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YORKEY

YORKEY OPTICAL INTERNATIONAL (CAYMAN) LTD.

精熙國際(開曼)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2788)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Yorkey Optical International (Cayman) Ltd. (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 2021 together with the comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	<i>Notes</i>	1.1.2021 to 30.6.2021 US\$'000 (unaudited)	1.1.2020 to 30.6.2020 US\$'000 (unaudited)
Revenue	3	31,076	19,450
Cost of goods sold		<u>(24,233)</u>	<u>(15,385)</u>
Gross profit		6,843	4,065
Other income		494	854
Other gains and losses		(531)	643
Impairment loss of trade receivables under expected credit loss model, net		(33)	–
Distribution costs		(613)	(520)
Administrative expenses		(4,530)	(3,778)
Research and development expenses		(767)	(658)
Interest expense on lease liabilities		<u>(22)</u>	<u>(45)</u>
Profit before taxation		841	561
Taxation	4	<u>(47)</u>	<u>(252)</u>
Profit for the period		<u>794</u>	<u>309</u>
Other comprehensive income (expense) for the period			
Items that may be reclassified subsequently to profit or loss:			
– exchange differences arising from translation of financial statements of a foreign operation		<u>442</u>	<u>(603)</u>
Total comprehensive income (expense) for the period		<u>1,236</u>	<u>(294)</u>
Earnings per share			
– Basic	6	<u>US0.10 cent</u>	<u>US0.04 cent</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2021

	<i>Notes</i>	30.6.2021 US\$'000 (unaudited)	31.12.2020 <i>US\$'000</i> (audited)
Non-current assets			
Investment properties		5,200	5,313
Property, plant and equipment	7	5,209	4,435
Right-of-use assets	7	3,985	1,290
Deposits paid for acquisition of property, plant and equipment		272	636
		14,666	11,674
Current assets			
Inventories		3,696	3,360
Trade and other receivables	8	13,698	14,310
Bank balances		81,846	80,837
		99,240	98,507
Current liabilities			
Trade and other payables	9	17,951	18,003
Contract liabilities		1,171	1,357
Lease liabilities		1,029	1,147
Taxation payable		2,463	2,414
Dividend payable		3,693	–
		26,307	22,921
Net current assets		72,933	75,586
Total assets less current liabilities		87,599	87,260
Capital and reserves			
Share capital		1,054	1,054
Reserves		83,749	86,206
Total equity		84,803	87,260
Non-current liabilities			
Lease liabilities		2,796	–
		87,599	87,260

Notes:

1. GENERAL

The Company is incorporated in the Cayman Islands and registered as an exempted company with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

The condensed consolidated financial statements are presented in United States dollars (“**US\$**”), which is the functional currency of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied, the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 14 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

3. REVENUE AND OPERATING SEGMENT

Revenue

Disaggregation of revenue from contracts with customers

	1.1.2021 to 30.6.2021 US\$'000 (unaudited)	1.1.2020 to 30.6.2020 US\$'000 (unaudited)
<i>Types of products</i>		
Parts and components of		
– digital still cameras, action cameras and copiers	19,817	11,297
– surveillance cameras and projectors	6,622	3,628
– others	4,637	4,525
	31,076	19,450
<i>Timing of revenue recognition</i>		
A point in time	31,076	19,450

The Group's disaggregation of revenue from contracts with customers by geographical markets is the same as the geographical information of revenue from external customers by geographical location of the customers set out below in this note.

Operating segment

Information reported to the chief executive officer, being the chief operating decision maker of the Group, for the purposes of resource allocation and performance assessment focuses on revenue analysis by products. No other discrete financial information is provided other than the Group's result and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Other segment information

Geographical information

The Group's operations are located in the People's Republic of China ("PRC") (country of domicile), including Mainland China and Hong Kong.

The Group's revenue from external customers and information about its non-current assets by geographical location of the customers and the assets, respectively, are detailed below:

	Revenue from external customers		Non-current assets	
	1.1.2021 to 30.6.2021 <i>US\$'000</i> (unaudited)	1.1.2020 to 30.6.2020 <i>US\$'000</i> (unaudited)	30.6.2021 <i>US\$'000</i> (unaudited)	31.12.2020 <i>US\$'000</i> (audited)
Japan	8,911	7,603	–	–
PRC	18,080	9,356	14,666	11,674
Others	4,085	2,491	–	–
	31,076	19,450	14,666	11,674

Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total sales of the Group are as follows:

	1.1.2021 to 30.6.2021 <i>US\$'000</i> (unaudited)	1.1.2020 to 30.6.2020 <i>US\$'000</i> (unaudited)
Customer A	4,291	N/A*
Customer B	3,289	2,812

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. TAXATION

	1.1.2021 to 30.6.2021 <i>US\$'000</i> (unaudited)	1.1.2020 to 30.6.2020 <i>US\$'000</i> (unaudited)
The tax charge comprises:		
Hong Kong Profits Tax	143	240
(Over) under provision in prior years	(96)	12
	47	252

5. DIVIDENDS

	1.1.2021 to 30.6.2021 US\$'000 (unaudited)	1.1.2020 to 30.6.2020 US\$'000 (unaudited)
Dividends recognised as distribution during the period:		
Final dividend for 2019 of HK2.5 cents (equivalent to US0.321 cent) per share (2021: nil)	–	2,628
Special dividend for 2020 of HK3.5 cents (equivalent to US0.45 cent) per share (2020: nil)	<u>3,693</u>	<u>–</u>
	<u>3,693</u>	<u>2,628</u>

The directors of the Company have determined that no dividend will be declared and paid in respect of the interim period in 2021.

6. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 June 2021 is based on the profit for the period attributable to owners of the Company of US\$794,000 (for the six months ended 30 June 2020: US\$309,000) and on the weighted average number of 817,900,000 (for the six months ended 30 June 2020: 819,577,000) shares.

No diluted earnings per share is presented as there were no dilutive potential ordinary shares during both periods.

7. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

The Group acquired plant and equipment with an estimated useful life of 5 to 10 years amounting to US\$1,459,000 (for the six months ended 30 June 2020: US\$131,000) for the six months ended 30 June 2021.

During the six months ended 30 June 2021, the Group recognised right-of-use assets and lease liabilities of US\$3,232,000 (for the six months ended 30 June 2020: nil) and US\$3,232,000 (for the six months ended 30 June 2020: nil), respectively, in relation to extension of lease term resulting from a lease modification.

8. TRADE AND OTHER RECEIVABLES

	30.6.2021 <i>US\$'000</i> (unaudited)	31.12.2020 <i>US\$'000</i> (audited)
Trade receivables	12,343	13,045
Less: Allowance for credit losses	(84)	(51)
	12,259	12,994
Other receivables, prepayments and deposits	1,439	1,316
	13,698	14,310

Payment terms with customers are mainly on credit. Invoices to outside customers are normally payable within 60 to 120 days of issuance, while invoices to long-established customers are normally payable within one year.

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	30.6.2021 <i>US\$'000</i> (unaudited)	31.12.2020 <i>US\$'000</i> (audited)
Age		
0 to 60 days	9,631	10,175
61 to 90 days	2,203	2,377
91 to 120 days	376	182
121 to 180 days	13	260
181 days to 365 days	36	-
	12,259	12,994

Included in other receivables, prepayments and deposits are deposit of US\$1,056,000 (31 December 2020: US\$1,058,000) placed with a securities firm for certain treasury service.

9. TRADE AND OTHER PAYABLES

	30.6.2021 <i>US\$'000</i> (unaudited)	31.12.2020 <i>US\$'000</i> (audited)
Trade payables		
– a company controlled by a shareholder of the Company which has significant influence over the Company	684	912
– others	10,274	9,558
	10,958	10,470
Payroll and welfare payables	3,007	3,454
Other payables and accruals	3,986	4,079
	17,951	18,003

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period.

	30.6.2021 <i>US\$'000</i> (unaudited)	31.12.2020 <i>US\$'000</i> (audited)
Age		
0 to 60 days	8,225	7,519
61 to 90 days	1,702	1,532
91 to 180 days	1,015	1,370
181 to 365 days	13	10
Over 1 year	3	39
	10,958	10,470

Included in other payables and accruals of the Group are other tax payables of US\$1,495,000 (31 December 2020: US\$1,464,000) and accrued expenses of US\$2,029,000 (31 December 2020: US\$2,232,000).

10. RELATED PARTY TRANSACTIONS

The Group has following significant transactions with related parties during the period:

Nature of transactions

	1.1.2021 to 30.6.2021 US\$'000 (unaudited)	1.1.2020 to 30.6.2020 US\$'000 (unaudited)
Cost and expenses:		
Processing charges paid	1,135	690
Interest expenses on lease liabilities	22	44

As at 30 June 2021, included in lease liabilities was a payable to a related company amounting to US\$3,825,000 (31 December 2020: US\$1,147,000).

The related parties are companies controlled by a shareholder of the Company which have significant influence over the Company.

Emoluments to the Group's key management, i.e. directors of the Company, was US\$49,000 (for the six months ended 30 June 2020: US\$49,000) during current period.

11. CAPITAL COMMITMENTS

	30.6.2021 US\$'000 (unaudited)	31.12.2020 US\$'000 (audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	47	603

IMPORTANT

The interim results for the six months ended 30 June 2021 (the “**Period**”) set out in this announcement are unaudited but have been reviewed based on the HKFRSs. As financial results are subject to fluctuations and affected by a number of factors, the Group’s financial results for any past period should not be taken as indicative of any expected performance of the Group for any future period.

This announcement contains statements with respect to the operating conditions and business prospects of the Company which are based on currently available information. Such statements do not constitute guarantees of the future operating performance of the Group. If due to any unexpected factors, including, but are not limited to, changes in economic conditions, shifts in customer demands and changes in laws and regulatory policies, which may cause the Group’s actual results to differ from those expressed in the statements, the Group undertakes no obligation to update or revise any such statements to reflect subsequent circumstances. The Group will, however, comply with all disclosure requirements stipulated by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational and Financial Review

The Group is principally engaged in the manufacturing and sales of plastic and metallic parts and components of optical and opto-electronic products and manufacturing and sales of molds and cases, including plastic and metallic parts and components of digital still cameras (“**DSCs**”), action cameras, copier-based multifunction peripherals, surveillance cameras and projectors, etc.

Reviewing the first half of FY2021, the Group recorded revenue of US\$31,076,000 during the Period, representing an increase of approximately 59.8% as compared with US\$19,450,000 in the corresponding period in the previous year. During the Period, net profit amounted to US\$794,000, representing an increase of approximately 157% as compared with US\$309,000 in the corresponding period in the previous year. The change in net profit of the Group is due to multiple factors, which mainly include: (1) the increase in revenue during the Period as compared with that in the corresponding period in the previous year was attributable to the progressive control of the respiratory illness caused by novel coronavirus (COVID-19) (“**COVID-19 pandemic**”) and thus the gradual recovery of the supply chain across the industry; (2) the increase in gross profit during the Period as compared with that in the corresponding period in the previous year, which was mainly attributable to the increase in revenue and the enhanced efficiency in economies of scale.

During the Period, the Group continued to invest in technology and quality enhancement while high regard was paid to corporate governance for higher governance level. The concerted efforts of its staff have finally led to the appreciation and endorsement by the Group’s customers for the product quality and advanced technology attained by the Group. The Group will keep up its commitment to the actualisation of its core value. In addition, the Group will respond to changes in the industry by continuing its efforts in product diversification in order to increase its competitiveness.

Revenue

The Group's revenue for the Period was US\$31,076,000, representing an increase of approximately 59.8% as compared with US\$19,450,000 for the corresponding period in the previous year. The increase in revenue was mainly derived from the increased sales of parts and components of DSCs, action cameras and projectors, etc. This was mainly because the Group's sales was affected by the impact of the COVID-19 pandemic on the supply chain across the industry in the corresponding period in the previous year, and that the increase in the Group's sales during the Period was attributable to the gradual recovery of the supply chain across the industry.

The Group's revenue for the Period was mainly derived from the sale of parts and components of DSCs which contributed to approximately 36% of its revenue (excluding action cameras). According to statistics announced by the Camera & Imaging Products Association ("CIPA"), the worldwide shipment volume of DSCs for the six months ended 30 June 2021 increased by approximately 21.9% as compared with that in the corresponding period in the previous year.

Gross profit

The Group's gross profit for the Period was US\$6,843,000 and the gross profit margin was approximately 22.0% (for the first half of FY2020: gross profit of US\$4,065,000 and gross profit margin of approximately 20.9%), representing an increase of US\$2,778,000 or approximately 68.3% as compared with those in the corresponding period in the previous year. Such increase was mainly attributable to the increase in revenue and the enhanced efficiency in economies of scale.

Other Income, Gains and Losses

During the Period, other losses of the Group amounted to US\$37,000 (comprised bank interest income of US\$173,000, rental income of US\$256,000, exchange loss of US\$531,000 and miscellaneous income of US\$65,000). In the corresponding period in 2020, other gains of the Group amounted to US\$1,497,000 (comprised bank interest income of US\$607,000, rental income of US\$245,000, exchange gain of US\$646,000, miscellaneous income of US\$2,000 and loss on disposal of fixed assets of US\$3,000). Bank interest income for the Period recorded a decrease as compared with that in the corresponding period in the previous year, which was mainly attributable to the decrease of United States Dollars denominated deposit rates as compared with those in the corresponding period in the previous year. As the functional currency of a subsidiary of the Company is Renminbi whilst certain financial assets of such subsidiary are denominated in United States Dollars and during the Period the United States Dollars depreciated against Renminbi, the Group recorded an exchange loss for the Period, compared with an exchange gain in the corresponding period in the previous year.

Operating Expenses

The operating expenses of the Group include distribution costs, administrative expenses and research and development expenses. The operating expenses of the Group for the Period amounted to US\$5,910,000, representing an increase of US\$954,000 or approximately 19.2% as compared with US\$4,956,000 in the corresponding period in the previous year. Such increase was mainly due to an increase in the Group's revenue and an increase in the number of employees and the emolument of the employees.

Interest expenses

The interest expenses of the Group for the Period and the corresponding period in the previous year are the interest expenses on lease liabilities amounting to US\$22,000 and US\$45,000, respectively.

Taxation

The Group's income tax expenses for the Period amounted to US\$47,000 as compared with income tax expenses of US\$252,000 in the corresponding period in the previous year. The decrease in income tax expenses was due to a reversal of overprovision for PRC income tax in prior years during the Period.

Net Profit

The Group's net profit for the Period was US\$794,000 and the net profit margin was approximately 2.6% (for the first half of FY2020: net profit of US\$309,000 and net profit margin of approximately 1.6%), representing an increase of approximately 157% as compared with that in the corresponding period in the previous year. Such increase was mainly due to the increase in revenue leading to the increase in gross profit as well as the decrease in income tax expenses, but part of which was offset by the increase in operating expenses and the recording of other losses.

Liquidity and Financial Resources

As at 30 June 2021, the Group had current assets of US\$99,240,000 (as at 31 December 2020: US\$98,507,000) and current liabilities of US\$26,307,000 (as at 31 December 2020: US\$22,921,000). The current ratio of the Group was approximately 377.2% (as at 31 December 2020: approximately 430%).

As at 30 June 2021, the Group had cash at bank and on hand of US\$81,846,000 (as at 31 December 2020: US\$80,837,000), and no bank borrowing. Net cash increased by US\$1,009,000 from 31 December 2020.

Net cash inflow from operating activities for the Period was US\$2,458,000.

Net cash outflow from investing activities for the Period was US\$885,000, which comprised (i) cash outflow from capital expenditure in various business divisions of the Group of US\$1,090,000, and (ii) interests received of US\$205,000.

Net cash outflow from financing activities for the Period was US\$593,000, which comprised (i) repayment of lease liabilities of US\$571,000, and (ii) interests paid on lease liabilities amounting to US\$22,000.

Effect of foreign exchange rate change for the Period was US\$29,000.

Foreign Currency Risk

Foreign currency risk refers to the risks associated with the foreign movements on the exchange rate movements on the Group's financial results and its cash flows. The revenue of the Group is mainly settled in United States Dollars, while others are in Renminbi, Hong Kong Dollars and Japanese Yen. The expenses of the Group are mainly paid in Renminbi, while others are in United States Dollars, Hong Kong Dollars and Japanese Yen.

For members of the Group using United States Dollars as functional currency, they are mainly exposed to currency risks in Hong Kong Dollars and Japanese Yen. There was a small exchange loss associated with Hong Kong Dollars and Japanese Yen denominated net assets due to depreciation of Hong Kong Dollars and Japanese Yen against United States Dollars during the Period. For a member of the Group using Renminbi as functional currency, it is mainly exposed to currency risks in United States Dollars. There was an exchange loss associated with United States Dollars denominated net assets due to depreciation of United States Dollars against Renminbi during the Period. In order to reduce foreign currency exposure, the management of the Group will continue to monitor its foreign currency position and managing its foreign currency risk by means such as management of transactional currencies.

Contingent Liabilities

As at 30 June 2021, the Group had no significant or contingent liabilities.

Capital Commitment

As at 30 June 2021, the capital commitment of the Group was US\$47,000 (as at 31 December 2020: US\$603,000).

Significant Investment

The Group held no significant investment for the Period.

During the financial year ended 31 December 2016, the Group acquired a property located at Workshops 01-09 on 26th Floor & Flat Roof Above the 26th Floor, CRE Centre, No. 889 Cheung Sha Wan Road, Kowloon, Hong Kong, at a purchase price of HK\$42,800,000. The property is an industrial property with a gross area of approximately 8,854 square feet.

The property is currently leased to an independent third party.

Material Acquisition and Disposal of Subsidiaries

The Group did not have any material acquisition or disposal of subsidiaries during the Period.

Pledge of Assets

There was no pledge of the Group's assets as at 30 June 2021.

Employment, Training and Development

As at 30 June 2021, the Group had a total of 1,628 employees (as at 30 June 2020: 1,390 employees). Staff costs incurred during the Period amounted to US\$10,185,000 (for the six months ended 30 June 2020: US\$7,300,000).

The emolument of the employees of the Group is determined on the basis of their performance, qualifications and work competence. In addition, other benefits including allowances and subsidies are offered to employees for accommodation needs and continuous education; and discretionary bonus is granted to employees with good performance. All employees are entitled to social insurance and other paid leaves in addition to annual leaves such as marriage, maternity and bereavement leaves. Employees are important assets to the Group. Performance appraisal measures are in place to facilitate the conveyance of advocated values and behavior to every staff member who would then know clearly about the requirements of the Group. The Group's staff are also encouraged to carry out operating strategies and achieve targets set by the Company.

The Group places high value on its staff and ensures that a fair and just promotion system is in place and has established sound environment, health and safety policies to ensure that the Group remains competitive in the market to attract various talents. The Group has implemented a long-term and stable human resource policy to attract and retain quality talents and to provide incentives for its staff to enhance performance with commitment to employee training and development on a regular basis in order to maintain the quality of its products.

Regulatory and Compliance Risk

The Group is exposed to legal and regulatory risks in Hong Kong and in the PRC. Such risks might have significant impacts on the financial conditions, operations and business prospects of the Group. The investments of the Group at present or in the future might be affected by local, national or international changes in political, social, legal, tax, regulatory, shareholder and environmental requirements from time to time and the growth of environmental protection importance could result in an additional or unforeseen increase in operating expenses and capital expenditures, and hence may adversely affect the Group's revenue and profits.

Reference is made to the announcement of the Company dated 9 June 2021, Dongguan Yorkey Optical Machinery Components Ltd.* (“**Dongguan Yorkey**”) received an administrative judgment ([2021] Yue 19 Xing Zhong No. 168) 《行政判決書》([2021]粵19行終168號) dated 28 May 2021 issued by the Dongguan Intermediate People's Court* (東莞市中級人民法院), pursuant to which, the Dongguan Intermediate People's Court has ruled in favour of Dongguan Yorkey and the judgement is final.

The main contents of the said administrative judgment are as follows:

- (i) to revoke the administrative judgment made by the Dongguan First People's Court*;
- (ii) to revoke the decision made by the Dongguan Municipal Ecology and Environment Bureau*;
and
- (iii) to revoke the confirmation made by the Dongguan Municipal Government.

Reference is also made to the announcement of the Company dated 19 April 2021, EnviroFriends Institute of Environmental Science and Technology* (北京市朝陽區環友科學技術研究中心) made a claim to Dongguan Yorkey. As at the date of this announcement, Dongguan Yorkey is seeking legal advice on the matter and the Company will make further announcement(s) as and when appropriate.

Outlook

Looking ahead, the operating environment continues to be challenging. According to the Global Economic Prospects published by the World Bank in June 2021, the global economic growth rate is likely to reach 5.6% in 2021 and that global recovery is strong but uneven, largely reflects the rebounds in some major economies. The global outlook remains subject to significant downside risks, including but not limited to the possibility of large-scale COVID-19 outbreaks with new virus variants and financial stress amid high debt levels in emerging market and developing economies.

In addition, according to statistics announced by CIPA, the shipment volume of DSCs for the six months ended 30 June 2021 increased by approximately 21.9% as compared with that in the corresponding period in the previous year. However, the shipment volume of DSCs for the Period still decreased by approximately 41.4% as compared with that for the six months ended 30 June 2019. Although there was an increase in the shipment volume of the DSCs industry during the Period as compared with the corresponding period in the previous year, the shipment volume of the DSCs industry has not yet returned to the level of the corresponding period in 2019. Nonetheless, the Group will continue to strive to maintain its competitive edge by strengthening its core competitiveness, namely its highly sophisticated module technology, its manufacturing technology and capabilities which earns its customers' trust and the provision of "one-stop" services to its customers.

The laws and regulations in the PRC for discharging air pollutants and factories activities have become more stringent. As such, the Group continues to comply with the laws and regulations.

In light of the ever-changing severe operating environment, and the need of ensuring the safety of employees and the continuous operation of the Company, the Group will strengthen its financial structure to address the challenging operating environment ahead. The management of the Group will continue to monitor the impact of the global economy on the Group's business operations and financial conditions. The Group will also optimise its capability, improvement in automation and efficiency to ensure product quality and proper expenses control, and will diversify its product portfolio and develop products for other applications. The Group will continue to comply with relevant regulations in respect of environmental protection and corporate governance.

INTERIM DIVIDEND

On 6 August 2021, the Board has determined that no dividend will be declared and paid in respect of the Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE PRACTICES

According to the code provision stated in section F.1.1 of the Code of Corporate Governance Practices as stated in Appendix 14 to the Listing Rules (the "Code"), the company secretary should be an employee of the Company and have knowledge of the Company's day-to-day affairs. Where the Company engages an external service provider as its company secretary, it should disclose the identity of a person with sufficient seniority (e.g. chief legal counsel or chief financial officer) at the Company whom the external provider can contact.

Ms. Cheng Choi Ha (“**Ms. Cheng**”), a manager of the Corporate Services Division of Tricor Services Limited, an external service provider, has been appointed as the company secretary of the Company with effect from 23 December 2019. The primary contact person at the Company with Ms. Cheng is Mr. Kurihara Toshihiko, an executive director of the Company. For further details, please refer to the announcement of the Company dated 23 December 2019. Ms. Cheng has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

The Company has adopted the Code as stated in Appendix 14 to the Listing Rules. The Board considers that the Company has complied with the Code throughout the Period.

The Company continues to devote much efforts on formulating the sufficient corporate governance practices which it believes is crucial to its healthy growth and its business needs.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the code provisions under the Code. The audit committee of the Company has reviewed the unaudited interim results of the Group for the Period.

Further, the unaudited interim results of the Group for the Period have been reviewed by the Company’s auditor in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Public Accountants.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the Period and they have all confirmed they have fully complied with the required standard as set out in the Model Code.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE’S AND THE COMPANY’S WEBSITES

This announcement is published on the respective websites of Hong Kong Exchanges and Clearing Limited and the Company on 6 August 2021. The interim report for the six months ended 30 June 2021 containing the information required by the Listing Rules will be published on the respective websites of Hong Kong Exchanges and Clearing Limited and the Company in due course. Printed copies will be despatched to the shareholders before the end of September 2021.

ACKNOWLEDGEMENT

The Board would like to take this opportunity to express gratitude to all the shareholders and customers for their continued support and to thank all staff members of the Group for their dedication and contribution to the Group.

By order of the Board
YORKEY OPTICAL INTERNATIONAL (CAYMAN) LTD.
Kurihara Toshihiko
Executive Director and Chief Executive Officer

Hong Kong, 6 August 2021

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Lai I-Jen and Mr. Kurihara Toshihiko; one non-executive Director, namely, Ms. Wu Shu-Ping; and three independent non-executive Directors, namely, Mr. Lin Meng-Tsung, Mr. Lin Yi-Min and Mr. Liu Wei-Li .

* *For identification purpose only*