

Shen You Holdings Limited 申酉控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 8377

2020

INTERIM REPORT 中期報告



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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “**Directors**”) of Shen You 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 enquiries, 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.*

香港聯合交易所有限公司(「聯交所」) GEM 的特色

GEM 的定位，乃為中小型公司提供一個上市的市場，此等公司相比起其他在聯交所上市的公司帶有較高投資風險。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。

由於 GEM 上市公司普遍為中小型公司，在 GEM 買賣的證券可能會較於主板買賣之證券承受較大的市場波動風險，同時無法保證在 GEM 買賣的證券會有高流通量的市場。

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本報告乃遵照聯交所 GEM 證券上市規則(「GEM 上市規則」)而刊載，旨在提供有關申酉控股有限公司(「本公司」)的資料；本公司的董事(「董事」)願就本報告的資料共同及個別地承擔全部責任。各董事在作出一切合理查詢後，確認就其所深知及確信，本報告所載資料在各重大方面均屬準確完備，且無誤導或欺詐成分，及並無遺漏任何其他事項，致使本報告或其所載任何陳述產生誤導。

Financial Highlights

財務摘要

For the six months ended 30 June 2020, the unaudited operating results of the Company and its subsidiaries (collectively, the “**Group**”) were as follows:

- revenue recorded for the six months ended 30 June 2020 amounted to approximately HK\$17.5 million;
- loss after taxation for the six months ended 30 June 2020 amounted to approximately HK\$5.3 million; and
- basic and diluted loss per share of the Company for the six months ended 30 June 2020 was approximately HK0.60 cents.

截至二零二零年六月三十日止六個月，本公司及其附屬公司(統稱「**本集團**」)的未經審核經營業績載列如下：

- 截至二零二零年六月三十日止六個月，錄得收益約17.5百萬港元；
- 截至二零二零年六月三十日止六個月的除稅後虧損約為5.3百萬港元；及
- 本公司截至二零二零年六月三十日止六個月的每股基本及攤薄虧損約為0.60港仙。

Financial Information

財務資料

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2020, together with the comparative unaudited figures for the corresponding period in 2019, which are presented in Hong Kong dollars (“**HK\$**”) as follows:

董事會(「**董事會**」)欣然宣佈本集團截至二零二零年六月三十日止六個月的未經審核簡明綜合業績，連同二零一九年同期的未經審核比較數字，均以港元(「**港元**」)列示如下：

Unaudited Condensed Consolidated Statements of Profit or Loss

未經審核簡明綜合損益表

For the six months ended 30 June 2020
截至二零二零年六月三十日止六個月

		Notes 附註	For the three months ended 30 June 截至六月三十日止三個月		For the six months ended 30 June 截至六月三十日止六個月	
			2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)	2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)
Revenue	收益	4, 5	9,409	15,831	17,523	28,894
Cost of sales	銷售成本		(7,688)	(11,686)	(14,531)	(22,496)
Gross profit	毛利		1,721	4,145	2,992	6,398
Other income and gains	其他收入及增益	5	505	923	1,444	972
Selling and distribution expenses	銷售及分銷開支		(1,286)	(1,605)	(2,640)	(3,095)
Administrative expenses	行政開支		(3,217)	(2,725)	(6,490)	(6,623)
Other expenses	其他開支		(135)	(26)	(372)	(179)
Finance costs	融資成本	6	(47)	(313)	(250)	(618)
PROFIT/(LOSS) BEFORE TAX	除稅前溢利/(虧損)	7	(2,459)	399	(5,316)	(3,145)
Income tax credit/(expense)	所得稅抵免/(開支)	8	(1)	(144)	(1)	440
PROFIT/(LOSS) FOR THE PERIOD	期內溢利/(虧損)		(2,460)	255	(5,317)	(2,705)
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	母公司擁有人應佔溢利/(虧損)		(2,460)	255	(5,317)	(2,705)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	母公司擁有人應佔每股盈利/(虧損)	10		(Restated) (經重列)		(Restated) (經重列)
Basic and diluted (expressed in HK cents per share)	基本及攤薄(以每股港仙列示)		(0.27)	0.03	(0.60)	(0.32)

Unaudited Condensed Consolidated Statement of Comprehensive Income

未經審核簡明綜合全面收入表

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

		For the three months ended 30 June 截至六月三十日止三個月		For the six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)	2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)
PROFIT/(LOSS) FOR THE PERIOD	期內溢利/(虧損)	(2,460)	255	(5,317)	(2,705)
OTHER COMPREHENSIVE LOSS	其他全面虧損				
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	(102)	(1,858)	(1,263)	(287)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	期內其他全面虧損 (已扣除稅項)	(102)	(1,858)	(1,263)	(287)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	期內全面虧損總額	(2,562)	(1,603)	(6,580)	(2,992)
ATTRIBUTABLE TO OWNERS OF THE PARENT	母公司擁有人應佔	(2,562)	(1,603)	(6,580)	(2,992)

Consolidated Statement of Financial Position

綜合財務狀況表

As at 30 June 2020 於二零二零年六月三十日

		Notes 附註	As at 30 June 2020 於二零二零年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2019 於二零一九年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	11	5,368	6,175
Right-of-use assets	使用權資產	12	4,633	5,530
Financial assets at fair value through profit or loss	按公允值計入損益的 金融資產		4,815	4,742
Prepayments, other receivables and other assets	預付款項、其他應收款項 及其他資產	13	1,789	1,908
Total non-current assets	非流動資產總值		16,605	18,355
CURRENT ASSETS	流動資產			
Inventories	存貨	14	12,421	11,382
Trade receivables	應收交易款項	15	9,004	10,404
Prepayments, other receivables and other assets	預付款項、其他應收款項 及其他資產	13	9,667	4,821
Tax recoverable	可收回稅項		543	–
Cash and cash equivalents	現金及現金等價物		18,284	34,531
Total current assets	流動資產總值		49,919	61,138
CURRENT LIABILITIES	流動負債			
Trade payables	應付交易款項	16	4,422	5,199
Other payables and accruals	其他應付款項及應計費用	17	5,010	4,696
Interest-bearing bank borrowings	計息銀行借款	18	–	19,967
Lease liabilities	租賃負債	12	2,126	2,155
Tax payable	應付稅項		1,121	1,135
Total current liabilities	流動負債總額		12,679	33,152
NET CURRENT ASSETS	流動資產淨值		37,240	27,986
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		53,845	46,341

Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

As at 30 June 2020 於二零二零年六月三十日

		Notes 附註	As at 30 June 2020 於二零二零年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2019 於二零一九年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
NON-CURRENT LIABILITIES	非流動負債			
Lease liabilities	租賃負債	12	2,710	3,869
Total non-current liabilities	非流動負債總額		2,710	3,869
Net assets	資產淨值		51,135	42,472
EQUITY	權益			
Share capital	股本	19	12,000	8,000
Reserves	儲備		39,135	34,472
Total equity	權益總額		51,135	42,472

Unaudited Condensed Consolidated Statement of Changes in Equity

未經審核簡明綜合權益變動表

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

		Share capital	Share premium	Merger reserve	Statutory surplus reserve	Exchange fluctuation reserve	Accumulated losses	Total equity
		股本	股份溢價	合併儲備	法定盈餘儲備	匯兌波動儲備	累計虧損	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
As at 1 January 2019 (audited)	於二零一九年一月一日 (經審核)	8,000	57,751	(1,000)	5,670	7,452	(14,767)	63,106
Loss for the period	期內虧損	-	-	-	-	-	(2,705)	(2,705)
Other comprehensive loss for the period:	期內其他全面虧損:							
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	-	-	-	-	(287)	-	(287)
Total comprehensive income/(loss) for the period	期內全面收入/(虧損)總額	-	-	-	-	(287)	(2,705)	(2,992)
As at 30 June 2019 (unaudited)	於二零一九年六月三十日 (未經審核)	8,000	57,751	(1,000)	5,670	7,165	(17,472)	60,114
As at 1 January 2020 (audited)	於二零二零年一月一日 (經審核)	8,000	57,751	(1,000)	5,670	6,037	(33,986)	42,472
Loss for the period	期內虧損	-	-	-	-	-	(5,317)	(5,317)
Other comprehensive loss for the period:	期內其他全面虧損:							
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	-	-	-	-	(1,263)	-	(1,263)
Total comprehensive loss for the period	期內全面虧損總額	-	-	-	-	(1,263)	(5,317)	(6,580)
Issue of rights shares	發行供股股份	4,000	11,243	-	-	-	-	15,243
As at 30 June 2020 (unaudited)	於二零二零年六月三十日 (未經審核)	12,000	68,994	(1,000)	5,670	4,774	(39,303)	51,135

Unaudited Condensed Consolidated Statement of Cash Flows

未經審核簡明綜合現金流量表

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

		For the six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)
		Notes 附註	
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動所得現金流量		
Loss before tax	除稅前虧損	(5,316)	(3,145)
Adjustments for:	調整：		
Finance costs	融資成本	6 250	618
Fair value gain on financial assets at fair value through profit or loss	按公允值計入損益的 金融資產的公允值 增益	(73)	(49)
Bank interest income	銀行利息收入	5 (1)	(1)
Depreciation of right-of-use assets	使用權資產折舊	807	637
Depreciation of fixed assets	固定資產折舊	7 694	585
(Gain)/loss on disposal of items of property, plant and equipment	出售物業、廠房及設備 項目之(增益)/虧損	7 123	(19)
		(3,516)	(1,374)
Increase in inventories	存貨增加	(1,039)	(194)
Decrease in trade receivables	應收交易款項減少	1,400	5,280
Increase in prepayments, other receivables and other assets	預付款項、其他應收款項及 其他資產增加	(4,727)	(2,277)
(Decrease)/increase in trade payables	應付交易款項(減少)/增加	(777)	23
Increase/(decrease) in other payables and accruals	其他應付款項及應計費用 增加/(減少)	314	(1,569)
Cash used in operations	經營所用現金	(8,345)	(111)
Interest received	已收利息	1	1
Interest paid	已付利息	(250)	(618)
PRC taxes paid	已付中國稅項	(566)	(107)
Net cash flows used in operating activities	經營活動所用現金流量 淨額	(9,160)	(835)

Unaudited Condensed Consolidated Statement of Cash Flows (Continued)

未經審核簡明綜合現金流量表(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

		For the six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)
		Notes 附註	
CASH FLOWS FROM INVESTING ACTIVITIES		投資活動所得現金流量	
Purchases of items of property, plant and equipment	購買物業、廠房及設備項目	(130)	(145)
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目所得款項	-	31
Net cash flows used in investing activities	投資活動所用現金流量淨額	(130)	(114)
CASH FLOWS FROM FINANCING ACTIVITIES		融資活動所得現金流量	
New bank loans	新增銀行貸款	11,622	10,693
Repayments of bank loans	償還銀行貸款	(31,589)	(10,804)
Issue of rights shares	發行供股股份	15,243	-
Principal portion of lease payment	租賃付款本金部分	(1,188)	(544)
Net cash flows used in financing activities	融資活動所用現金流量淨額	(5,912)	(655)
NET DECREASE IN CASH AND CASH EQUIVALENTS		現金及現金等價物減少淨額	
Cash and cash equivalents at beginning of period	期初現金及現金等價物	34,532	30,938
Effect of foreign exchange rate changes, net	匯率變動的影響，淨額	(1,046)	(91)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	期末現金及現金等價物	18,284	29,243

Unaudited Condensed Consolidated Statement of Cash Flows (Continued)

未經審核簡明綜合現金流量表(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

		For the six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)
		Notes 附註	
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		現金及現金等價物結餘之分析	
Cash and bank balances	現金及銀行結餘	18,284	33,619
Cash and cash equivalents as stated in the consolidated statement of financial position	列入綜合財務狀況表之現金及現金等價物	18,284	33,619
Bank overdrafts	銀行透支	-	(4,376)
Cash and cash equivalents as stated in the consolidated statement of cash flows	列入綜合現金流量表之現金及現金等價物	18,284	29,243

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands on 18 August 2016. The registered office address of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. During the period, the Company's subsidiaries were principally engaged in the manufacture and trading of sewing threads and broad categories of garment accessories.

In the opinion of the Directors, the ultimate holding company of the Group is Three Gates Investment Limited, which was incorporated in the British Virgin Islands ("BVI") with limited liability and is controlled by Mr. Wong Kwok Wai, Albert.

As at the date of this report, the Company has direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

1. 公司及集團資料

本公司於二零一六年八月十八日根據開曼群島公司法(經修訂)在開曼群島註冊成立為獲豁免有限公司，註冊辦事處位於Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands。

本公司為投資控股公司。本公司附屬公司期內主要從事縫紉線和各類服裝輔料生產及貿易。

董事認為，本集團最終控股公司為Three Gates Investment Limited，乃於英屬處女群島(「英屬處女群島」)註冊成立的有限公司，由黃國偉先生控制。

於本報告日期，本公司擁有其附屬公司的直接及間接權益，該等附屬公司均為私營有限公司(或倘於香港境外註冊成立，擁有於香港註冊成立私營公司之大致類似性質)，詳情載列如下：

Name 名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及經營地點	Nominal value of issued ordinary/ paid-up/registered share capital 已發行普通/ 繳足/註冊股本面值	Percentage of equity attributable to the Company 本公司應佔權益百分比			Principal activities 主要業務
			Direct 直接	Indirect 間接		
Strat Tech Holdings Limited	BVI 英屬處女群島	US\$1 1美元	100%	-	Investment holding 投資控股	
Shen You (China) Limited 申酉(中國)有限公司	Hong Kong 香港	HK\$10,000,000 10,000,000港元	100%	-	Investment holding 投資控股	
Tseyu International Trading Company Limited 至裕國際貿易有限公司	Hong Kong 香港	HK\$45,000,000 45,000,000港元	-	100%	Trading of sewing threads and broad categories of garment accessories 縫紉線和各類服裝輔料 貿易	
Newchamp Industries Limited 新中港實業有限公司	Hong Kong 香港	HK\$30,000,000 30,000,000港元	-	100%	Trading of sewing threads 縫紉線貿易	

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

1. CORPORATE AND GROUP INFORMATION (Continued)

1. 公司及集團資料(續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及經營地點	Nominal value of issued ordinary/ paid-up/registered share capital 已發行普通/ 繳足/註冊股本面值	Percentage of equity attributable to the Company 本公司應佔權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Clolab International Limited 研衣人國際有限公司	Hong Kong 香港	HK\$10,000 10,000 港元	–	100%	Dormant 暫無業務
Cheerful Keen Limited 置富健有限公司	BVI 英屬處女群島	US\$1 1 美元	–	100%	Trading of sewing threads and broad categories of garment accessories 縫紉線和各類服裝 輔料貿易
Guangzhou Xinhua Thread Company Limited *	People's Republic of China (the "PRC")/ Mainland China	HK\$56,250,000	–	100%	Manufacture and trading of sewing threads and broad categories of garment accessories 縫紉線和各類服裝 輔料生產及貿易
廣州新華線業有限公司 *	中華人民共和國 (「中國」)/ 中國內地	56,250,000 港元			
申西辰鑫企業(上海)有限公司 *	PRC/Mainland China 中國/中國內地	HK\$5,000,000 5,000,000 港元	–	100%	Investment holding 投資控股
杭州新裕線業有限公司	PRC/Mainland China 中國/中國內地	RMB500,000 人民幣 500,000 元	–	100%	Trading of sewing threads and broad categories of garment accessories 縫紉線和各類服裝輔料貿易

* Registered as wholly-foreign-owned enterprises under PRC law.

* 根據中國法律註冊為外商獨資企業。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2020 (the “**period**”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the Companies Ordinance (Cap. 622) and to the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The unaudited interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2019.

The accounting policies and methods of computation used in the preparation of these financial statements are consistent with the consolidated financial statements of the Group for the year ended 31 December 2019, except for the adoption of the standards amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning on 1 January 2020. The effect of the adoption of these standards, amendments and interpretation is described in note 3 below.

In January 2020, the ICAC conducted a search of the registered office of the Company and the Company’s chairman and chief executive officer was under investigation (the “**Investigation**”) with no prosecution issued by the ICAC up to the date of approval of these consolidated financial statements.

In the opinion of the directors of the Group, the Investigation does not have material impact to these financial statements.

2. 編製基準

此等本集團截至二零二零年六月三十日止六個月(「**期內**」)的未經審核中期簡明綜合財務報表乃按香港會計師公會(「**香港會計師公會**」)頒佈的香港會計準則第34號「中期財務報告」和第622章公司條例及聯交所GEM證券上市規則的適用披露規定而編製。

此等本集團未經審核中期簡明綜合財務報表並不包括年度綜合財務報表所規定的所有資料和披露，故應與本集團截至二零一九年十二月三十一日止年度的綜合財務報表一併閱讀。

編製此等財務報表所採用的會計政策和計算方法與本集團截至二零一九年十二月三十一日止年度的綜合財務報表所採用者一致，惟採納由香港會計師公會頒佈於二零二零年一月一日開始之年度期間強制生效的準則、修訂及詮釋除外。採納該等準則、修訂及詮釋的影響於下文附註3描述。

於二零二零年一月，廉政公署對本公司註冊辦事處進行搜查，而本公司主席兼行政總裁正在接受調查(「**調查**」)，直至該等綜合財務報表獲批准日期，廉政公署未有提出起訴。

本集團董事認為，調查對該等財務報表並無重大影響。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

2. BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. 編製基準(續)

綜合基準

綜合財務報表包括本公司及其附屬公司(統稱「**本集團**」)截至二零二零年六月三十日止六個月之財務報表。附屬公司為本公司直接或間接控制的實體(包括結構實體)。本集團因參與投資對象業務而承擔可變回報的風險或有權享有可變回報，且有能力透過對投資對象行使權力(即賦予本集團現有權力以主導投資對象的相關業務的既存權利)影響該等回報時，則屬擁有控制權。

如本公司直接或間接擁有投資對象投票權或類似權利不過半數，本集團衡量是否對投資對象有權力時，會考慮所有相關事實及情況，包括：

- (a) 投資對象其他投票權持有人的合約安排；
- (b) 其他合約安排所產生的權利；及
- (c) 本集團的投票權及潛在投票權。

附屬公司使用與本公司一致的會計政策編製同一報告期間的財務報表。附屬公司的業績自本集團取得控制權之日起綜合入賬，並持續綜合入賬至有關控制權終止當日為止。

損益及其他全面收入的各組成部分會歸屬於本集團母公司擁有人及非控股權益，儘管這會導致非控股權益結餘錄得虧絀。有關本集團成員公司間交易的所有集團內資產及負債、權益、收入、開支以及現金流量於綜合入賬時悉數對銷。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

2. BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary; (ii) the carrying amount of any non-controlling interest; and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received; (ii) the fair value of any investment retained; and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The adoption of the above new and revised standards has no significant impact on these financial statements.

2. 編製基準(續)

綜合基準(續)

倘事實及情況顯示上述三項控制因素的一項或多項出現變化，本集團會重新評估本身是否控制投資對象。並無失去控制權的附屬公司擁有權權益變動以權益交易入賬。

倘本集團失去對附屬公司的控制權，則會終止確認：(i) 該附屬公司的資產(包括商譽)及負債；(ii) 任何非控股權益的賬面值；及(iii) 計入權益的累計匯兌差額；並確認(i) 已收代價的公允值；(ii) 任何保留投資的公允值；及(iii) 任何於損益產生的任何盈餘或虧絀。本集團應佔過往於其他全面收入確認的組成部分按與本集團直接出售相關資產或負債所需相同基準重新分類至損益或保留溢利(如適用)。

3. 會計政策和披露的變動

本集團已採納下列新訂和經修訂香港財務報告準則。

香港財務報告準則第3號(修訂本)	業務的定義
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號(修訂本)	利率基準改革
香港會計準則第1號及香港會計準則第8號(修訂本)	重大的定義

採納上述新訂和經修訂準則對此等財務報表產生並無重大影響。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of sewing threads and broad categories of garment accessories. For management purposes, the Group operates in one business unit and has one reportable operating segment, which is the thread segment that manufactures and sells sewing threads and garment accessories. Accordingly, no further operating segment information is presented.

Geographical information

(a) Revenue from external customers

		Three months ended 30 June		Six months ended 30 June	
		截至六月三十日止三個月		截至六月三十日止六個月	
		2020	2019	2020	2019
		二零二零年	二零一九年	二零二零年	二零一九年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)
PRC	中國	6,694	8,825	11,060	16,114
Overseas	海外	2,115	6,083	5,063	10,998
Hong Kong	香港	600	923	1,400	1,782
		9,409	15,831	17,523	28,894

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

收益資料乃基於客戶所在地劃分。

4. 經營分部資料

本集團主要從事生產及銷售優質縫紉線和各類服裝輔料。就管理目的而言，本集團經營一個業務單位並擁有一個呈報經營分部，即生產及銷售縫紉線及服裝輔料的線料分部。因此並無呈報經營分部的其他資料。

地區資料

(a) 來自外部客戶的收益

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(b) Non-current assets

		30 June 2020 二零二零年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
PRC	中國	9,127	10,472
Hong Kong	香港	875	1,233
		10,002	11,705

The non-current asset information is based on the locations of the assets and excludes deferred tax assets, financial assets at fair value through profit or loss, long-term rental deposits and loan to a vendor included in the prepayments, other receivables and other assets.

上述非流動資產資料基於資產所在地劃分，不包括遞延稅項資產、按公允值計入損益的金融資產、以及計入預付款項、其他應收款項及其他資產的長期租金按金及向供應商貸款。

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after trade discounts and sales taxes.

An analysis of revenue is as follows:

5. 收益、其他收入及增益

收益指已售貨品的發票價值淨額(已扣除交易折扣及營業稅)。

收益的分析如下：

		For the three months ended 30 June 截至六月三十日止三個月		For the six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)	2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)
Revenue from contracts with customers	來自客戶合約的收益	9,409	15,831	17,523	28,894
Sales of goods	銷售貨品				

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

5. 收益、其他收入及增益(續)

來自客戶合約的收益

(i) 收益分拆資料

		For the three months ended 30 June		For the six months ended 30 June	
		截至六月三十日止三個月		截至六月三十日止六個月	
		2020	2019	2020	2019
		二零二零年	二零一九年	二零二零年	二零一九年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)
Type of goods	貨品種類				
Sale of industrial products	銷售工業產品	9,409	15,831	17,523	28,894
Geographical markets	地區市場				
PRC	中國	6,694	8,825	11,060	16,114
Overseas	海外	2,115	6,083	5,063	10,998
Hong Kong	香港	600	923	1,400	1,782
Total revenue from contracts with customers	來自客戶合約的總收益	9,409	15,831	17,523	28,894
Timing of revenue recognition	確認收益的時間				
Goods transferred at a point in time	於某一時間點轉讓的貨物	9,409	15,831	17,523	28,894

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of industrial products

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 90 days from delivery, except for certain customers where payment in advance is required.

5. 收益、其他收入及增益(續)

來自客戶合約的收益(續)

(ii) 履行責任

有關本集團履行責任的資料概述如下：

銷售工業產品

履行責任於交付工業產品後達成，而付款通常自交付起計30至90日內到期，須預付款項的若干客戶除外。

	For the three months ended 30 June		For the six months ended 30 June	
	截至六月三十日止三個月		截至六月三十日止六個月	
	2020	2019	2020	2019
	二零二零年	二零一九年	二零二零年	二零一九年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(未經審核)	(未經審核)	(未經審核)	(未經審核)
Other income and gains				
Bank interest income	1	–	1	1
Exchange gains, net	(99)	625	509	36
Fair value gain on financial assets at fair value through profit or loss	73	–	73	49
Gain on disposal of items of property, plant and equipment	–	–	–	19
Gross rental income	351	201	646	770
Other	179	97	215	97
	505	923	1,444	972

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

6. FINANCE COSTS

An analysis of finance costs is as follows:

		For the three months ended 30 June 截至六月三十日止三個月		For the six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)	2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)
Interest on lease liabilities	租賃負債利息	45	70	132	140
Interest on bank loans and overdrafts	銀行貸款利息及透支	2	243	118	478
		47	313	250	618

6. 融資成本

融資成本分析如下：

7. PROFIT/(LOSS) BEFORE TAX

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

		For the three months ended 30 June 截至六月三十日止三個月		For the six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)	2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)
Cost of inventories sold	已售存貨成本	7,688	11,686	14,531	22,496
Depreciation of fixed assets	固定資產折舊	338	302	694	585
Depreciation of right-of-use assets	使用權資產折舊	361	317	807	637
Lease payments not included in the measurement of lease liabilities	不計入租賃負債計量之租賃款項	66	-	66	-
Auditor's remuneration	核數師酬金	-	298	450	732
Employees' benefit expenses (excluding directors' remuneration)	僱員福利開支(不包括董事薪酬)	3,230	4,309	6,875	9,055
Net exchange loss/(gain)	外匯虧損/(增益)淨額	99	(625)	(509)	(36)
(Gain)/loss on disposal of fixed assets	出售固定資產之(增益)/虧損	(1)	-	123	(19)
Fair value gain on financial assets at fair value through profit or loss	按公允值計入損益的金融資產的公允值增益	(73)	-	(73)	(49)

7. 除稅前溢利/(虧損)

本集團的除稅前溢利/(虧損)已扣除/(計入)下列各項：

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which subsidiaries of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in Mainland China are subject to corporate income tax at a rate of 25% on the taxable income.

8. 所得稅

本集團須按實體基準就產生或源於本集團附屬公司註冊及經營所在司法管轄區的溢利繳納所得稅。根據開曼群島及英屬處女群島的規則及法規，本集團毋須繳納開曼群島及英屬處女群島的任何所得稅。

香港利得稅乃就期內於香港產生的估計應課稅溢利按稅率16.5%作出撥備，惟本集團的一間附屬公司為自二零一八年／二零一九年課稅年度起生效的利得稅兩級制項下的合資格實體除外。該附屬公司首2,000,000港元的應課稅溢利按8.25%繳稅，而餘下應課稅溢利則按16.5%繳稅。

根據中國所得稅法及相關規定，於中國內地經營之附屬公司須按應課稅收入的25%繳納企業所得稅。

	For the three months ended 30 June		For the six months ended 30 June	
	截至六月三十日止三個月		截至六月三十日止六個月	
	2020	2019	2020	2019
	二零二零年	二零一九年	二零二零年	二零一九年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(未經審核)	(未經審核)	(未經審核)	(未經審核)
Current — Hong Kong and Mainland China 即期 — 香港及中國內地	1	33	1	33
Deferred 遞延	-	111	-	(473)
Tax (credit)/expense 稅項(抵免)/支出	1	144	1	(440)

9. DIVIDENDS

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

9. 股息

董事會不建議就截至二零二零年六月三十日止六個月派發中期股息。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

10. 母公司擁有人應佔每股盈利/(虧損)

		For the three months ended 30 June 截至六月三十日止三個月		For the six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 (unaudited) (未經審核)	2019 二零一九年 (unaudited) (未經審核) (restated) (經重列)	2020 二零二零年 (unaudited) (未經審核)	2019 二零一九年 (unaudited) (未經審核) (restated) (經重列)
Profit/(loss) attributable to owners of the parent (HK\$'000)	母公司擁有人應佔溢利/(虧損) (千港元)	(2,460)	255	(5,317)	(2,705)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	用以計算每股基本及攤薄盈利/(虧損)的普通股加權平均數 per share	926,765,542	839,160,839	882,963,191	839,160,839
Basic and diluted earnings/(loss) per share (HK cents)	每股基本及攤薄盈利/(虧損) (港仙)	(0.27)	0.03	(0.60)	(0.32)

11. PROPERTY, PLANT AND EQUIPMENT

11. 物業、廠房及設備

		Production machinery	Office equipment	Leasehold improvements	Motor vehicles	Total
		生產機械	辦公設備	租賃改良	汽車	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Net carrying amount at 1 January 2020 (audited)	於二零二零年一月一日的 賬面淨值(經審核)	5,244	285	45	601	6,175
Additions	添置	123	7	-	-	130
Disposals	出售	(102)	(8)	-	(13)	(123)
Charge for the period	本期開支	(535)	(71)	(14)	(74)	(694)
Exchange adjustment	匯兌調整	(103)	(6)	-	(11)	(120)
Net carrying amount at 30 June 2020 (unaudited)	於二零二零年六月三十日的 賬面淨值(未經審核)	4,627	207	31	503	5,368

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

12. LEASES

The Group as a lessee

The Group has entered into several leases for leasing various properties for the Group's operation. The building leases generally have a lease term between 2 and 4.5 years while the leases of the equipment used in the operation, which involved insignificant lease amounts, generally have a lease term of 12 months or less. Generally, the Group is restricted from assigning and subleasing the leased properties to other parties or entities not forming part of the Group.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the period are as follows:

12. 租賃

本集團作為承租人

本集團已訂立多項租賃協議，以租賃供本集團營運的各類物業。建築物租賃的租期一般介乎兩年至4.5年，而用於營運的設備的租賃的租賃數額不大，租期一般為12個月或以內。一般而言，本集團不得將租賃物業轉讓及轉租予不屬本集團一部分的其他各方或實體。

(a) 使用權資產

期內，本集團使用權資產的賬面值及變動如下：

		2020 二零二零年 HK'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)
As at 1 January	於一月一日	5,530	5,992
Additions	添置	-	1,330
Depreciation charge	折舊支出	(807)	(1,684)
Exchange realignment	匯兌調整	(90)	(108)
As at 30 June 2020/ 31 December 2019	於二零二零年六月三十日/ 二零一九年十二月三十一日	4,633	5,530

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

12. LEASE (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the period are as follows:

		2020 二零二零年 HK'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)
As at 1 January	於一月一日	6,024	5,827
New leases	新租賃	–	1,330
Accretion of interest recognised during the period/year	期/年內確認的利息增加	132	301
Payments	付款	(1,320)	(1,322)
Exchange realignment	匯兌調整	–	(112)
As at 30 June 2020/ 31 December 2019	於二零二零年六月三十日/ 二零一九年十二月三十一日	4,836	6,024
Analysed in to:	分析為：		
Current portion	流動部分	2,126	2,155
Non-current portion	非流動部分	2,710	3,869

12. 租賃(續)

本集團作為承租人(續)

(b) 租賃負債

期內，租賃負債的賬面值及變動如下：

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

13. 預付款項、其他應收款項及其他資產

		As at 30 June 2020 於二零二零年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2019 於二零一九年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Other prepayments	其他預付款項	8,676	4,070
Loans to a vendor	向供應商貸款	2,566	3,539
Deposits and other receivables	按金及其他應收款項	3,757	2,663
		14,999	10,272
Impairment allowance	減值撥備	(3,543)	(3,543)
		11,456	6,729
Portion classified as non-current assets	列為非流動資產的部分	(1,789)	(1,908)
Current portion included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的即期部分	9,667	4,821

14. INVENTORIES

14. 存貨

		As at 30 June 2020 於二零二零年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2019 於二零一九年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Raw materials	原材料	4,429	4,378
Work in progress	在製品	2,743	1,973
Finished goods	製成品	5,249	5,031
		12,421	11,382

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

15. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

		As at 30 June 2020 於二零二零年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2019 於二零一九年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Within 1 month	不足一個月	5,795	6,842
1 to 2 months	一至兩個月	2,089	2,861
2 to 3 months	兩至三個月	679	545
Over 3 months	超過三個月	441	156
		9,004	10,404

16. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each reporting period, based on the transaction date, is as follows:

		As at 30 June 2020 於二零二零年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2019 於二零一九年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Within 1 month	不足一個月	1,678	1,602
1 to 2 months	一至兩個月	465	1,240
2 to 3 months	兩至三個月	626	791
Over 3 months	超過三個月	1,653	1,566
		4,422	5,199

15. 應收交易款項

於報告期末基於發票日期應收交易款項(已扣除撥備)的賬齡分析如下:

16. 應付交易款項

於各報告期末, 應付交易款項基於交易日期的賬齡分析如下:

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

17. OTHER PAYABLES AND ACCRUALS

17. 其他應付款項及應計費用

		As at 30 June 2020 於二零二零年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2019 於二零一九年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Other payables and accruals	其他應付款項及應計費用	5,003	4,639
Contract liabilities	合同性義務	7	57
		5,010	4,696

18. INTEREST-BEARING BANK BORROWINGS

18. 計息銀行借款

		30 June 2020 二零二零年六月三十日		
		Effective interest rate (%) 實際利率 (%)	Maturity 到期	HK\$'000 千港元
Current Overdrafts	即期 透支	5.0	On demand 於要求時	—
Bank loans — secured	銀行貸款 — 有抵押	5.0 3.9 to 4.5 3.9至4.5	On demand 於要求時	—
		31 December 2019 二零一九年十二月三十一日		
		Effective interest rate (%) 實際利率 (%)	Maturity 到期	HK\$'000 千港元
Current Overdrafts	即期 透支	5.0	On demand 於要求時	4,934
Bank loans — secured	銀行貸款 — 有抵押	5.0 4.0 to 6.2 4.0至6.2	On demand 於要求時	15,033
		19,967		

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

18. INTEREST-BEARING BANK BORROWINGS (Continued)

All the interest-bearing bank borrowings are repayable on demand as at 31 December 2019 and all the interest-bearing bank borrowings had been fully settled as at 30 June 2020.

Interest-bearing bank borrowings are denominated in:

	30 June 2020 二零二零年 六月三十日 HK\$'000 千港元	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元
HK\$	–	11,934
United States Dollar (“US\$”)	–	8,033
	–	19,967

Notes:

- (a) The following assets were pledged as security for interest-bearing bank borrowings:

	30 June 2020 二零二零年 六月三十日 HK\$'000 千港元	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元
Financial assets at fair value through profit or loss	–	4,742
Trade receivables	–	3,622
	–	8,364

- (b) All the banking facilities have been cancelled by the bank with effect from 29 April 2020. Therefore, the Group had fully settled all the bank borrowings during the period. The bank has discharged all the pledged assets of the Group and no assets of the Group were pledged to bank as at 30 June 2020.

18. 計息銀行借款(續)

於二零一九年十二月三十一日，所有計息銀行借款均為按要求償還，且於二零二零年六月三十日，所有計息銀行借款已悉數結清。

計息銀行借款以下列貨幣計值：

	30 June 2020 二零二零年 六月三十日 HK\$'000 千港元	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元
HK\$	–	11,934
United States Dollar (“US\$”)	–	8,033
	–	19,967

附註：

- (a) 下列資產乃抵押為計息銀行借款之擔保品：

	30 June 2020 二零二零年 六月三十日 HK\$'000 千港元	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元
Financial assets at fair value through profit or loss	–	4,742
Trade receivables	–	3,622
	–	8,364

- (b) 自二零二零年四月二十九日起，銀行已取消所有銀行融資。因此，本集團已於期內悉數結清所有銀行借款。於二零二零年六月三十日，銀行已解除本集團的所有質押資產，且本集團並無任何資產質押予銀行。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

19. SHARE CAPITAL

Movements of the share capital of the Company during the reporting period are as follows:

19. 股本

本公司於報告期內的股本變動如下：

		30 June 2020 二零二零年 六月三十日 HK\$'000 千港元	30 June 2019 二零一九年 六月三十日 HK\$'000 千港元
Authorised:	法定：		
5,000,000,000 Ordinary shares at HK\$0.01 each	5,000,000,000 股每股面值 0.01 港元的普通股	50,000	50,000
Issued and fully paid:	已發行並繳足：		
At the beginning of the reporting period	於報告期初	8,000	8,000
Issue of new shares by way of rights issue ^(Note)	透過供股發行新股份 ^(附註)	4,000	—
At the end of the reporting period	於報告期末	12,000	8,000

Note: On 11 June 2020, the Company completed a rights issue and issued 400,000,000 new shares with par value HK\$0.01 each at a subscription price of HK\$0.043 per rights share on the basis of one rights share for every two existing shares held. For the details of the aforesaid rights issue, please refer to the section "Financial Review — Capital structure and fund raising activities" in this report.

附註：於二零二零年六月十一日，本公司按每持有兩股股份獲發一股供股股份之基準完成供股及發行400,000,000股每股面值0.01港元之新股份，認購價為每股供股股份0.043港元。有關上述供股的詳情，請參閱本報告「財務回顧 — 資本架構及集資活動」一節。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2020 截至二零二零年六月三十日止六個月

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's financial assets include cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, available-for-sale investments and financial assets at fair value through profit or loss. The Group's financial liabilities include trade payables and financial liabilities included in other payables.

Management has assessed that:

- (a) the fair values of the Group's financial assets at amortised cost and financial liabilities were approximate to their carrying amounts largely due to the short term maturities of these instruments; and
- (b) the fair value of the Group's financial assets at fair value through profit or loss was categorised within Level 3 of the fair value hierarchy which is measured based on significant unobservable inputs and has been estimated based on the surrender value of the insurance policy.

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 during the six months ended 30 June 2020.

20. 金融工具的公允值及公允值層級

本集團的金融資產包括現金及現金等價物、抵押存款、應收交易款項、計入預付款項、按金及其他應收款項的金融資產、可供出售投資以及按公允值計入損益的金融資產。本集團的金融負債包括應付交易款項及計入其他應付款項的金融負債。

根據管理層的評估：

- (a) 本集團按攤銷成本列賬的金融資產及金融負債的公允值與賬面價值相若，很大程度上由於該等工具於短期內到期所致；及
- (b) 本集團按公允值計入損益的金融資產公允值屬於公允值層級第三級，乃基於重大不可觀察輸入數據計量，並基於保單退保金額估計。

於截至二零二零年六月三十日止六個月，第一級與第二級公允值計量之間並無轉移，亦無轉入或轉出自第三級。

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

The Group is principally engaged in the manufacturing and selling of sewing threads. It currently manufactures polyester sewing threads, which are mainly used for garments. The major product of the Group is 100% spun polyester sewing threads. Other types of sewing threads are also offered, including textured polyester series, elastic filament sewing threads and weft yarn. The Group's customers are located in the PRC, Hong Kong as well as overseas countries, including United Arab Emirates ("UAE"), Mauritius and Switzerland. While the Group's customers in the PRC and Hong Kong are mainly garment manufacturers, its overseas customers are mainly wholesalers. The production facilities of the Group, where the sewing threads manufacturing process is conducted, are located in Liwan, Guangzhou (the "**Guangzhou Production Facilities**").

For the six months ended 30 June 2020, the Group's revenue decreased significantly by approximately 39.4% as compared with that for the six months ended 30 June 2019. The gross profit margin decreased to approximately 17.1% for the six months ended 30 June 2020 from approximately 22.1% for the corresponding period in the preceding year. The decrease in gross profit margin was mainly attributable to the increase in the charge rate of the processing fees during the six months ended 30 June 2020.

業務回顧

本集團主營業務為生產及銷售縫紉線。本集團現時生產主要用於服裝的滌綸線。本集團的重點產品為100%滌綸線。本集團亦提供其他類型的縫紉線，包括滌綸長絲系列、高彈絲縫紉線及低彈絲。本集團的客戶位於中國、香港及世界各地，包括阿拉伯聯合酋長國（「阿聯酋」）、毛里裘斯及瑞士。本集團位於中國及香港的客戶主要為服裝製造商，而海外客戶則主要為批發商。本集團的生產設施位於廣州荔灣區（「廣州生產基地」），縫紉線的製造流程均於基地中進行。

截至二零二零年六月三十日止六個月，本集團的收益較截至二零一九年六月三十日止六個月大幅下跌約39.4%。截至二零二零年六月三十日止六個月的毛利率由去年同期的約22.1%下跌至約17.1%。毛利率下跌乃主要由於截至二零二零年六月三十日止六個月的加工費用的收費率增加所致。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

FINANCIAL REVIEW

Revenue

The Group's products are sold in the PRC, Hong Kong as well as overseas. The following table sets out a breakdown of the Group's revenue attributable to domestic and overseas sales of the Group's sewing threads for each of the six months ended 30 June 2019 and 2020:

		Six months ended 30 June 截至六月三十日止六個月				Rate of change 變動比率
		2020 二零二零年		2019 二零一九年		
		HK\$'000 千港元	% of total 佔總收益%	HK\$'000 千港元	% of total 佔總收益%	%
PRC	中國	11,060	63.1	16,114	55.7	31.4
Overseas <i>(Note)</i>	海外 <i>(附註)</i>	5,063	28.9	10,998	38.1	54.0
Hong Kong	香港	1,400	8.0	1,782	6.2	21.4
		17,523	100.0	28,894	100.0	39.4

Note: For the six months ended 30 June 2019 and 2020, the Group exported its products to countries including but not limited to UAE, Mauritius and Switzerland.

財務回顧

收益

本集團的產品於中國、香港及海外銷售。下表載列本集團於截至二零一九年及二零二零年六月三十日止六個月各期間本集團縫紉線國內外銷售額應佔收益明細：

附註：截至二零一九年及二零二零年六月三十日止六個月，本集團將產品出口至多個國家，包括(但不限於)阿聯酋、毛里裘斯及瑞士。

The Group's revenue decreased to approximately HK\$17.5 million for the six months ended 30 June 2020 from approximately HK\$28.9 million for the six months ended 30 June 2019, representing a decrease of approximately 39.4%. Such decrease in the Group's revenue was mainly due to the outbreak of the coronavirus ("COVID-19") pandemic, which has affected the sales performance in both the PRC and overseas markets.

本集團的收益由截至二零一九年六月三十日止六個月約28.9百萬港元，下跌至截至二零二零年六月三十日止六個月約17.5百萬港元，下跌約39.4%。本集團收益下跌乃主要由於爆發冠狀病毒(「**新型冠狀病毒**」)疫情，影響中國及海外市場的銷售表現。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Cost of sales

The Group's cost of sales primarily consists of direct material costs, processing fees, direct labour costs and welfare and social insurance. The cost of sales decreased to approximately HK\$14.5 million for the six months ended 30 June 2020 from approximately HK\$22.5 million for the six months ended 30 June 2019, representing a decrease of approximately 35.4%. The decrease in the Group's cost of sales was mainly due to the significant decrease in sales for the period.

Gross profit and gross profit margin

The Group's gross profit decreased to approximately HK\$3.0 million for the six months ended 30 June 2020 from approximately HK\$6.4 million for the six months ended 30 June 2019, representing a decrease of approximately 53.2%. The decrease in gross profit was mainly attributable to the significant decrease in sales for the period. The Group's gross profit margin decreased to approximately 17.1% for the six months ended 30 June 2020 from approximately 22.1% for the six months ended 30 June 2019, which was a result of the increase in the charge rate of the processing fees during the six months ended 30 June 2020.

Other income and gains, net

The Group's other income and gains, net increased to approximately HK\$1.4 million for the six months ended 30 June 2020 from approximately HK\$1.0 million for the six months ended 30 June 2019. The change was mainly attributable to the increase in the exchange gains for the six months ended 30 June 2020.

Selling and distribution expenses

Selling and distribution expenses mainly consist of staff costs of the sales department and transportation expenses. Selling and distribution expenses decreased to approximately HK\$2.6 million for the six months ended 30 June 2020 from approximately HK\$3.1 million for the six months ended 30 June 2019, representing a decrease of approximately 14.7%. The decrease in the Group's selling expenses was mainly attributable to the decrease in the transportation costs for the six months ended 30 June 2020.

銷售成本

本集團的銷售成本主要包括直接材料成本、加工費及直接勞工成本以及福利及社會保險。銷售成本由截至二零一九年六月三十日止六個月約22.5百萬港元，下跌至截至二零二零年六月三十日止六個月約14.5百萬港元，下跌約35.4%。本集團的銷售成本下跌主要由於期內銷售大幅下跌所致。

毛利及毛利率

本集團的毛利由截至二零一九年六月三十日止六個月約6.4百萬港元，下跌至截至二零二零年六月三十日止六個月約3.0百萬港元，跌幅約53.2%。毛利下跌乃主要由於期內銷售大幅下跌所致。本集團的毛利率由截至二零一九年六月三十日止六個月約22.1%，下跌至截至二零二零年六月三十日止六個月約17.1%，乃由於截至二零二零年六月三十日止六個月加工費用的收費率增加所致。

其他收入及增益淨值

本集團於截至二零二零年六月三十日止六個月其他收入及增益淨值由截至二零一九年六月三十日止六個月約1.0百萬港元上升至約1.4百萬港元。相關重大變動乃主要由於截至二零二零年六月三十日止六個月的匯兌收益增加所致。

銷售及分銷開支

銷售及分銷開支主要包括銷售部員工成本及運輸費。銷售及分銷開支由截至二零一九年六月三十日止六個月約3.1百萬港元，下跌至截至二零二零年六月三十日止六個月約2.6百萬港元，下跌約14.7%。本集團銷售開支下跌乃主要由於截至二零二零年六月三十日止六個月的運輸成本下跌。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Administrative expenses

Administrative expenses primarily consist of staff costs, audit fee, Directors' remuneration and legal and professional fees. Administrative expenses remained stable for the six months ended 30 June 2020 and 2019. The administrative expenses slightly decreased to approximately HK\$6.5 million for the six months ended 30 June 2020 from approximately HK\$6.6 million for the six months ended 30 June 2019, representing a decrease of approximately 2.0%.

Loss before income tax

As a result of the foregoing, the Group recorded a loss before income tax of approximately HK\$5.3 million for the six months ended 30 June 2020, representing an increase of approximately 69.0% from approximately HK\$3.1 million for the corresponding period in the preceding year.

Total comprehensive loss attributable to owners of the parent

The total comprehensive loss attributable to owners of the Company increased to approximately HK\$6.6 million for the six months ended 30 June 2020 from approximately HK\$3.0 million for the six months ended 30 June 2019, representing an increase of approximately 120.0%.

Basic and diluted loss per Share

The basic loss per share of the Company (the "Share(s)") for the six months ended 30 June 2020 was approximately HK0.60 cents (2019: HK0.32 cents (restated)), representing an increase of approximately HK0.28 cents, or approximately 87.5%.

Interim dividend

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2020 (2019: Nil).

行政開支

行政開支主要包括員工成本、核數師費用、董事酬金以及法律及專業費用。行政開支於截至二零二零年及二零一九年六月三十日止六個月維持穩定。行政開支由截至二零一九年六月三十日止六個月約6.6百萬港元，輕微下跌至截至二零二零年六月三十日止六個月約6.5百萬港元，跌幅約2.0%。

除所得稅前虧損

由於前述各項，本集團於截至二零二零年六月三十日止六個月錄得除所得稅前虧損約5.3百萬港元，較去年同期約3.1百萬港元增加約69.0%。

母公司擁有人應佔全面虧損總額

本公司擁有人應佔全面虧損總額由截至二零一九年六月三十日止六個月約3.0百萬港元，上升至截至二零二零年六月三十日止六個月約6.6百萬港元，上升約120.0%。

每股基本及攤薄虧損

截至二零二零年六月三十日止六個月，本公司每股股份(「股份」)基本虧損約為0.60港仙(二零一九年：0.32港仙(經重列))，升幅約為0.28港仙(或約87.5%)。

中期股息

董事會不建議就截至二零二零年六月三十日止六個月派付中期股息(二零一九年：無)。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Liquidity and financial resources

For the six months ended 30 June 2020, the Group's operations were primarily financed through its operating and financing activities. The Directors believe that in the long term, the Group's operations will continue to be funded by a combination of cash generated from the Group's operating and financing activities.

The Group's cash and bank balances amounted to approximately HK\$18.3 million and approximately HK\$34.5 million as at 30 June 2020 and 31 December 2019, respectively. The functional currency of the Group is Hong Kong dollars. As at 30 June 2020, 97.1% of the Group's cash and bank balances were denominated in the functional currency (31 December 2019: 98.4%) and the remaining 2.9% (31 December 2019: 1.6%) in other currencies, mainly Renminbi.

As at 30 June 2020 and 31 December 2019, the Group had net current assets of approximately HK\$37.2 million and approximately HK\$28.0 million, respectively, which included trade receivables, prepayments, other receivables other assets, inventories, and cash and cash equivalents. The Group's current ratio increased to approximately 3.94 as at 30 June 2020 from approximately 1.84 as at 31 December 2019 due to the Rights Issue (as defined below) and the settlement of the bank borrowings.

Gearing ratio

The Group's gearing ratio is calculated based on net debt (including interest-bearing bank borrowings, trade payables, other payables and accruals and lease liabilities, less cash and cash equivalents) divided by the total equity plus net debt at the respective reporting date. The gearing ratio was not applicable to the Group as at 30 June 2020 and 31 December 2019 as its cash and bank balances were more than the aggregate amount of the bank borrowings, trade payables, other payables and accruals, and lease liabilities. The Group believes that the cash at banks provide adequate liquidity to satisfy the Group's funding requirements.

Commitments

As at 30 June 2020, the Group did not have any capital commitments (as at 31 December 2019: Nil).

流動資金及財務資源

截至二零二零年六月三十日止六個月，本集團主要透過其經營及融資活動為其營運提供資金。董事相信，長遠而言，本集團將繼續以本集團經營及融資活動所產生現金的組合為營運提供資金。

本集團於二零二零年六月三十日及二零一九年十二月三十一日的現金及銀行結餘分別約18.3百萬港元及約34.5百萬港元。本集團的功能貨幣為港元。於二零二零年六月三十日，本集團97.1%（二零一九年十二月三十一日：98.4%）的現金及銀行結餘以功能貨幣計值，而餘下2.9%（二零一九年十二月三十一日：1.6%）則以其他貨幣計值，主要為人民幣。

於二零二零年六月三十日及二零一九年十二月三十一日，本集團流動資產淨值分別約為37.2百萬港元及約28.0百萬港元，包括應收交易款項、預付款項、其他應收款項、其他資產、存貨以及現金及現金等價物。本集團的流動比率由二零一九年十二月三十一日約1.84上升至二零二零年六月三十日約3.94，乃由於供股（定義見下文）及結算銀行借款。

資產負債比率

本集團的資產負債比率乃以各報告日期的淨債務（包括計息銀行借款、應付交易款項、其他應付款項及應計費用以及租賃負債，減現金及現金等價物）除以權益總額加淨債務之和計算。於二零二零年六月三十日及二零一九年十二月三十一日，資產負債比率不適用於本集團，原因在於其現金及銀行結餘超過銀行借款、應付交易款項、其他應付款項及應計費用以及租賃負債的總額。本集團認為銀行現金提供足夠流動資金應付本集團的資金需要。

承擔

於二零二零年六月三十日，本集團並無任何資本承擔（於二零一九年十二月三十一日：無）。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Capital structure and fund raising activities

On 11 June 2020, the Company completed a rights issue and issued 400,000,000 new shares with par value HK\$0.01 each at a subscription price of HK\$0.043 per rights share on the basis of one rights share for every two existing shares held (the “Rights Issue”), and the net proceeds of the Rights Issue, after deducting the related expenses, were approximately HK\$15.2 million, which were mainly used for the partial payments of the Group’s general and administrative expenses, professional fees and acquisition of raw materials. Detailed terms of the Rights Issue and its results were set out in the Company’s prospectus dated 20 May 2020 (the “Rights Issue Prospectus”) and the announcement dated 11 June 2020, respectively.

As at 30 June 2020, the Company’s issued share capital amounted to HK\$12.0 million, divided by 1,200,000,000 shares of HK\$0.01 each.

Details of changes in the Company’s share capital for the six months ended 30 June 2020 are set out in note 19 to the condensed consolidated financial statements of this report.

As at 30 June 2020, the net proceeds of the Rights Issue had been utilised as follows:

		Actual net proceeds allocated	Amount utilised up to 30 June 2020	Balance as at 30 June 2020
		實際已分配所得款項淨額	截至二零二零年六月三十日已動用金額	於二零二零年六月三十日的結餘
		HK\$ million	HK\$ million	HK\$ million
		百萬港元	百萬港元	百萬港元
General and administrative expenses	一般及行政開支	8.0	1.0	7.0
Professional fees	專業費用	3.0	0.8	2.2
Acquisition of raw materials	採購原材料	4.2	4.2	–
		15.2	6.0	9.2

Significant investments

As at 30 June 2020, the Group did not hold any significant investments (as at 31 December 2019: Nil).

資本架構及集資活動

於二零二零年六月十一日，本公司完成供股，發行400,000,000股每股面值0.01港元的新股份，認購價為每股供股股份0.043港元，基準為每持有兩股現有股份獲發一股供股股份（「供股」），供股扣除相關費用後的所得款項淨額約為15.2百萬港元，主要用於支付本集團的一般及行政開支、專業費用及購買原材料的部分款項。有關供股的詳細條款及其結果分別載於本公司日期為二零二零年五月二十日的供股章程（「供股章程」）及日期為二零二零年六月十一日的公告。

於二零二零年六月三十日，本公司的已發行股本為12,000,000港元，分為1,200,000,000股每股面值0.01港元的股份。

本公司截至二零二零年六月三十日止六個月的股本變動詳情載列於本報告簡明綜合財務報表附註19。

於二零二零年六月三十日，供股所得款項淨額已動用如下：

重大投資

於二零二零年六月三十日，本集團並無持有任何重大投資（於二零一九年十二月三十一日：無）。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Material acquisitions or disposals of subsidiaries and affiliated companies

For the six months ended 30 June 2020, the Group did not have any acquisitions or disposals of subsidiaries and affiliated companies.

Future plans for material investments and capital assets

On 24 June 2020 and 17 July 2020, the Group entered into a memorandum of understanding (“**MOU**”) and a supplemental MOU, respectively, in relation to the possible acquisition of not less than 55% of the issued share capital of Diamond Motto Limited (the “**Target Group**”). The Target Group is principally engaged in furnishing trading and the business of providing interior design, fitting out and decoration services. Details of the aforesaid possible acquisition were set out in the Company’s announcements dated 24 June 2020 and 17 July 2020, respectively.

Save as those disclosed above and in the Company’s prospectus dated 30 November 2017 (the “**Prospectus**”), the Group currently has no other plans for material investments and capital assets.

Contingent liabilities

As at 30 June 2020, the Group did not have material contingent liabilities (as at 31 December 2019: Nil).

Foreign exchange exposure

The Group is exposed to foreign currency risk when it enters into transactions which are not denominated in the Group’s functional currency. Such exposure mainly relates to the distribution and sale of the Group’s products and purchases of raw materials in the PRC. The Group currently does not have a foreign currency hedging policy. Nevertheless, the Group’s management will continue to closely the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

重大收購或出售附屬公司及聯屬公司

截至二零二零年六月三十日止六個月，本集團並無收購或出售任何附屬公司及聯屬公司。

重大投資及資本資產的未來計劃

於二零二零年六月二十四日及二零二零年七月十七日，本集團就可能收購Diamond Motto Limited(「**目標集團**」)已發行股本不少於55%分別訂立諒解備忘錄(「**諒解備忘錄**」)及補充諒解備忘錄。目標集團主要從事傢俱貿易以及提供室內設計、裝修及裝飾服務業務。上述可能收購事項的詳情分別載列於本公司日期為二零二零年六月二十四日及二零二零年七月十七日的公告。

除上文及本公司日期為二零一七年十一月三十日的招股章程(「**招股章程**」)所披露者外，本集團目前並無其他重大投資及資本資產計劃。

或然負債

於二零二零年六月三十日，本集團並無重大或然負債(於二零一九年十二月三十一日：無)。

外匯風險

本集團於訂立並非以本集團功能貨幣計值的交易時承受外匯風險。有關風險主要與於中國分銷及銷售本集團的產品及購買原材料有關。本集團目前並無外幣對沖政策。然而，本集團管理層將繼續密切監察外匯風險，並於有需要時將考慮對沖重大外匯風險。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Pledge of assets

As at 30 June 2020, no assets of the Group were pledged to banks. All the banking facilities have been cancelled by the bank with effect from 29 April 2020. Therefore, the Group had fully settled all the bank borrowings during the period. The bank has discharged all the pledged assets of the Group. As at 31 December 2019, the following assets were pledged to banks to secure certain banking borrowings granted to the Group.

資產抵押

於二零二零年六月三十日，本集團並無任何資產質押予銀行。自二零二零年四月二十九日起，所有銀行已取消所有銀行融資。因此，本集團已於期內悉數結清所有銀行借款。銀行已解除本集團的所有質押資產。於二零一九年十二月三十一日，以下資產已質押予銀行，以擔保本集團獲授的若干銀行借款。

		As at 30 June 2020 於二零二零年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2019 於二零一九年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Financial asset at fair value through profit or loss	按公允值計入損益的金融資產	-	4,742
Trade receivables	應收交易款項	-	3,622
		-	8,364

Employees and remuneration policies

As at 30 June 2020, the Group employed a total of 159 employees (2019: 175), of whom 151 were located in the PRC and 8 were located in Hong Kong. The Group's staff costs mainly comprised wages and salaries, social insurance, housing provident fund and severance payments. For the six months ended 30 June 2020 and 2019, the Group's total staff costs (excluding Directors' emoluments) amounted to approximately HK\$6.9 million and HK\$9.1 million, respectively. The Group offers remuneration packages comprising basic salaries, discretionary bonuses and allowances to its management and office staffs. For the workers at the Guangzhou Production Facilities, the Group offers them with salaries above the minimum wage, promotion opportunities and budgets for social events.

僱員及薪酬政策

於二零二零年六月三十日，本集團共僱用159名僱員(二零一九年：175名)，當中151人位於中國，8人位於香港。本集團的員工成本主要包括工資及薪金、社會保險、住房公積金及遣散費。於截至二零二零年及二零一九年六月三十日止六個月，本集團的總員工成本(不包括董事酬金)分別約為6.9百萬港元及9.1百萬港元。本集團向其管理層及辦公室僱員所提供的薪酬組合包括基本薪金、酌情花紅及津貼。至於廣州生產基地的工人，本集團給予彼等高於最低工資的薪金及晉升機會，亦會向彼等提供津貼舉辦社交活動。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

The remuneration committee of the Company is responsible for reviewing and determining the remuneration packages of the Directors and senior management members with reference to the salaries paid by comparable companies, time commitment and responsibilities, employment conditions elsewhere in the Group and the desirability of performance-based remuneration. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management members. The Company adopted a share option scheme (the “**Share Option Scheme**”) on 24 November 2017, under which the Company may grant options to, among others, any employees (full-time or part-time) or Directors with a view to rewarding them for their contributions to the Group, giving incentives to them for optimising their performance and efficiency and attracting as well as retaining those whose future contributions are important to the long-term growth and profitability of the Group. Since the adoption of the Share Option Scheme and up to the date of this report, no share options have been granted pursuant to the Share Option Scheme.

USE OF PROCEEDS OF THE COMPANY’S INITIAL PUBLIC OFFERING

The Shares were successfully listed on GEM of the Stock Exchange (the “**Listing**”) on 15 December 2017 (the “**Listing Date**”) by way of share offer (the “**Share Offer**”). The Group raised net proceeds of approximately HK\$40.7 million from the Share Offer after deducting commission and expenses borne by the Company in connection with the Share Offer (the “**Net Proceeds**”). The Net Proceeds are intended to be used in accordance with the proposed implementation plans as disclosed under the section headed “Future Plans and Use of Proceeds” in the Prospectus. As at 30 June 2020, the unutilised Net Proceeds amounted to approximately HK\$9.1 million.

本公司薪酬委員會負責審閱及釐定董事及高級管理層的薪酬組合，當中會參考可資比較公司所支付的薪金、所投放的時間及責任、本集團內其他職位的僱用條件，以及職效掛鈎酬金是否合適。任何酌情花紅及其他獎勵報酬乃與本集團的溢利表現及董事和高級管理層成員的個人表現掛鈎。本公司於二零一七年十一月二十四日採納一項購股權計劃（「**購股權計劃**」），據此，本公司可向（其中包括）任何僱員（全職或兼職）或董事授出購股權，以就彼等對本集團所作出的貢獻給予獎勵、激勵彼等提升表現及效率，以及吸引及挽留日後可對本集團的長遠增長及盈利能力作出重大貢獻的僱員及董事。自採納購股權計劃起及直至本報告日期，概無根據購股權計劃授出購股權。

本公司首次公開發售的所得款項用途

股份於二零一七年十二月十五日（「**上市日期**」）成功以股份發售（「**股份發售**」）方式於聯交所GEM上市（「**上市**」）。於扣除本公司就股份發售所承擔的佣金及開支後，本集團自股份發售籌得所得款項淨額約40.7百萬港元（「**所得款項淨額**」）。本集團擬根據招股章程「未來計劃及所得款項用途」一節所披露的建議動用計劃使用所得款項淨額。於二零二零年六月三十日，未動用的所得款項淨額約為9.1百萬港元。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

As at 30 June 2020, the Net Proceeds had been applied and utilised as follows:

於二零二零年六月三十日，所得款項淨額已應用及動用，如下：

		Net proceeds available 可動用的 所得款項淨額 HK\$ million 百萬港元	Utilised 已動用 HK\$ million 百萬港元	Unutilised 未動用 HK\$ million 百萬港元
Upgrading the Group's machinery for the production of 100% spun polyester sewing threads for industrial use	升級本集團工業用100%滌綸線生產機器	20.3	3.1	17.2
Upgrading the Group's machinery for the production of 100% spun polyester sewing threads for domestic use	升級本集團家用100%滌綸線生產機器	7.7	2.2	5.5
Acquiring new cone winding machines	購買新筒子絡紗機	4.1	0.5	3.6
Acquiring new machinery for the production of nylon threads	購買新尼龍線生產機器	3.7	1.3	2.4
Setting up a sales office in Zhejiang province	在浙江省設立銷售辦事處	1.2	0.8	0.4
Working capital and other general corporate purposes of the Group	本集團的營運資金及其他一般企業用途	3.7	3.7	-
		40.7	11.6	29.1
Repayment of banking facilities ^(Note)	償還銀行融資 ^(附註)	-	20.0	-
		40.7	31.6	9.1

Note: The Group made use of approximately HK\$20 million out of the unutilised Net Proceeds for the repayment of the banking facilities. Details of the aforesaid repayment are set out in the Company's announcement dated 31 March 2020.

附註：在未動用所得款項淨額中，本集團動用約20百萬港元以償還銀行融資。上述還款詳情載於本公司日期為二零二零年三月三十一日的公告。

All the banking facilities have been cancelled by the bank with effect from 29 April 2020. The Group is making its best efforts to obtain new banking facilities for its operation and to continue with the implementation of the planned use of the Net Proceeds.

銀行已自二零二零年四月二十九日起取消所有銀行融資。本集團正盡力取得新的銀行融資以供營運，並繼續執行所得款項淨額的擬定用途。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

An analysis comparing the future plans and use of proceeds contained in the Prospectus with the Group's actual business progress for the period from the Listing Date up to the date of this report:

招股章程所載未來計劃及所得款項用途與本集團自上市日期起直至本報告日期期間之實際業務進度比較分析如下：

Business strategy 業務策略	Implementation plan 實施計劃	Actual progress 實際進度
Upgrade the Group's machinery for the production of 100% spun polyester sewing threads for industrial use 升級本集團的工業用100%滌綸線生產機器	— Purchase eight waxing and winding machines for the production of 100% spun polyester sewing threads for industrial use — 採購八台上蠟和絡紗機，用於生產工業用100%滌綸線	The Group has purchased and is operating two waxing and winding machines for the production of 100% spun polyester sewing threads for industrial use. 本集團已採購並正使用兩台上蠟和絡紗機，用於生產工業用100%滌綸線。
Upgrade the Group's machinery for the production of 100% spun polyester sewing threads for domestic use 升級本集團的家用100%滌綸線生產機器	— Purchase two machines for the production of 100% spun polyester sewing threads for domestic use — 採購兩台機器，用於生產家用100%滌綸線	The Group has purchased and is operating one machine for the production of 100% spun polyester sewing threads for domestic use. 本集團已採購並正使用一台機器，用於生產家用100%滌綸線。
Acquire new machinery for the production of nylon threads 購買新尼龍線生產機器	— Purchase five machines for the production of nylon threads — 採購五台機器，用於生產尼龍線	The Group has purchased and is operating three machines for the production of nylon threads. 本集團已採購並正使用三台機器，用於生產尼龍線。
Set up a sales office in Zhejiang province 在浙江省設立銷售辦事處	— Lease suitable premises for the Group's sales office — Renovate the sales office — Purchase office equipment — 租用合適場所，用作本集團銷售辦事處 — 裝修銷售辦事處 — 採購辦公設備	The Group has leased premises in Zhejiang Province for its sales office and the renovation has been completed. 本集團已於浙江省租賃物業作為其銷售辦事處，而該銷售辦事處已經完成裝修。
Acquire new cone winding machines 購買新筒子絡紗機	— Order two cone winding machines to facilitate the Group's production lines for 100% spun polyester sewing threads and paying the deposit — 訂購兩台筒子絡紗機以促進本集團的100%滌綸線生產線運行及支付訂金	The Group has purchased and is operating one cone winding machine. 本集團已採購並正使用一台筒子絡紗機。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

USE OF NET PROCEEDS OF THE RIGHTS ISSUE

The Company intends to apply the net proceeds of the Rights Issue after deducting related underwriting fees and other expenses of approximately HK\$15.2 million to pay the Group's general and administrative expenses, professional fees, and to acquire raw materials as mentioned in the Rights Issue Prospectus.

Details of the utilisation of net proceeds of the Rights Issue are set out in the paragraph headed "Capital structure and fund raising activities" in this section above.

FUTURE PROSPECTS

The future plans and use of proceeds schedule disclosed in the Prospectus were formulated based on the best estimation of the market conditions after the Listing. The discrepancy between the planned use of the Net Proceeds and the actual use mainly arose as a result of the actual market conditions affecting the Group after the Listing. The continuing trade conflict between the United States of America and the PRC, the PRC's gradual economic slowdown and the recent outbreak of COVID-19 pandemic have presented the Group with uncertainties and multiple challenges, rendering the need for the Group to be prudent in implementing its future plans as set out in the Prospectus. The Directors believe that a strict adherence to the implementation plan will increase the production capacity of the Group, while the additional machinery may lead to a provision for impairment for such machinery to be made in the future.

供股所得款項淨額用途

本公司擬將供股所得款項淨額(扣除相關包銷費及其他開支約15.2百萬港元)用作支付本集團的一般及行政開支、專業費用,以及購買原材料(如供股章程所述)。

動用供股所得款項淨額的詳情載於本節上文「資本架構及集資活動」一段。

未來展望

招股章程所披露的未來計劃及所得款項用途時間表為根據上市後對市場狀況的最佳估計而制定。使用所得款項淨額的計劃與實際使用之間的差異主要是由於上市後影響本集團的實際市況。中美貿易衝突持續、中國經濟的逐步放緩,以及最近爆發的新型冠狀病毒疫情,使本集團面臨不明朗因素及多重挑戰,本集團需審慎實行其於供股章程所載的未來計劃。董事認為嚴格遵守實施計劃將會增加本集團的產能,而添置的機器可能導致該等機器於日後計提減值撥備。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Meeting the demands of its customers as to high quality and differentiated products is one of the Group's priorities in order to maintain long-term business relationships with its customers. Further, the Directors believe that there are considerable business opportunities in the sewing threads industry in the long term. To satisfy its customers' potential demands and to capture the business opportunities in the sewing threads industry, the Group will continue to implement the expansion plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus in a prudent and conservative manner with consideration of the market conditions at the time.

The Directors will continue to carefully monitor and assess the situation and, if the expansion plans no longer suit the operation and the future development of the Group, the Directors may evaluate and modify them so as to ensure that the Group's business strategies are in the best interests of the Company and the Shareholders as a whole.

滿足其客戶對高品質及不同產品的需求為本集團其中一項優先考慮，從而與客戶保持長遠的業務關係。此外，董事相信，縫紉線行業長遠而言仍有大量的商機。為滿足客戶的潛在需求及把握縫紉線行業的業務機遇，本集團將因應當時市況及以審慎及保守的態度實施招股章程「未來計劃及所得款項用途」一節所載的擴展計劃。

董事將繼續仔細監控及評估有關情況，倘擴展計劃不再適合本集團的營運及未來發展，則董事可能須評估及修訂有關計劃，以確保本集團業務策略符合本公司及股東的整體最佳利益。

Other Information

其他資料

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION

As at 30 June 2020, the interests or short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”), which were required (a) 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 they were taken or deemed to have under such provisions of the SFO); (b) recorded in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

董事及主要行政人員於本公司及任何相聯法團的股份、相關股份及債權證中的權益及淡倉

於二零二零年六月三十日，本公司各董事及主要行政人員於本公司及其相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份及債權證中擁有(a)根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益或淡倉（包括根據證券及期貨條例的有關條文彼等被當作或視作擁有的權益及淡倉）；(b)須記入根據證券及期貨條例第352條須存置的登記冊的權益或淡倉；或(c)根據GEM上市規則第5.46至5.67條規定須知會本公司及聯交所的權益或淡倉如下：

Name of Director	Nature of interest/Holding capacity	Number of ordinary shares held	Percentage of issued share capital of the Company (Note 1)
董事姓名	權益性質／持股身份	所持普通股數目	佔本公司已發行股本的百分比（附註1）
Mr. Wong Kwok Wai, Albert	Interest of a controlled corporation	600,000,000 (L) (Notes 2, 3)	50%
黃國偉先生	受控制法團權益	600,000,000 (L) (附註2、3)	
Mr. Leung King Yue, Alex	Beneficial interest	50,000,000 (L) (Notes 3)	4.17%
梁景裕先生	實益權益	50,000,000 (L) (附註3)	

Notes:

- As at the date of this report, the Company's issued ordinary share capital was HK\$12,000,000 divided into 1,200,000,000 Shares of HK\$0.01 each.
- Three Gates Investment Limited (“**Three Gates Investment**”), a company incorporated in the British Virgin Islands on 15 August 2016, is wholly and beneficially owned by Mr. Wong Kwok Wai, Albert, who is the chairman and an executive Director of the Company. Therefore, Mr. Wong is deemed to be interested in 600,000,000 Shares held by Three Gates Investment by virtue of his 100% shareholding interest in Three Gates Investment.
- The letter “L” denotes the person's long position in the Shares.

附註：

- 於本報告日期，本公司的已發行普通股股本為12,000,000港元，分為1,200,000,000股每股面值0.01港元的股份。
- Three Gates Investment Limited（「**Three Gates Investment**」）為一間於二零一六年八月十五日在英屬處女群島註冊成立的公司，由本公司主席兼執行董事黃國偉先生全資實益擁有。因此，黃先生被視為透過所持Three Gates Investment 100%股權擁有Three Gates Investment所持600,000,000股股份的權益。
- 字母「L」指該人士於股份中的好倉。

Other Information (Continued)

其他資料(續)

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION (Continued)

Except as disclosed above, as at 30 June 2020, none of the Directors or the chief executive of the Company had any other interests or short positions 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 recorded in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange according to rules 5.46 to 5.67 of the GEM Listing Rules.

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

To the best knowledge of the Directors, as at 30 June 2020, the following persons or corporations (other than the Directors and the chief executive of the Company) who had interests and/or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

董事及主要行政人員於本公司及任何相聯法團的股份、相關股份及債券證中的權益及淡倉(續)

除上文披露者外，於二零二零年六月三十日，本公司董事或主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債券證中概無須記入證券及期貨條例第352條規定本公司存置的登記冊或根據GEM上市規則第5.46至5.67條規定須知會本公司及聯交所的任何其他權益或淡倉。

主要股東於本公司股份及相關股份中的權益及淡倉

據董事所深知，於二零二零年六月三十日，於本公司股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部須披露予本公司或須記入根據證券及期貨條例第336條須存置的登記冊的權益及／或淡倉的人士或法團(本公司董事及主要行政人員除外)如下：

Name of Substantial Shareholder	Nature of interest/Holding capacity	Number of ordinary shares held	Percentage of issued share capital of the Company (Note 1)
主要股東名稱	權益性質/持股身份	所持普通股數目	佔本公司已發行股本的百分比(附註1)
Three Gates Investment	Beneficial owner	600,000,000(L)	50%
		(Notes 2, 3)	
Three Gates Investment	實益擁有人	(附註2、3)	50%

Other Information (Continued)

其他資料(續)

Name of Substantial Shareholder	Nature of interest/Holding capacity	Number of ordinary shares held	Percentage of issued share capital of the Company (Note 1)
主要股東名稱	權益性質／持股身份	所持普通股數目	佔本公司已發行股本的百分比(附註1)
Gold-Face Finance Limited 均來財務有限公司	Person having a security interest in Shares 擁有股份權益的人士	400,000,000 (L) (Notes 3, 4, 5) (附註3、4、5)	33.33%
Good Profit Development Limited 益利發展有限公司	Person having a security interest in Shares 擁有股份權益的人士	400,000,000 (L) (Notes 3, 4, 5) (附註3、4、5)	33.33%
Good Foundation Company Limited 開盛有限公司	Person having a security interest in Shares 擁有股份權益的人士	400,000,000 (L) (Notes 3, 4, 5) (附註3、4、5)	33.33%
Upbest Strategic Company Limited 美建策略有限公司	Person having a security interest in Shares 擁有股份權益的人士	400,000,000 (L) (Notes 3, 4, 5) (附註3、4、5)	33.33%
Upbest Financial Holdings Limited	Person having a security interest in Shares 擁有股份權益的人士	400,000,000 (L) (Notes 3, 4, 5) (附註3、4、5)	33.33%
Upbest Group Limited 美建集團有限公司	Person having a security interest in Shares 擁有股份權益的人士	400,000,000 (L) (Notes 3, 4, 5) (附註3、4、5)	33.33%

Other Information (Continued)

其他資料(續)

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

Notes:

1. As at the date of this report, the Company's issued ordinary share capital was HK\$12,000,000 divided into 1,200,000,000 Shares of HK\$0.01 each.
2. Three Gates Investment, a company incorporated in the British Virgin Islands on 15 August 2016, is wholly and beneficially owned by Mr. Wong who is the chairman and an executive director of the Company. Therefore, Mr. Wong is deemed to be interested in 600,000,000 Shares held by Three Gates Investment by virtue of his 100% shareholding interest in Three Gates Investment.
3. 400,000,000 Shares held by Three Gates Investment have been charged in favour of Gold-Face Finance Limited ("Gold-Face") as security for a loan granted in favour of Mr. Wong Kwok Wai, Albert, the chairman, chief executive officer, executive director and controlling shareholder of the Company.
4. As Gold-Face is wholly-owned by Good Profit Development Limited, which in turn is wholly-owned by Upbest Strategic Company Limited and Good Foundation Company Limited in equal parts, which in turn are both wholly-owned by Upbest Financial Holdings Limited, which in turn is wholly-owned by Upbest Group Limited, Good Profit Development Limited, Upbest Strategic Company Limited, Good Foundation Company Limited, Upbest Financial Holdings Limited and Upbest Group Limited are all deemed to be interested in the security interest in the 400,000,000 Shares charged in favour of Gold-Face by virtue of the SFO.
5. The letter "L" denotes the person's long position in the Shares.

Except as disclosed above, as at 30 June 2020, the Directors are not aware of any interests and short positions owned by any other parties, other than a Director or the chief executive of the Company who held interests or short positions in the shares and the underlying shares of the Company which were required to be recorded under the provision of Divisions 2 and 3 of Part XV of the SFO, or, who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

主要股東於本公司股份及相關股份中的權益及淡倉(續)

附註：

1. 於本報告日期，本公司的已發行普通股股本為12,000,000港元，分為1,200,000,000股每股面值0.01港元的股份。
2. Three Gates Investment為一間於二零一六年八月十五日在英屬處女群島註冊成立的公司，由本公司主席兼執行董事黃先生全資實益擁有。因此，黃先生被視為透過所持Three Gates Investment 100%股權擁有Three Gates Investment所持600,000,000股股份的權益。
3. 由Three Gates Investment持有的400,000,000股股份已獲質押予前均來財務有限公司(「均來」)，以作為本公司主席、行政總裁執行董事兼控股股東黃國偉先生獲授貸款的抵押。
4. 由於均來為益利發展有限公司的全資附屬公司，而益利發展有限公司由美建策略有限公司及開盛有限公司全資同等擁有，而兩者由Upbest Financial Holdings Limited全資擁有，而Upbest Financial Holdings Limited則由美建集團有限公司全資擁有，故根據證券及期貨條例，益利發展有限公司、美建策略有限公司、開盛有限公司，及Upbest Financial Holdings Limited及美建集團有限公司均被視為於質押予均來的400,000,000股股份中擁有證券權益。
5. 字母「L」指該人士於股份中的好倉。

除上文披露者外，於二零二零年六月三十日，就董事所知，除在本公司股份及相關股份中擁有根據證券及期貨條例第XV部第2及3分部的規定須予記錄的權益或淡倉的本公司董事或主要行政人員，或直接或間接擁有附帶權利可於任何情況下在本公司股東大會上投票的任何類別股本面值10%或以上權益的本公司董事或主要行政人員外，概無任何其他人士擁有任何權益及淡倉。

Other Information (Continued)

其他資料(續)

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESSES

For the six months ended 30 June 2020 and up to the date of this report, none of the Directors, controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules), engaged in any businesses that competes or may compete with the business of the Group, or had any other conflict of interest with the Group.

董事及控股股東於競爭業務的權益

於截至二零二零年六月三十日止六個月及直至本報告日期，概無董事、本公司控股股東或彼等各自的任何緊密聯繫人(定義見GEM上市規則)進行任何與本集團業務構成或可能構成競爭的業務，或與本集團有任何其他利益衝突。

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to rule 17.50A(1) of the GEM Listing Rules, the changes in the information of Directors subsequent to the date of the Company's 2019 annual report are as follows:

董事資料之變更

根據GEM上市規則第17.50A(1)條，本公司二零一九年年報日期後董事資料的變更如下：

Directors 董事

Changes in position held with the Company 於本公司擔任職任的變動

Mr. Leung King Yue, Alex
梁景裕先生

Mr. Leung was appointed as an executive Director with effect from 4 June 2020.
梁先生獲委任為執行董事，自二零二零年六月四日起生效。

Mr. Chan Tsun Choi, Arnold
陳進財先生

Mr. Chan was appointed as an independent non-executive Director ("INED") with effect from 4 June 2020 and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company with effect from 26 June 2020.
陳先生自二零二零年六月四日起獲委任為獨立非執行董事(「獨立非執行董事」)以及自二零二零年六月二十六日起獲委任為本公司審核委員會、薪酬委員會及提名委員會各自的成員。

Mr. Chow Chin Hang, Joel
周展恒先生

Mr. Chow was appointed as an INED with effect from 4 June 2020 and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company with effect from 26 June 2020.
周先生自二零二零年六月四日起獲委任為獨立非執行董事以及自二零二零年六月二十六日起獲委任為本公司審核委員會、薪酬委員會及提名委員會各自的成員。

Mr. Gao Biao
高彪先生

Mr. Gao retired as a non-executive Director with effect from 26 June 2020.
高先生辭任非執行董事，自二零二零年六月二十六日起生效。

Mr. Zhang Guofu
章國富先生

Mr. Zhang retired as an INED and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company with effect from 26 June 2020.
章先生辭任獨立非執行董事以及本公司審核委員會、薪酬委員會及提名委員會各自的成員，自二零二零年六月二十六日起生效。

Save as disclosed above, there are no other matters required to be disclosed pursuant to rule 17.50A(1) of the GEM Listing Rules.

除上述披露者外，概無其他事宜須根據GEM上市規則第17.50A(1)條予以披露。

Other Information (Continued)

其他資料(續)

CORPORATE GOVERNANCE PRACTICES

The Board believes that cultivating and maintaining a culture focused on good corporate governance is essential to effect strong business growth and continue the efficient management of the Company. The Directors are of the view that strong corporate governance practices can safeguard the interests of and ensure accountability to the shareholders of the Company (the “**Shareholders**”) as a whole.

The corporate governance code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules has been adopted by the Board. Nevertheless, the Directors of the Company are committed to regularly reviewing its corporate governance practices to ensure conformity with the standard set out in the CG Code, as well as meeting the rising expectation of the Shareholders and other stakeholders of the Company.

Except for the deviation from code provision A.2.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules, the Board is of the view that the Company has complied with the code provisions of the CG code for the period from the Listing Date up to the date of this report (the “**Relevant Period**”).

Mr. Wong Kwok Wai, Albert is the chairman of the Board and the chief executive officer of the Company and has been involved in the daily operations management of the Group since 2008. The Directors believe that vesting the roles of the chairman of the Board and the chief executive officer of the Company in Mr. Wong will ensure strong and consistent leadership, facilitate the Group’s business strategies and boost the effectiveness of its operation. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company when such role splitting is beneficial to the Group as a whole.

企業管治常規

董事會相信，為本公司使業務穩健增長及延續管理效益，有必要培養及維持專注良好企業管治的文化。董事認為穩健的企業管治常規可保障本公司股東(「**股東**」)整體的利益，並確保對整體股東的問責性。

董事會已採納GEM上市規則附錄十五所載的企業管治守則(「**企管守則**」)。儘管如此，本公司董事承諾會定期檢討企業管治常規，確保遵循企管守則所載的標準，以及符合股東及本公司其他持份者不斷上升的期望。

除偏離GEM上市規則附錄十五所載企管守則的守則條文A.2.1條外，董事會認為本公司自上市日期起直至本報告日期止期間(「**有關期間**」)內已遵守企管守則的守則條文。

黃國偉先生為本公司董事會主席兼行政總裁，並自二零零八年起參與本集團的日常營運管理。董事認為由黃先生兼任本公司董事會主席及行政總裁將可確保強大及一致的領導，有助推動本集團的業務戰略，以及可提升營運效益。董事會將繼續就拆分本公司董事會主席及行政總裁之職務進行檢討，並將於拆分有關職務對本集團整體有利時考慮拆分有關職務。

Other Information (Continued)

其他資料(續)

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the standard of dealings regarding securities transactions by the Directors equivalent to the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Directors have all confirmed, having been made specific enquiry by the Company, that they have complied with the required standard of dealings and the required standard concerning securities transactions by the Directors during the Relevant Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date of this report.

CONNECTED TRANSACTIONS

Shareholder's loan agreement between Mr. Wong and Tseyu International

On 31 March 2020, Mr. Wong Kwok Wai, Albert, a controlling shareholder of the Company and an executive Director ("Mr. Wong"), and Tseyu International Trading Company Limited ("Tseyu International"), a wholly-owned subsidiary of the Company, entered into a shareholder's loan agreement in respect of the shareholder's loans provided by Mr. Wong to Tseyu International. The shareholder's loans, amounting to HK\$19,171,000, are interest-free, unsecured and repayable in cash on demand. As the shareholder's loans were provided on normal commercial terms or better and were not secured by the assets of the Group, the shareholder's loans are fully exempt under Chapter 20 of the GEM Listing Rules. Further details of the shareholder's loan agreement between Mr. Wong and Tseyu International are set out in the announcement of the Company dated 31 March 2020.

董事進行證券交易的標準守則

本公司已採納董事進行證券交易的標準，有關標準相當於GEM上市規則第5.48條至5.67條所載的交易標準規定。在本公司作出特定查詢後，全體董事均已確認彼等於有關期間內已遵守所規定的交易標準及董事進行證券交易所規定的標準。

購買、出售或贖回本公司上市證券

自上市日期起及直至本報告日期，本公司及其附屬公司均並無購買、出售或贖回本公司任何上市證券。

關連交易

黃先生與至裕國際的股東貸款協議

於二零二零年三月三十一日，本公司控股股東兼執行董事黃國偉先生(「黃先生」)與本公司全資附屬公司至裕國際貿易有限公司(「至裕國際」)就黃先生向至裕國際提供的股東貸款訂立股東貸款協議。19,171,000港元的股東貸款為免息、無抵押及須按要求以現金償還。由於股東貸款乃按正常商業條款或更優惠條款提供，且並無以本集團的資產作抵押，故股東貸款根據GEM上市規則第20章獲完全豁免。黃先生與至裕國際的股東貸款協議的進一步詳情載於本公司日期為二零二零年三月三十一日的公告內。

Other Information (Continued)

其他資料(續)

CONNECTED TRANSACTIONS (Continued)

Loan agreement between Mr. Wong and Guangzhou Xinhua

On 31 March 2020, Mr. Wong and Guangzhou Xinhua Thread Company (廣州新華線業有限公司) (“**Guangzhou Xinhua**”), a wholly-owned subsidiary of the Company, entered into a loan agreement in relation to the intra-group current accounts balance in a sum of RMB16,760,277 (equivalent to HK\$18,603,907) due from Mr. Wong to Guangzhou Xinhua. It was agreed that, among other things, interest shall be payable by Mr. Wong to Guangzhou Xinhua to be accrued at a rate of 2% per annum on the outstanding current accounts balance from the date of the loan agreement and the current accounts balance shall be repaid by Mr. Wong within three years from the date of the loan agreement. Such loan agreement and the transactions contemplated thereunder constitute financial assistance and connected transactions for the Company under Chapter 20 of the GEM Listing Rules and are therefore subject to the reporting, announcement, circular and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules. Details of the loan agreement between Mr. Wong and Guangzhou Xinhua are set out in the announcements of the Company dated 31 March 2020, 21 April 2020, 8 May 2020, 6 June 2020 and 3 July 2020, respectively.

Save as disclosed above, there are no other transactions for the six months ended 30 June 2020 under the definition of connected transactions or continuing connected transactions pursuant to Chapter 20 of the GEM Listing Rules. The Company confirms that it has complied with the applicable disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

關連交易(續)

黃先生與廣州新華的貸款協議

於二零二零年三月三十一日，黃先生與本公司全資附屬公司廣州新華線業有限公司(「廣州新華」)就黃先生結欠廣州新華的集團內公司間往來賬戶結餘人民幣16,760,277元(相當於18,603,907港元)訂立貸款協議。雙方同意，除其他事項外，黃先生應向廣州新華支付利息，自貸款協議日期起就未償還往來賬戶結餘按年利率2%計息，且黃先生應於貸款協議日期起三年內償還往來賬戶結餘。根據GEM上市規則第20章，有關貸款協議及其項下擬進行交易就本公司而言構成財務資助及關連交易，因此須遵守GEM上市規則第20章項下的申報、公告、通函及獨立股東批准規定。黃先生與廣州新華的貸款協議的詳情分別載於本公司日期為二零二零年三月三十一日、二零二零年四月二十一日、二零二零年五月八日、二零二零年六月九日及二零二零年七月三日的公告內。

除上述披露者外，根據GEM上市規則第20章的關連交易或持續關連交易的定義，截至二零二零年六月三十日止六個月概無其他交易。本公司確認其已遵守GEM上市規則第20章的適用披露規定。

Other Information (Continued)

其他資料(續)

EVENTS AFTER THE REPORTING PERIOD

Proposed share consolidation

The Board proposes to implement the share consolidation on the basis that every five (5) issued and unissued existing shares of HK\$0.01 each will be consolidated into one (1) consolidated share of HK\$0.05 each. The share consolidation is conditional upon, among other things, the approval of the Shareholders at the extraordinary general meeting to be convened on 21 August 2020. Details of the proposed share consolidation are set out in the announcements of the Company dated 16 July 2020 and the circular of the Company dated 5 August 2020, respectively.

EVENTS AFTER THE REPORTING PERIOD

Proposed change in board lot size

The Board proposes to change the board lot size for trading on the Stock Exchange from 50,000 existing shares to 10,000 consolidated shares subject to and upon the proposed share consolidation mentioned above becoming effective. Details of the proposed share consolidation are set out in the announcements of the Company dated 16 July 2020 and the circular of the Company dated on 4 August 2020, respectively

Save as disclosed above, there are no material subsequent events undertaken by the Group after the reporting period.

報告期後事項

建議股份合併

董事會建議按每五(5)股每股面值0.01港元的已發行及未發行現有股份將合併為一(1)股每股面值0.05港元的合併股份的基準實施股份合併。股份合併須待(其中包括)股東於將於二零二零年八月二十一日召開的股東特別大會上批准後，方可作實。建議股份合併的詳情分別載於本公司日期為二零二零年七月十六日的公告及本公司日期為二零二零年八月五日的通函。

報告期後事項

建議更改每手買賣單位

受限於並待股份合併生效後，董事會建議將於聯交所買賣的每手買賣單位由50,000股現有股份更改為10,000股合併股份。建議股份合併的詳情分別載於本公司日期為二零二零年七月十六日的公告及本公司日期為二零二零年八月四日的通函。

除上文披露者外，本集團於報告期後概無進行任何重大期後事項。

Other Information (Continued) 其他資料(續)

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established pursuant to rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee is mainly responsible for reviewing financial information, monitoring the Company’s financial reporting system and internal control procedures and maintaining the relationship with the Company’s auditors.

The Audit Committee consists of four independent non-executive Directors, namely, Mr. Sung Alfred Lee Ming (the chairman of the Audit Committee), Dr. Yeung Ngai Man, John, Mr. Chan Tsun Choi, Arnold and Mr. Chow Chin Hang, Joel. No member of the current Audit Committee is a member of the previous independent auditor of the Company. The Audit Committee has reviewed this report as well as the consolidated results of the Group for the six months ended 30 June 2020.

Hong Kong, 14 August 2020

審核委員會

本公司已根據GEM上市規則第5.28至5.33條及企管守則的守則條文第C.3.3條成立審核委員會(「**審核委員會**」)。審核委員會主要負責審閱財務資料、監察本公司的財務報告系統及內部監控程序，以及維持與本公司核數師的關係。

審核委員會包括四名獨立非執行董事，即宋理明先生(審核委員會主席)、楊毅敏醫生、陳進財先生及周展恒先生。現任審核委員會成員中概無人士為本公司過往獨立核數師的成員。審核委員會已審閱本報告及本集團截至二零二零年六月三十日止六個月的綜合業績。

By order of the Board
承董事會命

Shen You Holdings Limited
申酉控股有限公司

Wong Kwok Wai, Albert
主席、行政總裁兼執行董事
*Chairman, chief executive officer
and executive Director*

黃國偉

香港，二零二零年八月十四日

Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Kwok Wai, Albert (*Chairman*)
Mr. Chan Yiu Tung, Enoch
Mr. Leung King Yue, Alex

Non-executive Director

Mr. Gao Biao (*Retired on 26 June 2020*)

Independent non-executive Directors

Dr. Yeung Ngai Man, John
Mr. Sung Alfred Lee Ming
Mr. Zhang Guofu (*Retired on 26 June 2020*)
Mr. Chan Tsun Choi, Arnold
Mr. Chow Chin Hang, Joel

COMPLIANCE OFFICER

Mr. Chan Yiu Tung, Enoch

AUTHORISED REPRESENTATIVES

Mr. Wong Kwok Wai, Albert
Mr. Chan Yiu Tung, Enoch

CHIEF FINANCIAL OFFICER

Mr. Lee Wing Hong

COMPANY SECRETARY

Mr. Chan Yiu Tung, Enoch

AUDIT COMMITTEE

Mr. Sung Alfred Lee Ming (*Chairman*)
Dr. Yeung Ngai Man, John
Mr. Zhang Guofu (*Retired on 26 June 2020*)
Mr. Chan Tsun Choi, Arnold
Mr. Chow Chin Hang, Joel

董事會

執行董事

黃國偉先生(主席)
陳耀東先生
梁景裕先生

非執行董事

高彪先生(於二零二零年六月二十六日退任)

獨立非執行董事

楊毅敏醫生
宋理明先生
章國富先生(於二零二零年六月二十六日退任)
陳進財先生
周展恒先生

合規主任

陳耀東先生

授權代表

黃國偉先生
陳耀東先生

財務總監

李永康先生

公司秘書

陳耀東先生

審核委員會

宋理明先生(主席)
楊毅敏醫生
章國富先生(於二零二零年六月二十六日退任)
陳進財先生
周展恒先生

Corporate Information (Continued)

公司資料(續)

REMUNERATION COMMITTEE

Dr. Yeung Ngai Man, John (*Chairman*)
Mr. Sung Alfred Lee Ming
Mr. Zhang Guofu (*Retired on 26 June 2020*)
Mr. Chan Tsun Choi, Arnold
Mr. Chow Chin Hang, Joel

NOMINATION COMMITTEE

Mr. Wong Kwok Wai, Albert (*Chairman*)
Mr. Sung Alfred Lee Ming
Mr. Zhang Guofu (*Retired on 26 June 2020*)
Mr. Chan Tsun Choi, Arnold
Mr. Chow Chin Hang, Joel

AUDITOR

Ernst & Young
Certified Public Accountants

PRINCIPAL BANK

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Clifton House
75 Fort Street, PO Box 1350
Grand Cayman, KY1-1108
Cayman Islands

薪酬委員會

楊毅敏醫生(主席)
宋理明先生
章國富先生(於二零二零年六月二十六日退任)
陳進財先生
周展恒先生

提名委員會

黃國偉先生(主席)
宋理明先生
章國富先生(於二零二零年六月二十六日退任)
陳進財先生
周展恒先生

核數師

安永
執業會計師

主要往來銀行

香港上海滙豐銀行有限公司

註冊辦事處

Clifton House
75 Fort Street, PO Box 1350
Grand Cayman, KY1-1108
Cayman Islands

Corporate Information (Continued)

公司資料(續)

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 386 Zeng Nan Road
Zeng Jiao Cun
Fang Cun
Liwan District
Guangzhou
China

中國主要營業地點

中國
廣州市
荔灣區
芳村
增滘村
增南路386號

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1006, 10/F.
Harbour Crystal Centre
100 Granville Road
Tsim Sha Tsui East
Kowloon, Hong Kong

總部及香港主要營業地點

香港九龍
尖沙咀東
加連威老道100號
港晶中心
10樓1006室

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

香港股份過戶登記分處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心54樓

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street, PO Box 1350
Grand Cayman, KY1-1108
Cayman Islands

主要股份過戶登記處

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street, PO Box 1350
Grand Cayman, KY1-1108
Cayman Islands

COMPANY'S WEBSITE

www.shenyouholdings.com

公司網址

www.shenyouholdings.com

STOCK CODE

8377

股份代號

8377



Shen You Holdings Limited
申酉控股有限公司