



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

(formerly known as *TC Orient Lighting Holdings Limited* 達進東方照明控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 515)

Interim
Report
2024





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The Board (the “**Board**”) of directors (the “**Directors**”) is pleased to announce the unaudited consolidated interim results of China Silver Technology Holdings Limited (formerly known as TC Orient Lighting Holdings Limited) (the “**Company**”) and its subsidiaries (collectively known as the “**Group**”) for the six months ended 30 June 2024. These interim condensed consolidated financial statements were not audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Turnover	3	25,476	111,077
Cost of sales		(24,148)	(103,297)
Gross profit		1,328	7,780
Other income		3,691	5,212
Other losses, net		116	535
Selling and distribution expenses		(1,284)	(3,907)
Administrative expenses		(10,697)	(11,252)
Finance costs		(8,815)	(11,522)
Loss before tax		(15,661)	(13,154)
Income tax credit	4	77	20
Loss for the period	5	(15,584)	(13,134)
Other comprehensive expense:			
<i>Items that will not be reclassified to profit or loss:</i>			
Surplus/(deficit) on revaluation of properties		632	1,541
Deferred taxation arising from revaluation of properties		(158)	(385)
		474	1,156
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation		498	(1,854)
Other comprehensive income/(expense) for the period		972	(698)
Total comprehensive expense for the period		(14,612)	(13,832)

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

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		(14,972)	(12,389)
Non-controlling interests		(612)	(745)
		(15,584)	(13,134)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(14,044)	(12,826)
Non-controlling interests		(568)	(1,006)
		(14,612)	(13,832)
Loss per share (<i>HK cents</i>)			
– Basic and diluted	7	(1.95)	(1.85)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	564,424	515,322
Right-of-use asset		14,229	14,538
		578,653	529,860
Current assets			
Inventories		24,908	33,693
Trade and other receivables	9	74,040	86,834
Pledged bank deposits		–	40,714
Bank balances, deposits and cash		8,958	8,994
		107,906	170,235
Current liabilities			
Trade and other payables	10	169,576	177,314
Contract liabilities		2,909	2,565
Bills payable	10	83,384	119,444
Lease liabilities		901	856
Taxation payable		68,106	67,344
Bank borrowings – due within one year	11	296,042	299,282
		620,918	666,805
Net current liabilities		(513,012)	(498,570)
Total assets less current liabilities		65,641	33,290

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

	Notes	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Non-current liabilities			
Lease Liabilities		79	542
Deferred taxation		20,016	19,935
Convertible bonds		10,286	9,820
		30,381	30,297
Net assets			
		35,260	2,993
Capital and reserves			
Share capital	12	1,133	669
Reserves		97,023	64,652
Equity attributable to owners of the Company		98,156	65,321
Non-controlling interests		(62,896)	(62,328)
Total equity		35,260	2,993

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	The PRC statutory reserve HK\$'000	Special reserve HK\$'000	Share option reserve HK\$'000	Convertible bonds reserve HK\$'000	Capital contribution reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2024 (audited)	669	-	470	55,196	15,003	1,156	12,475	6,318	1,893	25,892	(53,751)	65,321	(62,328)	2,993
Loss for the period	-	-	-	-	-	-	-	-	-	-	(14,972)	(14,972)	(612)	(15,584)
Other comprehensive income/(expense) for the year:														
Exchange differences arising in translation	-	-	-	-	-	-	-	-	-	454	-	454	44	498
Deficit on revaluation of properties	-	-	-	632	-	-	-	-	-	-	-	632	-	632
Deferred tax liabilities arising from revaluation of properties	-	-	-	(158)	-	-	-	-	-	-	-	(158)	-	(158)
Total comprehensive expense for the period	-	-	-	474	-	-	-	-	-	454	(14,972)	(14,044)	(568)	(14,612)
Issue of share under share subscriptions	464	45,876	-	-	-	-	-	-	-	-	-	46,340	-	46,340
Equity-settled share based transaction	-	-	-	-	-	-	539	-	-	-	-	539	-	539
At 30 June 2024 (unaudited)	1,133	45,876	470	55,670	15,003	1,156	13,014	6,318	1,893	26,346	(68,723)	98,156	(62,896)	35,260

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2024

	Share capital HK\$'000	Share premium HK\$'000	Share redemption reserve HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	The PRC statutory reserve HK\$'000	Special reserve HK\$'000	Share option reserve HK\$'000	Convertible bonds reserve HK\$'000	Capital contribution reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2023 (audited)	334,708	567,711	470	53,425	15,003	1,156	11,313	–	1,893	18,510	(924,458)	79,731	(60,937)	18,794	
Loss for the period	–	–	–	–	–	–	–	–	–	–	(12,389)	(745)	(13,134)	–	
Other comprehensive income/(expense) for the year:															
Exchange differences arising in translation	–	–	–	–	–	–	–	–	–	–	(1,593)	–	(1,593)	(261)	(1,854)
Deficit on revaluation of properties	–	–	–	1,541	–	–	–	–	–	–	–	–	1,541	–	1,541
Deferred tax liabilities arising from revaluation of properties	–	–	–	(385)	–	–	–	–	–	–	–	–	(385)	–	(385)
Total comprehensive expense for the period	–	–	–	1,156	–	–	–	–	–	(1,593)	(12,389)	(12,826)	(1,006)	(13,832)	
Effect of capital reorganisation	(334,039)	(567,711)	–	–	–	–	–	–	–	–	–	901,750	–	–	
Equity-settled share based transaction	–	–	–	–	–	–	1,162	–	–	–	–	–	–	–	
Issuance of convertible bonds	–	–	–	–	–	–	–	802	–	–	–	–	802	–	
At 30 June 2023 (unaudited)	669	–	470	54,581	15,003	1,156	12,475	802	1,893	16,917	(35,097)	68,869	(61,943)	6,226	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Net cash outflow from operating activities	(28,331)	(418)
Net cash (used in)/generated from investing activities:		
Withdrawal of pledged bank deposits	40,714	147,191
Placement of pledged bank deposits	–	(141,633)
Purchase of property, plant and equipment	(54,124)	(5,543)
Other investing cash flows	880	315
	(12,530)	330
Net cash generated from financing activities:		
Interest paid	(8,815)	(11,522)
Issuance of convertible bond	–	15,000
Issue of shares upon subscription of new shares	46,340	–
Bank borrowing raised	3,088	3,624
	40,613	7,102
Net (decrease)/increase in cash and cash equivalents	(248)	7,014
Cash and cash equivalents at 1 January	8,994	28,463
Effect of foreign exchange rate changes	212	(1,331)
Cash and cash equivalents at 30 June, represented by bank balances, deposits and cash	8,958	34,146

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements (the “**Interim Financial Statements**”) have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and with Hong Kong Accounting Standard (the “**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The interim financial report has been prepared in accordance with same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

(b) Going concern basis

The Group incurred a loss approximately HK\$15,584,000 during the six months ended 30 June 2024 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$513,012,000. The current liabilities of the Group as at 30 June 2024 amounted to approximately HK\$620,918,000 and included outstanding loans and borrowings that were repayable in the next twelve month after 30 June 2024 or were repayable on demand because they contain a repayment on demand clause. As at 30 June 2024, the current liabilities of the Group included: (i) construction costs payables of approximately HK\$101,738,000 (the “**Construction Payables**”); (ii) secured loan included in other payables of approximately HK\$21,978,000 (the “**Other Borrowing**”); (iii) bill payables of approximately HK\$83,384,000 which has been defaulted; and (iv) bank borrowings of approximately HK\$296,042,000; while the Group’s total bank balances, deposits and cash amounted to approximately HK\$8,958,000. In preparing the condensed consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors adopted the going concern basis for the preparation of the condensed consolidated financial statements after taking into consideration the implementation by the Group of the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

1) Existing business

The management is endeavoring to improve the Group’s operating results and cash flows through cost control measures and will focus on the existing business of the Group.

2) *New rental business*

The Group is currently engaged in negotiations with prospective long-term tenants in the People's Republic of China (PRC) for the rental of the Group's properties.

3) *Negotiating with creditors' new terms of Construction Payables*

The Group is negotiating with its construction payables creditors to extend the repayment dates for the Construction Payables.

4) *Negotiating with creditors' new terms of Other Borrowing*

The Group is negotiating with its lenders for repayment of the Other Borrowing.

5) *Banking and necessary facilities*

The Group has classified bank borrowings amounting to approximately HK\$137,292,000 with scheduled repayment dates that were more than 12 months from the end of the reporting period but contain a repayment on demand clause as current liabilities at 30 June 2024. Based on the latest communication with the banks and taking into account the security provided to the bank, the Directors are not aware of any intention of the banks to require early repayment of the borrowings. Moreover, the Group is in the process of negotiating with its bankers to secure necessary facilities to meet the Group's working capital and financial requirements in the near future.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

3. TURNOVER AND SEGMENT INFORMATION

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

	For the six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Segment turnover – external sales		
Manufacturing and trading of single-sided printed circuit boards (“PCB”) (“ Single-sided PCB ”)	82	11,143
Manufacturing and trading of double-sided PCB (“ Double-sided PCB ”)	23,731	96,752
Manufacturing and trading of multi-layered PCB (“ Multi-layered PCB ”)	1,663	3,182
Others	–	–
Total	25,476	111,077
Timing of revenue recognition		
At a point in time	25,476	111,077
Over time	–	–
Segment (loss)/gain		
Single-sided PCB	(1)	46
Double-sided PCB	(75)	401
Multi-layered PCB	(11)	13
Others	(1,917)	(2,585)
	(2,004)	(2,125)
Other income	880	4,251
Central administrative costs	(5,722)	(3,758)
Finance costs	(8,815)	(11,522)
Loss before tax	(15,661)	(13,154)

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

4. INCOME TAX CREDIT

	For the six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Current tax:		
Hong Kong Profit Tax	–	–
PRC Enterprise Income Tax (“EIT”)	–	–
Deferred tax	77	20
	77	20

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

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

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

5. LOSS FOR THE PERIOD

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

	For the six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Directors’ emoluments	710	1,500
Other staff costs	7,722	10,508
Total staff costs	8,432	12,008
Depreciation of right-of-use assets	309	309
Depreciation of property, plant and equipment	5,654	2,388
Interest income on bank deposits and bank balances (included in other income)	(880)	(315)
Sales of scrap materials (included in other income)	(1,171)	(961)
Government grants (note)	(541)	(3,614)
Share-based payments	539	1,162

Note:

Government grants were mainly granted to the Group as subsidies to support the operation of the Hong Kong and PRC subsidiaries. During the period ended 30 June 2024, the Group recognised government grants of approximately HK\$541,000 in respect of subsidies for operations in PRC. There are no special conditions or contingencies that are needed to be fulfilled and they were non-recurring in nature.

6. DIVIDENDS

No dividends were paid, declared or proposed during the interim period (six months ended 30 June 2023: nil).

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

7. LOSS PER SHARE

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

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share:		
Loss for the period attributable to owners of the Company	(14,972)	(12,389)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	768,481	669,415

The calculation of the diluted loss per share for the periods ended 30 June 2024 and 2023 did not assume the exercise of the Company's outstanding share options as the effect is anti-dilutive.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

The Group's buildings classified as property, plant and equipment were revalued by Valtech Valuation Advisory Limited, an independent qualified professional valuer not connected with the Group. The buildings were revalued at depreciated replacement cost approach. The resulting gain on revaluation of HK\$632,000 was recognised to the property revaluation reserve during the six months ended 30 June 2024 (six months ended 30 June 2023: gain on revaluation of HK\$1,541,000).

During the six months ended 30 June 2024, the Group paid HK\$54,124,000 (six months ended 30 June 2023: HK\$5,543,000) on addition of property, plant and equipment.

9. TRADE, BILLS AND OTHER RECEIVABLES

(a) Trade and other receivables

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Trade receivables with normal credit terms	106,703	114,739
Less: Allowance for expected credit losses	(84,521)	(84,521)
	22,182	30,218
Trade receivables with extended credit terms	39,844	40,212
Less: Allowance for expected credit losses	(9,439)	(9,439)
	30,405	30,773
Total trade receivables, net of allowance for expected credit losses	52,587	60,991
Advances to suppliers and other receivables	21,453	25,843
Current portion of trade and other receivables	74,040	86,834

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

9. TRADE, BILLS AND OTHER RECEIVABLES (continued)

(a) Trade and other receivables (continued)

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

	Extended credit terms		Normal credit terms		Total	
	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
0 – 30 days	-	-	2,462	10,249	2,462	10,249
31 – 60 days	-	-	2,124	5,639	2,124	5,639
61 – 90 days	-	-	2,830	5,562	2,830	5,562
91 – 180 days	-	-	1,907	8,768	1,907	8,768
Over 180 days	30,405	30,773	12,859	-	43,264	30,773
	30,405	30,773	22,182	30,218	52,587	60,991

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Balance at beginning of the period	84,521	84,984
Allowance for expected credit losses	-	(463)
	84,521	84,521

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Balance at beginning of the period	9,439	6,148
Provision for expected credit losses	-	3,291
	9,439	9,439

9. **TRADE, BILLS AND OTHER RECEIVABLES** (continued)

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Balance at the beginning of the period	46,812	50,787
Reversal of allowance for expected credit losses	–	(3,975)
	46,812	46,812

10. **TRADE, BILLS AND OTHER PAYABLES**

- (a) **Trade and other payables**

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
0 – 30 days	3,394	4,486
31 – 60 days	3,075	9,392
61 – 90 days	1,622	3,694
91 – 180 days	8,807	7,229
Over 180 days	16,673	20,721
	33,571	45,522
Other payables (note)	128,938	122,621
Accrued salaries and other accrued charges	7,067	9,171
	169,576	177,314

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

Note: At the end of interim period, the Group's other payable included an amount of HK\$21,978,000 (31 December 2023: HK\$22,222,000), being loan from other borrowers carrying an interest rate of 24% p.a. and repayable in accordance with the terms of the loan agreements. During the interim period ended 30 June 2023, interest in the amount of HK\$2,637,000 (six months ended 30 June 2023: HK\$315,000) was recognised as the finance cost in the consolidated statements of profit or loss.

10. TRADE, BILLS AND OTHER PAYABLES (continued)

(b) Bills payable

The aging analysis of bills payable is as follows:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
0 – 30 days	–	63,910
31 – 60 days	–	35,071
61 – 90 days	–	20,463
91 – 180 days	–	–
Over 180 days	83,384	–
	83,384	119,444

11. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans in the amount of HK\$3,088,000 (six months ended 30 June 2023: HK\$3,625,000). The bank borrowings as at 30 June 2024 were secured by the assets of the Group as disclosed in note 15.

12. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.001 each		
Authorised:		
At 1 January 2023	2,400,000	1,200,000
Effect of capital reorganisation	1,197,600,000	–
At 31 December 2023, 1 January 2024 and 30 June 2024	1,200,000,000	1,200,000
Issued and fully paid:		
Ordinary shares at 1 January 2023, 31 December 2023 and 1 January 2024	669,415	669
Issue of shares under share subscriptions completed in February and June 2024	463,883	464
At 30 June 2024	1,133,298	1,133

13. SHARE OPTION SCHEME

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

During the six months ended 30 June 2024, no share options were granted (2023: 54,300,000), no share options were exercised or forfeited (2023: Nil or Nil), and 600,000 share options lapsed (2023: Nil).

14. CAPITAL COMMITMENTS

At 30 June 2024, the Group has commitment in the amount of HK\$12,401,000 (as at 31 December 2023: HK\$27,402,000) in respect of the acquisition of property, plant and equipment contracted for but not provided in the Interim Financial Statements.

15. PLEDGE OF ASSETS

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Buildings	125,890	126,512
Pledged bank deposits	–	40,714
Right-of-use assets	14,229	14,538
Construction in progress	314,113	259,989
	454,232	441,753

16. RELATED PARTY TRANSACTIONS

The Group entered into the following material related party transactions:

Compensation of key management personnel

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

	For the six months ended 30 June 2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Short-term benefits	680	1,470
Post-employment benefits	30	30
	710	1,500

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

	For the six months ended 30 June					
	2024		2023		Increase/ (decrease) HK\$'000	Change in %
	HK\$'000	%	HK\$'000	%		
Single-sided PCB	82	0.3	11,143	10.0	(11,061)	(99.3)
Double-sided PCB	23,731	93.2	96,752	87.1	(73,021)	(75.5)
Multi-layered PCB	1,663	6.5	3,182	2.9	(1,519)	(47.7)
LED Business	–	–	–	–	–	–
Total	25,476	100.0	111,077	100.0	(85,601)	(77.1)

The three categories of PCB products are mainly applied in consumer electronics, computers and computer peripherals, and communications equipment. During the period under review, single and doubled-sided PCBs used for consumer electronics accounted for approximately 93.5% of the Group's turnover, while high-end multi-layered PCBs accounted for approximately 6.5% of the Group's turnover.

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

	For the six months ended 30 June					
	2024		2023		Increase/ (decrease) HK\$'000	Change in %
	HK\$'000	%	HK\$'000	%		
Hong Kong	1,653	6.5	3,113	2.8	(1,460)	(46.9)
The PRC	18,174	71.3	98,284	88.5	(80,110)	(81.5)
Asia (excluding Hong Kong and the PRC)	203	0.8	261	0.2	(58)	(22.2)
Europe	5,446	21.4	9,419	8.5	(3,973)	(42.2)
Total	25,476	100.0	111,077	100.0	(85,601)	(77.1)

During the period under review, the Group's revenue decreased mainly due to the decrease in sales quantity of PCB products, caused by the uncertain outlook of global economy and the dampened demand of electronic products as affected by various factors including the Russian-Ukraine war, the lower-than-expected economic recovery after COVID-19 and the China-US trade tension.

FINANCIAL REVIEW

The PCB business has been the Group's main source of income for many years. During the period under review, the Group's turnover amounted to approximately HK\$25.5 million, representing a decrease of 77.1% as compared to approximately HK\$111.1 million for the corresponding period last year, principally resulted from the decrease in sales quantity of PCB products. Loss attributable to shareholders was increased to approximately HK\$15.0 million (2023: HK\$12.4 million), principally due to the decreases in turnover and gross profit, partly offset by the decrease in selling and distribution expenses and finance cost. The gross profit margin for the six months ended 30 June 2024 was approximately 5.2% (2023: 7.0%).

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2024, the Group had total assets of approximately HK\$686.6 million (31 December 2023: HK\$700.1 million) and interest-bearing borrowings of approximately HK\$328.3 million (31 December 2023: HK\$321.5 million), representing a gearing ratio (defined as interest-bearing borrowings over total assets) of approximately 47.8% (31 December 2023: 45.92%).

The Group had net current liabilities of approximately HK\$513.0 million (31 December 2023: HK\$496.6 million) consisted of current assets of approximately HK\$107.9 million (31 December 2023: HK\$170.2 million) and current liabilities of approximately HK\$620.9 million (31 December 2023: HK\$666.8 million), representing a current ratio of approximately 0.17 (31 December 2023: 0.26).

As at 30 June 2024, the Group had cash and bank balances (including pledged bank deposits) of approximately HK\$9.0 million (31 December 2023: HK\$49.7 million). As at 30 June 2024, the Group had bank balances, deposit and cash of approximately HK\$9.0 million (31 December 2023: HK\$9.0 million).



FOREIGN CURRENCY EXPOSURE

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

DIVIDENDS

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

HUMAN RESOURCES

As at 30 June 2024, the Group employed a total of approximately 238 employees (31 December 2023: 328), including approximately 206 employees in its PCB production site, 8 employees in its PRC LED business units and 24 employees in its Hong Kong office.

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

CORPORATE STRATEGY

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

Issue of New Shares under General Mandate

As disclosed in the Company's announcement dated 31 January 2024, the Company entered into subscription agreements (the "**First Subscription Agreements**") with 4 subscribers, namely Mr. Huang Jianhui, Mr. Chen Fubing, Mr. Zhao Zhengchun and Mr. Chen Hui, pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have agreed to subscribe for, an aggregate of 133,883,000 subscription shares (the "**First Subscription Shares**") at the subscription price of HK\$0.10 per First Subscription Share (the "**First Subscription**"). The 133,883,000 First Subscription Shares represents (i) approximately 20.00% of the issued share capital of the Company immediately before completion of the First Subscription, and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of 133,883,000 First Subscription Shares. The aggregate nominal value of the First Subscription Shares is HK\$133,883 based on the nominal value of HK\$0.001 per share of the Company. The subscription price of HK\$0.10 per First Subscription Share represents: (i) a premium of approximately 42.86% over the closing price of HK\$0.070 per share as quoted on the Stock Exchange on the date of the First Subscription Agreements; and (ii) a premium of approximately 37.36% over the average closing price of approximately HK\$0.0728 per share as quoted on the Stock Exchange for the last five full trading days of the shares immediately prior to the date of the First Subscription Agreements. The gross and net proceeds from the First Subscription amounted to approximately HK\$13.4 million and HK\$13.2 million, respectively. The Company intended to use such net proceeds as to HK\$11.2 million for the repayment of the Group's debts and liabilities when they fall due, and as to the remaining HK\$2 million for the Group's working capital (such as salaries, rental expenses, professional fees and office overheads). The First Subscription was carried out under the General Mandate which was approved by the Company's shareholders at the annual general meeting of the Company held on 30 June 2023. The issue of the First Subscription Shares was completed on 22 February 2024. Up to 30 June 2024, all the proceeds from the First Subscription were fully utilised as intended. Further details of the First Subscription were set out in the Company's announcements dated 31 January 2024 and 22 February 2024.

Issue of New Shares under Specific Mandate

As disclosed in the Company's announcement dated 19 April 2024, the Company entered into subscription agreements (the "**Second Subscription Agreements**") with 4 subscribers, namely Mr. Yu Yuliang, Mr. Zeng Siyuan, Mr. Li Jianli and Mr. Chen Hui, pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have agreed to subscribe for, an aggregate of 330,000,000 subscription shares (the "**Second Subscription Shares**") at the subscription price of HK\$0.108 per Second Subscription Share (the "**Second Subscription**"). The 330,000,000 Second Subscription Shares represents (i) approximately 41.08% of the issued share capital of the Company immediately before completion of the Second Subscription, and (ii) approximately 29.12% of the issued share capital of the Company as enlarged by the issue of 330,000,000 Second Subscription Shares. The aggregate nominal value of the Second Subscription Shares is HK\$330,000 based on the nominal value of HK\$0.001 per share of the Company. The subscription price of HK\$0.108 per Second Subscription Share represents: (i) a discount of approximately 16.28% over the closing price of HK\$0.129 per share as quoted on the Stock Exchange on the date of the Second Subscription Agreements; and (ii) a discount of approximately 16.15% over the average closing price of approximately HK\$0.1288 per share as quoted on the Stock Exchange for the last five trading days of the shares immediately prior to the date of the Second Subscription Agreements. The gross and net proceeds from the Second Subscription amounted to approximately HK\$35.64 million and HK\$33.14 million, respectively. The Company intended to use such net proceeds as to HK\$27.14 million for the partial repayment of the Group's outstanding construction payables, and as to the remaining HK\$6 million for the Group's working capital (such as salaries, rental expenses, professional fees and office overheads). The Second Subscription Shares was intended to be allotted and issued under specific mandate, which was approved by the Company's shareholders at the extraordinary general meeting of the Company held on 14 June 2024. The issue of the Second Subscription Shares was completed on 28 June 2024. As at the date of this report, all the proceeds from the Second Subscription were fully utilised as intended. Further details of the Second Subscription were set out in the Company's announcements dated 19 April 2024, 24 May 2024, 14 June 2024 and 28 June 2024.

Memorandum of understanding on the proposed investment in an artificial intelligence project in China

On 15 April 2024, 深圳市達進谷江商貿有限公司 (Shenzhen Tat Chun Gujiang Trading Co., Ltd.), an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding (the “**MOU**”) with 湖南果實智能科技有限公司 (Hunan Fruit Intelligence Technology Co., Ltd.) (“**Hunan Fruit Intelligence**”) and its shareholders as vendors, pursuant to which the Company proposed to invest in 51% equity interest in Hunan Fruit Intelligence (the “**Proposed Investment**”) including by way of subscription of new equity and/or acquisition of equity from the vendors. Hunan Fruit Intelligence is a limited liability company established under the laws of the PRC whose scope of business includes information technology, artificial intelligence (“**AI**”) software development, AI industry application system integration, research and development of intelligent robotics, software development, big data services, data processing and storage support services, sale of AI hardware, information system, software outsourcing, e-commerce, education consulting services, human resources services, value-added telecommunications services and internet information services. According to the information provided by Hunan Fruit Intelligence, as at the date of this report, the registered capital of Hunan Fruit Intelligence is 80% owned by Mr. Zhou Jiaolong (周交龍) and 20% owned by Mr. Tan Zhiwen (譚志文). If the MOU proceeds to signing of a formal binding agreement, it is expected that the Proposed Investment may constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) relating to the Proposed Investment may be made by the Company as and when necessary.

OUTLOOK

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

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

THE IMPACT OF NOVEL CORONAVIRUS EPIDEMIC

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

Notwithstanding the lifting of COVID-19 related restrictions in China in December 2022, the economy did not rebound as quickly as originally expected, and the global economy, particularly the manufacturing sector, continued to be overshadowed by geopolitical tensions, new protectionism and technology war in semi-conductors. The Group will continue to adapt itself to overcome the challenges ahead, by the adoption of cost-control and quality improvement measures, and strategic pricing policy and proactive marketing approach to attract more sales orders from both existing and potential customers. The Group will also continue to explore opportunities to further develop its business and enhance its growth potential.

CAPITAL COMMITMENT

As at 30 June 2024, the Group had capital commitment of approximately HK\$12,041,000 (as at 31 December 2023: HK\$5,667,000) in respect of addition of property, plant and equipment contracted for but not provided in the consolidated financial statements.

CHARGE OF ASSETS

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

LITIGATION

During the period, the Company's operating subsidiaries in the PRC were involved in various litigations as defendants due to disputes in ordinary businesses with suppliers, contractors and ex-employees, including claims which were already settled during or subsequent to the period except that claims in the aggregate amount of RMB52.8 million were either still undergoing legal processes or agreed to be extended but remained unpaid, for which full recognition of trade, construction and other payables were already made by way of prudent measure. Certain outstanding claims as at 30 June 2024 were accompanied by asset-preservation orders imposed on bank accounts of our PRC subsidiaries for the total amounts of approximately HK\$1,053,000 (RMB958,000), as at 30 June 2024. The Group has instructed its PRC legal advisers to uphold its rights in any outstanding litigations.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the interests or short positions of the directors and chief executives and their associates in the shares, underlying shares and debenture of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (“SFO”), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), were as follows:

Interest in shares:

Name of directors	Capacity	Number of shares held (long position)	Percentage of issued share capital (Note 3)
Lai Yubin	Beneficial owner (Note 1)	2,000,000	0.18%
Zeng Yongguang	Beneficial owner (Note 1)	3,000,000	0.26%
	Interest of spouse (Note 2)	200,000	0.02%
Guo Jun Hao	Beneficial owner (Note 1)	3,000,000	0.26%
Liang Jiabin	Beneficial owner (Note 1)	1,000,000	0.09%
Wei Xiaomin	Beneficial owner (Note 1)	2,000,000	0.18%
Wong Kwok On	Beneficial owner (Note 1)	600,000	0.05%
Bonathan Wai Ka Cheung	Beneficial owner (Note 1)	600,000	0.05%
Qiu Yumei	Beneficial owner (Note 1)	600,000	0.05%

Notes:

1. These underlying shares were based on disclosure of interest (“DI”) filings made when share options were granted to the relevant directors on 19 January 2023, further details of which are set out in the section headed “Share Option Schemes”.
2. Mr. Zeng Yongguang is deemed to be interested in the 200,000 shares of the Company held by his spouse, Ms. Zeng Xiaoxian.
3. The shareholding percentages, being rounded numbers, are calculated on the basis of 1,133,298,394 issued shares of the Company as at 30 June 2024.

Other than disclosed above, none of the directors and chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2024.

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

As at 30 June 2024, the following person (other than a director or chief executive of the Company) had an interest or short position in the shares and underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Interest in shares and underlying shares:

Name of shareholders	Capacity	Number of shares held (long position)	Percentage of issued share capital (Note 3)
Li Sidi (Note 1)	Interest in controlled corporation	126,370,800	11.15%
Union Insurance (Note 1)	Interest in controlled corporation and beneficial owner	124,554,000	10.99%
Li Jianli	Beneficial Owner	110,000,000	9.71%
Yu Yuliang	Beneficial Owner	110,000,000	9.71%
Chen Hui	Beneficial Owner	86,961,000	7.67%
Wang Shuang (Note 2)	Beneficial Owner	66,940,000	5.91%

Note 1: Based on the then latest DI filings made by the relevant persons, as at 30 June 2024, Ms. Li Sidi was deemed to be interested in 126,370,800 shares, comprising: (a) 14,414,000 shares which were held by her controlled corporation, Union Insurance Limited ("**Union Insurance**"); (b) 66,940,000 underlying shares which may be allotted and issued by the Company to Union Insurance upon full conversion of convertible bonds held by Union Insurance; (c) 43,200,000 shares which were held by Intelligent South Network Group Limited ("**Intelligent South Network**"), a wholly-owned subsidiary of Union Insurance; and (d) 1,816,800 shares which were held by Ms. Li Sidi personally.

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

Note 3: The shareholding percentages, being rounded numbers, are calculated on the basis of 1,133,298,394 issued shares of the Company as at 30 June 2024.

Other than disclosed above, as at 30 June 2024, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which fall to be disclosed to the Company under the Provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEMES

Old Share Option Scheme


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

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

As a result of the completion of the open offer and rights issue on 25 July 2016 and 20 December 2017 and the five-to-one share consolidation on 24 May 2022, respectively, the exercise price of the share options and the number of shares to be allotted and issued upon the exercise of the share options granted under the Old Share Option Scheme were adjusted. As at the date of this report, the number of shares issuable on exercise of the outstanding options under the Old Share Option Scheme were 4,558,930 shares (following the adjustment on the coming into effect of the five-to-one share consolidation), representing approximately 0.40% of the existing issued share capital of the Company.

New Share Option Scheme

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



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

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

At the annual general meeting of the Company held on 22 June 2020, the Scheme Mandate Limit was refreshed to allow the Company to grant options to subscribe for up to the maximum of 271,823,697 pre-consolidation shares (equivalent to 54,364,739 shares as adjusted after the five-to-one share consolidation). During the six months ended 30 June 2024, no share options were granted (2023: 54,300,000) and no share options were exercised (2023: Nil), cancelled (2023: Nil) or forfeited (2023: Nil), and a total of 600,000 share options were lapsed due to the resignation of a former Director (2023: Nil). As at 1 January 2024 and 30 June 2024, the number of options available for grant are 64,739 shares and 664,739 shares, respectively. The New Share Option Scheme has a remaining lifespan of 1 year and 10 months. No service provider sub-limit was set under the New Share Option Scheme.

Grantee	Date of grant	Exercise price per share HK\$	Outstanding as at 1 January 2024 '000	Granted during the period '000	Reclassification during the period '000	Exercised during the period '000	Cancelled/lapsed/forfeited during the period '000	Outstanding as at 30 June 2024 '000	
Directors:									
Lai Yubin	19 January 2023	0.14	2,000	-	-	-	-	2,000	(Note 1)
Kong Chan Fai (resigned on 31 May 2024)	19 January 2023	0.14	1,000	-	-	-	-	1,000	(Note 1)
Xu Ming (retired on 26 June 2024)	19 January 2023	0.14	3,000	-	-	-	-	3,000	(Note 1)
Zeng Yongguang	19 January 2023	0.14	3,000	-	-	-	-	3,000	(Note 1)
Guo Jun Hao	19 January 2023	0.14	3,000	-	-	-	-	3,000	(Note 1)
Liang Jiaxin	19 January 2023	0.14	1,000	-	-	-	-	1,000	(Note 1)
Wei Xiaomin	19 January 2023	0.14	2,000	-	-	-	-	2,000	(Note 1)
Wong Kwok On	19 January 2023	0.14	600	-	-	-	-	600	(Note 1)
Borathian Wai Ka Cheung	19 January 2023	0.14	600	-	-	-	-	600	(Note 1)
Qiu Yumei	19 January 2023	0.14	600	-	-	-	-	600	(Note 1)
Loke Yu (resigned on 30 November 2023)	19 January 2023	0.14	600	-	-	-	600	0	(Note 1, 3)
Subtotal			17,400	-	-	-	-	16,800	
Consultants:									
	22 October 2014	4.27	3,174	-	-	-	-	3,174	(Note 2)
Subtotal			3,174	-	-	-	-	3,174	
Employees:									
	22 October 2014	4.27	1,385	-	-	-	-	1,385	(Note 2)
	19 January 2023	0.14	36,900	-	-	-	-	36,900	(Note 1)
Subtotal			38,285	-	-	-	-	38,285	
Total			58,859	-	-	-	600	58,259	(Note 3)

Note:

- The date of grant of these options was 19 January 2023, and the closing price of shares immediately before the date of grant was HK\$0.140 per share. These options are vesting (i) as to 50% on or after 19 January 2024, being the first anniversary of the date of grant; and (ii) as to remaining 50% on or after 19 January 2025, being the second anniversary of the date of grant. These options will expire on the 3rd anniversary after the date of grant. The fair value of these options was assessed on the date of grant of 19 January 2023 at HK\$3,520,000. The fair value of the options was measured on the date of grant based on the binomial option pricing model using the following key inputs and assumptions: (a) an expected volatility of 74% based on historical annualized volatility over a period of time based on the expected lifespan of the share options, which is over one year; (b) no annual dividends being made based on historical dividend pattern in the most recent five years; and (c) a risk-free interest rate of 3.19% based on the yields of HKMA Exchange Fund Notes and government bonds. For the purpose of the calculation of fair value, no adjustment was made for options expected to be forfeited due to the expected insignificant staff turnover and the lack of historical data. While the binomial option pricing model is regarded as a generally accepted methodology to calculate the fair value of options, it requires the input of subjective assumptions (including share price volatility) and any changes in subjective input assumptions could materially affect the fair value estimate. Therefore, the Directors are of the view that the model does have limitations and does not necessarily provide a reliable single measurement of the fair value of the share options.
- Options are exercisable on or after the date of grant of 22 October 2014. These options will expire on the 10th anniversary after the date of grant. As disclosed in the Company's announcement dated 20 December 2017, the exercise price of this series of options were adjusted from HK\$1.035 (before 20 December 2017) to HK\$0.854 (after 20 December 2017) as a result of the Company's one-for-one rights issue in 2017, and further adjusted to HK\$4.27 as a result of the coming into effect of the five-to-one share consolidation on 24 May 2022.
- During the six months ended 30 June 2024, a total of 600,000 share options were lapsed due to the resignation of a former Director (2023: Nil).

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 16 to the consolidated financial statements, no contracts of significance, to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as at 30 June 2024 or at any time during the period.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of its own listed securities.

CHANGE OF DIRECTORS

Ms. Po In San was appointed as an independent non-executive Director, the chairman of the audit committee and the compliance committee, and a member of the remuneration committee and the nomination committee of the Company, with effect from 28 February 2024. Subsequent to the end of the period under review, on 31 August 2024, Ms. Po resigned from all the positions in the Company.

Mr. Kong Chan Fai resigned as an executive Director and Vice-Chairman of the Company, with effect from 31 May 2024.

Mr. Xu Ming retired as an executive Director at the conclusion of the annual general meeting of the Company held on 26 June 2024.

CHANGES OF DIRECTORS' INFORMATION

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

Mr. Wong Kwok On was appointed as an independent non-executive Director of Kwong Luen Engineering Holdings Limited, a company listed on the Main Board of the Stock Exchange with stock code 1413 on 25 July 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company and the Directors confirm, to the best of their knowledge, that the Company complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) as stated in Part 2 of Appendix C1 of the Listing Rules during the six months from 1 January 2024 to 30 June 2024, except the deviations disclosed as follows:

Under Code Provision D.1.2, management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the issuer’s performance, position and prospects, which may include monthly management accounts and material variance between projections and actual results. During the period under review, although management accounts were not circulated to Board members on monthly basis, regular verbal updates were given by management to Directors on working level meetings from time to time, which the management and the Board consider to be sufficient and appropriate in the circumstances in giving a balanced and understandable assessment of the Group’s performance and enabling Directors to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

Under Code Provision C.5.1, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. Under Code Provision C.5.3, notice of at least 14 days should be given of a regular Board meeting to give all Directors an opportunity to attend and for all other Board meeting, reasonable notice should be given. Under Code Provision C.5.8, agenda and Board papers should be sent to all Directors at least 3 days before the intended date of Board or committee meetings. The Board does not distinguish between regular or special Board meetings and normally meet more than 4 times a year and more frequently than once per quarter. The Board will normally hold Board meetings during the 1st and 3rd quarter of a calendar year to consider the Company’s annual and interim results, and there are normally other corporate actions or matters occurring in the 2nd and 4th quarter calling for the need of holding Board meetings. All Board meetings are chaired by the Chairman, being a non-executive Directors, who provides an open atmosphere encouraging free discussions and asking of questions, including an “any other business” session during which Directors are invited to add new agenda. In addition, all Directors are invited to have separate and independent access to the Chairman or the management at any time outside Board meetings, during which business updates are provided, questions asked and answered promptly provided. The Company uses electronic communication methods to call and hold Board meetings and to circulate meeting agenda and Board papers, and can achieve a high attendance rate by, and quick responses from, Directors, especially non-executive Directors, by reasonable notice shorter than those specified in the relevant provisions of the CG Code.

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



NON-COMPLIANCE AND RE-COMPLIANCE OF THE LISTING RULES

On 30 November 2023, Dr. Loke Yu (alias Loke Hoi Lam) (“**Dr. Loke**”), an independent non-executive Director (“**INED**”), resigned as an INED, the chairman of the audit committee and the compliance committee, and a member of the remuneration committee and nomination committee of the Company. As a result of Dr. Loke’s resignation, (i) the Board does not have at least one INED having appropriate professional qualifications or accounting or related financial management expertise (the “**INED with Financial Qualification**”) as required under Rule 3.10(2) of the Listing Rules; (ii) the ratio of the number of INEDs has fallen short of the minimum one-third of the Board as required under Rule 3.10A of the Listing Rules; and (iii) the audit committee of the Company does not have at least one INED with Financial Qualification as required under Rule 3.21 of the Listing Rules. On 28 February 2024, Ms. Po In San (“**Ms. Po**”) was appointed as an INED, the chairman of the audit committee and the compliance committee, and a member of the remuneration committee and the nomination committee of the Company. Ms. Po has appropriate professional qualifications or accounting or related financial management expertise. Following the appointment of Ms. Po as an INED and the chairman of the audit committee of the Company, the Company has met the minimum one-third requirement for INEDs and recompiled with Rules 3.10(2), 3.10A and 3.21 of the Listing Rules.

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

The Company follows the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules (the “**Model Code**”) as the code of conduct for Directors in their dealings in the Company’s securities. All existing directors have confirmed to the Company that they have complied with the Model Code during the six months ended 30 June 2024.

AUDIT COMMITTEE

As at 30 June 2024, the Audit Committee of the Company (“**AC**”) comprised of four independent non-executive Directors, namely, Ms. Qiu Yumei, Mr. Wong Kwok On, Mr. Bonathan Wai Ka Cheung and Ms. Po. Prior to 30 November 2023, the AC comprised of four INEDs, namely, Ms. Qiu Yumei, Mr. Wong Kwok On, Mr. Bonathan Wai Ka Cheung and Dr. Loke Yu (alias Loke Hoi Lam), but only three INEDs after that day. Dr. Loke was the chairman of the AC before his resignation on 30 November 2023. On 28 February 2024, Ms. Po was appointed as an INED and the chairman of the AC. Ms. Po was the AC member and INED with Financial Qualification as required by the Listing Rules.

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

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

The Group’s unaudited financial statements for the six months ended 30 June 2024 have been reviewed by the AC, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Kong Chan Fai (*Vice-Chairman*)
(*resigned on 31 May 2024*)
Mr. Xu Ming (*Chief Executive Officer*)
(*retired on 26 June 2024*)
Mr. Zeng Yongguang
Mr. Guo Jun Hao
Ms. Liang Jiaxin

NON-EXECUTIVE DIRECTORS

Mr. Lai Yubin (*Chairman*)
Mr. Wei Xiaomin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Kwok On
Mr. Bonathan Wai Ka Cheung
Ms. Po In San
(*appointed on 28 February 2024 and resigned on 31 August 2024*)
Ms. Qiu Yumei
Mr. Chu Pui Ki Dickson
(*appointed on 6 September 2024*)

AUDIT COMMITTEE

Ms. Po In San (*chairman of committee*)
(*appointed on 28 February 2024 and resigned on 31 August 2024*)
Mr. Chu Pui Ki Dickson
(*chairman of committee after his joining on 6 September 2024*)
Mr. Wong Kwok On
Mr. Bonathan Wai Ka Cheung
Ms. Qiu Yumei

REMUNERATION COMMITTEE

Ms. Qiu Yumei (*chairman of committee*)
Ms. Po In San
(*appointed on 28 February 2024 and resigned on 31 August 2024*)
Mr. Bonathan Wai Ka Cheung
Mr. Chu Pui Ki Dickson
(*appointed on 6 September 2024*)

NOMINATION COMMITTEE

Ms. Qiu Yumei (*chairman of committee*)
Ms. Po In San
(*appointed on 28 February 2024 and resigned on 31 August 2024*)
Mr. Bonathan Wai Ka Cheung
Mr. Chu Pui Ki Dickson
(*appointed on 6 September 2024*)

COMPLIANCE COMMITTEE

Ms. Po In San (*chairman of committee*)
(*appointed on 28 February 2024 and resigned on 31 August 2024*)
Mr. Chu Pui Ki Dickson
(*chairman of committee after his joining on 6 September 2024*)
Mr. Bonathan Wai Ka Cheung
Ms. Qiu Yumei

COMPANY SECRETARY

Mr. Chan Chun Kau

AUTHORISED REPRESENTATIVES

Mr. Zeng Yongguang
Mr. Chan Chun Kau

HEAD OFFICE

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

REGISTERED OFFICE

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

AUDITOR

HLB Hodgson Impey Cheng Limited

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

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Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong

STOCK CODE

00515

WEB-SITE

www.csthld.com



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

On behalf of the Board

Lai Yubin

Chairman

Hong Kong, 30 August 2024