JETE POWER HOLDINGS LIMITED
鑄能控股有限公司*

(incorporated in the Cayman Islands with limited liability)
Stock Code: 8133

2018
Interim Report

* For identification purpose only

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

HIGHLIGHTS

- The Group recorded a revenue of approximately HK$27.84 million for the six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK$21.34 million).

- Loss attributable to the owners of the Company for the six months ended 30 June 2018 amounted to approximately HK$4.37 million (six months ended 30 June 2017: loss of approximately HK$3.00 million).

- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018.

FINANCIAL RESULTS

The board of directors (the "Board") of Jete Power Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (the "Group") for the three months and six months ended 30 June 2018 together with the comparative unaudited figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2018

		Three months ended 30 June		**Six months ended 30 June**	
		2018	2017	**2018**	2017
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	3	**13,152**	12,110	**27,844**	21,336
Cost of sales		**(10,973)**	(8,749)	**(23,414)**	(16,106)
Gross profit		**2,179**	3,361	**4,430**	5,230
Other income		**—**	1	**3**	28
Selling and distribution expenses		**(1,129)**	(752)	**(2,233)**	(1,470)
Administrative expenses		**(3,257)**	(3,401)	**(6,371)**	(6,387)
Share of losses of associates		**—**	(1)	**—**	(173)
Finance costs	5	**(14)**	(10)	**(44)**	(20)
Loss before tax		**(2,221)**	(802)	**(4,215)**	(2,792)
Income tax	6	**(154)**	(212)	**(154)**	(212)
Loss for the period attributable to the owners of the Company	7	**(2,375)**	(1,014)	**(4,369)**	(3,004)
Other comprehensive expense for the period					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of financial statements of a foreign operation, net of nil tax		**(1,155)**	372	**(291)**	661
Total comprehensive expense for the period attributable to the owners of the Company		**(3,530)**	(642)	**(4,660)**	(2,343)
Basic and diluted loss per share	9	**HK(0.07) cents**	HK(0.03) cents	**HK(0.12) cents**	HK(0.09) cents

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2018

	Note	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Non-current assets			
Plant and equipment	10	**12,292**	13,503
Rental deposits	11	**473**	480
		12,765	13,983
Current assets			
Inventories		**17,762**	19,414
Trade and other receivables	11	**10,640**	13,210
Tax recoverable		**223**	—
Pledged bank deposits		**—**	1,507
Cash and cash equivalents	12	**13,415**	13,441
		42,040	47,572
Current liabilities			
Trade and other payables	13	**10,128**	11,672
Tax payable		**—**	546
		10,128	12,218
Net current assets		**31,912**	35,354
NET ASSETS		**44,677**	49,337
CAPITAL AND RESERVES			
Share capital	14	**7,000**	7,000
Reserves		**37,677**	42,337
TOTAL EQUITY		**44,677**	49,337

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital HK$'000 (Unaudited)	Share premium HK$'000 (Unaudited)	Exchange reserve HK$'000 (Unaudited)	Capital reserve HK$'000 (Unaudited) (Note (a))	Warrant reserve HK$'000 (Unaudited) (Note (b))	Other reserve HK$'000 (Unaudited) (Note (c))	Accumulated losses HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Balance at 1 January 2018	**7,000**	**18,418**	**3,390**	**(7,045)**	**13,720**	**27,650**	**(13,796)**	**49,337**
Loss for the period	–	–	–	–	–	–	**(4,369)**	**(4,369)**
Exchange difference arising on translation of foreign operation	–	–	**(291)**	–	–	–	–	**(291)**
Total comprehensive expense for the period	–	–	**(291)**	–	–	–	**(4,369)**	**(4,660)**
Balance at 30 June 2018	**7,000**	**18,418**	**3,099**	**(7,045)**	**13,720**	**27,650**	**(18,165)**	**44,677**
Balance at 1 January 2017	7,000	18,418	1,904	(7,045)	13,720	27,650	(8,861)	52,786
Loss for the period	–	–	–	–	–	–	(3,004)	(3,004)
Exchange differences on translation of financial statements of a foreign operation, net of nil tax	–	–	661	–	–	–	–	661
Total comprehensive expense for the period	–	–	661	–	–	–	(3,004)	(2,343)
Balance at 30 June 2017	7,000	18,418	2,565	(7,045)	13,720	27,650	(11,865)	50,443

Note (a) Capital reserve of the Group represents the difference between the nominal value of the 47% issued capital of a subsidiary, G. Force (Hong Kong) Limited, held by Mr. Wong Thomas Wai Yuk, acquired pursuant to the group restructuring in year 2012 and the consideration for acquiring 47% of the issued capital of the subsidiary from Mr. Wong Thomas Wai Yuk.

Note (b) Warrant reserve represents the net proceeds received from the issue of unlisted warrants of the Company. This reserve will be transferred to the share capital and the share premium account upon exercise of the unlisted warrants, where the unlisted warrants remain unexercised at the expiry date, the amount recognised in the warrant reserve will be released to the accumulated losses.

Note (c) Other reserve represented the difference between the nominal amount of the share capital and share premium of XETron Group Limited and the nominal amount of the share capital issued by the Company pursuant to a group reorganisation.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(1,423)**	(5,477)
Net cash generated from/(used in) investing activities	**1,539**	(35)
Net cash used in financing activities	**(168)**	(206)
Net decrease in cash and cash equivalents	**(52)**	(5,718)
Cash and cash equivalents at the beginning of period	**13,441**	13,062
Effect of foreign exchange rate changes	**26**	(9)
Cash and cash equivalents at the end of period	**13,415**	7,335
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	**13,415**	7,335

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 24 February 2014, as an exempted company with limited liability under the Companies Law (as Revised) of the Cayman Islands. The Company's shares have been listed on the GEM of the Stock Exchange since 30 April 2015.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2018 (the "2018 Interim Financial Statements") are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

The 2018 Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of the GEM Listing Rules. 2018 Interim Financial Statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the 2018 Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs").

In the current period, the Group has adopted a number of new and revised HKFRSs, amendments to Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") (hereinafter collectively referred to as "new and revised HKFRSs") issued by the HKICPA that are relevant to the Group and effective for accounting periods beginning on or after 1 January 2018. Except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements, the adoption of these new and revised HKFRSs has had no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the 2018 Interim Financial Statements.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing their impact on the Group's results and financial position.

The preparation of the 2018 Interim Financial Statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The 2018 Interim Financial Statements should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2017.

3. REVENUE

Revenue represents the amounts received and receivable from cast metal products sold in the normal course of business, net of cash discount and sales related taxes.

4. SEGMENT INFORMATION

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the directors) in order to allocate resources to the segment and to assess its performance.

For management purpose, the Group operates in one business unit based on their products, and has one reportable and operating segment: Manufacturing and sales of cast metal products. The directors monitor the revenue of its business unit as a whole based on the monthly sales and delivery reports for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and results; and segment assets and liabilities are presented in the combined statements of profit or loss and other comprehensive income and combined statements of financial position respectively.

Information about geographical areas

The Group's operations are located in Hong Kong and the PRC.

(a) Information about the Group's revenue from continuing operations from external customers is presented based on the location of the customers.

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Germany	**24,553**	17,901
Hong Kong	**—**	2,427
The PRC	**1,072**	616
The United States	**1,763**	386
Others	**456**	6
	27,844	21,336

(b) Information about the Group's non-current assets is presented based on the geographical location of the assets.

	30 June	31 December
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Hong Kong	**33**	83
The PRC	**12,259**	13,420
	12,292	13,503

4. SEGMENT INFORMATION (CONTINUED)

Information about major customers

Details of the customer accounting for 10% or more of aggregate revenue of the Group are disclosed as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Customer A	**10,291**	5,846
Customer B	**7,911**	5,477

5. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on:		
— Bank borrowings wholly repayable within five years	**44**	20

6. INCOME TAX EXPENSE

The amount of income tax charged to the profit or loss represents:

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong profits tax	**154**	212
PRC Enterprise Income Tax ("EIT")	**—**	—
	154	212

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2017: 16.5%) on the estimated assessable profit during the period arising in or derived from Hong Kong.

The subsidiary of the Group established in the People's Republic of China ("PRC") is subject to EIT. EIT has been provided at the rate of 25% (six months ended 30 June 2017: 25%) on the estimated assessable profits during the period arising in the PRC.

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Cost of inventories recognised as expense	**23,414**	16,106
Depreciation of plant and equipment	**1,167**	1,268

8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

9. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares deemed to be in issue during the six months ended 30 June 2018 and 2017.

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss attributable to the owners of the Company (HK$'000)	**(2,375)**	(1,014)	**(4,369)**	(3,004)
Weighted average number of ordinary shares in issue (thousands)	**3,500,000**	3,500,000	**3,500,000**	3,500,000
Basic and diluted loss per share (HK cents per share)	**(0.07)**	(0.03)	**(0.12)**	(0.09)

No adjustment has been made to the basic loss per share amount for the six months ended 30 June 2018 and 2017 as the Group had no potentially dilutive ordinary shares in issue during these periods.

10. PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired at cost, leasehold improvements of nil (six months ended 30 June 2017: nil); plant and machinery of approximately nil (six months ended 30 June 2017: nil); office equipment of nil (six months ended 30 June 2017: nil).

In addition, the Group disposed of plant and equipment of HK$1.08 millions during the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Trade receivables	**7,369**	6,111
Other tax recoverable	**18**	767
Deposits prepayment and other receivables	**3,726**	6,812
Trade and other receivables	**11,113**	13,690
Less: Rental deposit shown under non-current assets	**(473)**	(480)
Current portion included under current assets	**10,640**	13,210

The Group allows an average credit period of 30 to 90 days to its trade customers. The Group does not hold any collateral over its trade and other receivables. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Within 30 days	**4,929**	3,669
31 to 60 days	**1,610**	1,646
61 to 90 days	**683**	756
Over 90 days but less than 1 year	**147**	40
Total	**7,369**	6,111

12. CASH AND CASH EQUIVALENTS

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Pledged bank deposits	—	1,507
Cash at bank and in hand	**13,415**	13,441
	13,415	14,948
Pledged bank deposits	—	(1,507)
Cash and cash equivalents in the consolidated statement of financial position	**13,415**	13,441

13. TRADE AND OTHER PAYABLES

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Trade payables	**6,929**	6,196
Accrued charges and other payables	**3,199**	5,476
	10,128	11,672

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

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Within 30 days	**2,709**	2,845
31 to 60 days	**2,243**	1,539
61 to 90 days	**1,209**	610
Over 90 days but less than 1 year	**768**	1,202
	6,929	6,196

The average credit period granted is ranging from 30 to 90 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

14. SHARE CAPITAL

	Note	Number of shares	Nominal value of ordinary shares HK$'000
Authorised:			
At 1 January 2017		5,000,000,000	10,000
Increase in authorised share capital	(a)	45,000,000,000	90,000
At 31 December 2017 and 30 June 2018 (Unaudited)		50,000,000,000	100,000
Ordinary shares, issued and fully paid:			
At 1 January 2017, 31 December 2017 and 30 June 2018 (Unaudited)		3,500,000,000	7,000

Note (a)

Increase in authorised share capital in 2017

By an ordinary resolution passed at the annual general meeting on 26 May 2017, the authorised share capital of the Company changed from HK$10,000,000 divided into 5,000,000,000 Shares to HK$100,000,000 divided into 50,000,000,000 Shares. The Directors have no present intention to issue any part of the increased authorised share capital of the Company.

15. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these unaudited condensed consolidated interim financial statements, the Group has the following transactions with its related parties during the period.

Compensation to key management personnel

Other than the emoluments paid to the director of the Company, who is also considered as the key management of the Group, the Group did not have any other compensation to the key management personnel. The compensation paid or payable to key management is shown below:

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
Short-term employee benefits	**1,367**	1,380
Post-employment benefits		
— defined contribution plans	**15**	14
	1,382	1,394

The remuneration of the director of the Company and key executives is determined with regards to the performance of individuals.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

The Group is principally engaged in the manufacturing of metal casting parts and components in the PRC. The products of the Group can be categorized into four main categories: (a) pump components; (b) valve components; (c) filter components; and (d) food machinery components, which are made of stainless steel, carbon steel, bronze and/or grey iron. Our largest market is Germany. We also have customers from the PRC, Hong Kong and the United States.

During the reporting period, the global economic environment remain challenging but the Group is positive about the prospects of the metal casting industry and will continue to focus on its core business. Meanwhile, the Group will also explore other potential investment opportunities in order to diversify the Group's business and create new source of revenue to the Group.

On 4 April 2018, a wholly owned subsidiary of the Company entered into a cooperation framework agreement with a potential partner. Pursuant to the cooperation framework agreement, the potential partner and the Group have conditionally agreed to cooperate with each other in respect of the patents owned by the potential partner. However, as certain conditions precedent under the cooperation framework agreement were not satisfied on or before 30 June 2018, the cooperation framework agreement has been automatically terminated and ceased to have any effect.

The Group will continue to adopt a positive yet prudent approach in its business strategies aiming to enhance the Group's profitability and the shareholders' value in the long run.

Financial Review

Revenue

For the six months ended 30 June 2018, total revenue of the Group increased by about 31% to approximately HK$27.84 million as compared with the corresponding period in 2017. The increase in total revenue was mainly due to the increase in sales volume as compared to the same period in 2017. The increase in sales volume was mainly due to 2017 Chinese New Year's holiday of the PRC subsidiary falls between mid-January 2017 and mid-February 2017 which affected the factory output in last year. The factory output in 2018 was higher than the corresponding period in 2017.

Cost of sales and gross profit

The key components of the Group's cost of sales comprised principally the (i) raw materials used for production of metal casting parts and components, (ii) direct labour costs and (iii) manufacturing overheads such as depreciation for plant and equipment, consumables, utilities, maintenance costs and indirect labour costs. For the six months ended 30 June 2018, the cost of sales of the Group increased by about 45% to approximately HK$23.41 million as compared with the corresponding period in 2017. Such increase was mainly due to the increase in sales volume and the increase in labour cost.

The gross profit of the Group decreased from HK$5.23 million, for the six months ended 30 June 2017 to HK$4.43 million for the six months ended 30 June 2018. The gross profit margin for the period decreased to approximately 16% from approximately 25% for the corresponding period of last year. Such decrease was mainly due to the increase in labour cost during the period.

Selling and distribution expenses
The Group's selling and distribution expenses for the six months ended 30 June 2018 amounted to approximately HK$2.23 million, representing an approximately 52% increase as compared with the corresponding period in 2017 of approximately HK$1.47 million. Selling and distribution expenses comprised mainly packaging, delivery, customs, agency cost and insurance cost incurred in relation to the sales. The increase for the period was mainly due to the delivery of more urgent orders by air freight.

Administrative expenses
The Group's administrative expenses for the six months ended 30 June 2018 amounted to approximately HK$6.37 million. Administrative expenses primarily consist of salaries and benefit payments paid to directors and staff, exchange loss, audit fee and legal and professional fees to ensure on going compliance with relevant rules and regulations. The administrative expenses remained at the similar level during the period.

Finance costs
Finance costs mainly represented the factoring charges. The increase for the six months ended 30 June 2018 was mainly due to the increase in sales during the period.

Loss for the period
Loss attributable to owners of the Company for the six months ended 30 June 2018 amounted to approximately HK$4.37 million (six months ended 30 June 2017: Loss of approximately HK$3.00 million). This was mainly attributable to the increase in labour cost and the increase in selling and distribution expenses as mentioned above.

Liquidity and financial resources
The Group's principal sources of funds are used to finance working capital, and the growth and expansion of the Group's operations and sales network. The Group's principal sources of funds are cash generated from operations and investing activities. The Group had cash and cash equivalents of approximately HK$13.42 million as at 30 June 2018 (31 December 2017: HK$13.44 million). The Group had no borrowings as at 30 June 2018 and 31 December 2017.

Gearing ratio

As the Group has no interest-bearing debt, the Group's gearing ratio (calculated based on the Group's total interest-bearing debt divided by the Group's total equity) was 0% as at 30 June 2018 (31 December 2017: 0%).

Capital structure

The Company's shares were successfully listed on GEM on 30 April 2015 (the "Listing Date"). There has been no change in the capital structure of the Group since the Listing Date and up to the date of this report. The capital of the Company only comprises of ordinary shares.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period. To manage liquidity risk, the management closely monitors the Group's liquidity position and maintain sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group.

Contingent liabilities

As at 30 June 2018, the Group had no material contingent liabilities (31 December 2017: Nil).

Charge of assets

As at 30 June 2018, the Group had pledged its bank deposits of nil (31 December 2017: HK$1.51 million) to certain banks in Hong Kong to secure the banking facilities granted to the Group.

Foreign currency risk

The Group mainly sells the products to customers in Germany, Hong Kong, the PRC and the United States. The Group is exposed to foreign currency risks as it receives a majority of revenue in Euro from its customers in Europe. The Group generally have a surcharge mechanism with its customers to protect the future profitability in certain extent against the (i) fluctuation of the cost of certain raw materials; and (ii) fluctuation of the exchange rate of Euro vs RMB, or Euro vs USD, if the purchase price is to be settled by Euro. However, there is no assurance that such mechanism could protect the Group free from foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the Board will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Title defect risk in the leased properties

The Group has leased two foundries which are located at Danshui Town, Huiyang District, Huizhou City ("Danshui Foundry") and Qiuchang Town, Huiyang District, Huizhou City ("Qiuchang Foundry") respectively. During the period, the lease of Danshui Foundry, which was previously used for research, design and development purpose only, was terminated. Qiuchang Foundry remains as the production base of the Group. The owner of the land where the Qiuchang Foundry is located (the "Owner") and the landlord of the Qiuchang Foundry (the "Landlord") do not possess valid collective land use rights certificates for construction land and building ownership certificates for the Qiuchang Foundry respectively. During the period, the Group has continued to actively liaise with the Owner and the Landlord for the progress of the rectification of the title defects for the leased property. However, the Owner and the Landlord are not able commit to a time frame to complete the rectification by reason that the relevant procedures are subject to approvals and inspections by the relevant authorities, which is not within the control of the Landlord. As a part of the risk management plan of the Group to mitigate the risk arising from the title defect of the leased property in the PRC, the Group has entered into a legally binding memorandum of understanding (the "MOU") with a landlord for a backup plant located at Qingyuan City, Guangdong Province, the PRC. As at date of this report, the Owner is still in the process of applying for the collective land use rights certificates for construction land, being an important and necessary step for applying the building ownership certificate for the Qiuchang Foundry. The Group, the Owner and the Landlord had not received, and the relevant government authorities had not issued, any notice, letter or order, about the title defect of the Qiuchang Foundry. The MOU remains valid and the backup plant was not occupied by any other party.

Capital Commitments

As at 30 June 2018, the Group did not have any significant capital commitments (31 December 2017: Nil).

Significant investment held

Except for investments in subsidiaries, as at 30 June 2018, 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 the Company's prospectus dated 23 April 2015 (the "Prospectus"), the Group did not have other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the six months ended 30 June 2018, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Employee and Emolument Policies

As at 30 June 2018, the employee headcount (including Directors) of the Group was 153 (31 December 2017: 157) and the total staff costs, including directors' emoluments, amounted to approximately HK$8.74 million during the six months ended 30 June 2018 (six months ended 30 June 2017: HK$6.82 million). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience). The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

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

As at 30 June 2018, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long positions in shares of the Company:

Name of Director	Capacity	Number of shares held	Percentage of the Company's issued share capital
Mr. Choi Chiu Ming Jimmy ("Mr. Choi")	Interest of a controlled corporation	181,500,000 (Note 1)	5.18%

Long positions in shares of associated corporation:

Name of Director	Name of associated corporation	Capacity	Percentage of the associated corporation's issued share capital
Mr. Choi	Bravo Luck Limited ("Bravo Luck")	Directly beneficially owned (Note 1)	100%

Notes:

1) These 181,500,000 shares are held by Bravo Luck, which in turn is wholly and beneficially owned by Mr. Choi. As such, Mr. Choi is deemed under the SFO to be interested in these 181,500,000 shares held by Bravo Luck.

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executives of the Company had registered an interest 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) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2018, other than the director and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO:

Long position in shares of the Company:

Name	Note	Nature of interests	Number of shares held	Percentage of the Company's issued share capital
Bravo Luck	1	Beneficial interest	181,500,000	5.18%
Ms. Chan Suk Ha	2	Interest of spouse	181,500,000	5.18%

Notes:

1. Bravo Luck is wholly-owned by Mr. Choi.

2. Ms. Chan Suk Ha is the spouse of Mr. Choi. Under the SFO, Ms. Chan Suk Ha is deemed under the SFO, to be interested in all the shares in which Mr. Choi is interested.

Save as disclosed above, as at 30 June 2018, no other persons had any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Share Option Scheme") which was approved and adopted by the shareholders of the Company by way of written resolutions passed on 10 April 2015.

No share option has been granted under the Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the six months ended 30 June 2018 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the six months ended 30 June 2018.

COMPETING INTERESTS

Based on the information available to the Company and within the knowledge and belief of the Directors, none of the Directors or the controlling shareholders of the Company (as defined under the GEM Listing Rules) had any business or interest which competes or may compete with the business of the Group, or had any other conflict of interest with the Group throughout the six months ended 30 June 2018.

CHANGES IN INFORMATION OF THE DIRECTOR

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in information of Directors subsequent to the date of the annual report of the Company for the year ended 31 December 2017 are set out below:

Name of the Director	Details of changes
Mr. Tang Yiu Wing	Resigned as an independent non-executive director of KSL Holdings Limited (Stock Code: 8170) with effect from 21 May 2018, a company listed on the GEM of the Stock Exchange

AUDIT COMMITTEE

The Company has established an audit committee with the written terms of reference in compliance with the GEM Listing Rules. The audit committee consists of three independent non-executive Directors, namely Mr. Wong Ka Shing, who has the appropriate accounting and financial related management expertise and serves as the chairman of the audit committee, Ms. Leung Shuk Lan and Mr. Tang Yiu Wing. The audit committee has reviewed this report and has provided advice and comments thereon.

CORPORATE GOVERNANCE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules.

To the best knowledge of the Directors, the Company had complied with the code provisions in the CG Code throughout the six months ended 30 June 2018.

By Order of the Board
Jete Power Holdings Limited
Choi Chiu Ming, Jimmy
Chairman and executive Director

Hong Kong, 7 August 2018