



On Real International Holdings Limited
安悅國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8245



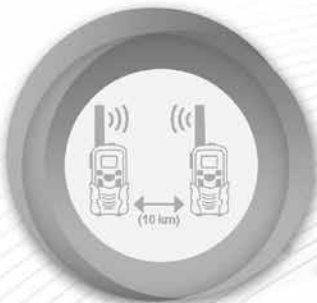
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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no 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 On Real International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable 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.*





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CORPORATE INFORMATION

DIRECTORS

Executive Directors: Mr. Chan Lung Ming (*Chairman*)
Mr. Yeung Shing Wai
Ms. Sin Pui Ying

Non-executive Director: Mr. Tao Hong Ming

Independent Non-executive Directors: Mr. Wong Ching Wan
Mr. Chan Shiu Man
Mr. Cheng Chai Fu

AUDIT COMMITTEE Mr. Wong Ching Wan (*Chairman*)
Mr. Chan Shiu Man
Mr. Cheng Chai Fu

REMUNERATION COMMITTEE Mr. Chan Shiu Man (*Chairman*)
Mr. Wong Ching Wan
Mr. Cheng Chai Fu

NOMINATION COMMITTEE Mr. Cheng Chai Fu (*Chairman*)
Mr. Chan Shiu Man
Mr. Wong Ching Wan

COMPANY SECRETARY Ms. Wu Man Ki Maggie (*Appointed on 1 December 2020*)
Mr. Hui Man Ho Ivan (*Resigned on 1 December 2020*)

COMPLIANCE OFFICER Mr. Yeung Shing Wai

AUTHORISED REPRESENTATIVES Mr. Yeung Shing Wai
Ms. Wu Man Ki Maggie (*Appointed on 1 December 2020*)
Mr. Hui Man Ho Ivan (*Resigned on 1 December 2020*)

REGISTERED OFFICE Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

**PRINCIPAL PLACE
OF BUSINESS
IN HONG KONG**

G/F., 200 Hennessy Road
Wan Chai
Hong Kong

**PRINCIPAL SHARE
REGISTRAR AND
TRANSFER OFFICE IN
THE CAYMAN ISLANDS**

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

**HONG KONG BRANCH
SHARE REGISTRAR
AND TRANSFER
OFFICE**

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

AUDITOR

Elite Partners CPA Limited
10/F., 8 Observatory Road
Tsim Sha Tsui, Kowloon
Hong Kong

STOCK CODE

8245

COMPANY'S WEBSITE

www.on-real.com

FINANCIAL HIGHLIGHTS (UNAUDITED)

- Revenue of the Company for the nine months ended 31 December 2020 amounted to approximately HK\$223.7 million, representing a decrease of approximately 16.2% as compared with that of approximately HK\$267.1 million for the nine months ended 31 December 2019.
- Loss attributable to the owner of the Company for the nine months ended 31 December 2020 amounted to approximately HK\$19.4 million compared with loss of approximately HK\$6.4 million for the nine months ended 31 December 2019.
- Basic and diluted loss per share for the nine months ended 31 December 2020 amounted to approximately HK cents 3.24 (for the nine months ended 31 December 2019: HK cents 1.64 (restated)).
- The Board does not recommend the payment of any dividend in respect of the nine months ended 31 December 2020 (2019: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2020, together with the unaudited comparative figures for the corresponding period in 2019.

BUSINESS REVIEW

The Group is a two-way radio product designer and manufacturer established in 2001. We derive the revenue principally from designing, manufacturing and selling two-way radios and baby monitor products on original design manufacturing basis.

The Group’s revenue decreased from approximately HK\$267.1 million for the nine months ended 31 December 2019 to approximately HK\$223.7 million for the nine months ended 31 December 2020, representing a decrease of approximately 16.2%. Such decrease was mainly due to decrease of number of purchase orders from customers during the period for nine months ended 31 December 2020.

The Group’s revenue of two-way radios decreased by approximately 17.9% from approximately HK\$210.4 million for the nine months ended 31 December 2019 to approximately HK\$172.7 million for the nine months ended 31 December 2020 mainly due to the decrease of number of purchase orders from customers.

The Group’s revenue of baby monitor decreased by approximately 14.6% from approximately HK\$3.4 million for the nine months ended 31 December 2019 to approximately HK\$2.9 million for the nine months ended 31 December 2020 mainly due to the decrease in demand of our audio baby monitor products.

The Group’s revenue of service business increased by approximately 18.4 times from approximately HK\$0.4 million for the nine months ended 31 December 2019 to approximately HK\$7.7 million for the nine months ended 31 December 2020 mainly due to the increase in provision of electronic manufacturing servicing business.

The Group’s revenue of other products decreased by approximately 23.5% from approximately HK\$52.9 million for the nine months ended 31 December 2019 to approximately HK\$40.5 million for the nine months ended 31 December 2020 mainly due to the decrease in demand and decrease of number of purchase orders from our other products.

The Company will continue to diversify the revenue stream and expand the customer base by expanding product offerings and exploring business opportunity with current and potential customers.

The following tables set forth the breakdowns of the revenue of the Group by product/service categories for the nine months ended 31 December 2020:

	Nine months ended 31 December					
	2020		2019		Increase (decrease)	
	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%
Two-way radio	172,685	77.2	210,435	78.8	(37,750)	(17.9)
Baby monitors	2,874	1.3	3,365	1.2	(491)	(14.6)
Service business	7,713	3.4	397	0.2	7,316	1,842.8
Other products	40,464	18.1	52,876	19.8	(12,412)	(23.5)
Total	223,736	100.0	267,073	100.0	(43,337)	(16.2)

PROSPECT

Our business objectives are to grow our business by strengthening our product portfolio, enhancing our information management system and enhancing our marketing efforts. Due to the trade war between the People's Republic of China (the "PRC") and the United States (the "US"), we have been trying to diversify our manufacturing service from PRC to Vietnam and Malaysia through subcontracting to reduce the impact of the additional tariff. We had hired consultancy service assisting us to manage the overseas manufacturing. However, the gross margin of the products have been affected due to the increase of manufacturing, logistics and related service costs, especially due to the frequent knockdown of the transportation and travelling starting from 2020. To decrease the effect of the impact, Company will spend effort in securing business opportunity that will be less affected by the trade war and can be continuing to be manufactured in PRC instead of overseas.

The outbreak of Novel Coronavirus (“**COVID-19**”) has spread to worldwide starting from 2020 and caused economic downturn. It has a certain impact on the production and profitability of the Group since early 2020. Our purchase order from our customers has been decreased due to the decrease in the demand of the products from our customers. Also, it has brought about additional uncertainties in the Group’s operating environment and we expected that these will continue impacting the Group’s operations and financial position. The Group will continue to pay close attention to the COVID-19 and to evaluate its impact on the financial position, cash flows and operating results of the Group.

Looking forward, the Group will continue to spend effort in research and development on new product line, seek for new customers and sales channels. We will also continue to subcontract partial of our manufacturing and operation activities to reduce the fix overhead. The Group will also look for and consider potential investment business opportunities from time to time and further capture business opportunities of the Company.

FINANCIAL REVIEW

Cost of Sales and Gross Profit

The majority of the Group’s cost of sales comprised of raw material cost, product costs, direct labour costs and subcontracting fees. The cost of sales decreased by approximately 9.1% from HK\$235.5 million for the nine months ended 31 December 2019 to approximately HK\$214.1 million for the nine months and 31 December 2020. The gross profit margin decreased from approximately 11.8% for the nine months ended 31 December 2019 to approximately 4.3% for the nine months ended 31 December 2020, which was mainly due to the profit margin dropped for the products of two-way radios during the nine months ended 31 December 2020.

Selling and Distribution Expenses

The selling and distribution expenses increased from approximately HK\$2.7 million for the nine months ended 31 December 2019 to approximately HK\$3.2 million for the nine months ended 31 December 2020, which was mainly due to increase in certification cost and sample charges.

Administrative Expenses

The administrative expenses decreased from approximately HK\$32.0 million for the nine months ended 31 December 2019 to approximately HK\$28.2 million for the nine months ended 31 December 2020, which was mainly due to decrease of expenses of research and development fee and consulting fee.

Loss attributable to the owners of the Company

Loss attributable to the owners of the Company for the nine months ended 31 December 2020 amounted approximately HK\$19.4 million compared to a loss of HK\$6.4 million for the nine months ended 31 December 2019. The increase in the loss was mainly due to the squeeze on gross margin of the two-way radios and other products.

Dividend

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2020 (for the nine months ended 31 December 2019: nil).

Significant Investments held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

As at 31 December 2020, the Group did not hold any significant investments.

The Group did not have material investment and disposal during nine months ended 31 December 2020.

The Group did not have any other immediate plans for material investment and capital assets as at the date of this report.

FUND RAISING ACTIVITIES

Share Consolidation, Change in Board Lot Size, Authorised Share Capital Increase and Rights Issue

Details of the Share Consolidation, Authorised Share Capital Increase and Right Issue were set out in the Company's announcements (the "**Announcements**") dated 24 December 2019 and 4 February 2020, the Company's circular (the "**Circular**") dated on 15 January 2020 and the Company's prospectus (the "**Prospectus**") dated on 18 February 2020 in relation to the Rights Issue. Unless otherwise defined, capitalized terms used herein shall bear the same meanings ascribed thereto in the Announcements.

On 24 December 2019, the Board proposed to the shareholders of the Company (the "**Shareholders**") to effect the Share Consolidation which involved the consolidation of every ten (10) issued and unissued Existing Shares of par value HK\$0.00125 each into one (1) Consolidated Share of par value of HK\$0.0125. The Board also proposed to change the board lot size for trading on the Stock Exchange from 5,000 Existing Shares to 10,000 Consolidated Shares upon the Share Consolidation having become effective.

Also, the Company proposed to increase the Company's authorised share capital (conditional on the Share Consolidation having become effective) from HK\$7,800,000 divided into 624,000,000 Consolidated Shares to HK\$39,000,000 divided into 3,120,000,000 Consolidated Shares by the creation of an additional 2,496,000,000 Consolidated Shares.

The Board proposed, subject to, amongst others, the Share Consolidation and the Authorised Share Capital Increase becoming effective, to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Consolidated Shares held on the Record Date at the Subscription Price of HK\$0.1 per Rights Share, to raise gross proceeds of approximately HK\$19.95 million before expenses, by way of the Rights Issue of 199,500,000 Rights Shares to the Qualifying Shareholders.

The Company provisionally allotted to the Qualifying Shareholders one Rights Share in nil-paid form for every two Consolidated Shares in issue and held on the Record Date. The Rights Issue was not available to the Excluded Shareholders.

The net proceeds from the Rights Issue after deducting all necessary expenses were to be approximately HK\$17.8 million, which were intended to be applied in following manner: (i) as to approximately HK\$14.1 million, being approximately 79.2%, for expansion of existing business and/or acquisition of and/or investment in business(es) which leverage on the competitive advantage of the Group should suitable opportunities arise; and (ii) remaining net proceeds of approximately HK\$3.7 million, being approximately 20.8%, for general working capital of the Group.

On 4 February 2020, all the resolutions of Share Consolidation and Authorised Share Capital Increase were duly passed by the Shareholders by way of poll at the EGM. As all the conditions of the Share Consolidation had been fulfilled, the Share Consolidation and Authorised Share Capital Increased had taken effect on 6 February 2020.

On 6 March 2020, all conditions set out in the underwriting agreement relating to the Rights Issue had been fulfilled and the Rights Issue became unconditional. The gross proceeds raised from the Rights Issue are approximately HK\$19.95 million before expenses.

Details of the Rights Issue and Underwriting Agreement were set out in the Announcements, Circular and Prospectus.

As at 31 December 2020, the net proceeds of the Rights Issue had been utilised as follows:

	Actual net proceeds allocated	Amount utilised up to 31 December 2020	Balance as at 31 December 2020	Expected timeline for fully utilising the unutilised amount (Note)
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Share Consolidation, Change in Board Lot Size, Authorised Share Capital Increase and Rights Issue (completion on 11 March 2020)				
Expansion of existing business and/or acquisition of and/or investment in business(es) which leverage on the competitive advantage of the Group	14.1	8.1	6.0	In or before 31 March 2021
General working capital	3.7	3.7	–	–

Note: The expected timetable for fully utilising the unutilised net proceeds of the Rights Issue is determined based on the Group's best estimate of future market conditions, and is subject to change depending on current market conditions and future market developments.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2020, none of the Directors or chief executive of the Company or their associates had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO") (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be recorded into the register referred to therein; or (iii) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange. There were no debt securities issued by the Group during the nine months ended 31 December 2020.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2020, so far as known to the Directors, the following shareholders had, or were deemed to have, interests or short positions, in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares of the Company

Name	Capacity/ Nature of interest	Number of Shares interested or held	Percentage of interest
Solution Smart Holdings Limited (" Solution Smart ") (Note 1)	Beneficial owner	112,589,600	18.81%
Mr. Chung Wai Sum (" Mr. Chung ") (Note 1)	Interest in a controlled corporation	112,589,600	18.81%
SMK Investment Company Limited (" SMK ") (Note 2)	Beneficial owner	90,997,600	15.20%
Mr. Kor Sing Mung Michael (Note 2)	Interest in a controlled corporation	90,997,600	15.20%

Notes:

1. Mr. Chung Wai Sum is the sole beneficial shareholder of Solution Smart. Therefore, Mr. Chung is deemed to be interested in 112,589,600 shares of the Company held by Solution Smart under the SFO.
2. Mr. Kor Sing Mung Michael is the sole beneficial shareholder of SMK. Therefore, Mr. Kor Sing Mung Michael is deemed to be interested in 90,997,600 shares of the Company held by SMK under the SFO.
3. All interests stated above represent long positions in the relevant shares.

Save as disclosed above, the Directors are not aware of any other person (other than a Director or the chief executive of the Company) who has an interest or short position in the shares or underlying shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 December 2020.

DIRECTORS' INTEREST IN CONTRACTS

Apart from the transactions disclosed under the heading "Related Party Transactions" as set out in note 11 of this report, there were no other contracts of significance in relation to the Group's business to which the Group was a party and which a Director had a material interest, whether directly or indirectly, subsisted during the nine months ended 31 December 2020.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the nine months ended 31 December 2020, the Directors are not aware of any business or interest of the Directors, the management of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

CORPORATE GOVERNANCE

The Company is committed to ensure a high standard of corporate governance in the interests of the Shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices. The Company has complied with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules throughout the nine months ended 31 December 2020. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the nine months ended 31 December 2020.

The Company fully complied with all the Code Provisions throughout the nine months ended 31 December 2020.

DIRECTORS' SECURITIES TRANSACTIONS

The Group had adopted Rules 5.46 to Rules 5.67 of the GEM Listing Rules ("**Model Code**") as its own code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings.

Having made specific enquiry with all the Directors and all the Directors of the Company had confirmed compliance with the required standard of dealings and the code of conduct for Directors' securities transactions during the nine months ended 31 December 2020.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the nine months ended 31 December 2020.

SHARE OPTION SCHEME

The share option scheme of the Company ("**Scheme**") was adopted pursuant to a resolution passed by the Company's shareholders on 16 September 2015 for the primary purpose is to attract, retain and motivate talented participants, to strive for future developments and expansion of the Group. Eligible participants of the Scheme include any employees, any executives, non-executive Directors (including independent non-executive Directors), advisors, consultants of the Company or any of its subsidiaries.

The Scheme will remain valid and effective for a period of 10 years commencing on the date on which the Scheme is adopted, after which period no further share options will be granted but the provisions of the Scheme shall in all other respects remain in full force and effect and share options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of issue. The principal terms of which were summarized in the paragraph headed “Share Option Scheme” in Appendix IV to the Company’s Prospectus dated 18 September 2015. No share options had been granted, agreed to be granted, exercised, cancelled, expired or lapsed under the Scheme during the nine months ended 31 December 2020. The Company did not have any outstanding share options, warrants and convertible instruments into shares as at 31 December 2020 and the date of this report. The total number of shares of the Company which may be issued upon the exercise of all options to be granted under the Scheme was 26,880,000 shares (adjusted as a result of share consolidation effected on 6 February 2020) of the Company, representing approximately 4.5% of the issued share capital of the Company as at 31 December 2020 and the date of this report.

AUDIT COMMITTEE

The existing audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, chaired by Mr. Wong Ching Wan and the other two members are Mr. Chan Shiu Man and Mr. Cheng Chai Fu.

The unaudited third quarterly financial results of the Group for the nine months ended 31 December 2020 have been reviewed by the Audit Committee.

By Order of the Board
On Real International Holdings Limited
Chan Lung Ming
Chairman and Executive Director

Hong Kong, 8 February 2021

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three and nine months ended 31 December 2020

The Board is pleased to announce the unaudited consolidated results of the Group for the nine months ended 31 December 2020, together with the comparative figures for the corresponding period in 2019 which have been reviewed and approved by the Audit Committee, as follows:

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue		36,643	98,070	223,736	267,073
Cost of sales		(37,932)	(86,520)	(214,058)	(235,506)
Gross profit (loss)		(1,289)	11,550	9,678	31,567
Other income	4	4,725	1,267	6,836	4,523
Other gains and (losses)	5	(1,127)	392	(2,812)	(3,313)
Selling and distribution expenses		(1,012)	(1,038)	(3,200)	(2,707)
Administrative expenses		(5,501)	(7,600)	(28,167)	(32,015)
Finance costs	7	(195)	(1,223)	(1,550)	(3,489)
Profit (loss) before income tax		(4,399)	3,348	(19,215)	(5,434)
Income tax expense	8	(14)	(761)	(169)	(968)
Profit (loss) for the period		(4,413)	2,587	(19,384)	(6,402)
Other comprehensive income (expense)					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		4,240	252	3,727	(201)
Total comprehensive income (expense) for the period		(173)	2,839	(15,657)	(6,603)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and nine months ended 31 December 2020

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit (loss) for the period attributable to:					
Owners of the Company		(4,413)	2,587	(19,384)	(6,402)
Non-controlling interest		—	—	—	—
		(4,413)	2,587	(19,384)	(6,402)
Total comprehensive income (expense) for the period attributable to:					
Owners of the Company		(173)	2,839	(15,657)	(6,603)
Non-controlling interest		—	—	—	—
		(173)	2,839	(15,657)	(6,603)
Earnings (loss) per share (HK Cents)					
Basic and diluted	9	(0.74)	(Restated) 0.66	(3.24)	(Restated) (1.64)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 31 December 2020

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	PRC		Accumulated losses			
				statutory reserve	Exchange reserve				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2020 (Audited)	7,481	93,897	1,465	2,670	909	(42,972)	63,450	68	63,518
Loss for the period	-	-	-	-	-	(19,384)	(19,384)	-	(19,384)
Other comprehensive income									
Exchange differences arising on translation of foreign operations	-	-	-	-	3,727	-	3,727	-	3,727
Total comprehensive income (expense)	-	-	-	-	3,727	(19,384)	(15,657)	-	(15,657)
Balance at 31 December 2020 (Unaudited)	7,481	93,897	1,465	2,670	4,636	(62,356)	47,793	68	47,861

Attributable to owners of the Company

	PRC						Non-controlling		Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	statutory reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	interests HK\$'000	
Balance at 1 April 2019 (Audited)	4,800	75,468	(5,826)	5,346	2,376	(18,883)	63,281	71	63,352
Loss for the period	-	-	-	-	-	(6,402)	(6,402)	-	(6,402)
Other comprehensive expense Exchange differences arising on translation of foreign operations	-	-	-	-	(201)	-	(201)	-	(201)
Total comprehensive expense	-	-	-	-	(201)	(6,402)	(6,603)	-	(6,603)
Shares issued upon subscription	188	3,112	-	-	-	-	3,300	-	3,300
Change in equity to the period	188	3,112	-	-	(201)	(6,402)	(3,303)	-	(3,303)
Balance at 31 December 2019 (Unaudited)	4,988	78,580	(5,826)	5,346	2,175	(25,285)	59,978	71	60,049

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 30 June 2014 as an exempted company with limited liability under Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised), of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business was G/F., 200 Hennessy Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are designing, trading and manufacturing of two-way radios, baby monitors, other communication devices and servicing business of the above products.

The Company was listed on the GEM on 30 September 2015.

This unaudited condensed consolidated financial information is presented in thousands of Hong Kong dollars (“**HK\$’000**”), unless otherwise stated.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

This unaudited condensed consolidated third quarterly financial information for the nine months ended 31 December 2020 has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by HKICPA and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”).

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2020 are consistent with those used in the audited consolidated financial statements for the year ended 31 March 2020 and should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2020.

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2020 have not been audited by the Company’s independent auditor but have been reviewed by the Company’s audit committee.

The preparation of the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2020 is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group’s accounting policies.

3 SEGMENT INFORMATION

Total revenue recognised during the respective period are as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Sales of goods	36,643	98,067	216,023	266,676
Sales of service	—	3	7,713	397
	36,643	98,070	223,736	267,073

The revenue from external parties is derived from numerous external customers and the revenue reported to the management is measured in a manner consistent with that in the condensed consolidated income statements.

The Group is principally engaged in the designing, trading and manufacturing of two-way radios, baby monitors, other communication devices and servicing business of the above products.

The executive Directors have been identified as the chief operating decision makers. The executive Directors have determined the operating segments based on the reports reviewed by them that are used to make strategic decisions.

Management considers the business from a product perspective whereby management assesses the performance of two-way radios, baby monitors, other communication devices and servicing business based on gross profit arising in the course of the ordinary activities which are recurring in nature.

Capital expenditure comprises additions to property, plant and equipment.

3 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the executive Directors for the reportable segments for the nine months ended 31 December 2020 and 31 December 2019 is as follows:

	Two-way radios HK\$'000 (Unaudited)	Baby monitors HK\$'000 (Unaudited)	Service business HK\$'000 (Unaudited)	Other products (Note i) HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
For the nine months ended 31 December 2020					
Total segment revenue (from external customers)	172,685	2,874	7,713	40,464	223,736
Segment results for the period	6,659	47	361	2,611	9,678
Other segment items:					
Depreciation of property, plant and equipment	546	2	17	155	720
For the nine months ended 31 December 2019					
Total segment revenue (from external customers)	210,435	3,365	397	52,876	267,073
Segment results for the period	19,879	(529)	(19)	12,236	31,567
Other segment items:					
Amortisation of intangible assets	216	648	—	—	864
Depreciation of property, plant and equipment	741	3	1	180	925

Note (i): Other products include transistors, integrated circuits, plastic casings, rechargeable battery chargers, ultrasonic cleansers, inductive emergency flashlights, LCD display module and accessories such as headsets, belt clips, chargers and power adaptors etc.

3 SEGMENT INFORMATION (CONTINUED)

A reconciliation of total segment result to the profit (loss) for the respective period is provided as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Segment results	(1,289)	11,550	9,678	31,567
Other income	4,725	1,267	6,836	4,523
Other gains and (losses)	(1,127)	392	(2,812)	(3,313)
Selling, distribution and administrative expenses	(6,513)	(8,638)	(31,367)	(34,722)
Finance costs	(195)	(1,223)	(1,550)	(3,489)
Profit (loss) before income tax	(4,399)	3,348	(19,215)	(5,434)

An analysis of revenue by geographic location, based on shipping destination, is set out below:

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
The United States of America	2,993	49,679	72,843	135,711
Europe (Note 1)	2,730	6,530	8,376	14,237
The Netherlands	788	6,332	3,540	9,928
Asia (Note 2)	30,131	6,157	86,190	19,224
The United Kingdom ("UK")	—	981	4,962	6,861
Germany	—	25,112	46,172	60,652
Others (Note 3)	1	3,279	1,653	20,460
	36,643	98,070	223,736	267,073

3 SEGMENT INFORMATION (CONTINUED)

Note 1: Europe includes but is not limited to France, Italy and Belgium but excludes UK, Germany and the Netherlands.

Note 2: Asia includes but is not limited to the PRC and Hong Kong.

Note 3: Others include but is not limited to Brazil, Canada and Russia.

Revenue is allocated based on the shipping destination.

4 OTHER INCOME

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Bank interest income	26	32	83	65
Gain on disposal of non-current asset	64	402	443	3,254
Machinery rental income	—	—	—	167
Sales of scrap	7	—	26	817
Others	4,628	833	6,284	220
	4,725	1,267	6,836	4,523

5 OTHER GAINS AND (LOSSES)

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Exchange losses, net	(1,127)	(295)	(2,140)	(903)
Fair value losses on financial asset at fair value through profit or loss	—	—	—	(3,097)
Gains (losses) on disposal of subsidiary	—	687	(672)	687
	(1,127)	392	(2,812)	(3,313)

6 PROFIT (LOSS) BEFORE INCOME TAX

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Cost of inventories recognised as expenses	27,430	67,915	179,711	190,682
Employee benefit expenses	3,953	4,089	12,608	16,011
Subcontracting fees	6,861	13,881	21,622	32,516
Amortisation of intangible assets	173	216	526	864
Depreciation				
— Property, plant and equipment	316	251	1,001	925
— Rights-of-use assets	45	—	136	—
Expenses relating to short-term leases and other leases with lease terms and within 12 months of the date of initial application of HKFRS 16	412	801	1,536	2,767

7 FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2020	2019	2020	2019
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Interest on:				
— bank and other borrowings	195	1,223	1,540	3,489
— lease liabilities	—	—	10	—
	195	1,223	1,550	3,489

8 INCOME TAX EXPENSE

No provision for Hong Kong profit tax has been provided as the Group's did not have any assessable profits arising in or derived from Hong Kong during the nine months ended 31 December 2020. The PRC enterprise income tax is provided at the rate of 25% (2019: 25%) during the nine months ended 31 December 2020.

The amount of income tax expense charged to the condensed consolidated income statements represents:

	Three months ended 31 December		Nine months ended 31 December	
	2020	2019	2020	2019
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
PRC Enterprise Income Tax	14	761	169	968

9 EARNINGS (LOSS) PER SHARE

(a) Basic

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Profit (loss) attributable to owners of the Company (HK\$'000)	(4,413)	2,587	(19,384)	(6,402)
Weighted number of ordinary shares in issue ('000) (Note)	598,500	390,194	598,500	390,194
Basic earnings (loss) per share (HK cents per share)	(0.74)	0.66	(3.24)	(1.64)

Note: The weighted average number of ordinary shares for the nine months ended 31 December 2019 for the purpose of calculating basic earnings (loss) per share have been adjusted for the share consolidation and issue of new shares under right issue which took place on 6 February 2020 and 11 March 2020 respectively.

(b) Diluted

Diluted earnings (loss) per share is the same as basic earnings (loss) per share as there were no potential outstanding shares during the respective periods.

10 DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the nine months ended 31 December 2020 (2019: nil).

11 RELATED-PARTY TRANSACTIONS

For the purposes of these unaudited condensed consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the three and nine months ended 31 December 2020 and 31 December 2019.

(a) Transactions with related parties

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Rental expenses charged by a related company	522	477	1,529	1,394

Note:

Rental expenses charged and interest expenses paid was paid to Xinxing On Time Electronics Limited. Mr. Tam Wing Ki ("**Mr. Tam**"), the ex-director and ex-chairman of the Company, has direct interest in the relevant party. Subsequent to this resignation of the director and chairman of the Company, Mr. Tam is still acting as director of certain subsidiaries and as one of the key management personnel of the Group.

12 EVENTS AFTER REPORT PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 December 2020 and up to the date of this report.