024 and as at 30 June 2024, an aggregate of 68,859,992 awarded Shares were available for grant in the form of existing Shares or new Shares under the existing scheme mandate/scheme limit of the Share Award Scheme. Therefore, an aggregate of 68,859,992 Shares can be issued under the Share Award Scheme, which represented approximately 3.26% of the issued Shares as at 1 January 2024, 30 June 2024 and 6 September 2024, being the latest practicable date of this interim report. For further details, please see note 17 to the financial statements.

During the six months ended 30 June 2024, the Company has not granted any share options under the Share Option Scheme or Awards under the Share Award Scheme. As disclosed above, as at 1 January 2024 and 30 June 2024, there was no share option of the Company nor Award outstanding/unvested and hence no Shares may be issued in respect of share options and Awards granted under the Share Option Scheme and Share Award Scheme during the six months ended 30 June 2024.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures", the Share Option Scheme as disclosed in the section "Share Option Scheme", and the Share Award Scheme as disclosed in the section "Share Award Scheme" and under notes 17 and 18 to the financial statements in this interim report, at no time during the six months ended 30 June 2024 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or his/her spouse or children under 18 years of age, or were any such rights exercised by them; nor was the Company, or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in the Company or any other body corporate.

INTERIM DIVIDEND

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





CHANGE OF PARTICULARS OF THE DIRECTORS

As at 6 September 2024, being the latest practicable date for ascertaining information for the purpose of this section, there are no changes to the particulars of Directors since the publication date of the 2023 annual report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2024, the Company has complied with the code provisions (the "Code Provisions") as set out in Part 2 of the Corporate Governance Code under Appendix C1 to the Listing Rules, except for the following deviation:

Under Code Provision C.6.1, the company secretary should be an employee of the issuer and have day-to-day knowledge of the issuer's affairs.

The company secretary of the Company, Ms. CHEUNG Bo Man ("Ms. CHEUNG"), being a practising solicitor in Hong Kong and a partner of the Company's legal advisor, is not an employee of the Company.

During the six months ended 30 June 2024, the Company has assigned Ms. Clara SIU, the Vice Director of Finance and Investor Relations Department of the Company as the contact person with Ms. CHEUNG to ensure that information in relation to the performance, financial position and other major developments of the Group are speedily delivered to Ms. CHEUNG through the contact person assigned, to enable the company secretary to get hold of the Group's development promptly without material delay. With her expertise and experience, the Company is confident that having Ms. CHEUNG as its company secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations.

Save as disclosed above, none of the Directors is aware of any information which would reasonably indicate that the Company has not, throughout the six months ended 30 June 2024, fully complied with the Code Provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code. Specific enquiries have been made with all Directors and all of them have confirmed that they have complied with the standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the six months ended 30 June 2024.

OTHER INFORMATION

AUDIT COMMITTEE

The Company has established an audit committee for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee of the Company currently comprises four members, namely Ms. HSU Wai Man, Helen (as the chairperson), Mr. LI Yang, Mr. XU Yan and Ms. YANG Qiulin, all of whom are independent non-executive Directors. The Group's unaudited interim condensed consolidated financial statements and the interim report for the six months ended 30 June 2024 have been reviewed by the audit committee, which is of the opinion that the preparation of such financial information complies with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

On behalf of the Board

LIAO Qian
Chairman

Hong Kong, 27 August 2024

