JETE POWER HOLDINGS LIMITED
鑄能控股有限公司*

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

Interim Report
2019

* *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 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$33.68 million for the six months ended 30 June 2019 (six months ended 30 June 2018: approximately HK$27.84 million).

- Loss attributable to the owners of the Company for the six months ended 30 June 2019 amounted to approximately HK$4.14 million (six months ended 30 June 2018: loss of approximately HK$4.37 million).

- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019.

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 2019 together with the comparative unaudited figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2019

	Notes	Three months ended 30 June		Six months ended 30 June	
		2019	2018	**2019**	2018
		HK$'000	HK$'000	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	3	**15,664**	13,152	**33,681**	27,844
Cost of sales		**(11,764)**	(10,973)	**(26,453)**	(23,414)
Gross profit		**3,900**	2,179	**7,228**	4,430
Other income		**2**	—	**150**	3
Selling and distribution expenses		**(1,319)**	(1,129)	**(2,332)**	(2,233)
Administrative expenses		**(5,012)**	(3,257)	**(8,522)**	(6,371)
Finance costs		**(388)**	(14)	**(393)**	(44)
Loss before tax		**(2,817)**	(2,221)	**(3,869)**	(4,215)
Income tax	5	**(268)**	(154)	**(268)**	(154)
Loss for the period attributable to the owners of the Company	6	**(3,085)**	(2,375)	**(4,137)**	(4,369)
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		**(4)**	(1,155)	**(548)**	(291)
Total comprehensive expense for the period attributable to the owners of the Company		**(3,089)**	(3,530)	**(4,685)**	(4,660)
Basic and diluted loss per share	8	**HK(0.09) cents**	HK(0.07) cents	**HK(0.12) cents**	HK(0.12) cents

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**30 June 2019 HK$'000 (Unaudited)**	31 December 2018 HK$'000 (Unaudited)
Non-current assets			
Plant and equipment		**12,533**	13,000
Right-of-use assets		**14,569**	—
Rental deposits	9	**455**	467
		27,557	13,467
Current assets			
Inventories		**16,223**	16,350
Trade and other receivables	9	**12,789**	12,014
Cash and cash equivalents		**6,603**	8,876
		35,615	37,240
Current liabilities			
Trade and other payables	10	**13,034**	11,409
Lease liabilities		**2,312**	—
Other borrowings		**500**	—
Tax payable		**387**	194
		16,233	11,603
Net current assets		**19,382**	25,637
Total assets less current liabilities		**46,939**	39,104
Non-current liabilities			
Lease liabilities		**12,520**	—
NET ASSETS		**34,419**	39,104
CAPITAL AND RESERVES			
Share capital	11	**7,000**	7,000
Reserves		**27,419**	32,104
TOTAL EQUITY		**34,419**	39,104

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	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 2019	**7,000**	**18,418**	**2,868**	**(7,045)**	**13,720**	**27,650**	**(23,507)**	**39,104**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(4,137)**	**(4,137)**
Exchange difference arising on translation of foreign operation	**–**	**–**	**(548)**	**–**	**–**	**–**	**–**	**(548)**
Total comprehensive expense for the period	**–**	**–**	**(548)**	**–**	**–**	**–**	**(4,137)**	**(4,685)**
Balance at 30 June 2019	**7,000**	**18,418**	**2,320**	**(7,045)**	**13,720**	**27,650**	**(27,644)**	**34,419**
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

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 2019

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(2,031)**	(1,423)
Net cash (used in)/generated from investing activities	**(659)**	1,539
Net cash generated from/(used in) financing activities	**455**	(168)
Net decrease in cash and cash equivalents	**(2,235)**	(52)
Cash and cash equivalents at the beginning of period	**8,876**	13,441
Effect of foreign exchange rate changes	**(38)**	26
Cash and cash equivalents at the end of period	**6,603**	13,415
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	**6,603**	13,415

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 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 2019 (the "2019 Interim Financial Statements") are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

The 2019 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. The 2019 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 2019 Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, 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 2019. Except for the adoption of HKFRS 16 "Leases", the adoption of other 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 2019 Interim Financial Statements.

HKFRS 16 replaces HKAS 17 "Leases" and related interpretations. The new standard affects primarily the accounting for the Group's operating leases. Under HKAS 17, the Group's office and operating premises leases were previously classified as operating leases and the lease payments were recognised as an expense on a straight-line basis over the lease term. On adoption of HKFRS 16, the Group recognises and measures a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset are recognised in profit or loss. The Group's assets and liabilities increase and the timing of expense recognition is also be impacted as a result.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 January 2019.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019:

Right-of-use assets	—	increase by HK$15,567,000 (unaudited)
Lease liabilities	—	increase by HK$15,567,000 (unaudited)

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 2019 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 2019 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 2018.

3. REVENUE

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Sales of cast metal products	**30,956**	27,844
Concerts and events income	**2,725**	—
	33,681	27,844

Revenue from sales of cast metal products represents the sales value of goods supplied to customers, net of discounts, returns and value added tax or other sales 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.

The chief operating decision-maker has been identified as the directors of the Company. The directors review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on these reports.

The Group has two reportable operating segments, including the metal casting segment and the entertainment segment.

The directors assess the performance of the operating segments based on a measure of revenue and results of each segment and do not assess the performance based on segment assets and liabilities.

4. SEGMENT INFORMATION (CONTINUED)

(a) The segment information provided to the directors for the reportable segments for the six months ended 30 June 2019 is as follows:

	Six months ended 30 June					
	Metal Casting		**Entertainment**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue (all from external customers)	**30,956**	27,844	**2,725**	—	**33,681**	27,844
Segment results	**1,511**	(1,577)	**(3,003)**	—	**(1,492)**	(1,577)
Unallocated operating costs					**(1,984)**	(2,594)
Finance costs					**(393)**	(44)
Loss before income tax					**(3,869)**	(4,215)

(b) 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	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Germany	**28,145**	24,553
Hong Kong	**2,725**	—
The PRC	**1,379**	1,072
The United States	**1,201**	1,763
Others	**231**	456
	33,681	27,844

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

	30 June	31 December
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Hong Kong	**2,623**	1,624
The PRC	**24,479**	11,376
	27,102	13,000

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	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Customer A	**7,445**	10,291
Customer B	**7,028**	7,911

5. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong profits tax	**268**	154
PRC Enterprise Income Tax ("EIT")	**—**	—
	268	154

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2018: 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 2018: 25%) on the estimated assessable profits during the period arising in the PRC.

6. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Cost of inventories recognised as expense	**23,961**	23,414
Depreciation of plant and equipment	**1,237**	1,167

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

8. 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 2019 and 2018.

	Three months ended 30 June		**Six months ended 30 June**	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss attributable to the owners of the Company (HK$'000)	**(3,085)**	(2,375)	**(4,137)**	(4,369)
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)	**(0.09)**	(0.07)	**(0.12)**	(0.12)

No adjustment has been made to the basic loss per share amount for the six months ended 30 June 2019 and 2018 as the Group had no potentially dilutive ordinary shares in issue during these periods.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Trade receivables	**10,867**	9,346
Other tax recoverable	**561**	779
Deposits prepayment and other receivables	**1,816**	2,356
Trade and other receivables	**13,244**	12,481
Less: Rental deposit shown under non-current assets	**(455)**	(467)
Current portion included under current assets	**12,789**	12,014

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 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Unaudited)
Within 30 days	**3,944**	1,537
31 to 60 days	**4,559**	3,727
61 to 90 days	**1,801**	2,655
Over 90 days but less than 1 year	**563**	1,427
Total	**10,867**	9,346

10. TRADE AND OTHER PAYABLES

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Trade payables	**7,980**	6,402
Accrued charges and other payables	**4,706**	4,747
Contract liabilities	**348**	260
	13,034	11,409

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

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Within 30 days	**4,855**	3,600
31 to 60 days	**1,396**	1,427
61 to 90 days	**1,195**	760
Over 90 days but less than 1 year	**534**	615
	7,980	6,402

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 time frame.

11. SHARE CAPITAL

	Note	Number of shares	Nominal value of ordinary shares HK$'000
Authorised:			
At 1 January 2018, 31 December 2018 and 30 June 2019 (Unaudited)		50,000,000,000	100,000
Ordinary shares, issued and fully paid:			
At 1 January 2018, 31 December 2018 and 30 June 2019 (Unaudited)		3,500,000,000	7,000

12. 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	
	2019	2018
	HK$'000	HK$'000
Short-term employee benefits	**2,040**	1,367
Post-employment benefits		
— defined contribution plans	**9**	15
	2,049	1,382

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

13. EVENT AFTER THE REPORTING PERIOD

Reference is made to the announcements of Company dated 31 May 2016, 26 July 2016 and 8 August 2016 and the circular of the Company dated 17 June 2016 relating to the placing of 700,000,000 unlisted warrants (the "Warrants"). The subscription rights attaching to the Warrants expired at 4:00 pm on 7 August 2019 pursuant to the terms and conditions of the Warrants.

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. For diversification purpose, the Group has also engaged in the concerts and events organization business during the current period.

During the reporting period, the global economic environment remains challenging and the momentum of economic growth has significantly slowed down in the second quarter of 2019, whereas material and labour costs maintain a rising track. The Group will endeavor to improve its revenue performance on its core business by executing flexible strategies to face the market challenges. 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 10 June 2019, the Company entered into a memorandum of understanding (the "MOU") with a potential vendor in relation to the possible acquisition of part of the issued share capital in a company (the "Target Company", together with its subsidiaries "Target Group") (the "Proposed Acquisition"). The Target Group is principally engaged in the provision of financial printing services in Hong Kong.

The Group is of the view that the increase in the number of new listings and equity fund raising activities on the Stock Exchange is expected to bring growth of the financial printing services. According to available market statistics, the total number of listed companies has increased from 1547 in 2012 to 2315 in 2018; and the number of newly listed companies has shown a general increase from 64 in 2012 to 218 in 2018. The growing number of listed companies represents an expanding customer case for financial printers as publication of listing documents, announcements, circulars and annual reports is required in compliance with the listing rules and regulations, representing a greater demand for financial printing services. Further, the growing demand for financial printing service is also revealed in the increase in the equity fund raising activities in the Stock Exchange. From 2008 to 2018, the fund raised from IPO increased from HK$66 billion to HK$286 billion. Therefore, the Group is optimistic that the Proposed Acquisition, if materialized, would be conducive to profitability of the Group.

Despite certain uncertainties in the global economy, particularly the trade tensions between the US and China, the Group is positive about the Hong Kong financial markets as Hong Kong financial markets remain well positioned to be a listing and capital raising hub for major global and regional companies. With effect from 1 August 2019, the Group has also engaged a consultant, with a 2 years contract, who has over 15 years of relevant experience in financial industry to assist the Group to explore and evaluate business opportunities in the financial industry, in order to expand the Group's business portfolio, diversify income source and possibly enhance the financial performance of the Group.

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 2019, total revenue of the Group increased by about 21% to approximately HK$33.68 million as compared with the corresponding period in 2018. The increase in total revenue was mainly due to (i) the increase in sales volume of cast metal products as a result of the increase in production to fulfill the outstanding orders and (ii) the new source of income arising from concerts and events organization of approximately HK$2.73 million.

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 2019, the cost of sales of the Group increased by about 13% to approximately HK$26.45 million as compared with the corresponding period in 2018. Such increase was primarily due to the cost of services rendered for the new concerts and events organization business of approximately HK$2.49 million.

The gross profit of the Group increased from HK$4.43 million, for the six months ended 30 June 2018 to HK$7.23 million for the six months ended 30 June 2019. Such increase was mainly due to the improvement of gross profit margin of metal casting business as a result of the depreciation of Renminbi during the period. The gross profit margin for the period increased to approximately 21% from approximately 16% for the corresponding period of last year.

Selling and distribution expenses

The Group's selling and distribution expenses for the six months ended 30 June 2019 amounted to approximately HK$2.33 million. Selling and distribution expenses comprised mainly packaging, delivery, customs, agency cost and insurance cost incurred in relation to the sales. The selling and distribution expenses remained at similar level during the period.

Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2019 amounted to approximately HK$8.52 million, representing an approximately 34% increase as compared with the corresponding period in 2018 of 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 increase for the period was mainly due to addition staff recruited for the concert and event business.

Finance costs

Finance costs mainly represented the interest on lease liabilities and factoring charges. The increase for the six months ended 30 June 2019 was mainly due to the effect on initial adoption of HKFRS 16 on 1 January 2019. Please refer to Note 2 to the Unaudited Condensed Consolidated Financial Statements for details.

Loss for the period

Loss attributable to owners of the Company for the six months ended 30 June 2019 amounted to approximately HK$4.14 million (six months ended 30 June 2018: Loss of approximately HK$4.37 million). Such slight improvement was mainly due to the net effect of the increase in labour cost and the improvement of gross profit margin 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$6.60 million as at 30 June 2019 (31 December 2018: HK$8.88 million). As at 30 June 2019, the Group had total borrowings of approximately HK$0.5 million (31 December 2018: nil).

Gearing ratio

As at 30 June 2019, the Group's gearing ratio was 1.45% (31 December 2018: 0%), which is calculated based on the Group's total interest-bearing debt of approximately HK$0.5 million (31 December 2018: nil million) and the Group's total equity of approximately HK$34.42 million (31 December 2018: HK$39.10 million).

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 2019, the Group had no material contingent liabilities (31 December 2018: Nil).

Charge of assets

As at 30 June 2019, the Group had pledged its bank deposits of nil (31 December 2018: Nil) 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

As at the date of this report, the Group has leased a foundry which is located at Qiuchang Town, Huiyang District, Huizhou City ("Qiuchang Foundry") as the Group's production base. 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 2019, the Group did not have any significant capital commitments (31 December 2018: Nil).

Significant investment held

Except for investments in subsidiaries, as at 30 June 2019, 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 2019, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Employee and Emolument Policies

As at 30 June 2019, the employee headcount (including Directors) of the Group was 157 (31 December 2018: 153) and the total staff costs, including directors' emoluments, amounted to approximately HK$9.70 million during the six months ended 30 June 2019 (six months ended 30 June 2018: HK$8.74 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 2019, 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 2019, 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 2019, 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%
Mr. Fang Jinhuo		Personal interest	739,240,000	21.12%

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 2019, 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 2019 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 2019, 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 2019.

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 2019.

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 2019.

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

Hong Kong, 8 August 2019