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TIAN CHANG GROUP HOLDINGS LTD.
天長集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2182)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the “**Board**”) of directors (the “**Directors**”) of Tian Chang Group Holdings Ltd. (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2020, together with the comparative figures for the corresponding period in 2019, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2020

| | | Six months ended 30 June | |
|---|-------------|---------------------------------|--------------------|
| | | 2020 | 2019 |
| | | (unaudited) | (unaudited) |
| | <i>Note</i> | HK\$'000 | HK\$'000 |
| Revenue | 3 | 293,306 | 666,671 |
| Cost of goods sold | | (224,591) | (504,355) |
| Gross profit | | 68,715 | 162,316 |
| Other income | 4 | 2,385 | 3,765 |
| Fair value gain on financial assets at fair value through profit or loss | 9 | 421 | 123 |
| Selling and distribution costs | | (5,162) | (6,351) |
| Administrative and other operating expenses | | (56,336) | (66,997) |
| Finance costs | 5 | (4,455) | (4,893) |
| Profit before tax | 5 | 5,568 | 87,963 |
| Income tax expenses | 6 | (12) | (22,044) |
| Profit for the period, attributable to equity holders of the Company | | 5,556 | 65,919 |
| Earnings per share attributable to equity holders of the Company | | HK cents | HK cents |
| Basic | 8 | 0.90 | 10.63 |
| Diluted | 8 | 0.90 | 10.63 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2020

| | Six months ended 30 June | |
|--|--|--|
| | 2020 (unaudited) <i>HK\$'000</i> | 2019 (unaudited) <i>HK\$'000</i> |
| Profit for the period | 5,556 | 65,919 |
| Other comprehensive (loss) income: | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | |
| Exchange difference on consolidation | <u>(11,496)</u> | <u>1,212</u> |
| Total comprehensive (loss) income for the period, attributable to equity holders of the Company | <u>(5,940)</u> | <u>67,131</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

| | | At 30 June 2020 (unaudited) HK\$' 000 | At 31 December 2019 (audited) HK\$' 000 |
|---|----|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | 634,895 | 621,025 |
| Financial assets at fair value through profit or loss | 9 | 29,262 | 28,419 |
| Deferred tax assets | | 1,454 | 1,238 |
| | | 665,611 | 650,682 |
| Current assets | | | |
| Financial assets at fair value through profit or loss | 9 | 123 | – |
| Inventories | | 77,857 | 83,882 |
| Trade and other receivables | 10 | 141,216 | 153,365 |
| Income tax recoverable | | 32 | 33 |
| Bank balances and cash | | 124,716 | 85,567 |
| | | 343,944 | 322,847 |
| Current liabilities | | | |
| Trade and other payables | 11 | 194,670 | 211,596 |
| Income tax payables | | 4,762 | 2,603 |
| Payables for construction in progress | 12 | 19,566 | 35,642 |
| Interest-bearing borrowings | 13 | 172,723 | 103,177 |
| Lease liabilities | | 30,648 | 22,737 |
| | | 422,369 | 375,755 |
| Net current liabilities | | (78,425) | (52,908) |
| Total assets less current liabilities | | 587,186 | 597,774 |
| Non-current liabilities | | | |
| Payables for construction in progress | 12 | 8,027 | 12,280 |
| Lease liabilities | | 49,720 | 39,754 |
| Deferred tax liabilities | | 6,077 | 8,515 |
| | | 63,824 | 60,549 |
| NET ASSETS | | 523,362 | 537,225 |
| Capital and reserves | | | |
| Share capital | | 62,000 | 62,000 |
| Reserves | | 461,362 | 475,225 |
| TOTAL EQUITY | | 523,362 | 537,225 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2020

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Tian Chang Group Holdings Ltd. (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 26 April 2017 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 March 2018. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is situated at Unit 6, 13/F, Block B, Hoi Luen Industrial Centre, 55 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. The Company together with its subsidiaries (hereinafter collectively referred to as the “Group”) is principally engaged in manufacturing and sales of electronic cigarettes products (“e-cigarettes products”) and medical consumable products, and providing integrated plastic solutions in Hong Kong and the People’s Republic of China (the “PRC”).

The unaudited condensed consolidated financial statements for the six months ended 30 June 2020 (the “Interim Financial Statements”) have been prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

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

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2019, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standard (“HKASs”) and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2019 (the “2019 Financial Statements”).

The Interim Financial Statements have been prepared on the historical costs basis except for financial assets at fair value through profit or loss (“FVPL”) which are measured at fair value, and presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company, and rounded to the nearest thousands unless otherwise indicated.

At 30 June 2020, the current liabilities of the Group exceeded its current assets by approximately HK\$78,425,000 (31 December 2019: HK\$52,908,000).

At 30 June 2020, the Group had unutilised banking facilities of approximately HK\$204,121,000 (31 December 2019: HK\$237,517,000).

The management of the Company is of the opinion that, taking into account the confirmed credit commitments from financial institutions and internal financial resources of the Group, the Group has sufficient working capital for its present requirements. Hence, the Interim Financial Statements have been prepared on a going concern basis. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the Interim Financial Statements.

The accounting policies and methods of computation applied in the preparation of these Interim Financial Statements are consistent with those applied in preparing the 2019 Financial Statements, except for the adoption of the new/revised HKFRSs that are effective from the current period as set out below:

| | |
|---------------------------------------|--|
| Revised Conceptual Framework | Revised Conceptual Framework for Financial Reporting |
| Amendments to HKASs 1 and 8 | Definition of Material |
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKAS 39, HKFRSs 7 and 9 | Interest Rate Benchmark Reform |

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective. The management does not anticipate that the adoption of these new/revised HKFRSs in future periods will result in substantial changes to the Group's accounting policies and material impact on the financial position, financial performance and cash flow of the Group.

2. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

- 1) E-cigarettes products segment: manufacture and sales of e-cigarettes products;
- 2) Integrated plastic solutions segment: manufacture and sales of moulds and plastic products; and
- 3) Medical consumable products segment: a new business segment set up and engaged by the Group during six months ended 30 June 2020 for the manufacture and sales of medical consumable products.

Segment revenue and results

Segment revenue represents revenue derived from manufacturing and sales of e-cigarettes products, moulds and plastic products and medical consumable products.

Segment results represent the gross profit less selling and distribution costs incurred by each segment without allocation of other income, fair value gain on financial assets at FVPL, administrative and other operating expenses, finance costs and income tax expenses. This is the information reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

The followings are analysis of the Group's revenue and results by reportable and operating segments:

| | E-cigarettes products (unaudited) HK\$'000 | Integrated plastic solutions (unaudited) HK\$'000 | Medical consumable products (unaudited) HK\$'000 | Total (unaudited) HK\$'000 |
|--|---|--|---|---|
| Six months ended 30 June 2020 (unaudited) | | | | |
| Segment revenue | <u>172,422</u> | <u>116,147</u> | <u>4,737</u> | <u>293,306</u> |
| Gross profit | <u>40,366</u> | <u>26,330</u> | <u>2,019</u> | <u>68,715</u> |
| Selling and distribution costs | <u>–</u> | <u>(3,648)</u> | <u>(1,514)</u> | <u>(5,162)</u> |
| Segment results | <u>40,366</u> | <u>22,682</u> | <u>505</u> | <u>63,553</u> |
| <i>Unallocated income and expenses</i> | | | | |
| Other income | | | | 2,385 |
| Fair value gain on financial assets at FVPL | | | | 421 |
| Administrative and other operating expenses | | | | (56,336) |
| Finance costs | | | | <u>(4,455)</u> |
| Profit before tax | | | | 5,568 |
| Income tax expenses | | | | <u>(12)</u> |
| Profit for the period | | | | <u>5,556</u> |
| Six months ended 30 June 2019 (unaudited) | | | | |
| Segment revenue | <u>467,453</u> | <u>199,218</u> | <u>–</u> | <u>666,671</u> |
| Gross profit | <u>119,190</u> | <u>43,126</u> | <u>–</u> | <u>162,316</u> |
| Selling and distribution costs | <u>–</u> | <u>(6,351)</u> | <u>–</u> | <u>(6,351)</u> |
| Segment results | <u>119,190</u> | <u>36,775</u> | <u>–</u> | <u>155,965</u> |
| <i>Unallocated income and expenses</i> | | | | |
| Other income | | | | 3,765 |
| Fair value gain on financial assets at FVPL | | | | 123 |
| Administrative and other operating expenses | | | | (66,997) |
| Finance costs | | | | <u>(4,893)</u> |
| Profit before tax | | | | 87,963 |
| Income tax expenses | | | | <u>(22,044)</u> |
| Profit for the period | | | | <u>65,919</u> |

Segment assets and liabilities

| | E-cigarettes products <i>HK\$'000</i> | Integrated plastic solutions <i>HK\$'000</i> | Medical consumable products <i>HK\$'000</i> | Unallocated <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|---|---|--|--------------------------------|--------------------------|
| At 30 June 2020 (unaudited) | | | | | |
| Assets | | | | | |
| Reportable segment assets | <u>82,310</u> | <u>396,827</u> | <u>26,881</u> | <u>503,537</u> | <u>1,009,555</u> |
| Liabilities | | | | | |
| Reportable segment liabilities | <u>69,017</u> | <u>54,688</u> | <u>2,127</u> | <u>360,361</u> | <u>486,193</u> |
| Other information | | | | | |
| Capital expenditure | <u>164</u> | <u>14,035</u> | <u>15,339</u> | <u>20,001</u> | <u>49,539</u> |
| Depreciation | <u>1,604</u> | <u>18,015</u> | <u>194</u> | <u>2,488</u> | <u>22,301</u> |
| Research and development expenses | <u>3,211</u> | <u>4,743</u> | <u>1,213</u> | <u>–</u> | <u>9,167</u> |
| At 31 December 2019 (audited) | | | | | |
| Assets | | | | | |
| Reportable segment assets | <u>110,933</u> | <u>427,708</u> | <u>–</u> | <u>434,888</u> | <u>973,529</u> |
| Liabilities | | | | | |
| Reportable segment liabilities | <u>60,339</u> | <u>57,984</u> | <u>–</u> | <u>317,981</u> | <u>436,304</u> |
| Other information | | | | | |
| Capital expenditure | <u>2,922</u> | <u>89,338</u> | <u>–</u> | <u>56,714</u> | <u>148,974</u> |
| Depreciation | <u>3,769</u> | <u>29,530</u> | <u>–</u> | <u>5,261</u> | <u>38,560</u> |
| Loss on disposal of property, plant and equipment | <u>1</u> | <u>150</u> | <u>–</u> | <u>–</u> | <u>151</u> |
| Inventories written-off | <u>–</u> | <u>1,525</u> | <u>–</u> | <u>–</u> | <u>1,525</u> |
| Research and development expenses | <u>2,460</u> | <u>4,821</u> | <u>–</u> | <u>–</u> | <u>7,281</u> |

For the purposes of monitoring segment performance and allocating resources between segments:

- segment assets include certain property, plant and equipment, inventories and trade and bills receivables. Other assets are not allocated to operating segments as these assets are managed on a group basis; and
- segment liabilities include trade payables and contract liabilities. Other liabilities are not allocated to operating segments as these liabilities are managed on a group basis.

Geographical information

The following table sets out information about the geographical location of the Group's property, plant and equipment ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the assets.

Specified non-current assets

| | At 30 June 2020 (unaudited) HK\$'000 | At 31 December 2019 (audited) HK\$'000 |
|-----------|--|--|
| Hong Kong | 4,865 | 5,151 |
| The PRC | 630,030 | 615,874 |
| | <u>634,895</u> | <u>621,025</u> |

Information about the Group's revenue from external customers is presented based on the location of customers.

| | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2020 (unaudited) HK\$'000 | 2019 (unaudited) HK\$'000 |
| Revenue from external customers | | |
| The United States of America | 68,070 | 68,996 |
| The PRC | 70,271 | 138,143 |
| The United Kingdom | 17,164 | 435,769 |
| Hong Kong | 10,688 | 16,828 |
| Netherlands | 123,674 | 3,803 |
| Others | 3,439 | 3,132 |
| | <u>293,306</u> | <u>666,671</u> |

Information about major customers

Details of the entities individually accounting for 10% or more of aggregate revenue of the Group during the six months ended 30 June 2020 and 2019 are as follows:

| | E-cigarettes products (unaudited) HK\$'000 | Integrated plastic solutions (unaudited) HK\$'000 | Medical consumable products (unaudited) HK\$'000 | Total (unaudited) HK\$'000 |
|---|---|--|---|---|
| Six months ended 30 June 2020 | | | | |
| Customer A and its affiliated companies | 172,422 | 3,499 | – | 175,921 |
| Customer B and its affiliated companies | – | 39,650 | – | 39,650 |
| | <u>172,422</u> | <u>43,149</u> | <u>–</u> | <u>215,571</u> |
| Six months ended 30 June 2019 | | | | |
| Customer A and its affiliated companies | 467,044 | 3,180 | – | 470,224 |
| Customer C and its affiliated companies | – | 84,099 | – | 84,099 |
| | <u>467,044</u> | <u>87,279</u> | <u>–</u> | <u>554,323</u> |

3. REVENUE

| | Six months ended 30 June | |
|---|--|--|
| | 2020 (unaudited) HK\$'000 | 2019 (unaudited) HK\$'000 |
| Revenue from contracts with customers within HKFRS 15 | | |
| Sale of e-cigarettes products | 172,422 | 467,453 |
| Sale of moulds and plastic products | 116,147 | 199,218 |
| Sale of medical consumable products | 4,737 | – |
| | <u>293,306</u> | <u>666,671</u> |

The revenue from contracts with customers within HKFRS 15 is based on fixed price and recognised at a point in time.

4. OTHER INCOME

| | Six months ended 30 June | |
|--------------------------------------|---------------------------------------|--------------------------------|
| | 2020 | 2019 |
| | (unaudited) <i>HK\$'000</i> | (unaudited) <i>HK\$'000</i> |
| Bank interest income | 185 | 348 |
| Exchange gain, net | – | 1,121 |
| Government grant | 179 | – |
| Rental and utilities recharge income | 405 | 879 |
| Sales of scrap materials | 689 | 610 |
| Sundry income | 927 | 807 |
| | <u>2,385</u> | <u>3,765</u> |

5. PROFIT BEFORE TAX

This is stated after charging (crediting):

| | Six months ended 30 June | |
|--|---------------------------------------|--------------------------------|
| | 2020 | 2019 |
| | (unaudited) <i>HK\$'000</i> | (unaudited) <i>HK\$'000</i> |
| Finance costs | | |
| Interest on interest-bearing borrowings | 2,727 | 3,358 |
| Interest on payables for construction in progress | 389 | 446 |
| Interest on lease liabilities | 1,339 | 1,089 |
| | <u>4,455</u> | <u>4,893</u> |
| Staff costs, including directors' emoluments | | |
| Employee benefits expenses | 48,085 | 91,258 |
| Discretionary bonus | – | 9,456 |
| Contributions to defined contribution retirement schemes | 2,354 | 10,033 |
| Share-based payment expenses | 1,179 | – |
| | <u>51,618</u> | <u>110,747</u> |
| Other items | | |
| Cost of inventories | 224,591 | 504,355 |
| Depreciation (charged to “cost of goods sold” and “administrative and other operating expenses”, as appropriate) | 22,301 | 18,108 |
| Exchange loss (gain), net | 1,470 | (1,121) |
| Loss on disposal of property, plant and equipment | – | 280 |
| Share-based payment expenses to eligible participants other than employees | 198 | – |
| Research and development expenses | 9,167 | 3,348 |
| | <u>224,591</u> | <u>504,355</u> |

6. TAXATION

| | Six months ended 30 June | |
|----------------------------------|---------------------------------|---------------------------------|
| | 2020 (unaudited) HK\$'000 | 2019 (unaudited) HK\$'000 |
| Current tax | | |
| Hong Kong Profits Tax | 2,362 | 5,099 |
| PRC Enterprise Income Tax | – | 28,485 |
| | <u>2,362</u> | <u>33,584</u> |
| Deferred tax | | |
| Changes in temporary differences | (988) | (11,326) |
| Benefit of tax losses recognised | (1,362) | (214) |
| | <u>(2,350)</u> | <u>(11,540)</u> |
| Total income tax expenses | <u>12</u> | <u>22,044</u> |

The Group's entities established in the Cayman Islands and the British Virgin Islands are exempted from income tax, respectively.

For the six months ended 30 June 2020 and 2019, the assessable profits of a Hong Kong incorporated subsidiary of the Group (as elected by the management of the Group) are subject to the two-tiered profits tax rates regime that the first HK\$2 million of assessable profits will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The Hong Kong Profits Tax of other Hong Kong incorporated subsidiaries of the Group is calculated at 16.5% of their respective estimated assessable profits for the six months ended 30 June 2020 and 2019.

The Group's entities established in the PRC are subject to Enterprise Income Tax of the PRC at a statutory rate of 25% for the six months ended 30 June 2020 and 2019.

7. DIVIDENDS

As approved by the shareholders' meeting held on 28 May 2020, the Company determined to pay a cash dividend for the year ended 31 December 2019 of HK1.5 cents for every ordinary share amounting to approximately HK\$9,300,000 (31 December 2018: HK\$18,600,000) out of retained earnings of the Company. The 2019 dividend had been distributed to the Company's shareholders on 10 July 2020.

The Board of the Company has resolved not to declare an interim dividend for the six months ended 30 June 2020 (30 June 2019: interim dividend of HK1.5 cents per ordinary share totalling approximately HK\$9,300,000).

8. EARNINGS PER SHARE

Basic

The calculation of the basic earnings per share is based on profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the period:

| | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2020 (unaudited) HK\$'000 | 2019 (unaudited) HK\$'000 |
| Profit for the period attributable to equity holders of the Company | <u>5,556</u> | <u>65,919</u> |
| | '000 | '000 |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 620,000 | 620,000 |
| Basic earnings per share (HK cents) | <u>0.90</u> | <u>10.63</u> |

Diluted

The calculation of the diluted earnings per share is based on profit attributable to the equity holders of the Company and the adjusted weighted average number of ordinary shares assuming conversion of all potential dilutive ordinary shares.

On 13 May 2020, the Company granted 37,840,000 share options to eligible participants resulting in potential dilutive ordinary shares.

| | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2020 (unaudited) HK\$'000 | 2019 (unaudited) HK\$'000 |
| Profit for the period attributable to equity holders of the Company | <u>5,556</u> | <u>65,919</u> |
| | '000 | '000 |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 620,000 | 620,000 |
| Effect of deemed issue of shares under the Company's share option scheme (<i>note</i>) | <u>110</u> | <u>—</u> |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 620,110 | 620,000 |
| Diluted earnings per share (HK cents) | <u>0.90</u> | <u>10.63</u> |

Note: For the six months ended 30 June 2020, the computation of diluted earnings per share does not assume the exercise of the second tranche of share options granted by the Company because the exercise price of those share options was higher than the average market price of the Company's shares.

9. FINANCIAL ASSETS AT FVPL

| | | At 30 June 2020 (unaudited) HK\$'000 | At 31 December 2019 (audited) HK\$'000 |
|--|------|--|--|
| At fair value | | | |
| Non-current: | | | |
| Unlisted investments – key management insurance contracts | 9(a) | 29,262 | 28,419 |
| Current: | | | |
| Derivatives not designated as hedging instruments – Cross Currency Swap (“CCS”) | 9(b) | 123 | – |
| | | <u>29,385</u> | <u>28,419</u> |

9(a) Unlisted investments – key management insurance contracts

The fair value of the key management insurance contracts is determined by reference to the respective surrender cash value of each insurance contract at the end of the reporting period, which is primarily based on the performance of the underlying investment portfolio together with the guaranteed minimum returns, ranging from 2% to 3.9% per annum (31 December 2019: ranging from 2% to 3.9% per annum).

The movement of the key management insurance contracts is analysed as follows:

| | At 30 June 2020 (unaudited) HK\$'000 | At 31 December 2019 (audited) HK\$'000 |
|---|--|--|
| At the beginning of the reporting period | 28,419 | 26,841 |
| Additions | 732 | 731 |
| Fair value changes recognised in profit or loss | 298 | 847 |
| Exchange differences | (187) | – |
| At the end of the reporting period | <u>29,262</u> | <u>28,419</u> |

The key management insurance contracts are pledged as collateral for the Group’s interest-bearing borrowings amounting to approximately HK\$23,549,000 (31 December 2019: HK\$31,070,000).

9(b) Derivatives not designated as hedging instruments – CCS

The derivatives represent an United States Dollars (“USD”)/Euro forward contract and an USD/Renminbi (“RMB”) forward contract entered with a bank for the exchange of USD with Euro and RMB in an aggregate amount of USD2,708,000 (equivalent to approximately HK\$21,041,000), which are expiring on 31 August 2020 and 4 December 2020 respectively. The objective of these derivatives entered into by the Group is to mitigate the currency exposures arising from the future capital expenditure and operation funding. The derivatives are not qualified for hedge accounting and the corresponding changes in fair values have been recognised in profit or loss. During the six months ended 30 June 2020, gain on change in fair value of the CCS in an aggregate amount of approximately HK\$123,000 was credited to profit or loss (six months ended 30 June 2019: Nil).

10. TRADE AND OTHER RECEIVABLES

| | At 30 June 2020 (unaudited) HK\$'000 | At 31 December 2019 (audited) HK\$'000 |
|--|--|--|
| | <i>Note</i> | |
| Trade receivables | | |
| From third parties | 92,154 | 125,345 |
| Loss allowance | (4,507) | (4,568) |
| | <u>87,647</u> | <u>120,777</u> |
| | <i>10(a)</i> | |
| Bills receivables | <u>7,638</u> | <u>2,655</u> |
| | <i>10(b)</i> | |
| Other receivables | | |
| Deposits | 350 | 391 |
| Prepayment for insurance | 3,093 | 3,150 |
| Prepayment for utilities | 7,770 | 5,354 |
| Prepaid expenses, other deposits and other debtors | 34,718 | 21,038 |
| | <u>45,931</u> | <u>29,933</u> |
| | <u>141,216</u> | <u>153,365</u> |

10(a) Trade receivables from third parties

The Group applies the simplified approach to provide the expected credit loss prescribed by HKFRS 9, which permits the use of life time expected loss provision for trade receivables. The loss allowance of approximately HK\$4,507,000 at 30 June 2020 (31 December 2019: HK\$4,568,000) was mainly and specifically resulted from a customer against whom the Group was in a legal action to recover the trade debt due to the Group.

The Group grants credit period up to 90 days to its customers upon the issuance of invoices.

The ageing of trade receivables, net of loss allowance, by invoice date is as follows:

| | At 30 June 2020 (unaudited) HK\$'000 | At 31 December 2019 (audited) HK\$'000 |
|----------------|--|--|
| Within 30 days | 58,346 | 64,603 |
| 31 to 60 days | 17,874 | 47,555 |
| 61 to 90 days | 4,373 | 4,578 |
| 91 to 180 days | 2,933 | 2,600 |
| Over 180 days | 4,121 | 1,441 |
| | <u>87,647</u> | <u>120,777</u> |

The Group does not hold any collateral over its trade receivables. The trade receivables are non-interest bearing.

At 30 June 2020, amount of approximately HK\$3,786,000 (31 December 2019: HK\$4,234,000) included in the trade receivables were in connection with factoring arrangements.

10(b) Bills receivables

The bills receivables are denominated in RMB, interest-free, guaranteed by banks in the PRC and have maturities of less than six months from the end of each reporting period.

11. TRADE AND OTHER PAYABLES

| | At 30 June 2020 (unaudited) HK\$'000 | At 31 December 2019 (audited) HK\$'000 |
|------------------------------------|--|--|
| Trade payables | | |
| To third parties | 11(a) <u>94,068</u> | <u>118,323</u> |
| Other payables | | |
| Contract liabilities | 31,764 | 10,767 |
| Deferred government grant | 2,679 | 565 |
| Dividend payable | 9,300 | – |
| Salaries payable | 29,382 | 54,279 |
| Other accruals and other creditors | <u>27,477</u> | <u>27,662</u> |
| | <u>100,602</u> | <u>93,273</u> |
| | <u>194,670</u> | <u>211,596</u> |

11(a) Trade payables

At the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

| | At 30 June 2020 (unaudited) HK\$'000 | At 31 December 2019 (audited) HK\$'000 |
|----------------|--|--|
| Within 30 days | 63,424 | 37,761 |
| 31 to 60 days | 12,191 | 47,219 |
| 61 to 90 days | 8,240 | 24,924 |
| Over 90 days | <u>10,213</u> | <u>8,419</u> |
| | <u>94,068</u> | <u>118,323</u> |

The credit period on trade payables is up to 90 days.

12. PAYABLES FOR CONSTRUCTION IN PROGRESS

Payables for construction in progress represent the amounts payable to the constructors in respect of the construction of the production plants located in the PRC which the payment terms are unsecured, interest-free and repayable from one to four years since its inception. The amounts represent the present value of the invoiced amounts at effective interest rate of 4.75% at the end of the reporting period (31 December 2019: 4.75%).

13. INTEREST-BEARING BORROWINGS

The secured bank borrowings are wholly repayable within seven years since its inception. At 30 June 2020, the secured bank borrowings carried weighted average effective interest rate of approximately 3.87% (31 December 2019: 4.18%) per annum.

At 30 June 2020, the bank borrowings are secured by:

- (i) buildings and right-of-use assets in respect of the prepaid land lease payments with aggregate net carrying amount of approximately HK\$259,341,000 (31 December 2019: HK\$196,310,000);
- (ii) key management insurance contracts with fair value of approximately HK\$29,262,000 (31 December 2019: HK\$28,419,000);
- (iii) trade receivables in connection with factoring arrangement of approximately HK\$3,786,000 (31 December 2019: HK\$4,234,000); and/or
- (iv) certain machinery and equipment with aggregate net carrying amount of approximately HK\$8,273,000 (31 December 2019: HK\$4,915,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In the first half of 2020, the Group has been inevitably impacted by the escalating Sino-US trade war and the global outbreak of novel coronavirus (“COVID-19”) pandemic. Pandemic prevention measures including but not limited to countries lockdown and suspension of businesses affected the global economy. Under this adverse business environment, the demand for our products has been decreased. In addition, the manufacturing and delivery of products for some of our confirmed orders has been delayed or suspended. On the other hand, expecting the demand for disposable face masks and other medical consumable products to maintain at a high level in the future, the Group started a new chapter in the establishment and development of the medical consumable products segment.

The Group operates its business through three segments, including integrated plastic solutions segment, electronic cigarette (the “e-cigarettes”) products segment and medical consumable products segment. The integrated plastic solutions segment engages in mould design and fabrication services as well as plastic component design and manufacturing services. The e-cigarettes products segment engages in the manufacturing and sales of e-cigarettes products under the brand names owned by a well-known tobacco group. During the first half of 2020, the Group also engaged in medical consumable products segment by manufacturing and sales of disposable face masks products under our own brand name of “CAREWE”. The Group distributes our products within the domestic market and to overseas markets, including Europe, Asia and the United States (the “U.S.”).

During the six months ended 30 June 2020, the Group’s total revenue amounted to approximately HK\$293.3 million, representing a decrease of approximately 56.0% compared to the same period last year (30 June 2019: HK\$666.7 million). The Group recorded a gross profit of approximately HK\$68.7 million (30 June 2019: HK\$162.3 million) with a gross profit margin of approximately 23.4% (30 June 2019: 24.3%).

The Group recorded a profit for the six months ended 30 June 2020 attributable to equity holders of the Company of approximately HK\$5.6 million (30 June 2019: HK\$65.9 million). Basic earnings per share attributable to equity holders of the Company were approximately 0.90 HK cents (30 June 2019: 10.63 HK cents).

Business Segment Analysis

Integrated Plastic Solutions

Revenue from the integrated plastic solutions business division was mainly derived from (i) the design and fabrication of plastic injection moulds; and (ii) design and manufacturing of plastic components employing the plastic injection moulds fabricated internally or by our subcontractors.

The Group is able to specifically engineer and fabricate, with cavities plastic injection moulds, to shape the plastic components in accordance with the desired and customised design, features and specifications. The Group has the technical capabilities to fabricate moulds that meet the MT1 precision level as defined by the “National Standard of the People’s Republic of China GB/T14486-2008-Dimensional Tolerances for Moulded Plastic Parts” (中華人民共和國國家標準GB/T14486-2008-塑料模塑件尺寸公差) which is the highest precision level in the national guidelines. By utilising the plastic injection process and applying the plastic injection moulds fabricated by the Group or, in limited cases, external subcontractors, the Group manufactures plastic components for office furniture, office electronic products, home appliances, communication products and automobiles.

Manufacturing of e-cigarette products

The Group manufactures e-cigarettes products as an original equipment manufacturer (“OEM”). Such e-cigarette products include disposable e-cigarettes, refillable e-cigarettes, battery rods, clearomisers, liquidpods and heated tobacco device.

Manufacturing of medical consumable products

By utilising the cleanroom facilities in the Group’s production plant in Huizhou and acquiring disposable face mask production machines, the Group established a production line for masks during the six months ended 30 June 2020, as disclosed in the announcement of the Company dated 7 July 2020.

The cleanroom facility in Huizhou has been certified in compliance with the cleanroom standard of ISO14644-1:2015 Class 8, as recognized by the U.S. National Environmental Balancing Bureau. The manufacturing quality system has also fulfilled the standard of EN ISO13485:2016 Medical Devices-Quality Management Systems as certified by the Société Générale de Surveillance S.A. (“SGS”). The production line has been set up and tested during the second quarter of 2020. The face masks have been tested and proved to be meeting the standard of ASTM F2100 Level 2 in the U.S. and the standard of EN14683 Type II in Europe. The Group has completed the trial run for production and commenced mass production of the face masks in July 2020.

Financial Review

Revenue

Revenue for the six months ended 30 June 2020 was approximately HK\$293.3 million, representing a decrease of approximately HK\$373.4 million, or approximately 56.0%, from approximately HK\$666.7 million for the same period in 2019.

The integrated plastic solutions segment revenue for the six months ended 30 June 2020 was approximately HK\$116.1 million, accounting for approximately 39.6% of our total revenue and representing a decrease of approximately HK\$83.1 million, or approximately 41.7%, from segment revenue of approximately HK\$199.2 million for the same period in 2019. This was primarily due to the decrease in sales order of certain products resulted from the uncertain situation of global economy under the Sino-US trade war and the threat of the outbreak of COVID-19 during the period.

The e-cigarettes products segment revenue for the six months ended 30 June 2020 was approximately HK\$172.4 million, accounting for approximately 58.8% of our total revenue and representing a decrease of approximately HK\$295.1 million, or approximately 63.1%, from segment revenue of approximately HK\$467.5 million for the same period in 2019. This decrease was primarily because new product was postponed and orders for e-cigarettes products were slow down during the period.

The medical consumable products segment revenue for the six months ended 30 June 2020 was approximately HK\$4.7 million, accounting for approximately 1.6% of our total revenue. This was a new segment established during the period.

Gross Profit

Gross profit for the six months ended 30 June 2020 was approximately HK\$68.7 million (30 June 2019: HK\$162.3 million), representing a gross profit margin of 23.4% (30 June 2019: 24.3%).

Gross profit for integrated plastic solutions for the six months ended 30 June 2020 was approximately HK\$26.3 million (30 June 2019: HK\$43.1 million), representing a gross profit margin of 22.7% (30 June 2019: 21.6%). The increase in gross profit margin was primarily contributed by the change of product mix of which the products are of higher profit margin which improved the overall gross profit margin.

Gross profit for e-cigarettes products for the six months ended 30 June 2020 was approximately HK\$40.4 million (30 June 2019: 119.2 million), representing a gross profit margin of 23.4% (30 June 2019: 25.5%). This decrease was primarily due to the decrease in sales volume. The production fixed overhead lowered the overall gross profit margin.

Gross profit for medical consumable products for the six months ended 30 June 2020 was approximately HK\$2.0 million (30 June 2019: nil), representing a gross profit margin of 42.6%.

Other Income

Other income for the six months ended 30 June 2020 was approximately HK\$2.4 million, representing a decrease of approximately HK\$1.4 million, or approximately 36.8%, from approximately HK\$3.8 million for the same period in 2019. The decrease was primarily due to the decrease of exchange gain and rental and utilities recharge income during the period.

Selling and Distribution Costs

Selling and distribution costs for the six months ended 30 June 2020 were approximately HK\$5.2 million, representing a decrease of approximately HK\$1.2 million or approximately 18.8% from that for the same period in 2019 of HK\$6.4 million. The decrease was primarily due to the decrease in sales volume during the period.

Administrative and Other Operating Expenses

Administrative and other operating expenses for the six months ended 30 June 2020 were approximately HK\$56.3 million, representing a decrease of approximately HK\$10.7 million or approximately 16.0% from that for the same period in 2019 of HK\$67.0 million. The decrease was mainly due to a decrease in headcount and the performance bonus to the directors and senior management.

Finance Costs

Finance costs for the six months ended 30 June 2020 were approximately HK\$4.5 million, which was similar to that for the six months ended 30 June 2019 of HK\$4.9 million.

Income Tax Expense

Income tax expenses for the six months ended 30 June 2020 were approximately HK\$12,000, representing a decrease of approximately HK\$22.0 million or approximately 100% from that for the same period in 2019 of HK\$22.0 million. Such decrease was primarily due to a significant decrease in profit before tax.

Profit Attributable to Equity Holders of the Company

As a result of the foregoing, profit for the six months ended 30 June 2020 was approximately HK\$5.6 million, representing a decrease of approximately HK\$60.3 million, or approximately 91.5%, from approximately HK\$65.9 million for the same period in 2019.

Future Plan and Prospects

Since the outbreak of COVID-19 in January 2020, there has been a shortage of pandemic prevention suppliers in the market. Amidst these situation, the Group established a production line for disposable face masks during the period. Although the market demand for disposable face masks has been relieved in Hong Kong, the Group intends to expand to the overseas market in the future. Meanwhile, in order to enrich the product mix, the Group has developed more disposable face masks products with higher level of protection, such as particulate face masks – KN95 and FFP2. The new product, particulate face masks – KN95, has passed the requirements of GB2626-2016 standard in the P.R.C. and NIOSH N95 – Pre-Certification Test issued by the ICS Laboratories in the U.S. In addition, the particulate face masks – FFP2, has also passed the requirements of EN 149:2001+A1:2009 standard, credited as FFP2 respirator device, and certified with CE Mark (through Notified Body #0598) granted by the SGS. The new products are ready for mass production in the second half of 2020. In addition, the Group has been officially granted the Medical Device Manufacturing Enterprise License (醫療器械生產許可證) on medical device production, from the National Medical Products Administration in China in August 2020.

In the second half of 2020, it is expected that the COVID-19 and the Sino-US trade war will continue to cast uncertainties over the business environment and the recovery of business will be highly challenging. The Group expects that the demand for its products may be affected due to uncertainty of market demand. The process of product development will be prolonged due to travel restriction between client and the Group's production plants. Currently, the Group has sufficient cash on hand, together with available banking facilities, to meet the current business needs.

Looking forward, the new factory premises under construction is expected to be completed in January 2021. As a continuous plan to upgrade the production capacity of the Group, the new factory premise will further facilitate research and development and provide room for the Group to locate more new product production lines equipped with highly automated machines which can reduce the reliance of manpower and increase the precision level and output for its products in the future.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers. As at 30 June 2020, the Group had cash and cash equivalents of approximately HK\$124.7 million (31 December 2019: HK\$85.6 million). The interest-bearing liabilities as at 30 June 2020 was HK\$172.7 million (31 December 2019: HK\$103.2 million) with weighted average effective interest rate of approximately 3.87% per annum (31 December 2019: 4.18% per annum). The Group's gearing ratio as at 30 June 2020, calculated based on the total borrowings to the equity attributable to owners of the Company, was 53.6% (31 December 2019: 39.8%). The Group recorded net current liabilities of approximately HK\$78.4 million as at 30 June 2020, which increased by approximately HK\$25.5 million as compared with that of approximately HK\$52.9 million as at 31 December 2019. Such increase was mainly due to the effect from acquisition of new machines and construction of new factory premises during the period which expended part of the cash flows generated from operations.

FOREIGN EXCHANGE RISK

The monetary assets and liabilities and business transaction of the Group are mainly carried out and conducted in Hong Kong dollars, U.S. dollars (“USD”) and Renminbi (“RMB”). The Group manages its foreign exchange risk by performing regular reviews of the Group’s net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into certain currency forward contracts. At 30 June 2020, the Group had outstanding foreign currency forward contracts for the exchange of USD with Euro and RMB of USD2,708,000 (equivalent to approximately HK\$21,041,000) (31 December 2019: nil). The Group will continue to evaluate the Group’s foreign currency exposure and take actions as appropriate.

MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2020, the Group has made no material acquisitions or disposals of subsidiaries and associated companies.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any significant contingent liabilities.

USE OF PROCEEDS

The net proceeds of the Group raised from the initial public offering were approximately HK\$77.6 million, after deducting the underwriting fees, commissions and other listing expenses. As at 30 June 2020, approximately HK\$72.9 million of the net proceeds had been utilised. As at 30 June 2020, the unutilised net proceeds of approximately HK\$4.7 million were placed in licensed banks in Hong Kong, and are intended to settle the remaining amount of the placed order to purchase the automated polyester fiber (“PET”) manufacturing line in 2020 as planned as set out in the section of “Future Plans and Use of Proceeds” in the prospectus of the Company dated 14 February 2018. Set out below is the summary of the utilisation of net proceeds:

| | Planned use proceeds <i>HK\$ million</i> | Actual utilised amount as at 30 June 2020 <i>HK\$ million</i> | Actual utilised amount during the six months ended 30 June 2020 <i>HK\$ million</i> | Unutilised amount as at 30 June 2020 <i>HK\$ million</i> |
|---|---|---|--|---|
| For the leasehold improvement in phase II of the Group’s new site in Huizhou | 3.0 | 3.0 | – | – |
| For equipment upgrade and capacity expansion and related investments | 69.8 | 65.1 | – | 4.7 |
| For working capital | 4.8 | 4.8 | – | – |
| Total | 77.6 | 72.9 | – | 4.7 |

SUBSEQUENT EVENT

As at the date of this announcement, no subsequent events occurred after 30 June 2020 which may have a significant effect on the assets and liabilities or future operations of the Group.

EMPLOYEE AND REMUNERATION POLICY

The Group's remuneration policy is to compensate its employees based on their performance, qualifications and the Group's operational results. The total remuneration of employees includes basic salaries, performance bonus and share options. Directors and senior management of the Group receive compensation in the form of fees, salaries, allowances, discretionary bonus, share options, defined contribution plans and other benefits in kind with reference to those paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses its Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages (including incentive plans) of its Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of its Directors and senior management and the performance of the Group.

SHARE OPTION SCHEME

On 28 May 2019, the Company adopted a share option scheme (the "Option Scheme") for the purpose of providing reward to selected participants for their contribution to the Group. Eligible participants of the Option Scheme include, without limitation, employees, executive directors, non-executive directors, shareholders, advisers and consultants.

For the six months ended 30 June 2020, the Company has the following share options granted to the eligible participants under the Option Scheme:

| Grantees | Date of grant (Note) | Exercise price (HK\$) | Options outstanding at 1 January 2020 | Options granted during the period | Options exercised during the period | Options cancelled/lapsed/forfeited during the period | Options outstanding at 30 June 2020 | Exercisable at 30 June 2020 |
|---|-------------------------|--------------------------|---------------------------------------|-----------------------------------|-------------------------------------|--|-------------------------------------|-----------------------------|
| Directors, chief executives and substantial shareholders | | | | | | | | |
| Chan Tsan Lam | 13 May 2020 | 0.355 | - | 620,000 | - | - | 620,000 | 310,000 |
| Chan Yin Yan | 13 May 2020 | 0.355 | - | 6,200,000 | - | - | 6,200,000 | 3,100,000 |
| Poon Po Han Lisa | 13 May 2020 | 0.355 | - | 6,200,000 | - | - | 6,200,000 | 3,100,000 |
| Hung Chun Leung | 13 May 2020 | 0.355 | - | 500,000 | - | - | 500,000 | 250,000 |
| Chan Bing Kai | 13 May 2020 | 0.355 | - | 500,000 | - | - | 500,000 | 250,000 |
| Cheng Chak | 13 May 2020 | 0.355 | - | 620,000 | - | - | 620,000 | 310,000 |
| Employees and senior management | | | | | | | | |
| | 13 May 2020 | 0.355 | - | 19,900,000 | - | - | 19,900,000 | 9,950,000 |
| Others | | | | | | | | |
| | 13 May 2020 | 0.355 | - | 3,300,000 | - | - | 3,300,000 | 1,650,000 |
| | | | - | 37,840,000 | - | - | 37,840,000 | 18,920,000 |

Note: On 13 May 2020, options to subscribe for 37,840,000 ordinary shares were granted to eligible participants under the Option Scheme. 50% of the share options were exercisable and vested on the date of grant and the remaining 50% of the share options shall be vested and exercisable from 13 May 2021 to 12 May 2030.

SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 June 2020, the Group did not hold any significant investment in equity interest in any other company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement and the announcement of the Company dated 8 October 2019 regarding the construction of new factory premises in the remaining land area in Huizhou, the Group has no plan to make material investments or increase its capital assets.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company and any of its subsidiaries have not purchased, redeemed or sold any of its listed securities during the six months ended 30 June 2020.

CORPORATE GOVERNANCE MEASURES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) to ensure that the Company’s business activities and decision making processes are regulated in a proper and prudent manner.

Mr. Chan Tsan Lam (“**Mr. Chan**”) is the chairman of the Board and chief executive officer of the Company. Although this deviates from the practice under code provision A.2.1 of the CG Code, where it provides that the two positions should be held by two different individuals, as Mr. Chan has considerable experience in the enterprise operation and management of the Company, the Board believes that it is in the best interests of the Company and its shareholders as a whole to continue to have Mr. Chan as chairman of the Board and as chief executive officer so that it can benefit from his experience and capability in leading the Board in the long-term development of the Company. From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the chairman should not be able to monopolize the decision-making of the Board. The Board considers that the balance of power between the Board and management can still be maintained under the current structure. The Board shall review its management structure from time to time to ensure appropriate action be taken should the need arise.

Save as disclosed above, during the six months ended 30 June 2020, the Company has complied with the CG Code.

AUDIT COMMITTEE

Our audit committee consists of three members, being Mr. Ng Chi Wai, Mr. Hung Chun Leung and Mr. Chan Bing Kai. Mr. Ng Chi Wai currently serves as the chairman of our audit committee.

The audit committee has reviewed with the management the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2020, the accounting principles and practices adopted.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding dealings in the securities of the Company by the Directors and the Company’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company’s securities.

Upon specific enquiry, all Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2020. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the six months ended 30 June 2020.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (30 June 2019: HK1.5 cents).

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement of the Group for the six months ended 30 June 2020 is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.hkctgroup.com.

An interim report for the six months ended 30 June 2020, containing all the information required by the Listing Rules, will be dispatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board
TIAN CHANG GROUP HOLDINGS LTD.
Chan Tsan Lam
Chairman

Hong Kong, 28 August 2020

As at the date of this announcement, the executive directors of the Company are Mr. Chan Tsan Lam, Ms. Poon Po Han Lisa and Ms. Chan Yin Yan, and the independent non-executive directors of the Company are Mr. Ng Chi Wai, Mr. Hung Chun Leung and Mr. Chan Bing Kai.