CT Vision (International) Holdings Limited
中天宏信(國際)控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 994)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

INTERIM RESULTS

The Board (the "**Board**") of directors (the "**Directors**") of CT Vision (International) Holdings Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2020, together with comparative figures of the corresponding period in 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**76,708**	104,468
Cost of sales		**(110,441)**	(72,549)
Gross (loss) profit		**(33,733)**	31,919
Other income	*4*	**2,040**	3,231
Other gains and losses		**755**	334
Impairment losses under expected credit loss model, net of reversal		**–**	(560)
General and administrative expenses		**(17,497)**	(18,557)
Selling expenses		**(1,257)**	(2,163)
Finance costs		**(2,552)**	(2,134)
(Loss) profit before tax	*5*	**(52,244)**	12,070
Income tax credit (expense)	*6*	**131**	(1,729)
(Loss) profit for the period		**(52,113)**	10,341
Other comprehensive expense for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translating foreign operations		**(833)**	(39)
Total comprehensive (expense) income for the period		**(52,946)**	10,302

	Note	Six months ended 30 June **2020** **(Unaudited)** ***HK$'000***	2019 (Unaudited) *HK$'000*
(Loss) profit for the period attributable to:			
Owners of the Company		**(51,983)**	10,341
Non-controlling interests		**(130)**	–
		(52,113)	10,341
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(52,817)**	10,302
Non-controlling interests		**(129)**	–
		(52,946)	10,302
(Loss) earnings per share *(Hong Kong cents)*			
Basic	*7*	**(8.49)**	1.69

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	At 30 June 2020 (Unaudited) HK$'000	At 31 December 2019 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**2,132**	2,413
Right-of-use assets		**13,519**	15,857
Other non-current assets		**24,623**	24,409
Goodwill		**20,881**	21,670
Non-current deposit		**1,781**	1,970
Deferred tax assets		**2,188**	2,044
		65,124	68,363
Current assets			
Trade and other receivables	*9*	**118,512**	169,027
Contract assets		**221,564**	239,009
Pledged bank deposit		**40,075**	40,060
Cash and bank balances		**611**	1,283
		380,762	449,379
Current liabilities			
Trade and other payables	*10*	**80,082**	137,701
Contract liabilities		**27,646**	17,000
Amount due to immediate holding company		**26,282**	17,847
Lease liabilities		**6,807**	7,647
Bank loans		**84,109**	68,629
Bank overdrafts		**21,419**	17,023
Tax payable		**10,988**	8,227
		257,333	274,074

	At 30 June 2020 (Unaudited) *HK$'000*	At 31 December 2019 (Audited) *HK$'000*
Net current assets	**123,429**	175,305
Total assets less current liabilities	**188,553**	243,668
Non-current liabilities		
Lease liabilities	**7,270**	9,439
Net assets	**181,283**	234,229
Capital and reserves		
Share capital	**6,120**	6,120
Reserves	**175,292**	228,109
Equity attributable to owners of the Company	**181,412**	234,229
Non-controlling interests	**(129)**	–
Total equity	**181,283**	234,229

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, that are measured at fair values at the end of each reporting period.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current 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.

2.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

2.2 Impacts and accounting policies on application of Amendments to HKFRS 3 "Definition of a Business"

2.2.1 Accounting policies

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

2.2.2 Transition and summary of effects

The amendments had no impact on the condensed consolidated financial statements of the Group.

3. REVENUE AND SEGMENT INFORMATION

The Group manages its businesses by business lines in a manner consistent with the way in which information is reported internally to the Group's Chief Operating Decision Maker ("**CODM**") being the executive directors of the Company, for the purposes of resource allocation and performance assessment. The Group's reportable and operating segments are as follows.

– Building construction business: provision of foundation works and ancillary services and general building works to customers in Hong Kong and Saipan

– Sales of piles: sales of piles to customers in Hong Kong

– Renewable energy business: construction projects of renewable energy systems (e.g. solar power systems and wind power systems) and rental income from lease of solar power system in the PRC

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

Segment results represent the (loss) profit before tax from each segment except for the unallocated corporate expenses, being central administrative costs.

Segment assets include all current and non-current assets with the exception of deferred tax assets and other corporate assets, being the unallocated right of-use assets of certain properties and other corporate assets. Segment liabilities include all current and non-current liabilities with the exception of other corporate liabilities, being unallocated lease liabilities and other unallocated corporate liabilities.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Six months ended 30 June 2020 (Unaudited)				
	Building construction business	**Sales of piles**	**Renewable energy business**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Reportable segment revenue	**54,533**	**–**	**22,175**	**–**	**76,708**
Reportable segment loss before tax	**(42,549)**	**(465)**	**(474)**	**(8,756)**	**(52,244)**
Amounts included in the measure of segment profit or loss or segment assets:					
Interest expenses	**2,213**	**–**	**290**	**49**	**2,552**
Depreciation for the period	**890**	**–**	**1,572**	**884**	**3,346**
Interest income	**14**	**–**	**40**	**–**	**54**
Gain on disposal of property, plant and equipment	**500**	**–**	**–**	**–**	**500**
Additions to non-current segment assets during the period	**–**	**–**	**942**	**–**	**942**

	Six months ended 30 June 2019 (Unaudited)				
	Building construction business	Sales of piles	Renewable energy business	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue	82,409	2,857	19,202	–	104,468
Reportable segment profit (loss) before tax	12,108	(243)	1,006	(801)	12,070
Amounts included in the measure of segment profit or loss or segment assets:					
Interest expenses	1,818	–	316	–	2,134
Depreciation for the period	2,520	–	1,427	–	3,947
Impairment losses under credit loss model, net of reversal	560	–	–	–	560
Interest income	511	–	1	–	512
Gain on disposal of property, plant and equipment	470	–	–	–	470
Additions to non-current segment assets during the period	471	–	7,549	3,389	11,409

4. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Rental income from lease of machinery	**803**	1,411
Forfeited deposits *(Note)*	**–**	935
Bank interest income	**54**	512
Government grants	**819**	–
Others	**364**	373
	2,040	3,231

Note: Amounts represented deposits forfeited due to the cancellation of construction of solar power systems by a customer.

5. (LOSS) PROFIT BEFORE TAX

(Loss) profit before tax has been arrived at after charging the following items:

		Six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000*
(a)	**Staff costs (including directors' remuneration)**		
	Salaries, wages and other benefits	**26,979**	28,454
	Contribution to defined contribution retirement plans	**655**	915
		27,634	29,369
	Less: Amount included in costs of sales	**(17,299)**	(19,130)
		10,335	10,239

		Six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000*
(b)	**Other items**		
	Depreciation of right-of-use assets	**3,012**	3,237
	Depreciation of property, plant and equipment	**334**	710
	Less: Amount included in costs of sales	**(473)**	(309)
		2,873	3,638
	Cost of inventories recognised as expense	**–**	2,429

6. INCOME TAX (CREDIT) EXPENSE AND DEFERRED TAX

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Income tax (credit) expense comprises:		
Hong Kong Profits Tax	**–**	1,661
The PRC Enterprise Income Tax	**13**	252
	13	1,913
Deferred tax	**(144)**	(184)
	(131)	1,729

Note:

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first $2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

No provision for income tax expense outside Hong Kong and the PRC as the Group's subsidiaries outside Hong Kong and the PRC either did not have assessable profits or have tax credits in excess of assessable profits during the period in the relevant jurisdiction.

7. (LOSS) EARNINGS PER SHARE

(a) Basic (loss) earnings per share

The basic (loss) earnings per share attributable to the owners of the Company is calculated based on the loss for the period of HK$51,983,000 (corresponding earnings in 2019: HK$10,341,000) and the weighted average of 612,000,000 ordinary shares (corresponding period in 2019: 612,000,000 ordinary shares) for the six months ended 30 June 2020.

(b) Diluted earnings per share

There were no potential dilutive shares in existence during the six months ended 30 June 2020 and 2019 and, therefore, no diluted earnings per share were presented.

8. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (corresponding period in 2019: nil).

9. TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors, based on the certificate date and net of loss allowance, is as follows:

	At 30 June 2020 (Unaudited) *HK$'000*	At 31 December 2019 (Audited) *HK$'000*
Within 1 month	**14,434**	19,926
1 to 2 months	**4,318**	12,334
2 to 3 months	**–**	977
Over 3 months	**824**	114,702
Trade receivables, net of loss allowance	**19,576**	147,939
Deposits, prepayments and other receivables *(note)*	**100,717**	23,058
	120,293	170,997
Analysis for reporting purpose as		
Non-current assets	**1,781**	1,970
Current assets	**118,512**	169,027
	120,293	170,997

Note: As at 30 June 2020, there was an aggregate amount of HK$71,899,000 (31 December 2019: nil) representing prepayment to a subcontractor.

In respect of trade and other receivables, individual credit evaluations are performed as part of the acceptance procedures for new contracts. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables from both of construction contracts business and sales of piles business are due within 0-60 days from the date of billing. Trade receivables from construction of solar power plants and sales of electricity business are due within 0-120 days from the date of billing.

10. TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors, based on the certificate date, is as follows:

	At 30 June 2020 (Unaudited) *HK$'000*	At 31 December 2019 (Audited) *HK$'000*
Not yet due or within 1 month	**36,488**	64,788
1 to 2 months	**337**	8,165
2 to 3 months	**1,157**	3,449
Over 3 months	**22,031**	37,099
Trade payables	**60,013**	113,501
Other payables and accruals	**20,069**	24,200
	80,082	137,701

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal activities of CT Vision (International) Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") are the provision of construction services which mainly include (i) foundation works and ancillary services and general building works; (ii) sales of piles; and (iii) renewable energy business.

In October 2014, the Group entered into a construction contract (the "**Contract**") as a main contractor, providing foundation works and ancillary services and general building works ("**Project**"), for a construction project. The foundation works and ancillary services commenced from May 2015 to October 2015. The general building works commenced in May 2016 and was preliminary expected to complete in or around February 2018. However, due to (i) the inclement weather; (ii) change of policy on workers visa application, such that a substantial amount of workers could not obtain the necessary work permit for carrying out the work at the site; (iii) change in design as instructed by the customer ("**Customer A**"); and permit for this work not having been obtained, the progress of the Project was hindered. On 19 March 2018, Customer A has issued a letter to us indicating its agreement to our application for extension of time and the completion date of the Project was extended to February 2019. During the six months ended 30 June 2020 and up to the date of this interim report, the aforementioned factors are still affecting the progress of the Project. The Project is now expected to complete in 18 months upon the recommencement of construction work, which depends on the resumption of visa approval process by the local authorities. The Board will continue to closely monitor the progress of the Project.

The outbreak of the novel coronavirus ("**COVID-19**") pandemic and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. The Group stopped its construction activities from January 2020 to April 2020 due to mandatory government quarantine measures in an effort to contain the spread of the pandemic. On the other hand, the Hong Kong Special Administrative Region government has announced some financial measures and supports for corporates to overcome the negative impact arising from the pandemic. As such, the financial positions and performance of the Group were affected in different aspects, including reduction in revenue and government grants in respect of COVID-19-related subsidies as disclosed in the relevant notes.

Building construction business

As at 30 June 2020 the Group had a total of 12 contracts on hand (31 December 2019: 10 contracts) (including contracts in progress and contracts yet to be commenced). The amount of contact sum yet to be recognised as at 30 June 2020 amounted to approximately HK$467.9 million (31 December 2019: approximately HK$506.3 million).

Foundation Works and Ancillary Services

Foundation works mainly include mini-piling, percussive piling, rock socketed in steel H-pile and bored pile, together with construction of pile caps. Ancillary services mainly include site formation and demolition works, for example, clearance of the site, excavation, demolition of a building or any substantial part of a building.

In the first half of 2020, there were 9 (first half of 2019: 16) foundation works and ancillary services projects contributing revenue of approximately HK$54.5 million (first half of 2019: approximately HK$47.1 million) to this business segment.

General Building Works

General building works mainly include structural alteration and additional works, development of superstructures such as entire dwelling, office buildings, stores, public utility buildings and farm buildings, etc.

In the first half of 2020, there was nil (first half of 2019: 6) general building works project to this business segment. The decrement is mainly due to most of the general building works projects of the Group on hands were suspended or at their ending phase, no revenue was recognised in current period (first half of 2019: approximately HK$35.3 million).

Sales of Piles

The piles are manufactured and supplied by 廣州羊城管樁有限公司 ("**GZYC**"). Win Win Way Materials Supply Limited, the indirect wholly owned subsidiary of the Company, has been granted the exclusive distribution right by GZYC for its pile products in Hong Kong from August 2010 to July 2020. The piles sourced from GZYC are "YANGCHENG" precast prestressed concrete piles.

In the first half of 2020, sales of piles contributed nil (first half of 2019: approximately HK$2.9 million) revenue to the Group. The decrement is mainly due to decrease in the demand of concrete piles used for certain geological areas with different soil type.

Renewable Energy Business

TIEN New Energy Development Limited ("**TIEN New Energy**") is an investment holding company and its subsidiaries are principally engaged in engineering development and qualified form main engineering, procurement and construction ("**EPC**") in electric power projects in the People's Republic of China ("**PRC**") with a focus in application of renewable in the construction sector of the PRC.

In the first half of 2020, renewable energy business contributed approximately HK$22.2 million revenue of the Group (first half of 2019: approximately HK$19.2 million). As at the date of this interim report, the Group had a total of 3 contracts on hand (including contracts in progress and contracts yet to be commenced) (31 December 2019: 3 contracts) and the relevant awarded contract sum of these contracts on hand amounted to approximately RMB158.1 million (31 December 2019: approximately RMB192.2 million).

PROSPECTS

Since the worldwide outbreak of the COVID-19 pandemic in early 2020, all sectors have been severely affected with no exception to the construction industry. Coupled with the impact of the Sino-US trade disputes that began in mid-2019, the investment atmosphere in the construction industry has been greatly affected under the uncertain economic outlook. The reduced market risk appetite resulted in a sharp decline in the number of projects available for tender as well as a significant reduction in profit margin of construction projects. Therefore, only one new contract for the foundation works and ancillary services was awarded to the Group, and no new contract for general building works project was awarded during the current period.

The outbreak of the COVID-19 pandemic has also prompted many countries to adopt travel restrictions and lockdown measures to contain the spread of the pandemic, but the relevant inbound travel restrictions have also disrupted some construction-related supply chains, including the flow of construction materials and labor. Coupled with the impact of mandatory government quarantine measures, these also added uncertainties to the progress of the Saipan project that was originally scheduled to resume work in the middle of this year.

In response to the above-mentioned business risks arising from the COVID-19 pandemic in Hong Kong and overseas markets, the management takes a prudent step and seize the opportunities brought by the macroeconomic policy of the PRC. Furthermore, benefited from the introduction of various policies and measures by official authorities of the PRC to support the development of renewable energy industry in 2019, we decided to develop energy storage related projects of domestic grids (the "**Energy Storage Projects**") based on the original clean energy business.

On 29 June 2020, the Company has entered into an cooperation framework agreement with State Power Investment Group (Beijing) New Energy Investment Co. Ltd* (國家電投集團(北京)新能源投資有限公司) ("**SPIC Beijing**") and a cooperation agreement with Contemporary Amperex Technology Co., Limited* (寧德時代新能源科技股份有限公司) ("**CATL**"), respectively, in order to work together on the Energy Storage Projects. Such cooperation diversified the risks of revenues of the Group in different regions, and also enabled diversity of the Group's renewable energy business. It is expected that the integration of the project resources of SPIC Beijing and the market-leading advantages of CATL in products and technical services can help the Company further develop the integrated energy service business on the basis of the renewable energy business.

A majority of the construction activities of the Group have been resumed since April 2020, and the progress of projects have also gradually resumed normal. In July 2020, one new contract for foundation works and ancillary services was awarded to the Group. We will continue to submit tenders for suitable potential projects to maximize the Group's profits in relation to construction. It is expected that the construction business will be back on track step by step after the economic recovery. Together with the Group's development plan on energy storage projects and wind power projects, the Board is confident with the outlook of the Group.

The Group will continue to assess the development of the COVID-19 pandemic and its impact on the operation and financial performance of the Group. We will make further announcement to our stakeholders as and when appropriate.

* These PRC entities do not have English names, the English names set out in this announcement are for identification purposes only.

FINANCIAL REVIEW

During the six months ended 30 June 2020, the Group's unaudited consolidated revenue amounted to approximately HK$76.7 million (corresponding period in 2019: approximately HK$104.5 million). The decrease was mainly attributable to decrease in revenue from general building works projects of approximately HK$35.3 million.

Since (i) the Group did not record any revenue from general building works projects as most of the general building works projects of the Group on hands were under suspension or ending phases; (ii) the demand of concrete piles used for certain geological areas with different soil types decreased, which has resulted in no sales recorded during the period; and (iii) the construction work of projects have been gradually resumed since April 2020 and the Group made payment to subcontractors based on the progress to ensure timely delivery of the projects, however, the payment of progress billings was delayed due to additional time required for customers to verify the value of completed work as a result of COVID-19 pandemic, which has resulted in negative gross profit margin. The Group's gross profit decreased from approximately HK$31.9 million during the six months ended 30 June 2019 to loss of approximately HK$33.7 million during the six months ended 30 June 2020. The Group's gross profit margin decreased significantly from approximately 30.6% during the six months ended 30 June 2019 to gross loss of approximately 44.0% during the six months ended 30 June 2020.

General and administrative expenses (the "**G&A Expenses**") primarily comprise staff costs, transportation expenses, depreciation, bank charges, office expenses and professional charges. The G&A Expenses for the relevant period decreased by approximately HK$1.1 million to approximately HK$17.5 million, compared with approximately HK$18.6 million in last corresponding period, which was mainly due to the decrease in entertainment expenses of approximately HK$1.3 million.

As a result, loss for the six months ended 30 June 2020 attributable to owners of the Company was approximately HK$52.0 million, representing a decrease of approximately 604.9% over the corresponding period profit of approximately HK$10.3 million in 2019.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 30 June 2020	As at 31 December 2019
Current ratio[1]	**1.5**	1.6
Gearing ratio *(%)*[2]	**80.5**	51.5
Net debt to equity ratio *(%)*[3]	**58.0**	33.8
Interest coverage ratio[4]	**(19.5)**	(21.8)

Notes:

1. Current ratio based on the total current assets divided by the total current liabilities.

2. Gearing ratio based on the total debt (which includes bank loans, bank overdrafts, lease liabilities and amount due to immediate holding company) divided by total equity and multiplied by 100%.

3. Net debt to equity ratios based on net debts (which include bank loans, bank overdrafts, lease liabilities and amount due to immediate holding company less cash and bank balances) divided by total equity and multiplied by 100%.

4. Interest coverage based on the (loss) profit before taxation and interest divided by the total interest expenses incurred.

Current ratio decreased from 1.6 as at 31 December 2019 to 1.5 as at 30 June 2020, as a result of decrease in trade receivables. Gearing ratio increased from 51.5% as at 31 December 2019 to 80.5% as at 30 June 2020, mainly due to the effect of decrease in equity. Net debt to equity ratio increased from 33.8% as at 31 December 2019 to 58.0% as at 30 June 2020, interest coverage ratio increased slightly to negative 19.5%.

As at 30 June 2020, the Group had cash and bank balances of approximately HK$0.6 million (31 December 2019: approximately HK$1.3 million). The Group expected to fund the future cash flow needs through internally generated cash flows from operations, bank facilities, amount due to immediate holding company and equity financing.

The capital structure of the Group consisted of equity of approximately HK$181 million (31 December 2019: approximately HK$234 million) and debts (bank loans, bank overdrafts, lease liabilities and amount due to immediate holding company) of approximately HK$146 million (31 December 2019: approximately HK$121 million) as at 30 June 2020.

The Group adopts a prudent approach in cash management. Apart from certain debts including bank loans, bank overdrafts, lease liabilities and amount due to immediate holding company, the Group did not have any material outstanding debts as at 30 June 2020. In any case, the Group may utilise its banking facilities of HK$95 million (31 December 2019: HK$110 million), of which approximately HK$2.6 million (31 December 2019: approximately HK$30.4 million) remain unused as at 30 June 2020. As at 30 June 2020, the lease liabilities of a solar power system granted to the Group was secured by the trade receivables of HK$82,000 (31 December 2019: HK$88,000) and registered capital of a wholly-owned subsidiary amounted to RMB10 million (31 December 2019: RMB10 million).

DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2020 (corresponding period in 2019: Nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules from the Listing Date and up to the date of this interim report.

CORPORATE GOVERNANCE

During the six months ended 30 June 2020, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained In Appendix 14 to the Listing Rules, except for the followings:

(a) Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The chairman should also invite the chairman of the audit, remuneration, nomination and any other committees to attend.

    The chairlady was absent in the annual general meeting, and appointed and authorised Dr. Ho Chun Kit Gregory, the chief executive officer and executive Director, to act on her behalf at the annual general meeting.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix 10 to the Listing Rules as its own code of conduct of dealings in securities of the Company by Directors (the "**Model Code**"). Upon specific enquiries of all the Directors, each of them confirmed that they have complied with the required standards set out in the Model Code during the period.

EVENT AFTER THE REPORTING PERIOD

On 22 January 2020, the Company entered into a subscription and placing agreement with the controlling shareholder and a placing agent respectively in relation to the subscription of a maximum number of 77,000,000 new shares of the Company (the "**Subscription**") and placing of 73,000,000 new shares of the Company (the "**Placing**"), respectively, at the price of HK$0.80 per share. The completion of the Subscription took place on 14 July 2020 and a total of 77,000,000 new shares of the Company have been successfully subscribed by the controlling shareholder. The completion of the Placing took place on 21 July 2020 and an aggregate of 11,830,000 new shares of the Company have been placed by the placing agent to not less than six placees. The total net proceeds from the Subscription and the Placing amounted to approximately HK$69.76 million, among which, (i) approximately HK$51.92 million shall be used for provision of construction service and development of business in relation to renewable energy construction projects; and (ii) approximately HK$17.84 million shall be used for general working capital of the Group.

Save as disclosed herein, there is no other material subsequent event undertaken by the Company or the Group after 30 June 2020 and up to the date of this interim results announcement.

AUDIT COMMITTEE

An Audit Committee was established by the Board with written terms of reference which are consistent with the provisions as set out in the CG Code. The Audit Committee comprises three independent non-executive Directors, namely, Ms. Ng Yi Kum, Estella (chairlady of the Audit Committee), Mr. Wong Wing Cheong Philip and Dr. Tang Dajie.

The Audit Committee is principally responsible for reviewing with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the Group's unaudited interim financial report for the six months ended 30 June 2020.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website at www.ctvision994.com and the Stock Exchange's website at www.hkexnews.hk. The interim report will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the period.

By order of the Board
CT Vision (International) Holdings Limited
Ho Chun Kit Gregory
Chief executive officer and executive Director

Hong Kong, 31 August 2020

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Wu Rui, Dr. Ho Chun Kit Gregory, Mr. Lee Kai Lun and Mr. Guo Jianfeng, two non-executive Directors, namely Ms. Du Yi and Ms. Yip Man Shan and three independent non-executive Directors, namely Ms. Ng Yi Kum, Estella, Mr. Wong Wing Cheong Philip and Dr. Tang Dajie.