

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



China Hongguang Holdings Limited

中國宏光控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8646)

2021 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of China Hongguang Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021. This announcement, containing the full text of the 2021 interim report of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of interim results.

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

Hong Kong, 12 August 2021

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

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

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



宏光

CHINA HONGGUANG HOLDINGS LIMITED

中國宏光控股有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8646

2021

Interim Report



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

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

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



CONTENTS

Corporate Information	2
Interim Unaudited Results	4
Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Unaudited Condensed Consolidated Results	10
Management Discussion and Analysis	25
Other Information	36



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. WEI Jiakun (*Chief Executive Officer*)

Ms. LIN Weishan (*Chairwoman*)

Mr. CHEN Biming

Ms. LI Wanna

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. CHEN Xiuyan

Mr. JIA Xiaogang

Mr. WU Yong

AUDIT COMMITTEE

Ms. CHEN Xiuyan (*Chairwoman*)

Mr. JIA Xiaogang

Mr. WU Yong

REMUNERATION COMMITTEE

Mr. WU Yong (*Chairman*)

Ms. CHEN Xiuyan

Mr. JIA Xiaogang

NOMINATION COMMITTEE

Mr. JIA Xiaogang (*Chairman*)

Ms. CHEN Xiuyan

Mr. WU Yong

JOINT COMPANY SECRETARIES

Ms. Kwong Oi Man Patty *HKICPA, CPAA*

Mr. WENG Weilin

AUTHORIZED REPRESENTATIVES

Mr. WEI Jiakun

Mr. WENG Weilin

COMPLIANCE OFFICER

Mr. WEI Jiakun

AUDITOR

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Eastside of Middle of Rongchi Road

Xianqiao, Rongcheng, Jieyang

Guangdong, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1202

The Chinese Bank Building & Berlin Exchange

61 Des Voeux Road Central

Central, Hong Kong

COMPLIANCE ADVISER

Dongxing Securities (Hong Kong)

Company Limited

Room 6805-6806A

68/F., International Commerce Centre

1 Austin Road West, Kowloon

Hong Kong

**PRINCIPAL SHARE REGISTRAR
AND TRANSFER OFFICE**

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

**HONG KONG BRANCH
SHARE REGISTRAR AND
TRANSFER OFFICE**

Computershare Hong Kong Investor
Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China Limited

Jieyang Branch
Middle Section of Meiyang Road
Dongshan, Rongcheng
Jieyang, Guangdong
the PRC

Bank of China Limited

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

DBS Bank (Hong Kong) Limited

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

STOCK CODE

8646

COMPANY WEBSITE ADDRESS

www.hongguang.hk

INTERIM UNAUDITED RESULTS

The board of directors (the “Board”) of China Hongguang Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021, together with the unaudited comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue	63,068	62,627
Cost of sales	<u>(46,337)</u>	<u>(45,170)</u>
Gross profit	16,731	17,457
Other net income	1,121	391
Sales and marketing expenses	(36)	(102)
General and administrative expenses	<u>(5,556)</u>	<u>(14,536)</u>
Profit from operations	12,260	3,210
Finance costs	<u>(2,810)</u>	<u>(1,195)</u>
Profit before taxation	9,450	2,015
Income tax	<u>(1,419)</u>	<u>(1,150)</u>
Profit for the period	<u>8,031</u>	<u>865</u>
Earnings per share		
Basic and diluted (RMB)	<u>0.03</u>	<u>0.00*</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period	8,031	865
Other comprehensive income for the period (after tax)		
Items that will not be reclassified to profit or loss:		
Exchange difference on translation of financial statements of the Company	(307)	992
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of financial statements of subsidiaries outside mainland China	1,135	(508)
Other comprehensive income for the period	828	484
Total comprehensive income for the period	8,859	1,349

* The actual amount of earning per share is approximately RMB0.0029. Due to the retention of two decimal places, the disclosure is shown as 0.00.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Unaudited) RMB'000
Non-current assets		
Property, plant and equipment	35,049	42,759
Lease prepayments	1,751	1,641
Deferred tax assets	3,938	2,555
	<u>40,738</u>	<u>46,955</u>
Current assets		
Inventories	90,275	71,283
Trade and other receivables	134,008	94,866
Cash and cash equivalents	4,872	3,712
	<u>229,155</u>	<u>169,861</u>
Total assets	<u>269,893</u>	<u>216,816</u>
Current liabilities		
Bank loans	(38,000)	(41,000)
Trade and other payables	(42,554)	(11,129)
Income tax payable	(7,144)	(5,876)
	<u>(87,698)</u>	<u>(58,005)</u>
Net current assets	<u>141,457</u>	<u>111,856</u>
Total assets less current liabilities	<u>182,195</u>	<u>158,811</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Unaudited) RMB'000
Non-current liabilities		
Deferred revenue	(5,775)	(5,235)
NET ASSETS	176,420	153,576
CAPITAL AND RESERVES		
Share capital	2,693	2,693
Share premium	49,892	49,892
Reserves	123,835	100,991
Total equity	176,420	153,576

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC Statutory reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 31 December 2019 and 1 January 2020 (Audited)	–	11,464	(202)	2,190	182	97,472	111,106
Changes in equity for the six months ended 30 June 2020							
Profit for the period	–	–	–	–	–	865	865
Other comprehensive income	–	–	–	–	484	–	484
Total comprehensive income for the period	–	–	–	–	484	865	1,349
Capitalisation issue	2,024	(2,024)	–	–	–	–	–
Issuance of shares upon initial public offering, net of issuance costs	669	40,452	–	–	–	–	41,121
Balance at 30 June 2020 (Unaudited)	2,693	49,892	(202)	2,190	666	96,471	151,710
Balance at 31 December 2020 and 1 January 2021 (Audited)	2,693	49,892	(202)	4,377	(621)	105,581	161,720
Changes in equity for the six months ended 30 June 2021							
Profit for the period	–	–	–	–	–	8,031	8,031
Other comprehensive income	–	–	–	–	828	–	828
Total comprehensive income for the period	–	–	–	–	828	8,031	8,859
Balance at 30 June 2021 (Unaudited)	2,693	49,892	(202)	4,377	207	113,612	170,579

* The balance represents an amount less than RMB1,000.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021 and 2020

	For the six months ended 30 June	
	2021	2020
	(Unaudited) RMB'000	(Unaudited) RMB'000
Net cash generated from/(used in) in operating activities	10,836	1,776
Net cash generated from/(used in) investing activities	1	(482)
Net cash (used in)/generated from financing activities	(8,810)	(4,195)
Net(decrease)/increase in cash and cash equivalents	2,869	(2,901)
Cash and cash equivalents at beginning of the period	2,003	6,534
Cash and cash equivalents at end of the period	<u>4,872</u>	<u>3,633</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

1. GENERAL INFORMATION

China Hongguang Holdings Limited (“the Company”) was incorporated in the Cayman Islands on 25 May 2017 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Upon the completion of a reorganisation (“the Reorganisation”) on 11 July 2018 to prepare for an initial public offering (“the IPO”), the Company became the holding company now comprising the Group. Details of the Reorganisation are set out in the Company’s prospectus dated 31 December 2019 in connection with the IPO of the Company’s shares on GEM (“GEM”) of the Stock Exchange of Hong Kong Limited (“the Listing”). The Company completed the Listing on 13 January 2020. The Company and its subsidiaries (together, “the Group”) are principally engaged in the manufacture and sales of architectural glass products in the People’s Republic of China (“PRC”).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The unaudited condensed consolidated results for the three months ended 30 June 2021 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), of which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

The unaudited condensed consolidated results for the three months ended 30 June 2021 comprise the Company and its subsidiaries.

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

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

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

i. Disaggregation of revenue

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

	For the six months ended	
	30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products lines		
– Sales of energy-efficient safety glass products	54,171	58,804
– Sales of smart glass products	8,897	3,823
	<u>63,068</u>	<u>62,627</u>

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

The Group's customer base is diversified. There is only one individual customer with whom transactions have exceeded 10% of the Group's revenues for the six months ended 30 June 2021 and 30 June 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

3. REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

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

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

(b) Segment reporting

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

4. OTHER NET INCOME

	For the six months ended	
	30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Government grants	1,285	480
Rentals from operating leases	157	100
Interest income	1	15
Others	(322)	(204)
	<u>1,121</u>	<u>391</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank loans and other borrowings	2,810	1,195
	<u>2,810</u>	<u>1,195</u>

(b) Staff costs

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Contributions to defined contribution retirement plan (i)	301	202
Salaries, wages and other benefits	2,350	2,287
	<u>2,651</u>	<u>2,489</u>

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

5. PROFIT BEFORE TAXATION (Continued)

(b) Staff costs (Continued)

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

(c) Other items

	For the six months ended	
	30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Depreciation of property, plant and equipment	1,227	3,830
Depreciation of right-of-use assets	74	58
Provision/(reversal) of impairment losses on trade and other receivables	9,727	686
Research and development costs (i)	4,555	4,056
Cost of inventories (ii)	46,337	45,170

- (i) Research and development costs included staff costs of RMB282 thousand, RMB318 thousand, and depreciation of RMB992 thousand, RMB992 thousand, for the six months ended 30 June 2021 and 2020, which are also included in the respective total amounts disclosed separately above or in note 5(b).
- (ii) Cost of inventories included staff costs of RMB1,850 thousand, and RMB1,734 thousand, and depreciation of RMB2,595 thousand and RMB2,588 thousand, for the three months ended 30 June 2021 and 2020 respectively, which are also included in the respective total amounts disclosed separately above or in note 5(b).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

6. INCOME TAX IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the condensed consolidated statement of profit or loss represents:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Current tax		
Provision for PRC income tax for the period	1,419	1,181
Deferred tax		
Origination and reversal of temporary differences	—	(31)
	<u>1,419</u>	<u>1,150</u>

- i. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- ii. No provision for Hong Kong Profits Tax was made for the subsidiary incorporated in Hong Kong as the subsidiary did not have income subject to Hong Kong Profits Tax during the reporting period.
- iii. The PRC subsidiary, Jieyang Hongguang Coated Glass Co., Ltd. ("Hongguang Glass") is subject to the PRC statutory income tax rate of 25%. Hongguang Glass was accredited as a "High and New Technology Enterprise" in October 2014 and renewed its certificate in December 2020 for another three years from 2021 to 2023 during which it is entitled to a preferential income tax rate of 15% pursuant to the current applicable CIT Law and its regulations.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

7. EARNINGS PER SHARE

(a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholder of the Company of RMB8,000,000 (2020: RMB900,000), and 294,583,333 ordinary shares in issue during six months ended 31 March 2021 (2020: the weighted average of 225,000,000 ordinary shares), after adjusting the capitalisation issue occurred after the end of the reporting period, calculated as follows:

(i) Weighted average number of ordinary shares

	For the six months ended 30 June	
	2021	2020
Issued ordinary shares at 1 January	100	100
Effect of capitalisation issue (note (i) below)	224,999,900	224,999,900
Effect of shares issued by initial public offering on 13 January 2020	72,291,667	72,291,667
Issued ordinary shares at 30 June	<u>297,291,667</u>	<u>297,291,667</u>

Notes:

- (i) The number of ordinary shares outstanding before the capitalisation issue completed on 13 January 2020 was adjusted for the proportionate increase in the number of ordinary shares outstanding without a corresponding change in resources, as if the capitalisation issue had occurred at the beginning of the earliest period presented.
- (ii) After the Company was listed on the Stock Exchange on 13 January 2020, a total of 75 million shares were issued at HK\$0.77 per share, raising HK\$57.87 million in total.

There were no dilutive potential ordinary shares and, therefore, diluted earnings per share are same as the basic earnings per share.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

8. PROPERTY, PLANT AND EQUIPMENT

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

At 30 June 2021, property, plant and equipment with net book value of RMB87,456 (as at 31 December 2020: RMB94,800).

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 RMB'000
Trade debtors, net of loss allowance	73,402	70,899
Deposit and prepayment	60,606	33,381
	134,008	104,280

Ageing analysis

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 RMB'000
Within 3 months	22,229	38,330
3 to 6 months	12,398	18,727
6 to 12 months	25,462	13,149
Over 1 year	13,313	693
	73,402	70,899

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

10. TRADE AND OTHER PAYABLES

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 RMB'000
Trade payable	573	2,066
Other payables and accruals	57,981	16,562
	58,556	18,628

Ageing analysis

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 RMB'000
Within 1 month	12	1,257
1 to 3 months	125	45
Over 3 months	436	764
	573	2,066

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

11. BANK LOANS

At 30 June 2021, the bank loans were repayable as follows:

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 RMB'000
Within 1 year or on demand	33,000	39,000
Over 1 year	5,000	5,000
	38,000	44,000

At 30 June 2021, the bank loans and overdrafts were secured as follows:

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 RMB'000
Bank loans		
– secured (i)	38,000	44,000

- (i) Secured bank loans of RMB38,000 thousand and RMB44,000 thousand respectively as at 30 June 2021 and 31 December 2020 were guaranteed by Ms. Lin Weishan, Mr. Wei Jiakun and Ms. Liu Rong (hereinafter referred to as the “Controlling Shareholders”).

In addition to the above guarantees, as at 30 June 2021, bank loans of RMB38,000 thousand (31 December 2020: RMB44,000 thousand) were secured by the Group’s property, plant and equipment.

- (ii) As at 30 June 2021, bank loans carried interest in the range of 3.85%–7% (31 December 2020: 3.85%–7.00%).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

12. SHARE CAPITAL

	No. of shares '000	HK\$'000	RMB'000
Ordinary shares, issued and fully paid:			
At 30 June 2021	300,000	3,000	2,693

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

13. DIVIDEND

The Directors did not recommend the payment of any dividend for the six months ended 30 June 2021 (2020: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

14. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions.

During the reporting period, the directors are of the view that the following companies and persons are related parties of the Group:

Name of party	Relationship
Lin Weishan	One of the Controlling Shareholders
Wei Jiakun	One of the Controlling Shareholders
Liu Rong	One of the Controlling Shareholders
Orient Success Ventures Limited	One of the Investors
Chen Biming	Executive directors
Li Wanna	Executive directors
Lin Gai	A member of the key management personnel
Zheng Xubin	A member of the key management personnel
Hongguang Mirror	Company controlled by Wei Jiakun and Liu Rong

Note: The English translation of the above company names is for reference only. The official names of the companies established in the PRC are in Chinese.

(a) Significant related party transactions

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Advances from related parties:		
Lin Weishan	—	—
Wei Jiakun	—	—
	—	—

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

14. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Repayments of advances from related parties:		
Lin Weishan	—	—
Wei Jiakun	—	—
Orient Success Ventures Limited	—	—
	<u>—</u>	<u>—</u>

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Loans to directors:		
Wei Jiakun	—	642
	<u>—</u>	<u>642</u>

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Repayment of loans to directors:		
Wei Jiakun	—	642
	<u>—</u>	<u>642</u>

Advances from related parties and loans to directors of the Group are unsecured, interest-free and have no fixed term of repayment.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the six months ended 30 June 2021

14. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties

As at the end of the respective reporting period, the Group had no balance with related parties.

(c) Guarantees provided by related parties

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Controlling Shareholders	38,000	44,000

15. APPROVAL OF FINANCIAL INFORMATION

This financial information was approved and authorised for issue by the Board on 12 August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

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

BUSINESS REVIEW

The Board hereby presents the interim results of the Group for the six months ended 30 June 2021, together with the comparative figures for the corresponding period ended 30 June 2020.

FINANCIAL REVIEW

Revenue

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

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

	For the six months ended 30 June			
	2021		2020	
	(Unaudited)		(Unaudited)	
	RMB'000	%	RMB'000	%
– Sales of energy-efficient safety glass products	54,171	86	58,804	94
– Sales of smart glass products	8,897	14	3,823	6
	<u>63,068</u>	<u>100</u>	<u>62,627</u>	<u>100</u>

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2021, revenue arising from energy-efficient safety glass products amounted to RMB54,171 thousand (2020: RMB58,804 thousand), representing 86% (2020: 94%) of our total revenue.

For the six months ended 30 June 2021, revenue arising from smart glass product amounted to RMB8,897 thousand (2020: RMB3,823 thousand).

The Group's total revenue increased 0.7% from RMB62,627 thousand for the six months ended 30 June 2020 to RMB63,068 thousand for the six months ended 30 June 2021. The increase was mainly due to the revenue decrease from the production and sales of smart glass products.

Gross profit and gross profit margin

Our gross profit decreased from RMB17,457 thousand six months ended 30 June 2020 to RMB16,731 thousand for the six months ended 30 June 2021. The decrease was mainly due to the decrease in gross profit margin of our products for the period. The decrease of our product gross profit margin was mainly due to the increasing of raw material during the first half year of 2021 (for the six months ended 30 June 2021: 26.5%; for the three months ended 30 June 2020: 27.8%). The table below sets forth the breakdown of our gross profit and gross profit margin by product category for the periods indicated:

	For the six months ended 30 June			
	2021 (Unaudited)		2020 (Unaudited)	
	RMB'000	%	RMB'000	%
– Sales of energy-efficient safety glass products	14,332	26.5	16,288	27.6
– Sales of smart glass products	2,399	27.0	1,169	30.5
Total gross profit/gross profit margin	<u>16,731</u>	<u>26.5</u>	<u>17,457</u>	<u>27.8</u>

The gross profit margin of energy-efficient safety glass products slightly decreased from 27.6% to 26.5%; the gross profit margin of smart glass product slightly decreased from 30.5% to 27.0%.

Other net income

The Group's other net income increased from RMB391 thousand for the three months ended 30 June 2020 to RMB1,121 thousand for the six months ended 30 June 2021.

Cost of sales

The Group's cost of sales increased from RMB45,170 thousand for the six months ended 30 June 2020 to RMB46,337 thousand for the six months ended 30 June 2021, which was mainly due to the increase in raw materials.

Sales and marketing expense

The Group's sales and marketing expense decreased from RMB102 thousand for the six months ended 30 June 2020 to RMB36 thousand for the three months ended 30 June 2021.

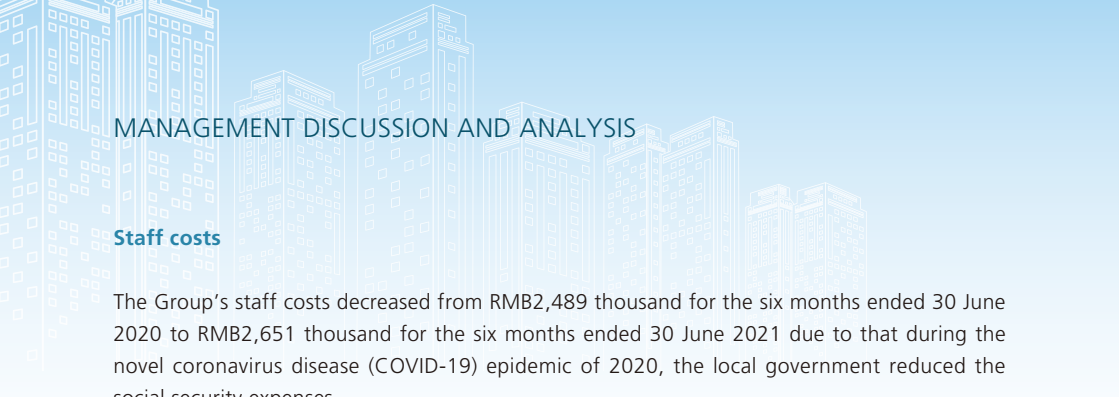
General and administrative expense

The Group's general and administrative expense decreased from RMB14,536 thousand for the six months ended 30 June 2020 to RMB5,556 thousand for the six months ended 30 June 2021.

Among which, our research and development costs slightly changed from RMB4,056 thousand for the six months ended 30 June 2020 to RMB4,555 thousand for the six months ended 30 June 2021, maintaining at a steady level.

Finance costs

The Group's finance costs increased from RMB1,195 thousand for the six months ended 30 June 2020 to RMB2,810 thousand for the six months ended 30 June 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

Staff costs

The Group's staff costs decreased from RMB2,489 thousand for the six months ended 30 June 2020 to RMB2,651 thousand for the six months ended 30 June 2021 due to that during the novel coronavirus disease (COVID-19) epidemic of 2020, the local government reduced the social security expenses.

Income tax expenses

The Group's income tax expenses increased from RMB1,150 thousand for the six months ended 30 June 2020 to RMB1,419 thousand for the six months ended 30 June 2021, which was mainly due to Jieyang Hongguang Coated Glass Co., Ltd.* (揭陽市宏光鍍膜玻璃有限公司), our indirect wholly-owned subsidiary, recording a better operating result than last year, and having a higher income tax than last year.

Profit for the period

Due to the above factors, the net profit for the period of the Group was RMB9,450 thousand for the six months ended 30 June 2021, while there was a net profit of RMB865 for the corresponding period in 2020, which was mainly because the revenue slightly increased in 2021 and the relevant listing expenses largely fell.

Human resources and remuneration policies

As at 30 June 2021, the Group employed a total of 68 full-time employees. For the six months 30 June 2021, the Group's staff costs, including contributions to the defined contribution retirement scheme, salaries, wages and other benefits, amounted to approximately RMB301 thousand.

Liquidity and financial resources

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

As at 30 June 2021, the current ratio of the Group was 2.77, compared with 2.79 as at 31 December 2020. The cash and cash equivalents of the Group in aggregate amounted to RMB4,872 thousand as at 30 June 2021 (as at 31 December 2020: RMB2,003 thousand).

As at 30 June 2021, the bank loans of the Group amounted to RMB38,000 thousand (as at 31 December 2020: RMB44,000 thousand), and the Group did not experience any withdrawal of facilities, default in payment of trade and other payables, bank and loans or breach of financial covenants.

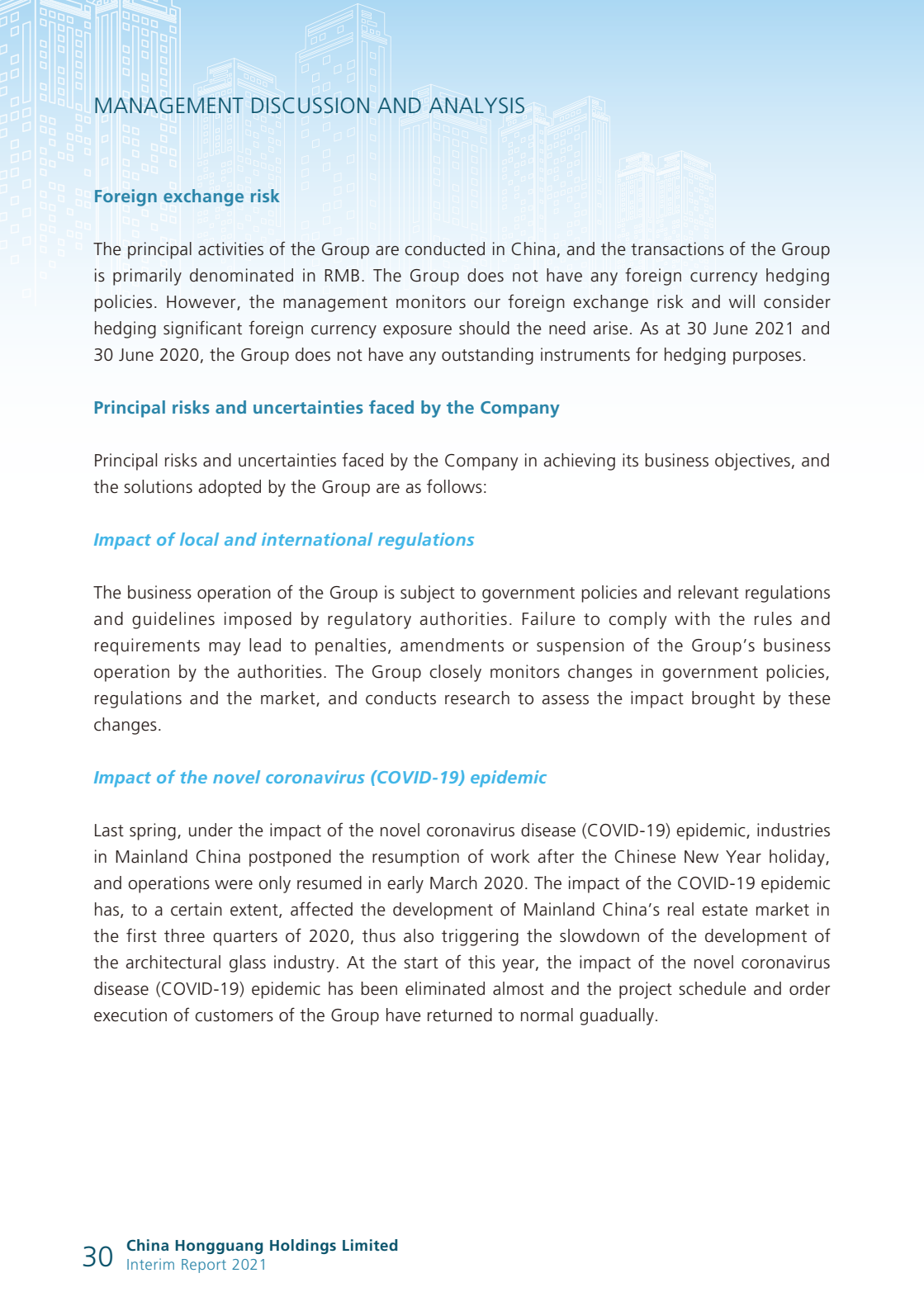
The Group's financial position remained solid and we have sufficient bank balances to meet our liabilities when they become due. Amounts due from associates/connected companies/shareholders ("Shareholders", and each, a "Shareholder") of the Company are continuously monitored by assessing the credit quality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

Material investments

For the six months ended 30 June 2021, the Group did not acquire or hold any significant investment (2020: Nil).

Material acquisitions/disposals

For the six months ended 30 June 2021, the Group did not complete any significant acquisitions/disposals (2019: nil).



MANAGEMENT DISCUSSION AND ANALYSIS

Foreign exchange risk

The principal activities of the Group are conducted in China, and the transactions of the Group is primarily denominated in RMB. The Group does not have any foreign currency hedging policies. However, the management monitors our foreign exchange risk and will consider hedging significant foreign currency exposure should the need arise. As at 30 June 2021 and 30 June 2020, the Group does not have any outstanding instruments for hedging purposes.

Principal risks and uncertainties faced by the Company

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

Impact of local and international regulations

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

Impact of the novel coronavirus (COVID-19) epidemic

Last spring, under the impact of the novel coronavirus disease (COVID-19) epidemic, industries in Mainland China postponed the resumption of work after the Chinese New Year holiday, and operations were only resumed in early March 2020. The impact of the COVID-19 epidemic has, to a certain extent, affected the development of Mainland China's real estate market in the first three quarters of 2020, thus also triggering the slowdown of the development of the architectural glass industry. At the start of this year, the impact of the novel coronavirus disease (COVID-19) epidemic has been eliminated almost and the project schedule and order execution of customers of the Group have returned to normal gradually.

Pledge of assets

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

As at 30 June 2021, property, plant and equipment with net book values of RMB87.5 thousand, (as at 31 December 2020: RMB94.8 thousand) were pledged as security to obtain bank loans of RMB29,000 thousand (as at 31 December 2020: RMB29,000 thousand).

Comparison of business objectives with actual business progress

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

Save as disclosed in this report, there are no significant events subsequent to 30 June 2021 which would materially affect the Group’s operating and financial performance as of the date of the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of net proceeds from the share offer

The Company's shares were listed on the Stock Exchange on 13 January 2020 with a total of 75,000,000 offer shares issued and based on the final Offer Price of HK\$0.77 per Offer Share, the net proceeds raised from the global offering were approximately HK\$19.2 million (RMB17.1 million, exchange rate of HK\$ to RMB is 0.8919 on date of 13 January 2020). There was no change in the intended use of net proceeds as previously disclosed in the Prospectus. As at 30 June 2021, the net proceeds have been utilised as follows:

Use	Approximate % of total actual net proceeds	Adjusted use of net proceeds in the manner and proportion as stated in the Prospectus		Utilised net proceeds as at 30 June 2021	Unutilised net proceeds as at 30 June 2021
		HK\$'000	RMB'000	RMB'000	RMB'000
Upgrade the Group's existing production facilities	51.3%	9,800	8,741	8,741	–
Repay the Group's bank loan	10.8%	2,100	1,873	1,873	–
Enhance the Group's research and development capabilities	12.9%	2,500	2,230	–	2,230
Enhance the infrastructure of information technology, production safety and environmental protection in order to upgrade the Group's Xianqiao Plant and ERP system	14.4%	2,800	2,497	2,497	–
Expand the Group's sales and marketing coverage	5.6%	1,100	981	–	981
Provide funding for the Group's working capital and other general corporate purposes	5.6%	900	803	803	–

As at 30 June 2021, RMB3.2 million of the proceeds remain unutilized. The delay in the application of the net proceeds is due to novel coronavirus disease (COVID-19) epidemic, which postpones the implementation of the Company's plan of enhancing the Group's research and development capabilities and expanding the Group's sales and marketing coverage. Considering the threat and uncertainty of COVID-19 remain in the PRC currently, the Company expect the situation will be better in the end of year 2021, based on the best estimation of the future market conditions. The Company intends to apply the unutilised net proceeds at the beginning of year 2022 and expects unutilised net proceeds to be fully utilized on or before 31 December 2022.

Future plans for material investments or capital assets

On 13 April 2021, the Company entered into the Equity Sale and Purchase Agreement (the "Equity Sale and Purchase Agreement") with Ming Liang Global Limited ("Ming Liang Global", the ultimate holding company of the Group), pursuant to which the Company has agreed conditionally to acquire, and Ming Liang Global has agreed conditionally to sell, the 100% of the issued share capital ("Sale Shares") of a newly incorporated company ("Target Company") which holds the entire equity interest in Guangdong Longjian Engineering Co., Ltd., at a consideration of HK\$64,200,000 (the "Acquisition").

Upon completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial statements of the Target Group will be consolidated into the consolidated financial statements of the Group.

The Equity Sale and Purchase Agreement and the transactions contemplated thereunder are agreed on normal commercial terms after arm's length negotiations. The Acquisition is intended to be a downstream expansion of the Group's business, and the Group would be able to secure stable demand for its glass products, which are widely used in construction service.

Disclosures under Rules 17.22 to 17.24 of the GEM Listing Rules

As at 30 June 2021, there is no circumstance which would give rise to a disclosure obligation on the part of the Group under Rules 17.22 to 17.24 of the GEM Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital commitment

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 RMB'000
Authorised but not contracted for	817	817
Contracted for	12,000	15,500
	<u>12,817</u>	<u>16,317</u>

Gearing ratio

As at 30 June 2021, the Group's gearing ratio (total loans and borrowings/total equity) was 22.4%, compared with 27.2% as at 31 December 2020.

Dividend

The Directors did not recommend the payment of any dividend for the six months ended 30 June 2021 (2020: Nil).

OUTLOOK AND PROSPECTS

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

The markets and technological advances in relation to coated glass have developed significantly in recent years, driven primarily by a series of building energy conservation policies and standards promulgated by the PRC Government such as the Guidance Opinion on the Development of Glass Industry in the 13th Five-Year Plan* (《玻璃工業“十三五”發展指導意見》) issued by the China Architectural and Industrial Glass Association* (中國建築玻璃與工業玻璃協會). According to HCR Co., Ltd. (北京慧辰資道資訊股份有限公司) (“HCR”), an independent market research firm commissioned by us in preparation for the listing, coated glass production volume in China is expected to increase at a CAGR of about 7.8% from 293 million m² in 2018 to 427 million m² in 2023. Coated glass, our primary energy-efficient safety glass product, is a type of energy-saving glass which is commonly used in the construction industry. We believe our specialisation in coated glass well positions us to capture the opportunities arising from the continual growth of the demand of coated glass in China.

With the strong demand for dimming glass in new buildings, HCR estimates that dimming glass production volume in China is expected to increase at a CAGR of 21.6% from 254,000 m² in 2018 to 675,000 m² in 2023 and there will also be an upward trend of a similar scale in dimming glass sales volume. We further leveraged our cumulative experience and technological know-how in the production of smart glass product. We believe that our business will benefit from increasing market demand for smart glass products in China.

Last spring, under the impact of the novel coronavirus disease (COVID-19) epidemic, industries in Mainland China postponed the resumption of work after the Chinese New Year holiday, and operations were only resumed in early March 2020. The impact of the COVID-19 epidemic has, to a certain extent, affected the development of Mainland China’s real estate market in the whole year 2020 as well as the first half year of 2021, thus also triggering the slowdown of the development of the architectural glass industry.

At present, under the orderly guidance of the Mainland Chinese government, the economic situation of Mainland China is seeing improvement and recovery. The Group will endeavor to seek acquisition or investment opportunities to enhance the value of China Hongguang, in order to resist the impact caused by the COVID-19 epidemic, and to enhance the Group’s position and its value, and continue to create new growth drivers for the Group.

* For identification purpose only

OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code during the six months ended 30 June 2021.

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

As at 30 June 2021, the interests or short positions of the Directors and chief executives in the shares (the "Shares"), underlying Shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Name	Nature of interest	Total number of Shares held (L) ⁽¹⁾	Percentage of shareholding
Mr. WEI Jiakun ("Mr. Wei")	Settlor of a discretionary trust; Interest of spouse	150,750,000 (L) ⁽²⁾	50.25%
Ms. LIN Weishan ("Ms. Lin")	Settlor of discretionary trust; Interest of spouse	150,750,000 (L) ⁽²⁾	50.25%

Notes:

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

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed “Directors’ and Chief Executives’ interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporation” above, at no time during the six months ended 30 June 2021 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the Shares or underlying Shares in, or debentures of, the Company or any of its associated corporations.

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

As at 30 June 2021, so far as is known to the Directors, the following persons (other than Directors or chief executives of the Company) had or deemed or taken to have interest or short position in Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name	Capacity/nature of interest	Total number of Shares held (L) ⁽¹⁾	Percentage of shareholding
Ming Liang Global Limited	Beneficial owner	150,750,000 (L) ⁽²⁾	50.25%
Wei Family Limited	Interest in a controlled corporation	150,750,000 (L) ⁽²⁾	50.25%

OTHER INFORMATION

Name	Capacity/nature of interest	Total number of Shares held (L) ⁽¹⁾	Percentage of shareholding
IQ EQ (BVI) Limited	Trustee of a trust	150,750,000 (L) ⁽²⁾	50.25%
Mr. Wei	Settlor of a discretionary trust; Interest of spouse	150,750,000 (L) ⁽²⁾	50.25%
Ms. Lin	Settlor of a discretionary trust; Interest of spouse	150,750,000 (L) ⁽²⁾	50.25%
LIU Rong ("Ms. Liu")	Settlor of a discretionary trust	150,750,000 (L) ⁽²⁾	50.25%
Orient Success Ventures Limited	Beneficial owner	49,500,000 (L) ⁽³⁾	16.50%
WANG Yaqing	Interest in a controlled corporation	49,500,000 (L) ⁽³⁾	16.50%
Power Solution International Holdings Limited	Beneficial owner	24,750,000 (L) ⁽⁴⁾	8.25%
LI Wei	Interest in a controlled corporation	24,750,000 (L) ⁽⁴⁾	8.25%

Notes:

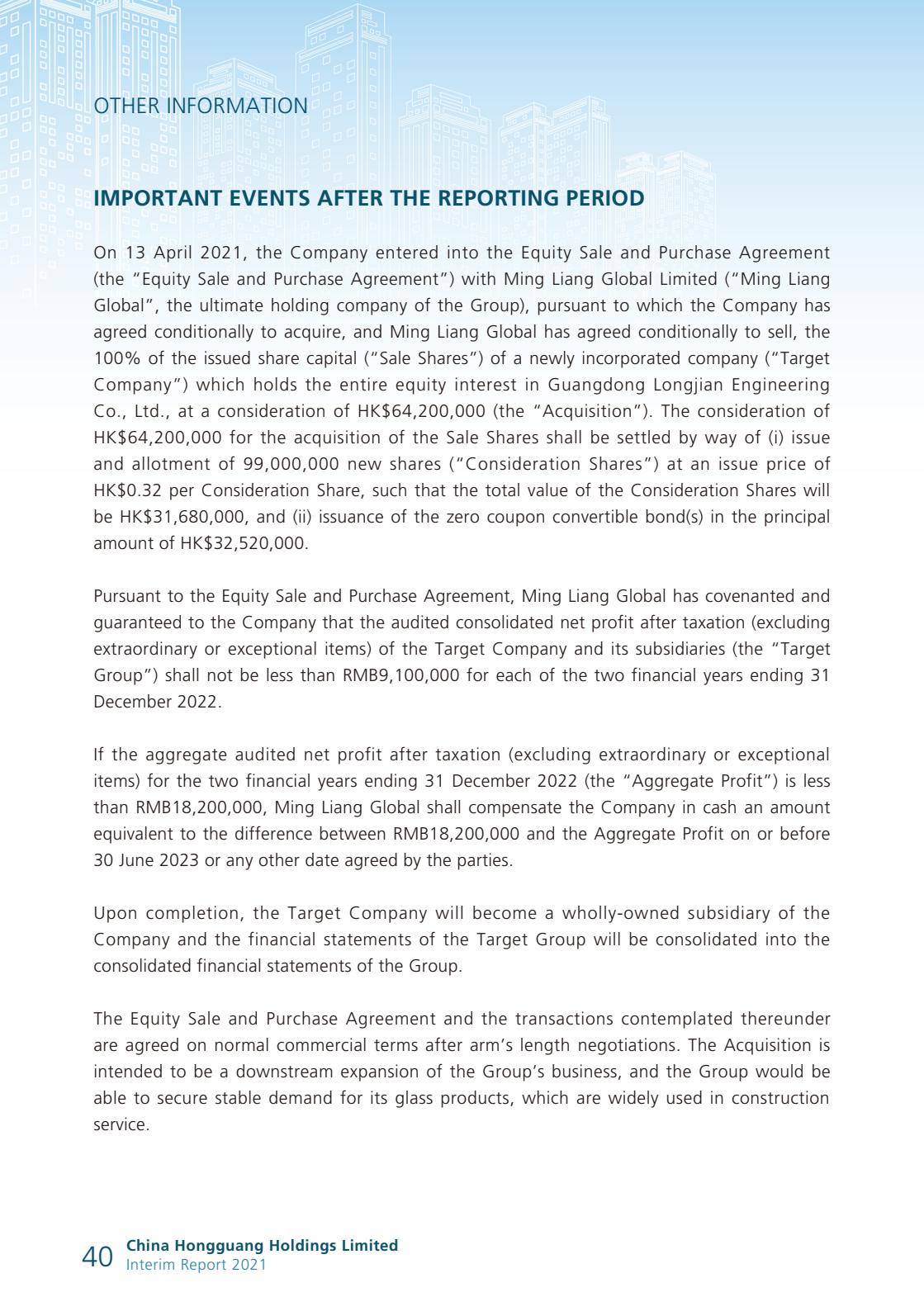
1. The letter “L” denotes the entity/person’s long position in the Shares.
2. These Shares are held by Ming Liang Global Limited, the entire issued share capital of which is held by Wei Family Limited, which is in turn entirely held by IQ EQ (BVI) Limited, acting as the trustee of The Wei Family Trust.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

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group are set out in note 14 to the unaudited condensed consolidated results of the interim report. Such related party transactions do not fall under the definition of connected transaction or continuing connected transaction under Chapter 20 of the GEM Listing Rules.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates that competes or may compete, directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 June 2021.



OTHER INFORMATION

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

On 13 April 2021, the Company entered into the Equity Sale and Purchase Agreement (the “Equity Sale and Purchase Agreement”) with Ming Liang Global Limited (“Ming Liang Global”, the ultimate holding company of the Group), pursuant to which the Company has agreed conditionally to acquire, and Ming Liang Global has agreed conditionally to sell, the 100% of the issued share capital (“Sale Shares”) of a newly incorporated company (“Target Company”) which holds the entire equity interest in Guangdong Longjian Engineering Co., Ltd., at a consideration of HK\$64,200,000 (the “Acquisition”). The consideration of HK\$64,200,000 for the acquisition of the Sale Shares shall be settled by way of (i) issue and allotment of 99,000,000 new shares (“Consideration Shares”) at an issue price of HK\$0.32 per Consideration Share, such that the total value of the Consideration Shares will be HK\$31,680,000, and (ii) issuance of the zero coupon convertible bond(s) in the principal amount of HK\$32,520,000.

Pursuant to the Equity Sale and Purchase Agreement, Ming Liang Global has covenanted and guaranteed to the Company that the audited consolidated net profit after taxation (excluding extraordinary or exceptional items) of the Target Company and its subsidiaries (the “Target Group”) shall not be less than RMB9,100,000 for each of the two financial years ending 31 December 2022.

If the aggregate audited net profit after taxation (excluding extraordinary or exceptional items) for the two financial years ending 31 December 2022 (the “Aggregate Profit”) is less than RMB18,200,000, Ming Liang Global shall compensate the Company in cash an amount equivalent to the difference between RMB18,200,000 and the Aggregate Profit on or before 30 June 2023 or any other date agreed by the parties.

Upon completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial statements of the Target Group will be consolidated into the consolidated financial statements of the Group.

The Equity Sale and Purchase Agreement and the transactions contemplated thereunder are agreed on normal commercial terms after arm’s length negotiations. The Acquisition is intended to be a downstream expansion of the Group’s business, and the Group would be able to secure stable demand for its glass products, which are widely used in construction service.

The transactions contemplated under the Equity Sale and Purchase Agreement constitutes a major and connected transaction of the Company under the GEM Listing Rules. A circular is expected to be despatched to the shareholders as soon as possible and in any event, no later than 31 August 2021.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2021.

SHARE OPTION SCHEME

The Company did not have share option scheme as at 30 June 2021.

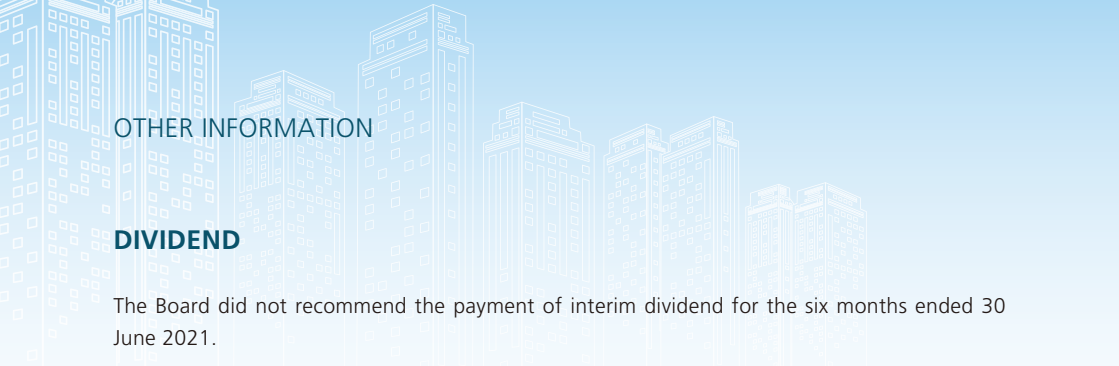
COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

AUDIT COMMITTEE

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules and that adequate disclosures have been made.



OTHER INFORMATION

DIVIDEND

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2021.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Dongxing Securities (Hong Kong) Company Limited, neither Dongxing Securities (Hong Kong) Limited nor any of its directors or employees or close associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules except for the compliance adviser service provided by Dongxing Securities (Hong Kong) Limited as at the date of this report.

By Order of the Board

LIN Weishan

Chairwoman and Executive Director

Hong Kong, 12 August 2021

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