

China Display Optoelectronics Technology Holdings Limited
華顯光電技術控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 334)

INTERIM REPORT
2021





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Director

Mr. LIAO Qian (*Chairman*)

Executive Directors

Mr. OUYANG Hongping (*Chief Executive Officer*)

Mr. WEN Xianzhen

Mr. ZHANG Feng

Independent Non-Executive Directors

Ms. HSU Wai Man Helen

Mr. LI Yang

Mr. XU Yan

COMPANY SECRETARY

Ms. CHEUNG Bo Man, Solicitor, Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place,
979 King's Road,
Quarry Bay,
Hong Kong

LEGAL ADVISOR

Cheung Tong & Rosa Solicitors
(Ceased legal practice on 1 August 2021)
Ronald Tong & Co. (from 1 August 2021)
Room 501, 5/F
Sun Hung Kai Centre
30 Harbour Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8th Floor, Building 22E
Phase Three
Hong Kong Science Park
Pak Shek Kok
New Territories
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

INVESTOR AND MEDIA RELATIONS

Cornerstones Communications Ltd.
Unit 2102, 21/F
Overseas Trust Bank Building,
160 Gloucester Road,
Wanchai
Hong Kong

TICKER SYMBOL

Listed on The Stock Exchange of Hong Kong
Limited under the share ticker number 334

WEBSITE

<http://www.cdoth8.com>





INTERIM RESULTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		For the six months ended 30 June	
	Notes	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000 (restated)
CONTINUING OPERATIONS			
Revenue	5	2,852,542	1,371,514
Cost of sales		(2,628,908)	(1,245,936)
Gross profit		223,634	125,578
Other income and gains	5	19,489	9,245
Selling and distribution expenses		(32,020)	(15,638)
Administrative expenses		(115,736)	(88,430)
Reversal of impairment on financial assets		36	110
Other expenses		(1,393)	(2,014)
Finance costs	8	(1,537)	(3,386)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	92,473	25,465
Income tax expense	9	(21,648)	(8,896)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		70,825	16,569
DISCONTINUED OPERATION			
Profit/(loss) for the period from a discontinued operation	7	33,223	(154,517)
PROFIT/(LOSS) FOR THE PERIOD		104,048	(137,948)
Attributable to:			
Owners of the parent		97,552	(88,527)
Non-controlling interest		6,496	(49,421)
EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic	11		
–For profit/(loss) for the period		RMB4.65 cents	RMB(4.22) cents
–For profit from continuing operations		RMB3.38 cents	RMB0.79 cents
Diluted			
–For profit/(loss) for the period		RMB4.65 cents	RMB(4.22) cents
–For profit from continuing operations		RMB3.38 cents	RMB0.79 cents

INTERIM RESULTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000 (restated)
PROFIT/(LOSS) FOR THE PERIOD	104,048	(137,948)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	(81)	133
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(81)	133
OTHER COMPREHENSIVE INCOME, NET OF TAX	(81)	133
TOTAL COMPREHENSIVE INCOME/(LOSS), NET OF TAX	103,967	(137,815)
Attributable to:		
Owners of the parent	97,471	(88,394)
Non-controlling interest	6,496	(49,421)
	103,967	(137,815)





INTERIM RESULTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

		30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		343,538	898,430
Intangible assets		5,064	6,475
Deposits paid for purchase of items of property, plant and equipment		8,457	2,784
Deferred tax assets		23,490	43,324
Right-of-use assets		35,411	42,366
Total non-current assets		415,960	993,379
CURRENT ASSETS			
Inventories	12	306,195	608,515
Trade and bills receivables	13	967,486	1,012,621
Prepayments and other receivables		233,497	82,603
Derivative financial instruments		11,478	836
Time deposits	14	40,000	–
Cash and cash equivalents	14	821,488	416,730
Total current assets		2,380,144	2,121,305
CURRENT LIABILITIES			
Trade payables	15	1,479,955	1,391,274
Other payables and accruals		324,341	646,896
Derivative financial instruments		12,531	831
Interest-bearing bank and other borrowings	16	126,004	170,000
Lease liabilities		6,902	13,644
Tax payable		49,508	42,519
Bonds payable		–	8,417
Total current liabilities		1,999,241	2,273,581
NET CURRENT ASSETS/(LIABILITIES)		380,903	(152,276)
TOTAL ASSETS LESS CURRENT LIABILITIES		796,863	841,103
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	16	43,292	48,792
Deferred income		17,046	26,749
Deferred tax liabilities		–	15,058
Total non-current liabilities		60,338	90,599
Net assets		736,525	750,504

INTERIM RESULTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

30 June 2021

		30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
	<i>Notes</i>		
EQUITY			
Equity attributable to owners of the parent			
Share capital	17	172,118	172,118
Reserves		564,407	466,950
		736,525	639,068
Non-controlling interests		-	111,436
Total equity		736,525	750,504





INTERIM RESULTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the parent												
	Notes	Share capital RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Contributed surplus RMB'000	Share option reserve RMB'000	Awarded share reserve RMB'000	Shares held for Share Award Scheme RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2021 (Audited)		172,118	79,331	(77,680)	167,911	8,628	50	(13,080)	63,610	(2,306)	240,486	111,436	750,504
Profit for the period		-	-	-	-	-	-	-	-	-	97,552	6,496	104,048
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:													
Exchange differences on translation of financial statements		-	-	-	-	-	-	-	-	(81)	-	-	(81)
Total comprehensive income for the period		-	-	-	-	-	-	-	-	(81)	97,552	6,496	103,967
Disposal of a subsidiary		-	-	-	-	-	-	-	-	-	-	(117,932)	(117,932)
Equity-settled share option arrangements	19	-	-	-	-	(14)	-	-	-	-	-	-	(14)
Appropriations to statutory surplus reserve		-	-	-	-	-	-	-	7,894	-	(7,894)	-	-
At 30 June 2021 (unaudited)		172,118	79,331*	(77,680)*	167,911*	8,614*	50*	(13,080)*	71,504*	(2,387)*	330,144*	-	736,525

* These reserve accounts comprise the reserves of RMB564,407,000 (31 December 2020: RMB466,950,000) in the condensed consolidated statement of financial position.

INTERIM RESULTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2020

	Attributable to owners of the parent											
	Share capital RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Contributed surplus RMB'000	Share option reserve RMB'000	Awarded share reserve RMB'000	Shares held for Share Award Scheme RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profit RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020(Audited)	172,118	79,331	(77,680)	167,911	8,697	50	(13,080)	56,705	(1,852)	222,244	130,259	744,703
Loss for the period	-	-	-	-	-	-	-	-	-	(88,527)	(49,421)	(137,948)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:												
Exchange differences on translation of financial statements	-	-	-	-	-	-	-	-	133	-	-	133
Total comprehensive income for the period	-	-	-	-	-	-	-	-	133	(88,527)	(49,421)	(137,815)
Appropriations to statutory surplus reserve	-	-	-	-	-	-	-	2,950	-	(2,950)	-	-
At 30 June 2020 (unaudited)	172,118	79,331	(77,680)	167,911	8,697	50	(13,080)	59,655	(1,719)	130,767	80,838	606,888





INTERIM RESULTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax			
From continuing operations		92,473	25,465
From a discontinued operation	7	40,718	(146,251)
Adjustments for:			
Finance costs	8	1,537	5,845
Bank interest income	5	(8,200)	(3,853)
Gain on disposal of a subsidiary	7	(10,822)	–
Depreciation of property, plant and equipment	6	98,840	73,777
Amortisation of intangible assets	6	1,138	936
Loss on disposal of items of property, plant and equipment	6	23	–
Depreciation of right-of-use assets	6	6,953	4,918
Impairment of/(reversal of impairment of) trade and bills receivables	6	63	(183)
Reversal of impairment of other receivables	6	(99)	–
(Reversal of write-down of)/write-down of inventories to net realisable value	6	(1,478)	7,683
Equity-settled share option expense	19	(14)	–
Fair value gains, net:			
Exchange loss		379	253
Decrease in inventories		291,774	94,624
(Increase)/decrease in trade and bills receivables		(257,769)	1,005,592
Decrease in prepayments, deposits and other receivables		29,969	27,016
Increase/(decrease) in trade payables		117,477	(64,070)
Increase in other payables and accruals		4,875	115,881
Decrease/(increase) in derivative financial instruments		1,058	(311)
(Decrease)/increase in deferred income		(1,909)	10,170
Cash from operations		406,986	1,157,492
Hong Kong tax paid		(128)	(1,841)
Mainland China tax paid		(14,270)	(14,426)
Net cash flows from operating activities		392,588	1,141,225

INTERIM RESULTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Net cash flows from operating activities		392,588	1,141,225
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		8,200	3,853
Purchases of items of property, plant and equipment		(130,071)	(171,102)
Purchases of items of intangible assets		(396)	(78)
Disposal of a subsidiary	7	82,607	–
Increase in time deposits		(40,000)	–
Proceeds from disposal of items of property, plant and equipment		1,872	378
Net cash flows used in investing activities		(77,788)	(166,949)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		121,004	247,955
Repayment of bank loans		(500)	(1,008,396)
Interest paid		(14,757)	(5,551)
Principal portion of lease payments		(6,998)	(4,976)
Repayment of bonds		(8,417)	–
Net cash flows from/(used in) financing activities		90,332	(770,968)
NET INCREASE IN CASH AND CASH EQUIVALENTS		405,132	203,308
Cash and cash equivalents at beginning of period		416,730	101,054
Effect of foreign exchange rate changes, net		(374)	(25)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	821,488	304,337
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	801,301	304,337
Non-pledged time deposits with original maturity of less than three months when acquired	14	20,187	–
Cash and cash equivalents as stated in the statement of cash flows		821,488	304,337





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

1. CORPORATE AND GROUP INFORMATION

China Display Optoelectronics Technology Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, while its principal place of business in Hong Kong is located at 8/F, Building 22E, Phase 3, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

During the six months ended 30 June 2021, the Company and its subsidiaries (collectively referred to as the “Group”) were principally involved in the manufacture and sale of LCD modules for use in smart devices, and providing processing service of LCD modules.

In the opinion of the directors of the Company (“Directors”), the immediate holding company and the ultimate holding company of the Company are High Value Ventures Limited, a limited liability company incorporated in the British Virgin Islands, and TCL Technology Group Corporation (“TCL Technology”), a limited liability company established in the People’s Republic of China (the “PRC”) and listed on the Shenzhen Stock Exchange, respectively.

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary share capital	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
China Display Optoelectronics Technology (Huizhou) Co., Ltd. ("CDOT Huizhou")*	PRC/Mainland China [#]	RMB231,900,000	RMB231,900,000	–	100	Manufacture and sale of LCD modules for mobile phones and tablets and providing processing service of LCD modules
Taijia Investment Limited	Hong Kong	HK\$10,000	HK\$10,000	–	100	Investment holding, Merchandising and sales
TCL Display Technology (Hong Kong) Limited	Hong Kong	HK\$1	HK\$1	–	100	Investment holding, Merchandising and sales
TCL Intelligent Display Electronics Limited	Bermuda	HK\$1	HK\$1	100	–	Investment holding
TCL Display Technology (BVI) Limited	British Virgin Islands	US\$1	US\$1	–	100	Investment holding
Taixing Investment Limited	Bermuda	HK\$10,000	HK\$10,000	100	–	Investment holding

* This entity is registered as limited liability companies under PRC law.

[#] Mainland China means any part of the PRC excluding Hong Kong, Macau and Taiwan.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

3. CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform – Phase 2

Amendments to HKFRS 16

Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.
- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the Covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of RMB6,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 30 June 2021.

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group operates in one business unit based on its products, and has one reportable operating segment being the display products segment which principally engages in the processing, manufacture and sale of LCD module products.

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

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000 (restated)
Mainland China	1,694,817	1,203,775
Other countries/areas	1,157,725	167,739
	2,852,542	1,371,514

The revenue information above is based on the locations of the customers.

(b) Non-current assets

All significant operating assets of the Group are located in Mainland China. Accordingly, no geographical information of segment assets is presented.

Information about major customers

Revenue of approximately RMB1,291,139,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB294,215,000) was derived from sales to related companies.





INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000 (restated)
Segments	LCD modules	LCD modules
Types of goods and services		
Sale of industrial products	2,830,145	1,299,993
Processing services	22,397	71,521
Total revenue from contracts with customers	2,852,542	1,371,514
Geographical markets		
Mainland China	1,694,817	1,203,775
Other countries/areas	1,157,725	167,739
Total revenue from contracts with customers	2,852,542	1,371,514
Timing of revenue recognition		
Goods and services transferred at a point in time	2,852,542	1,371,514

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

5. REVENUE, OTHER INCOME AND GAINS (Continued)

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000 (restated)
Other income, net		
Bank interest income	8,076	3,628
Subsidy income*	1,815	1,367
Others	562	37
	10,453	5,032
Gains, net		
Fair value gains, net:		
Derivative financial instruments	1,979	311
Gain on disposal of raw materials, samples and scraps	4,129	3,902
Gain on disposal of forward exchange agreement	2,928	–
	19,489	9,245

* Subsidy income represented various government grants received by the Group in Mainland China. In the opinion of management, there are no unfulfilled conditions or contingencies relating to these grants.





INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000 (restated)
Cost of inventories sold*	2,628,132	1,243,145
Depreciation	40,564	37,328
Amortisation of intangible assets	939	740
Depreciation of right-of-use assets	6,953	4,918
Research and development costs: Current period expenditures**	87,003	64,096
Employee benefit expense (including directors' remuneration):		
Wages and salaries	103,998	74,187
Equity-settled share option expense	(14)	–
Pension scheme contributions	9,230	8,059
	113,214	82,246
Exchange differences, net	379	253
Impairment of/(reversal of impairment of) trade and bills receivables	63	(110)
Reversal of impairment of financial assets included in prepayments, other receivables	(99)	–
Loss on disposal of items of property, plant and equipment (Reversal of write-down of)/write-down of inventories to net realisable value***	15 (1,478)	– 7,683

* The amount included wages and salaries, depreciation, amortisation and lease payments of RMB216,452,000 (for the six months ended 30 June 2020: RMB165,653,000) in aggregate which have been included in the respective expense items disclosed below.

** Research and development costs are included in "Administrative expenses" in the interim condensed consolidated statement of profit or loss.

*** The write-down and reversal of write-down of inventories to net realisable value is included in "Cost of sales" in the interim condensed consolidated statement of profit or loss.

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

7. DISCONTINUED OPERATION

On 25 May 2021, the Company announced that it has entered into the sale and purchase agreement to dispose of Wuhan China Display Optoelectronics Technology Company Limited. Wuhan China Display Optoelectronics Technology Company Limited engages in the low-temperature poly-silicon("LTPS") modules business. The disposal of Wuhan China Display Optoelectronics Technology Company Limited was completed on 30 June 2021.

The results of Wuhan China Display Optoelectronics Technology Company Limited for the period are presented below. The comparative figures in the interim condensed consolidated statement of profit or loss have been restated to re-present the business of Wuhan China Display Optoelectronics Technology Company Limited as a discontinued operation.

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Revenue	456,638	250,547
Expenses	(426,742)	(394,339)
Finance costs	-	(2,459)
	29,896	(146,251)
Gain on disposal of the discontinued operation	10,822	-
Profit/(loss) before tax from the discontinued operation	40,718	(146,251)
Income tax:		
Related to pre-tax profit	(7,495)	(8,266)
Profit/(loss) for the period from the discontinued operation	33,223	(154,517)

The net cash flows generated from the disposal of Wuhan China Display Optoelectronics Technology Company Limited are as follows:

	For the six months ended 30 June 2021 (Unaudited) RMB'000
Cash received from disposal of the discontinued operation	85,800
Cash and bank balances disposed of	(3,193)
	82,607





INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

7. DISCONTINUED OPERATION (Continued)

The net cash flows incurred by Wuhan China Display Optoelectronics Technology Company Limited are as follows:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Operating activities	38,862	(180,813)
Investing activities	(39,832)	(59,919)
Financing activities	–	100,000
Net cash outflow	(970)	(140,732)
Earnings/(losses) per share:		
Basic, from the discontinued operation	RMB1.27 cents	RMB(5.01) cents
Diluted, from the discontinued operation	RMB1.27 cents	RMB(5.01) cents

The calculations of basic and diluted earnings per share from the discontinued operation are based on:

	For the six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Profit/(loss) attributable to ordinary equity holders of the parent from the discontinued operation	RMB26,727,000	RMB(105,096,000)
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme during the period used in the basic and diluted earnings/(losses) per share calculations (<i>note 11</i>)	2,096,717,906	2,096,717,906

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

8. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000 (restated)
Interest on bank loans and bonds	146	1,435
Interest on lease liabilities	257	404
Interest on discounted notes with recourses and factored trade receivables	1,134	1,547
	1,537	3,386

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000 (restated)
Current – Hong Kong Charge for the period	-	-
Current – Mainland China Charge for the period	26,606	15,282
Adjustment in respect of current tax of previous periods	(3,333)	(1,952)
Deferred	(1,625)	(4,434)
Total tax charge for the period from continuing operations	21,648	8,896
Total tax charge for the period from a discontinued operation	7,495	8,266
	29,143	17,162





INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

10. DIVIDENDS

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

11. EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings/(losses) per share amount for the six months ended 30 June 2021 is based on the profit/(loss) for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 2,096,717,906 (six months ended 30 June 2020: 2,096,717,906) in issue less shares held for the share award scheme of the Company ("Share Award Scheme") during the period, as adjusted to reflect the rights issue during the period.

The Company had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2021.

The calculation of basic earnings/(losses) per share is based on:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings/(losses)		
Profit/(loss) attributable to owners of the parent, used in the basic and diluted earnings/(losses) per share calculations		
From continuing operations	70,825	16,569
From a discontinued operation	26,727	(105,096)
	Number of shares For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme during the period used in the basic and diluted earnings/(losses) per share calculations	2,096,717,906	2,096,717,906

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

12. INVENTORIES

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Raw materials	218,004	226,250
Work in progress	32,252	40,469
Finished goods	55,939	341,796
	306,195	608,515

13. TRADE AND BILLS RECEIVABLES

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Trade receivables	844,020	813,169
Bills receivable	124,715	200,638
Impairment	(1,249)	(1,186)
	967,486	1,012,621

An ageing analysis of the trade and bills receivables as at the end of the six months ended 30 June 2021 (the "Interim Period"), based on the invoice date and net of loss allowance, is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Within 1 month	524,829	559,419
1 to 2 months	243,169	259,115
2 to 3 months	159,369	90,466
Over 3 months	40,119	103,621
	967,486	1,012,621

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is normally required. The credit period is generally 30 to 90 days, depending on the size and credibility of the customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.





INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

14. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Cash and bank balances	801,301	416,730
Time deposits	60,187	–
	861,488	416,730
Less: time deposits over three months	40,000	–
Cash and cash equivalents	821,488	416,730
Cash and cash equivalents and time deposits denominated in		
– RMB	661,238	326,612
– HK\$	6,118	4,446
– United States dollars (“US\$”)	194,132	85,672
Cash and cash equivalents and time deposits	861,488	416,730

RMB is not freely convertible into other currencies. However, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 30 June 2021, included in cash and bank balances were deposits of RMB423,177,000 (31 December 2020: RMB393,580,000) placed with TCL Finance Co., Ltd. (a fellow subsidiary of the Company and a financial institution approved by the People’s Bank of China) pursuant to the terms of the Master Financial Services (2020 Renewal) Agreement dated 2 December 2019 entered into among the Company, TCL Technology and TCL Finance Co., Ltd.,. The interest rate for the deposits placed with TCL Finance Co., Ltd. during the six months ended 30 June 2021 was 0.35% (six months ended 30 June 2020: 0.42%) per annum, which was determined based on the savings rates offered by the People’s Bank of China. Further details of the interest income from the deposits in the related parties are set out in note 22 to the financial information.

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

15. TRADE PAYABLES

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Trade payables	1,479,955	1,391,274

An ageing analysis of the trade payables as at the end of the Interim Period, based on the invoice date, is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Within 30 days	711,626	1,136,550
31 to 60 days	441,591	222,720
61 to 90 days	317,377	21,905
Over 90 days	9,361	10,099
	1,479,955	1,391,274

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 150 days.





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	2.00	2021	102,004	2.48-2.80	2021	170,000
Other borrowings – unsecured	0.44-1.10	2022	24,000			–
			126,004			170,000
Non-current						
Other secured bank loans	3.65-4.75	2024	43,292	4.75	2024	24,792
Other borrowings – unsecured			–	0.44-1.10	2022	24,000
			43,292			48,792
			169,296			218,792
Analysed into:						
Bank loans repayable						
Within one year			102,004			170,000
In the third to fifth years, inclusive			43,292			24,792
			145,296			194,792
Other borrowings repayable						
Within one year			24,000			–
In the second year			–			24,000
In the third to fifth years, inclusive			–			–
			24,000			24,000
			169,296			218,792

Notes:

- The Group had banking facilities of RMB1,510,000,000 (31 December 2020: RMB1,760,000,000), of which RMB843,777,000 (31 December 2020: RMB548,785,000) had been utilised as at the end of the Interim Period.
- The Company's ultimate holding company has guaranteed certain of the Group's interest-bearing bank borrowings up to RMB43,292,000 (31 December 2020: RMB24,792,000) as at the end of the Interim Period.
- The other borrowings are with a tenure of 3 years starting from 2017. Interest is chargeable at 0.44% per annum and payable annually in arrears. The Group had obtained an extension of the repayment date for another two years, bearing interest at 1.10% per annum, and hence such borrowing will be payable on 22 February 2022.
- All borrowings are denominated in RMB as at 30 June 2021.

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

17. SHARE CAPITAL

	30 June 2021	31 December 2020
Authorised:		
4,000,000,000 (31 December 2020: 4,000,000,000) ordinary shares of HK\$0.10 each (HK\$'000)	400,000	400,000
Issued and fully paid:		
2,114,117,429 (31 December 2020: 2,114,117,429) ordinary shares (HK\$'000)	211,412	211,412
Equivalent to RMB'000	172,118	172,118

As at 30 June 2021, the total number of issued ordinary shares of the Company was 2,114,117,429 (2020: 2,114,117,429) shares which included 17,399,523 (2020: 17,399,523) shares held for the Share Award Scheme adopted by the Company.

There's no movement in the Company's share capital during the current period.

Share Options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 19 to the financial information.





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

18. SHARE AWARD SCHEME

On 17 March 2016 (the "Adoption Date"), the Board (for the purposes of the Share Award Scheme, defined below, also includes such committee or such sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer) resolved to adopt a restricted share award scheme (the "Share Award Scheme") for the purpose of providing incentives to the participants under the Share Award Scheme. Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at its sole and absolute discretion designate an award ("Award" and collectively "Awards") to be made to a selected participant ("Selected Person" and collectively "Selected Persons"). Participants of the Share Award Scheme cover any employee, adviser, consultant, agent, contractor, client or supplier of any member of the Group and any employee or officer of any affiliated company whom the Board in its sole discretion considers may contribute or have contributed to the Group. Awards may be satisfied by (i) existing shares to be acquired by the trustee engaged by the Company for the purpose of administering the Share Award Scheme (the "Trustee"), from the market, or (ii) new shares to be allotted and issued to the Trustee by the Company (collectively "Awarded Shares"), in both cases the costs of which will be borne by the Company, and will be held on trust by the Trustee for the Selected Persons until the end of each vesting period subject to fulfilment of the vesting conditions (if any). The specific mandate for the issuance and allotment of new shares as Awarded Shares pursuant to the Share Award Scheme was approved by the shareholders of the Company at the special general meeting of the Company held on 11 May 2016 (the "Approval Date"). On 9 August 2017, the Share Award Scheme was amended by the Group, pursuant to which, the Board may accelerate the vesting of the unvested Awarded Shares for grantees on a date prior to the original vesting date and waive or alter any or all of the vesting conditions attached to such Awarded Shares.

Subject to the refreshment of the scheme limit and the adjustment in the event of consolidation or subdivision of shares of the Company ("Shares"), the Board shall not make any further award of Awarded Shares which will result in: (i) the aggregate number of the Awarded Shares granted under the Share Award Scheme exceeding 10% of the issued share capital of the Company as at the Adoption Date (i.e. 172,149,980 shares); and (ii) the aggregate number of the Shares held by public shareholders of the Company falling below the minimum percentage as prescribed under the Listing Rules. Unless otherwise approved by the shareholders of the Company, the aggregate number of new Shares to be granted as Awarded Shares in each financial year shall not exceed 3% of the total number of issued Shares of the Company as at the Approval Date (i.e. 51,644,994 Shares) or the latest new approval date (i.e. latest date on which the relevant shareholders' approval is obtained), as the case may be.

On 20 May 2016, the Company entered into a trust deed with BOCI-Prudential Trustee Limited thereby appointing it as the Trustee.

On 17 March 2016, the Board resolved to conditionally grant Awards comprising a total of 51,644,994 Awarded Shares being new Shares to 97 Selected Persons pursuant to the terms of the Share Award Scheme ("Shares Grant A"). The Shares Grant A was subject to (i) the approval of the specific mandate for the issuance and allotment of new Shares as Awarded Shares pursuant to the Share Award Scheme by the shareholders; and (ii) the approval by the listing committee of The Stock Exchange of Hong Kong Limited ("Stock Exchange") for the listing of, and permission to deal in, such new Shares. The conditions were all fulfilled on 11 May 2016.

On 9 August 2017, the Board resolved to conditionally grant Awards with new shares to certain grantees (the "Shares Grant B") pursuant to the terms of the Share Award Scheme. This involved conditionally granting Awards of a total of 44,813,829 Awarded Shares being new Shares and 6,831,165 Awarded Shares being existing Shares from the market to 145 Selected Persons, who were all employees, and 2 Selected Persons, who were non-employees of the Group, respectively. Out of the 145 Selected Persons of the Shares Grant B, 4 were connected persons of the Company (the "Connected Grantees") who were conditionally granted a total of 15,364,499 Awarded Shares being new Shares. The Awards to such Connected Grantees constituted connected transactions and were therefore also subject to the approval by the independent shareholders, which has been obtained on 13 October 2017.



INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

18. SHARE AWARD SCHEME (Continued)

Unvested Awarded Shares do not confer rights on the holders to receive dividends or to vote at general meetings of the Company.

Since the Adoption Date and up to 30 June 2021, 103,289,988 Shares in aggregate have been granted under the Share Award Scheme of the Company, of which 102,946,488 Shares had been vested, and 343,500 Shares had been forfeited.

As at 30 June 2021, an aggregate of 1,710,704 Awarded Shares (As at 31 December 2020 : 1,710,704 Awarded Shares) were unvested and deemed as returned shares. Accordingly, an amount of RMB705,000 (As at 31 December 2020 : RMB705,000) was charge to the Shares held for the Share Award Scheme reserve.

During the Interim Period, no Award has been granted, vested, cancelled, lapsed or deducted. Nor were there any outstanding Awards granted under the Share Award Scheme at the beginning and/or at the end of the Interim Period.

19. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Share Option Scheme”) for the purpose of recognising and providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations, helping the Group in retaining its existing employees, recruiting additional employees and providing them with a direct economic interest in attaining the long term business objectives of the Group. Eligible participants of the Share Option Scheme include employees of the Company or any of its subsidiaries (including any executive and non-executive director or proposed executive and non-executive director of the Company), adviser, consultant, agent, contractor, client or supplier of any member of the Group or any other person whom the Board in its sole discretion considers may contribute or have contributed to the Group. The Share Option Scheme became effective on 25 June 2015 and, unless otherwise terminated, will remain in force for 10 years from that date.

The total number of shares of the Company which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of approval of each of the Share Option Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the shareholders. The maximum number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. The maximum number of shares issued or to be issued upon exercise of share options granted to any one participant in a 12-month period shall not exceed 1% (or 0.1% for any substantial shareholder, independent non-executive director or other associates, see paragraph below) of the issued shares of the Company.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company’s shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

19. SHARE OPTION SCHEME (Continued)

The offer of a grant of share options may be accepted upon payment of a non-refundable nominal consideration of HK\$1.00 by each grantee. The Share Option Scheme does not specify any minimum holding period but the Board has the authority to determine the minimum period for which a share option in respect of some or all of the Shares forming the subject of the share options must be held before it can be exercised. The exercise period of the share options granted is determinable by the directors, and commences on a specified date and ends on a date which is not later than ten years from the date of grant of the relevant share option.

The exercise price of a share option to subscribe for shares of the Company is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares on the Stock Exchange on the date of grant; (ii) the average closing price of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to receive dividends or to vote at general meetings of the Company.

The following share options were outstanding under the Share Option Scheme during the Interim Period:

	2021		2020	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	0.74	36,108	0.74	36,407
Forfeited during the period	0.74	(60)	0.74	(165)
At 30 June	0.74	36,048	0.74	36,242

The exercise price and exercise period of the share options outstanding at the end of the Interim Period are as follows:

30 June 2021

Date of grant	Number of options '000	Exercise price HK\$ per share	Exercise period
18 March 2016	36,048	0.74	18 December 2016 to 17 March 2022

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

19. SHARE OPTION SCHEME (Continued)

The fair value of the share options granted during 2016 was RMB18,502,000 (HK\$0.28 each). During the period, 60,000 share options were forfeited, and the Group reversed the share option expense of RMB14,000 accordingly.

At the end of the Interim Period, the Company had 36,047,986 share options outstanding under the Share Option Scheme which have not yet been exercised. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 36,047,986 additional ordinary share of the Company and additional share capital of HK\$3,605,000 and share premium of HK\$23,071,000 (before issue expenses).

According to the scheme limit of the Share Option Scheme as refreshed at the annual general meeting held on 11 May 2016, the Company may further grant 172,149,980 share options, representing approximately 8.14% of the number of issued shares of the Company as at 30 June 2021.

At the date of approval of these interim condensed consolidated financial information, the Company had 36,047,986 share options outstanding under the Share Options Scheme, which represented approximately 1.70% of the Company' shares in issue as at that date.

20. COMMITMENTS

The Group had the following capital commitments as at 30 June 2021:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Contracted, but not provided for:		
Plant and machinery	185,712	4,442





INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

21. DISPOSAL OF A SUBSIDIARY

On 30 June 2021, the Group disposed its 70% interest in Wuhan China Display Optoelectronics Technology Co., Ltd. to a fellow subsidiary Wuhan China Star Optoelectronics Technology Co., Ltd. at a consideration of RMB286,000,000.

	30 June 2021 (Unaudited) RMB'000
Net assets disposed of:	
Current assets	154,568
Non-current assets	633,257
Current liabilities	(373,751)
Non-current liabilities	(20,963)
Non-controlling interests	(117,933)
	275,178
Gain on disposal of a subsidiary	10,822
	286,000
Satisfied by:	
Cash	85,800
Other receivables	200,200

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	30 June 2021 (Unaudited) RMB'000
Cash consideration	85,800
Cash and bank balances disposed of	(3,193)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	82,607

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

22. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties, which were categorised as transactions conducted with TCL Technology and its affiliates and TCL Industries Holdings Co., Ltd. ("TCL Holdings") and its affiliates during the Interim Period:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
TCL Technology and its then affiliates:		
Sales of products	945,541	193
Processing services	479,035	322,068
Sales of raw materials and samples	22	4,313
Purchases of products	154,134	28,794
Purchases of plant, vehicles, furniture and fixtures	9,027	–
Purchases of services	2,481	961
Rental and other related charges	1,564	1,800
Sales of services	–	2,277
Purchases of office supplies	628	–
Interest income	6,198	3,707
Guarantee fee	28	19
	1,598,658	364,132
TCL Holdings and its then affiliates:		
Sales of products	323,201	222,501
Sales of services	–	119
Sales of raw materials and samples	3,768	2,935
Purchases of plant, vehicles, furniture and fixtures	–	483
Purchases of services	2,231	1,200
Rental and other related charges	145	155
Interest income	146	–
	329,491	227,393





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

22. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Other transactions with related parties

The Company's ultimate holding company has guaranteed certain bank loans made to the Group of up to RMB43,292,000 (31 December 2020: RMB24,792,000) as at the end of the Interim Period, as further detailed in note 16 to the financial information.

(c) Outstanding balances with related parties

	Due from related companies		Due to related companies	
	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Current:				
TCL Technology and the then affiliates:	374,169	463,141	75,506	196,017
TCL Holdings and the then affiliates:	181,453	168,913	29,156	44,691
	555,622	632,054	104,662	240,708
Non-current:				
TCL Technology and the then affiliates:	1,239	905	-	-
TCL Holdings and the then affiliates:	-	249	-	-
	1,239	1,154	-	-
	556,861	633,208	104,662	240,708

As at 30 June 2021, the current balance with the immediate holding company, an affiliate of TCL Technology, an amount of RMB31,484,000 relating to the reimbursement for the listing expense which was paid by the immediate holding company on behalf of the Company. The remaining balances with TCL Technology and its affiliates and TCL Holdings and its affiliates are mainly trading balances which are repayable on credit terms similar to those offered to the major customers of the Group.

INTERIM RESULTS

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

30 June 2021

22. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Short term employee benefits	1,220	1,181

23. TRANSFERS OF FINANCIAL ASSETS

(a) Transferred financial assets that are not derecognised in their entity

At 30 June 2021, the Group discounted certain bills receivable to banks in exchange for cash (the "Discounted Bills") with a carrying amount of RMB43,292,000 (31 December 2020: RMB24,792,000) (note 16). In the opinion of the Directors, the Group had retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amount of the Discounted Bills and the associated interest-bearing bank borrowings.

(b) Transferred financial assets that are derecognised in their entity

The Group had no endorsed certain bills receivables accepted by banks (31 December 2020: RMB9,235,000) to certain of its suppliers (the "Derecognised Bills"). The Derecognised Bills had a maturity of one to two months at the end of the Interim Period. In accordance with the law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group had transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it had derecognised the full carrying amounts of the Derecognised Bills and the associate trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair value of the Group's Continuing Involvement in the Derecognised Bills is not significant.

For the six months ended 30 June 2021, the Group had not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gain or loss were recognised from the Continuing Involvement, both during the six months or cumulatively.





24. COMPARATIVE AMOUNTS

The comparative statement of profit or loss has been re-presented as if the operation discontinued during the current period had been discontinued at the beginning of the comparative period (note 7). Certain comparative amounts have therefore been reclassified, to conform with the current period's presentation and disclosures. The Directors consider that such presentation would provide a more direct comparison to better reflect the financial performance of the Group.

25. APPROVAL OF THE FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the Board on 9 August 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In the first half of 2021, as the COVID-19 pandemic eased and vaccination programs were gradually launched around the world, the global economy showed signs of sustained recovery, which led to a sharp rebound in smartphone shipment volume. According to the second quarter preliminary report from global market researcher OMDIA, the global smartphone shipment volume increased by 17.4% year-on-year to 652 million units in the first half of 2021, with the main driving force of growth coming from China and the Asia-Pacific region.

In addition, owing to the Mainland Chinese government's effective pandemic prevention and control policies as well as the persistent push to develop 5G networks, the penetration rate of 5G smartphones has continued to rise, driving a strong rebound in China's smartphone shipment volume. According to the China Academy of Information and Communication Technology, China's smartphone shipment volume for the first half of 2021 was 174 million units, representing an increase of 13.7% year-on-year, of which the shipment volume of 5G smartphone was 128 million units, representing a 100.9% growth year-on-year.

Benefitting from the continuous increase in demand for remote work under the pandemic and the rising public consumption sentiment, the shipment volume for tablets has increased significantly. According to the Worldwide Quarterly Personal Computing Device Tracker of IDC (International Data Corporation), in the first half of 2021, the global tablet shipment increased by 24.5% year-on-year. Although hybrid work has continued to drive up the demand for tablets, the tension between high demand and low component supply still exists, with a low quarter-on-quarter growth rate of 1.5% in the shipment volume for tablets recorded due to the tight supply. As suppliers have been seeking for more productive and cost effective solutions for their product portfolios in the hybrid work era, the demand for amorphous silicon liquid-crystal display ("A-Si LCD") modules remained stable in the first half of 2021.

BUSINESS REVIEW*

For the six months ended 30 June 2021 (the "Review Period"), as a result of the rebound in demand for smartphones, brand customers have been active in placing orders. The Group recorded a total sales volume of 33.8 million units, representing a year-on-year increase of 52.2%. Propelled by the growth in the sales of A-Si LCD modules which has a high cost-performance ratio, the Group's sales volume of modules for sale increased by 119.0% year-on-year to 32.0 million units, accounting for 94.7% of the Group's total sales volume. It drove up the Group's revenue to RMB2,853 million, representing a year-on-year increase of 108.0%.

During the Review Period, the sales business was the principal continuing operation of the Group. Sales volume of laminated modules for sale was 30.9 million units, representing a year-on-year increase of 131.6%, and the corresponding revenue was RMB2,738 million, representing a year-on-year increase of 128.8%, which has become the main growth driver for the Group. As conditions under the global pandemic became normalised, the market demand progressively shifted to products of lower unit prices and high cost-performance ratios. However, as a result of the persistent price hike of IC chips and raw materials for panels around the globe, the overall average selling price of the Group slightly dropped by 0.4% year-on-year to RMB88.5 (excluding processing modules).

Although the Group was affected by the COVID-19 pandemic in 2020, its profitability has improved significantly since the second half of 2020, growing steadily after making a turnaround. During the Review Period, the Group recorded a gross profit margin of 7.8%, representing a decrease of 1.4 percentage points as compared to the corresponding period last year. The decrease was mainly attributable to a surge in cost of raw materials due to tight supply. For comparative and illustrative purpose, the gross profit margin of the Group taking into account the discontinued operations of Wuhan China Display Optoelectronics Technology Company Limited* (武漢華顯光電技術有限公司, hereinafter, "Wuhan CDOT") was 7.8%, as compared to the negative gross profit margin of 0.92% recorded for the corresponding period last year. On the other hand, benefited from the economies of scale, the Group recorded a gross profit of RMB224 million, representing a year-on-year increase of 78.1%. The Group recorded profits attributable to owners of the parent of the Company of RMB98 million, as compared to the loss attributable to owners of the parent of the Company of approximately RMB89 million for the six months ended 30 June 2020. The Group recognised a gain of approximately RMB11 million from the disposal of 70% equity interest in Wuhan CDOT.

* During the Review Period, the Group disposed of 70% equity interest in Wuhan China Display Optoelectronics Technology Company Limited* (武漢華顯光電技術有限公司) to Wuhan China Star Optoelectronics Technology Company Limited* (武漢華星光電技術有限公司). The transaction was completed on 30 June 2021. For clarity, unless otherwise stated, the data and the comparing figures shown in this section comprised the continuing operations of the Group only, without taking into account the discontinued operations of Wuhan China Display Optoelectronics Technology Company Limited.





MANAGEMENT DISCUSSION AND ANALYSIS

- Sales volume by product segment and their respective year-on-year comparisons:**

(Unaudited)	For the six months ended 30 June				
	2021		2020		Change %
	Million units	%	Million units	%	
Sale of TFT LCD module					
Non-laminated modules	1.1	3.1	1.3	5.7	-17.1
Laminated modules	30.9	91.6	13.4	60.2	+131.6
Processing TFT LCD module					
Non-laminated modules	-	-	3.4	15.4	-100.0
Laminated modules	1.8	5.3	4.1	18.7	-57.0
Total	33.8	100.0	22.2	100.0	+52.2

- Revenue by product segment and their respective year-on-year comparisons:**

(Unaudited)	For the six months ended 30 June				
	2021		2020		Change %
	RMB Million	%	RMB Million	%	
Sale of TFT LCD module					
Non-laminated modules	93	3.2	104	7.6	-10.7
Laminated modules	2,738	96.0	1,196	87.2	+128.8
Processing TFT LCD module					
Non-laminated modules	-	-	28	2.0	-100.0
Laminated modules	22	0.8	44	3.2	-48.3
Total	2,853	100.0	1,372	100.0	+108.0

During the Review Period, China remained the main market for the Group. The revenue from Mainland China and Hong Kong were RMB1,695 million and RMB1,142 million respectively, together accounting for 99.4% of the Group's total revenue.

- Revenue by geographical segment and their respective year-on-year comparisons:**

	For the six months ended 30 June				
	2021		2020		Change %
	RMB Million	%	RMB Million	%	
Mainland China	1,695	59.4	1,204	87.8	+40.8
Hong Kong	1,142	40.0	166	12.1	+588.0
Others	16	0.6	2	0.1	+797.3
Total	2,853	100.0	1,372	100.0	+108.0



MANAGEMENT DISCUSSION AND ANALYSIS

Disposed of LTPS module business and focused on A-Si module business

During the Review Period, the Group has completed the disposal of 70% equity interest in Wuhan CDOT to Wuhan China Star Optoelectronics Technology Company Limited* (武漢華星光電技術有限公司, “Wuhan CSOT”) at the consideration of RMB286 million (the “Disposal”). For details, please refer to the announcements of the Company dated 25 May 2021 and 30 June 2021 respectively, and the circular of the Company dated 26 May 2021.

Since 2019, high-end active-matrix organic light-emitting diode (“AMOLED”) display modules have begun to be mass produced in China, with their applications becoming increasingly extensive. Given the competitive market conditions, the sales price and revenue of low temperature poly-silicon liquid crystal display (“LTPS LCD”) modules produced by Wuhan CDOT have both declined, leading to losses incurred by the Group for the past two financial years.

As a result of the Disposal, the Group has shed the burden of the LTPS LCD module business to devote more time and resources to focus on the A-Si LCD module business. The Group can increase the competitiveness and market recognition of the A-Si LCD modules by improving its presence in the industry chain and enhancing its strengths in technology and economies of scale. According to the report from IHS, A-Si LCD will maintain a firm foothold in various flat panel display applications (including mobile phones, tablets, laptops, cars, screen displays, and smart watches). As the overall demand will be relatively stable, the annual panel shipment volume will remain at approximately 1,750 million units. In view of this, the Group has built a smart factory for the new TID (Touch In Display) modules in Chenjiang, Huizhou, to further focus on the A-Si LCD module business. The Group will also continue to actively develop the markets of medium-size smart home and wearable products, so as to seize the huge opportunities in these markets and expand its business horizontally. This will bring opportunities to the Company and can further improve the Group’s profitability.

Optimised product portfolio to improve the Group’s profitability

As a qualified supplier of the world’s top mobile phone brands, the Group continued to provide customers with high-quality and customised services and strengthen the relationship with brand customers. The orders from brand customers continued to increase in proportion during the Review Period.

During the Review Period, the Group has capitalised on the persistently rising demand for remote work driven by the new life-style under the pandemic. The sales volume of display modules for tablets increased 21% year-on-year to 1.2 million units in the first half of 2021. The Group will also continue to actively develop the markets of medium-size smart home and wearable products, so as to seize the huge opportunities in these markets and expand its business horizontally. This will bring opportunities to the Company and can further improve the Group’s profitability.

OUTLOOK

In the second half of 2021, the global and Chinese economies are expected to continue to recover, fuelling up the market demand for smartphones and 5G products. According to IDC report forecast, the global shipment volume of smartphones in 2021 will increase by 7.7% to 1,380 million units, the growth of which is expected to continue into 2022 to a total shipment volume of 1,430 million units. In addition, according to a report from the research organisation, Canalys, the number of existing 5G users in China has exceeded 350 million. The rush to upgrade to 5G smartphones is expected to be another catalyst for the growth of the smart product market.

With strong demand for hybrid work under the pandemic and the development of the Internet of Things as a result of the popularisation of 5G networks, the sales of consumer tablets and smart home products will continue to rise. According to the IDC forecast, the shipment volume of China’s smart home device market in 2021 is expected to reach 250 million units, representing an increase of 21.1% year-on-year. At the same time, competition in the smart product market remains intense. Manufacturers are seeking cost-effective components to reduce production costs, which is expected to drive up the sales of A-Si LCD modules. Accordingly, the Group will closely monitor the market trends and take the initiative to map out its sales strategies for smartphones, tablets, smart home and wearable products to seize business opportunities and actively achieve horizontal expansion in the business of display modules.





MANAGEMENT DISCUSSION AND ANALYSIS

While the recurring outbreaks in certain regions might lead to uneven economic recovery, the Group remains generally optimistic about the long-term development prospects of the display module business. Despite the tight supply of chips in the supply chain, the Group will make an effort to improve its industrial chain to ensure production stability. As the construction of the smart factory for the new TID module in Chenjiang, Huizhou is set to complete in the second quarter of 2022, the Group hopes to capture the business opportunities brought about by the global economic upturn by enhancing its strengths in technology and economies of scale to create better value for the Group and its shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

During the Review Period, the Group's principal financial instruments comprised cash and cash equivalents and interest-bearing bank loans.

The Group's cash and cash equivalents and time deposits balance as at 30 June 2021 amounted to RMB861 million, of which 22.5% was in US dollar, 76.8% was in RMB and 0.7% was in HK dollar.

As at 30 June 2021, the Group's interest-bearing bank loans were RMB145 million, which were denominated in RMB. The Group's other borrowings were RMB24 million, which were denominated in RMB with a fixed interest rate. Please refer to note 16 to the financial statements for further details in respect of borrowings of the Group during the Review Period.

As at 30 June 2021, total equity attributable to owners of the parent was RMB737 million (31 December 2020: RMB639 million), and the gearing ratio was 6.1% (31 December 2020: 7.3%). The gearing ratio was calculated based on the Group's total interest-bearing loans (including bank borrowings, other borrowings and bonds payable) divided by total assets.

Pledge of Assets

As at 30 June 2021, no asset of the Group was pledged (31 December 2020: nil).

Capital Commitments and Contingent Liabilities

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Contracted, but not provided for:		
Plant and equipment	185,712	4,442

As at 30 June 2021, the Group had no significant contingent liabilities (31 December 2020: nil).

Foreign Exchange Risk

The Group's business and operations is facing the international market, thus it is inevitable for the Group to be exposed to the risk arising from foreign exchange transactions and conversion.

The Group is committed to striking a balance among trades, assets and liabilities that are denominated in foreign currencies to achieve a natural hedging effect. The Group also used forward currency contracts to reduce the foreign currency exposures. In addition, pursuant to prudent financial management, the Group has not conducted or engaged in any high-risk derivative transactions during the Review Period.



MANAGEMENT DISCUSSION AND ANALYSIS

Pending Litigation

The Group had not been involved in any material litigation for the six months ended 30 June 2021.

Significant Investments Held

There was no significant investment held by the Group as at 30 June 2021.

Material Acquisitions and Disposals

On 25 May 2021, China Display Optoelectronics Technology (Huizhou) Company Limited (“CDOT Huizhou”, a wholly-owned subsidiary of the Group) and Wuhan CSOT entered into a conditional share transfer agreement (the “Disposal Agreement”), pursuant to which Wuhan CSOT had conditionally agreed to acquire from CDOT Huizhou, and CDOT Huizhou had conditionally agreed to transfer to Wuhan CSOT, 70% equity interest in Wuhan CDOT for a consideration of RMB286 million, which had been paid in cash. The aforesaid transaction had been completed on 30 June 2021. Upon completion, Wuhan CDOT has ceased to be a subsidiary of the Company and the financial results thereof would no longer be consolidated into the accounts of the Group. For details, please refer to the Company’s announcement dated 25 May 2021 and 30 June 2021 respectively, and the Company’s circular dated 26 May 2021.

Save as disclosed above, the Group did not undertake any material acquisition or disposal of subsidiaries, associates and joint ventures during the Review Period.

Employees and Remuneration Policies

As at 30 June 2021, the Group had a total of 3,438 employees. During the Review Period, the total staff costs amounted to RMB113 million. The Group has reviewed the remuneration policy by reference to the existing legislations, market conditions, as well as the performances of employees and the Company. In order to align the interests of staff with those of shareholders, share options and restricted shares would be granted to relevant grantees, including employees of the Group, under the Company’s share option and share award scheme respectively. Share options carrying rights to subscribe for a total of 36,047,986 shares of the Company (“Shares”) remained outstanding as at 30 June 2021.

Future Plans for Material Investments or Capital Assets

Save for the construction of factory plant and ancillary facilities located in Huizhou, PRC as disclosed in the announcement of the Company dated 8 April 2021, as at 30 June 2021, the Group did not have any concrete plans for material investments or capital assets for the second half of the year 2021.





OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and/or short position of the directors and chief executives of the Company in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong, hereinafter the "SFO"), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), were as follows:

Interests in the Company – Long Positions

Name of Director	Number of Ordinary Shares held Personal interests	Number of Shares held under Equity Derivatives (Note 1)	Total	Approximate Percentage of Issued Share Capital of the Company (Note 2)
OUYANG Hongping	14,037,998	9,076,528	23,114,526	1.09%
HSU Wai Man, Helen	–	260,000	260,000	0.01%
LI Yang	–	260,000	260,000	0.01%
XU Yan	–	260,000	260,000	0.01%

Notes:

- These equity derivatives were outstanding share options granted to the relevant Directors under the Share Option Scheme.
- Such percentage was calculated based on the number of Shares and underlying Shares in which the relevant Director was interested as notified to the Company and disclosed on the website of the Stock Exchange pursuant to Part XV of the SFO, against the number of issued Shares as at 30 June 2021, being 2,114,117,429 Shares in issue.

Interests in Associated Corporation of the Company – Long Positions

TCL Technology Group Corporation ("TCL Technology") (Note 1)

Name of Director	Number of Ordinary Shares held Personal Interests	Other interests	Number of Shares under Equity Derivatives	Total	Approximate Percentage of Issued Share Capital of TCL Technology (Note 2)
OUYANG Hongping	26,600	–	–	26,600	0.0002%
ZHANG Feng	358,148	–	–	358,148	0.0026%

Notes:

- TCL Technology, a joint stock limited company established under the laws of the PRC, is the ultimate controlling shareholder of the Company.
- Such percentage was calculated based on the number of issued share capital of TCL Technology as at 30 June 2021, being 14,030,788,362 shares in issue, as informed by TCL Technology.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2021, none of the Directors nor the chief executives of the Company had registered an interest and/or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that were required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the interests and short positions of the persons (other than a Director or chief executive of the Company) in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long position in shares of the Company

Name of Shareholder	Nature of Interest	Number of Shares held	Approximate Percentage of Issued Share Capital of the Company (Note 3)
TCL Technology	Interest of controlled corporation	1,357,439,806 (Note 1)	64.21%
TCL China Star Optoelectronics Technology Co., Ltd.	Interest of controlled corporation	1,357,439,806 (Note 2)	64.21%

Notes:

- For the purposes of Part XV of the SFO, TCL Technology is deemed to be interested in 1,357,439,806 Shares, all of which are indirectly held through High Value Ventures Limited, a wholly-owned subsidiary of China Star Optoelectronics International (HK) Limited, which in turn is wholly owned by TCL China Star Optoelectronics Technology Co., Ltd. ("TCL CSOT") which is owned as to 83.02% by TCL Technology as at 30 June 2021.
- For the purposes of Part XV of the SFO, TCL CSOT is deemed to be interested in 1,357,439,806 Shares, all of which are indirectly held through High Value Ventures Limited, a wholly-owned subsidiary of China Star Optoelectronics International (HK) Limited, which in turn is wholly-owned by TCL CSOT as at 30 June 2021.
- Such percentage was calculated based on the total number of Shares in which each of the substantial shareholders was interested as disclosed on the website of the Stock Exchange against the number of issued shares of the Company as at 30 June 2021, being 2,114,117,429 Shares.
- As at 30 June 2021, the following Directors were directors/employees of a company which had an interest in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:
 - Mr. LIAO Qian was also an executive director, senior vice president and secretary of the board of directors of TCL Technology.
 - Mr. OUYANG Hongping was also a general manager of LTPS (low-temperature polysilicon) division of small and medium-sized business group of TCL CSOT, a director and a general manager of Wuhan CDOT and a general manager of Wuhan CSOT.



OTHER INFORMATION

- (c) Mr. ZHANG Feng was also the legal representative of Wuhan CSOT and Wuhan CDOT, the senior vice president of TCL CSOT, the general manager of small and medium-sized business group of TCL CSOT, a director and the general manager of Wuhan China Star Optoelectronics Semiconductor Display Technology Company Limited* (武漢華星光電半導體顯示技術有限公司, a subsidiary of TCL CSOT).

Save as disclosed above, as at 30 June 2021, no person, other than the Directors and chief executives of the Company whose interests or short positions are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had notified the Company of an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

By way of a resolution of the shareholders of the Company passed on the further special general meeting of the Company on 11 March 2015, the Company adopted the Share Option Scheme with effect from the resumption of trading in the Shares on the Stock Exchange on 25 June 2015, the purpose of which is to recognise and motivate the contribution of the eligible participants and to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Group.

The major terms of the Share Option Scheme, in conjunction with the requirements of Chapter 17 of the Listing Rules, are set out in note 19 to the financial statements in this interim report.

The Directors have estimated the values of the share options granted, calculated using the binomial option pricing model as at the date of grant of the share options as set out in note 19 to the financial statements in this interim report, which are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself.

As at 30 June 2021, the total number of Shares that could be issued upon exercise of (i) all outstanding share options; and (ii) all share options that could be granted under the then available scheme mandate limit was 208,197,966 Shares, which represented about 9.85% of the issued shares of the Company as at 30 June 2021.

Movements of the share options under the Share Option Scheme during the six months ended 30 June 2021 are as follows:

Name or category of participant	Number of share options					As at 30 June 2021	Date of grant of share options	Closing price of Shares immediately before the date of grant of share options HK\$	Exercise price of share options HK\$	Exercise period of share options
	As at 1 January 2021	Granted during the period	Exercised during the period	Lapsed during the period (Note 4)	Cancelled during the period					
OUYANG Hongping	9,076,528	-	-	-	-	9,076,528	18 March 2016	0.73	0.74	Note 1
HSU Wai Man, Helen	260,000	-	-	-	-	260,000	18 March 2016	0.73	0.74	Note 1
Li Yang	260,000	-	-	-	-	260,000	18 March 2016	0.73	0.74	Note 1
XU Yan	260,000	-	-	-	-	260,000	18 March 2016	0.73	0.74	Note 1
Other employees of the Group	23,143,959	-	-	60,000	-	23,083,959	18 March 2016	0.73	0.74	Note 1
Those who may contribute or have contributed to the Group (Note 2)	3,107,499	-	-	-	-	3,107,499	18 March 2016	0.73	0.74	Note 3

Notes:

- (i) 50% of such share options are exercisable commencing from 18 December 2016 to 17 March 2022; (ii) 30% of such share options are exercisable commencing from 18 December 2017 to 17 March 2022; and (iii) the remaining 20% of such share options are exercisable commencing from 18 December 2018 to 17 March 2022. In any event, no share option can be exercised after 17 March 2022.



OTHER INFORMATION

2. This represents participants who have contributed to the Group and who are also employees of TCL Technology (the ultimate controlling shareholder of the Company) and TCL Industries Holdings Co., Ltd.* (TCL實業控股股份有限公司) and/or their subsidiaries.
3. Subject to the fulfillment of the conditions that the relevant holder (i) has paid the costs incurred or to be incurred by the Company for the relevant part of the share options and (ii) remains to be an employee of TCL Technology and its subsidiaries on 31 December 2016, 31 December 2017 and 31 December 2018 respectively, (a) 50% of such share options are exercisable commencing from 18 December 2016 to 17 March 2022; (b) 30% of such share options are exercisable commencing from 18 December 2017 to 17 March 2022; and (c) the remaining 20% of such share options are exercisable commencing from 18 December 2018 to 17 March 2022. In any event, no share option can be exercised after 17 March 2022.
4. The 60,000 share options lapsed in accordance with the terms of the Share Option Scheme were regarded as forfeited under applicable accounting standards. For further details, please refer to note 19 to the financial statements.

SHARE AWARD SCHEME

The Board on 17 March 2016 resolved to adopt the Share Award Scheme, for the purposes of providing incentives to the participants under Share Award Scheme. The Share Award Scheme was subsequently approved by the shareholders of the Company during the special general meeting on 11 May 2016.

Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at its sole and absolute discretion designate an award (“Award” and collectively “Awards”) to be made to a selected participant (“Selected Person” and collectively “Selected Persons”). Participants of the Share Award Scheme cover any employee, adviser, consultant, agent, contractor, client or supplier of any member of the Group and any employee or officer of any affiliated company whom the Board in its sole discretion considers may contribute or have contributed to the Group.

Awards may be satisfied by (i) existing shares to be acquired by the trustee engaged by the Company for the purpose of administrating the Share Award Scheme (the “Trustee”), from the market, or (ii) new shares to be allotted and issued to the Trustee by the Company, in both case the costs of which will be borne by the Company, and will be held on trust by the Trustee for the Selected Persons until the end of each vesting period subject to fulfilment of the vesting conditions (if any) in accordance with the provisions of the Share Award Scheme. For further details, please see note 18 to the financial statements.

During the Review Period, no Award has been granted, vested, cancelled, lapsed or deducted. Nor were there any outstanding Awards granted under the Share Award Scheme at the beginning and/or at the end of the Review Period.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures”, the Share Option Scheme as disclosed in the section “Share Option Scheme”, and the Share Award Scheme as disclosed in the section “Share Award Scheme” and under note 18 to the financial statements in this interim report, at no time during the six months ended 30 June 2021 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or his/her spouse or children under 18 years of age, or were any such rights exercised by them; nor was the Company, or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in the Company or any other body corporate.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (the six months ended 30 June 2020: Nil).





OTHER INFORMATION

CHANGE OF PARTICULARS OF THE DIRECTORS

As at 20 August 2021, being the latest practicable date for ascertaining information for the purpose of this section, certain particulars of Directors have been changed in the following respects since the publication date of the 2020 annual report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. OUYANG Hongping, an executive Director, was appointed as a general manager and a director of Wuhan CDOT on 30 March 2021; a general manager of the LTPS (low-temperature polysilicon) division of small and medium-sized business group of TCL CSOT and a general manager of Wuhan CSOT on 18 June 2021.

Mr. ZHANG Feng, an executive Director, was appointed as the general manager and a director of Wuhan China Star Optoelectronics Semiconductor Display Technology Company Limited* (武漢華星光電半導體顯示技術有限公司, a subsidiary of TCL CSOT) on 9 April 2021 and re-designated as the general manager of small and medium-sized business group of TCL CSOT on 18 June 2021. He ceased to be the general manager of Wuhan CSOT and Wuhan CDOT from 18 June 2021.

Ms. HSU Wai Man, Helen, an independent non-executive Director, resigned as an independent non-executive director of Harmonicare Medical Holdings Limited (previous stock code: 1509.HK, the securities of which were delisted from the Stock Exchange on 25 March 2021) on 25 March 2021.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2021, the Company has complied with the code provisions (the "Code Provisions") of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules, except for deviations from Code Provision F.1.1. The reasons for deviations are as follows:

Under Code Provision F.1.1, the company secretary should be an employee of the issuer and have day-to-day knowledge of the issuer's affairs.

The company secretary of the Company, Ms. CHEUNG Bo Man ("Ms. CHEUNG"), being a practising solicitor in Hong Kong and a partner of the Company's legal advisor, is not an employee of the Company.

During the six months ended 30 June 2021, the Company has assigned Ms. Clara SIU, the Vice Director of Finance and Investor Relations Department of the Company as the contact person with Ms. CHEUNG to ensure that information in relation to the performance, financial position and other major developments of the Group are speedily delivered to Ms. CHEUNG through the contact person(s) assigned, to enable the company secretary to get hold of the Group's development promptly without material delay. With her expertise and experience, the Company is confident that having Ms. CHEUNG as its company secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations.

Save as disclosed above, none of the Directors is aware of any information which would reasonably indicate that the Company has not, throughout the six months ended 30 June 2021, fully complied with the Code Provisions.



OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code. Specific enquiries have been made with all Directors and all of them have confirmed that they have complied with the standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the six months ended 30 June 2021.

AUDIT COMMITTEE

The Company has established an audit committee for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee currently comprises three members, namely Ms. HSU Wai Man, Helen (as the chairperson), Mr. LI Yang and Mr. XU Yan, all of whom are independent non-executive Directors. The Group's unaudited interim condensed consolidated financial statements and the interim report for the six months ended 30 June 2021 have been reviewed by the audit committee, which is of the opinion that the preparation of such financial information complies with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

On behalf of the Board

LIAO Qian

Chairman

Hong Kong, 9 August 2021

