

JETE POWER HOLDINGS LIMITED 鑄能控股有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8133

2020

INTERIM REPORT

* For identification purpose only

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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\$45.70 million for the six months ended 30 June 2020 (six months ended 30 June 2019: approximately HK\$33.68 million).
- Loss attributable to the owners of the Company for the six months ended 30 June 2020 amounted to approximately HK\$5.63 million (six months ended 30 June 2019: loss of approximately HK\$4.14 million).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

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 2020 together with the comparative unaudited figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2020

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	25,846	15,664	45,696	33,681
Cost of sales		(17,480)	(11,764)	(33,307)	(26,453)
Gross profit		8,366	3,900	12,389	7,228
Gain on disposal of a subsidiary		–	–	1,015	–
Other income		711	2	1,557	150
Selling and distribution expenses		(1,020)	(1,319)	(2,758)	(2,332)
Administrative expenses		(10,215)	(5,012)	(18,233)	(8,522)
Finance costs		(208)	(388)	(462)	(393)
Loss before tax		(2,366)	(2,817)	(6,492)	(3,869)
Income tax	5	–	(268)	–	(268)
Loss for the period	6	(2,366)	(3,085)	(6,492)	(4,137)
Other comprehensive expense for the period					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of financial statements of a foreign operation, net of nil tax		66	(4)	(355)	(548)
Total comprehensive expense for the period		(2,300)	(3,089)	(6,847)	(4,685)
Loss for the period attributable to:					
Owners of the Company		(2,353)	(3,085)	(5,628)	(4,137)
Non-controlling interests		(13)	–	(864)	–
		(2,366)	(3,085)	(6,492)	(4,137)
Total comprehensive expenses attributable to:					
Owners of the Company		(2,287)	(3,089)	(5,983)	(4,685)
Non-controlling interests		(13)	–	(864)	–
		(2,300)	(3,089)	(6,847)	(4,685)
Basic and diluted loss per share	8	HK(0.06) cents	HK(0.09) cents	HK(0.14) cents	HK(0.12) cents

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Non-current assets			
Plant and equipment		14,175	10,456
Right-of-use assets		15,534	13,384
Rental deposits	9	5,112	447
Goodwill		4,327	–
		39,148	24,287
Current assets			
Inventories		11,542	17,491
Trade and other receivables	9	26,125	7,260
Cash and cash equivalents		11,513	4,996
		49,180	29,747
Current liabilities			
Trade and other payables	10	28,555	9,949
Lease liabilities		4,899	1,542
Amount due to non-controlling interest of a subsidiary		4,599	–
Other borrowings		–	2,000
		38,053	13,491
Net current assets		11,127	16,256
Total assets less current liabilities		50,275	40,543
Non-current liabilities			
Lease liabilities		11,440	12,303
Provision for reinstatement		700	–
Other borrowings		–	500
		12,140	12,803
NET ASSETS		38,135	27,740
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	11	8,320	7,000
Reserves		31,455	20,740
		39,775	27,740
Non-controlling interests		(1,640)	–
TOTAL EQUITY		38,135	27,740

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	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)	Sub-total HK\$'000 (Unaudited)	Non-controlling interest HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Balance at 1 January 2020	7,000	18,418	1,991	(7,045)	-	27,650	(20,274)	27,740	-	27,740
Loss for the period	-	-	-	-	-	-	(5,628)	(5,628)	(864)	(6,492)
Other comprehensive expenses for the period	-	-	(355)	-	-	-	-	(355)	-	(355)
Total comprehensive expense for the period	-	-	(355)	-	-	-	(5,628)	(5,983)	(864)	(6,847)
Issue of new shares by way of placing, net of expenses (Note (d))	1,320	16,698	-	-	-	-	-	18,018	-	18,018
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	(776)	(776)
Balance as at 30 June 2020	8,320	35,116	1,636	(7,045)	-	27,650	(25,902)	39,775	(1,640)	38,135
Balance at 1 January 2019	7,000	18,418	2,868	(7,045)	13,720	27,650	(23,507)	39,104	-	39,104
Loss for the period	-	-	-	-	-	-	(4,137)	(4,137)	-	(4,137)
Exchange difference arising on translation of foreign operation	-	-	(548)	-	-	-	-	(548)	-	(548)
Total comprehensive expense for the period	-	-	(548)	-	-	-	(4,137)	(4,685)	-	(4,685)
Balance at 30 June 2019	7,000	18,418	2,320	(7,045)	13,720	27,650	(27,644)	34,419	-	34,419

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.

Note (d) Pursuant to the placing agreement entered into between the Company and Topper Dragon Securities Limited, an independent third party, on 9 September 2019, the Company issued, on 6 January 2020, an aggregate of 660,000,000 new shares at a price of HK\$0.028 per placing share to not less than six places who were independent of, and not connected to the Group. The gross proceeds from the said placement amounted to approximately HK\$18,480,000 and the related issue expense was approximately HK\$462,000.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash used in operating activities	(956)	(2,031)
Net cash used in investing activities	(587)	(659)
Net cash generated from financing activities	8,107	455
Net increase/(decrease) in cash and cash equivalents	6,564	(2,235)
Cash and cash equivalents at the beginning of period	4,996	8,876
Effect of foreign exchange rate changes	(47)	(38)
Cash and cash equivalents at the end of period	11,513	6,603
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	11,513	6,603

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 2020 (the "2020 Interim Financial Statements") are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

The 2020 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 2020 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 2020 Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019, 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 2020. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current and prior periods.

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 2020 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 2020 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 2019.

3. REVENUE

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Sales of cast metal products	22,231	30,956
Concerts and events income	309	2,725
Financial printing services income	23,156	–
	45,696	33,681

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

The Group has three reportable operating segments, including the metal casting segment, the entertainment segment and the financial printing 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.

- (a) The segment information provided to the directors for the reportable segments for the six months ended 30 June 2020 is as follows:

	Six months ended 30 June							
	Metal Casting		Entertainment		Financial printing		Total	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Segment revenue (all from external customers)	22,231	30,956	309	2,725	23,156	–	45,696	33,681
Segment results	(1,757)	1,511	(2)	(3,003)	(3,456)	–	(5,215)	(1,492)
Unallocated operating costs							(1,830)	(1,984)
Gain on disposal of a subsidiary							1,015	–
Finance costs							(462)	(393)
Loss before income tax							(6,492)	(3,869)

4. SEGMENT INFORMATION (CONTINUED)

- (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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Germany	19,667	28,145
Hong Kong	23,883	2,725
The PRC	792	1,379
The United States	1,226	1,201
Others	128	231
	45,696	33,681

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

	30 June	31 December
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	8,302	785
The PRC	21,407	23,055
	29,709	23,840

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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	5,257	7,445
Customer B	4,979	7,028

5. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong profits tax	-	268
PRC Enterprise Income Tax ("EIT")	-	-
	-	268

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislations, interpretations and practices in respect thereof.

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rate regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "Ordinance"). Under the two-tiered profits tax rate regime, the first HK\$2,000,000 of assessable profits of a qualifying corporation, which only one qualifying corporation within the Group is selected, is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The Ordinance is effective from the year of assessment 2018-2019.

Accordingly, the provision for Hong Kong Profits Tax for the qualifying corporation for the period ended 30 June 2020 is calculated in accordance with the two-tiered profits tax rate regime (30 June 2019: two-tiered profits tax rate regime) whereas the provision for other Hong Kong incorporated corporations are charged at 16.5% (30 June 2019: 16.5%).

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 2019: 25%) on the estimated assessable profits during the period arising in the PRC.

6. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Cost of inventories recognised as expense	17,418	23,961
Depreciation of plant and equipment	2,588	1,237
Depreciation of right-of-use assets	5,246	-
Impairment loss on trade receivables	689	-

7. INTERIM DIVIDEND

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

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss attributable to the owners of the Company (HK\$'000)	(2,353)	(3,085)	(5,628)	(4,137)
Weighted average number of ordinary shares in issue (thousands)	4,160,000	3,500,000	4,138,242	3,500,000
Basic and diluted loss per share (HK cents per share)	(0.06)	(0.09)	(0.14)	(0.12)

No adjustment has been made to the basic loss per share amount for the six months ended 30 June 2020 and 2019 as the Group had no potentially dilutive ordinary shares in issue during these periods.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June	31 December
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables, net	21,616	6,276
Other tax recoverable	289	179
Contract assets	1,770	–
Deposits prepayment and other receivables	7,562	1,252
Trade and other receivables	31,237	7,707
Less: Rental deposit shown under non-current assets	(5,112)	(447)
Current portion included under current assets	26,125	7,260

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

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 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Unaudited)
Within 30 days	8,852	307
31 to 60 days	8,018	5,130
61 to 90 days	1,917	440
Over 90 days but less than 1 year	2,829	399
Total	21,616	6,276

10. TRADE AND OTHER PAYABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade payables	17,323	3,895
Accrued charges and other payables	3,315	5,562
Contract liabilities	7,917	492
	28,555	9,949

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 30 days	6,779	2,493
31 to 60 days	2,062	678
61 to 90 days	2,494	290
Over 90 days but less than 1 year	5,988	434
	17,323	3,895

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 2019, 31 December 2019 and 30 June 2020 (Unaudited)		50,000,000,000	100,000
Ordinary shares, issued and fully paid:			
At 1 January 2019 and 31 December 2019		3,500,000,000	7,000
Issue of new shares in January 2020		660,000,000	1,320
At 30 June 2020 (Unaudited)		4,160,000,000	8,320

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	
	2020 HK\$'000	2019 HK\$'000
Short-term employee benefits	1,590	1,590
Post-employment benefits — defined contribution plans	9	9
	1,599	1,599

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

During the six months ended 30 June 2020, the Group was principally engaged in trading and manufacturing of metal casting parts and components in the PRC and provision of financial printing services in Hong Kong.

Metal Casting Business

The metal casting 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.

Stepping into 2020, the outbreak of the novel coronavirus (COVID-19) and its escalation on a global scale has triggered unprecedented disruptions in business operations and to the global economy. The Group is closely monitoring the market conditions and taking appropriate measures to respond to the challenges. During the reporting period, the Group's foundry in the PRC have been affected by the work suspension and reduced workforce mobility as a result of the COVID-19 epidemic, thereby experienced a temporary decrease in production. The Group will continue to monitor the development of the COVID-19 epidemic and its impact on the operations and results of the Group.

Given the global economic recession worsened in the first half of 2020 and the slackening demand among downstream consumers, it is expected that the metal casting business may experience its own slowdown for a period of time. The Group will continue to strengthen its cost control and resources management by executing flexible strategies to face the challenges in order to maintain its competitiveness in the market. 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.

Financial Printing Business

On 6 January 2020, the Group successfully completed the acquisition of Solomon Holdings Group Limited which 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 in equity fund raising activities on the Stock Exchange is expected to bring growth of the financial printing services and the Group would benefit from diversifying its revenue source through the acquisition.

Going forward, given the sustainable demand for periodic financial documents for the listed companies, the Group will continue to provide a wide range of financial printing services to meet our customers' demands and requirements. In addition, the Group will further enhance our quality control and inspection throughout our production process to ensure the quality of our financial printing services.

Entertainment Business

Last year, the Group has also engaged in the concerts and events organization business in Hong Kong (the “Entertainment Business”). However, the recent social unrest, low sentiment, and the downward pressure on economic growth in Hong Kong since the third quarter of 2019 has negatively impacted the results in the Entertainment Business. Some events and concerts have been either cancelled or re-scheduled. Together with the recent outbreak of the COVID-19, the Group expects that such unfavorable and uncertain market conditions in the Entertainment Business shall persist for a period of time.

On 6 February 2020, the Group has discontinued the entire Entertainment Business through the disposal of a subsidiary in order to prevent the Group from suffering further losses and cash outflow for the non-performing Entertainment Business. Our management will closely monitor the business environment and explores new and value-added businesses from time to time in order to diversify the risk of the Group and, hence, to provide a stable return to the Group in the long run.

Financial Review

Revenue

For the six months ended 30 June 2020, total revenue of the Group increased about 36% to approximately HK\$45.70 million as compared with the corresponding period in 2019. The increase in total revenue was mainly due to the combined effects of (i) the decrease in sales volume of cast metal products as a result of the outbreak of the COVID-19 and (ii) the new source of income arising from financial printing business of approximately HK\$23.16 million.

Gross profit

Gross profit of approximately HK\$12.39 million was recorded for the six months ended 30 June 2020, increased by approximately HK\$5.16 million as compared with the corresponding period in 2019 of approximately HK\$7.23 million. The Group’s overall gross profit margin has been improved to approximately 27%.

Selling and distribution expenses

The Group’s selling and distribution expenses for the six months ended 30 June 2020 amounted to approximately HK\$2.76 million, representing an approximately 18% increase as compared with the corresponding period in 2019 of approximately HK\$2.33 million. The increase for the period was mainly due to the selling and distribution expenses arising from the financial printing business which was acquired during the period.

Administrative expenses

The Group’s administrative expenses for the six months ended 30 June 2020 amounted to approximately HK\$18.23 million, representing an approximately 114% increase as compared with the corresponding period in 2019 of approximately HK\$8.52 million. Administrative expenses primarily consist of salaries and benefit payments paid to directors and staff, depreciation, 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 the administrative expenses arising from the financial printing business which was acquired during the period.

Finance costs

Finance costs mainly represented the interest on lease liabilities and factoring charges.

Loss for the period

Loss attributable to owners of the Company for the six months ended 30 June 2020 amounted to approximately HK\$5.63 million (six months ended 30 June 2019: Loss of approximately HK\$4.14 million). Such increase was mainly due to the net effects of one-off gain on disposal of a subsidiary and the increase in administrative expenses and gross profit 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 financing activities. The Group had cash and cash equivalents of approximately HK\$11.51 million as at 30 June 2020 (31 December 2019: HK\$5.00 million). As at 30 June 2020, the Group had no borrowings (31 December 2019: HK\$2.5 million).

Gearing ratio

As at 30 June 2020, the Group's gearing ratio was 0% (31 December 2019: 9%), which is calculated based on the Group's total interest-bearing debt divided by the Group's total equity.

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 2020, the Group had no material contingent liabilities (31 December 2019: Nil).

Charge of assets

As at 30 June 2020, the Group had no charge of assets (31 December 2019: Nil).

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 2020, the Group did not have any significant capital commitments (31 December 2019: Nil).

Significant investment held

Except for investments in subsidiaries, as at 30 June 2020, the Group did not hold any significant investment in equity interest in any other company.

Future plans for material investments and capital assets

The Group did not have plans for material investments and capital assets as at 30 June 2020.

Material acquisitions and disposals of subsidiaries and affiliated companies

Save as disclosed in the section headed “Business review and prospects” in this report, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the six months ended 30 June 2020.

Employee and Emolument Policies

As at 30 June 2020, the employee headcount (including Directors) of the Group was 184 (31 December 2019: 148) and the total staff costs, including directors' emoluments, amounted to approximately HK\$15.30 million during the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$9.70 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 2020, 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")	Beneficial owner and interest of a controlled corporation	181,500,000 (Note 1)	4.36%

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) 181,480,000 shares of these Shares are held by Mr. Choi as beneficial owner. The remaining 20,000 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 20,000 shares held by Bravo Luck.

Save as disclosed above, as at 30 June 2020, 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 2020, 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	Nature of interests	Number of shares held	Percentage of the Company's issued share capital
Mr. Fang Jinhua	Personal interest	709,640,000	17.06%
Mr. Yuan Andy Yun Nan	Personal interest	660,000,000	15.87%

Save as disclosed above, as at 30 June 2020, 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 2020 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 2020 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 2020.

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 2020.



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 2020.

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

Hong Kong, 12 August 2020