



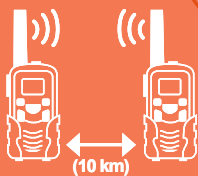
On Real International Holdings Limited  
安悅國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8245



250M



IPX2



# 2021

FIRST QUARTERLY  
REPORT

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

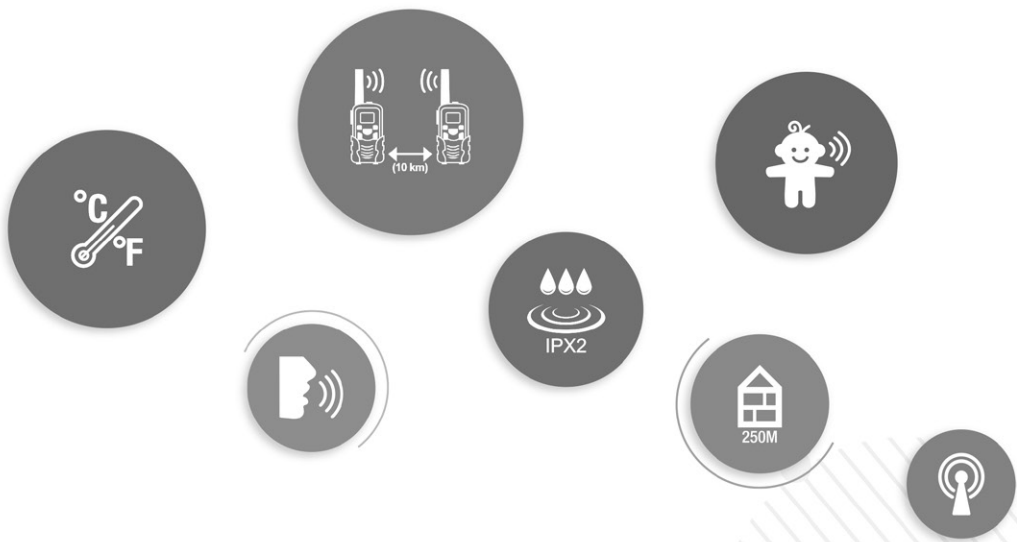
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*This report, for which the directors (the “**Directors**”) of On Real International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars 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.*





**Contents**

Corporate Information	3
Financial Highlights (Unaudited)	5
Management Discussion and Analysis	6
Other Information	12
Unaudited Condensed Consolidated Financial Statements	16
Notes to Unaudited Condensed Consolidated Financial Information	19

# 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. Chan Shiu Man  
Mr. Wong Ching Wan  
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 (*Resigned on 4 May 2021*)  
Mr. Lee Cheuk Man (*Appointed on 4 May 2021*)

## **COMPLIANCE OFFICER**

Mr. Yeung Shing Wai

## **AUTHORISED REPRESENTATIVES**

Ms. Wu Man Ki Maggie (*Resigned on 4 May 2021*)  
Mr. Lee Cheuk Man (*Appointed on 4 May 2021*)

**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](http://www.on-real.com)

## FINANCIAL HIGHLIGHTS (UNAUDITED)

- Revenue of the Company for the three months ended 30 June 2021 amounted to approximately HK\$27.6 million, representing a significant decrease of approximately 67.4% as compared with that of approximately HK\$84.7 million for the three months ended 30 June 2020.
- Loss attributable to the owner of the Company for the three months ended 30 June 2021 amounted to approximately HK\$4.5 million compared with loss of approximately HK\$3.8 million for the three months ended 30 June 2020.
- Basic and diluted loss per share for the three months ended 30 June 2021 amounted to approximately HK cents 0.75 (for the three months ended 30 June 2020: HK cents 0.63).
- The Board does not recommend the payment of any dividend in respect of the three months ended 30 June 2021 (2020: 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 three months ended 30 June 2021, together with the unaudited comparative figures for the corresponding period in 2020.

## 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\$84.7 million for the three months ended 30 June 2020 to approximately HK\$27.6 million for the three months ended 30 June 2021, representing a significant decrease of approximately 67.4%. Such decrease was mainly due to (i) order reducing from our customers due to the trade war between the People’s Republic of China and the United States; (ii) the delay of sales orders affected by the knockdown of transportation due to the effect of Novel Coronavirus (“**COVID-19**”); and (iii) the delay of material supply especially Integrated Circuit (IC chips) due to the global shortage of raw materials.

The Group’s revenue of two-way radios decreased by approximately 76.5% from approximately HK\$64.1 million for the three months ended 30 June 2020 to approximately HK\$15.1 million for the three months ended 30 June 2021. The reason for the decrease was that the sales orders were delayed due to the knockdown of transportation and the lack of raw materials under the effect of COVID-19 during the three months ended 30 June 2021.

The Group’s revenue of baby monitor decreased by approximately 42.4% from approximately HK\$0.6 million for the three months ended 30 June 2020 to approximately HK\$0.3 million for the three months ended 30 June 2021 due to the decrease in demand of our audio baby monitor products.

The Group did not derive any revenue from servicing business for the three months ended 30 June 2021 (2020: approximately HK\$7.7 million). This was mainly due to the provision of electronic manufacturing servicing business for the three months ended 30 June 2020 while no such order was made during the three months ended 30 June 2021.

The Group’s revenue of other products decreased by approximately 1.3% from approximately HK\$12.4 million for the three months ended 30 June 2020 to approximately HK\$12.2 million for the three months ended 30 June 2021, which remained constant compared with the corresponding period.

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 three months ended 30 June 2021 and 2020:

	<b>Unaudited</b>					
	<b>For the three months ended 30 June</b>					
	<b>2021</b>		<b>2020</b>		<b>Increase (decrease)</b>	
	<b>HK\$'000</b>	<b>%</b>	<b>HK\$'000</b>	<b>%</b>	<b>HK\$'000</b>	<b>%</b>
Two-way radios	<b>15,054</b>	<b>54.6</b>	64,051	75.6	(48,997)	(76.5)
Baby monitors	<b>321</b>	<b>1.2</b>	557	0.7	(236)	(42.4)
Servicing business	<b>—</b>	<b>—</b>	7,680	9.1	(7,680)	(100.0)
Other products	<b>12,208</b>	<b>44.2</b>	12,372	14.6	(164)	(1.3)
<b>Total</b>	<b>27,583</b>	<b>100</b>	84,660	100	(57,077)	(67.4)

## PROSPECT

Our business objectives are to grow our existing business by strengthening our product portfolio, enhancing our information management system and enhancing our marketing efforts. We will continue to look for opportunities to diversify our revenue stream, search for new product and to leverage our developed sales channels and network for distributing related products.

In coming year, the Group will continue to spend effort in research and development on new product line and 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 and to enhance the flexibility in terms of fixed cost commitment. We will continue to put effort in developing new model of our products and diversify our revenue streams which are expected to bring growth potential for turnover to the Group and returns to the shareholders of the Company (the **"Shareholders"**). The Group will enhance our business revenue and profitability by introducing new product categories and/or leveraging our research and development capability to provide design engineering service to our customers. The Group will look for and consider potential investment business opportunities from time to time.



The economic downturn caused by impact of COVID-19 and the effect of trade war between the People's Republic of China and United States have brought about additional uncertainties to the Group's operating environment and may impact the Group's operations and financial position. The Group will continue to keep track of development of the COVID-19 and trade war and to evaluate their impacts on the Group's financial position, cash flows and operating results. The Group holds a positive and optimistic attitude to react proactively to its possible impact on Group's performance.

## **FINANCIAL REVIEW**

### **Cost of Sales and Gross Profit**

The majority of the Group's cost of sales comprised of raw material cost, direct labour costs and subcontracting fees. Our cost of sales decreased by approximately 67.2% from approximately HK\$80.6 million for the three months ended 30 June 2020 to approximately HK\$26.4 million for the three months ended 30 June 2021, which was in line with the decrease in revenue for the three months ended 30 June 2021. The gross margin slightly decreased from approximately 4.8% for the three months ended 30 June 2020 to approximately 4.2% for the three months ended 30 June 2021, which remained constant compared with corresponding period.

### **Selling and distribution expenses**

The selling and distribution expenses decreased from approximately HK\$1.1 million for the three months ended 30 June 2020 to approximately HK\$0.7 million for the three months ended 30 June 2021, which was mainly due to less transportation expenses and certification cost incurred compared with the corresponding period in 2020.

### **Administrative expenses**

The administrative expenses decreased from approximately HK\$7.2 million for the three months ended 30 June 2020 to approximately HK\$4.9 million for the three months ended 30 June 2021, which was mainly due to decrease of expenses of consulting fee.

## **Loss attributable to the owners of the Company**

Loss attributable to the owner of the Company for the three months ended 30 June 2021 amounted to approximately HK\$4.5 million compared with loss of approximately HK\$3.8 million for the three months ended 30 June 2020.

## **Dividend**

The Board does not recommend the payment of a dividend for the three months ended 30 June 2021 (2020: nil).

## **Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets**

As at 30 June 2021, the Group did not hold any significant investments.

The Group did not have material investment and disposal during three months ended 30 June 2021.

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 was set out in the Company's announcements (the "**Announcements**") dated 24 December 2019 and 4 February 2020 and the Company's Circular (the "**Circular**") dated on 15 January 2020 and the Company's prospectus (the "**Prospectus**"). Unless otherwise defined, capitalised terms used herein shall bear the same meanings ascribed thereto in the announcements.

On 24 December 2019, the Board proposed to the Shareholders to effect the Share Consolidation which involves 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 proposes 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 (assuming no further issue or repurchase of Shares on or before the Record Date), by way of the Rights Issue of 199,500,000 Rights Shares to the Qualifying Shareholders.

The Company provisionally allot 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 will not be 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 have been fulfilled, the Share Consolidation and Authorised Share Capital Increased has taken effect on 6 February 2020.

On 6 March 2020, all conditions set out in the underwriting agreement relating to the Rights Issue have 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 30 June 2021, the net proceeds of the Subscription and Rights Issue had been utilised as follows:

	<b>Actual proceed allocated</b>	<b>Amount utilized up to 30 June 2021</b>	<b>Balance as at 30 June 2021</b>	<b>Expected timeline for fully unutilized amount (Note)</b>
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
<b>Share Consolidation, Change in Board Lot Size, Authorised Share Capital Increase and Rights Issue (completion on 11 March 2020)</b>				
Expansion of existing business and/or acquisition of and/or investment in business(es) which leverage and/or investment in business(es) which leverage on the competitive advantage of the Group	14.1	13.3	0.8	In or before 31 March 2022
General working capital	3.7	3.7	—	—

*Note:* The expected timetable for fully utilising the unutilised net proceeds of the Right 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 30 June 2021, 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 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 entered 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 three months ended 30 June 2021.

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

As at 30 June 2021, 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	Number of Shares interested or held	Percentage of interest
Solution Smart Holdings Limited (" <b>Solution Smart</b> ") (Note 1)	Beneficial owner	112,589,600	18.81%
Mr. Chung Wai Sum (" <b>Mr. Chung</b> ") (Note 1)	Interest in a controlled corporation	112,589,600	18.81%
SMK Investment Company Limited (" <b>SMK</b> ") (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.

Save as disclosed above, the Directors are not aware of any other person 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 30 June 2021.

## **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 three months ended 30 June 2021.

## **DIRECTORS' INTERESTS IN A COMPETING BUSINESS**

For the three months ended 30 June 2021, 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 three months ended 30 June 2021. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the three months ended 30 June 2021.

The Company fully complied with all the Code Provisions throughout the three months ended 30 June 2021.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Group had adopted Rules 5.46 to 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 set out in the Model Code and the code of conduct for Directors’ securities transactions during the three months ended 30 June 2021.

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

The Company has not redeemed any of its shares during the three months ended 30 June 2021. Neither the Company nor any of its subsidiaries had purchased or sold any of Company’s shares during the three months ended 30 June 2021.

## 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 summarised in the paragraph headed “Share Option Scheme” in Appendix IV to the Prospectus. No share options had been granted, agreed to be granted, exercised, cancelled, expired or lapsed under the Scheme during the three months ended 30 June 2021. The Company did not have any outstanding share options, warrants and convertible instruments into shares as at 30 June 2021 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 30 June 2021 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 of the Company, chaired by Mr. Wong Ching Wan and the other two members are Mr. Chan Shiu Man and Mr. Cheng Chai Fu.

The unaudited first quarterly financial results of the Group for the three months ended 30 June 2021 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, 13 August 2021



# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2021

The Board is pleased to announce the unaudited consolidated results of the Group for the three months ended 30 June 2021, together with the comparative figures for the corresponding period in 2020 which have been reviewed and approved by the Audit Committee, as follows:

	Note	Three months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	27,583	84,660
Cost of sales		(26,419)	(80,563)
<b>Gross profit</b>		<b>1,164</b>	4,097
Other income	4	235	1,277
Other losses	5	(186)	(83)
Selling and distribution expenses		(670)	(1,148)
Administrative expenses		(4,874)	(7,177)
Finance costs	7	(162)	(737)
<b>Loss before income tax</b>	6	<b>(4,493)</b>	(3,771)
Income tax expense	8	—	—
<b>Loss for the period</b>		<b>(4,493)</b>	(3,771)
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		542	25
<b>Total comprehensive expense for the period</b>		<b>(3,951)</b>	(3,746)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2021

	Note	Three months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Loss for the period</b>			
Owners of the Company		(4,493)	(3,771)
Non-controlling interest		—	—
		<b>(4,493)</b>	<b>(3,771)</b>
<b>Total comprehensive expense for the period attributable to:</b>			
Owners of the Company		(3,951)	(3,746)
Non-controlling interest		—	—
		<b>(3,951)</b>	<b>(3,746)</b>
<b>Loss per share (HK Cents)</b>			
Basic and diluted	9	(0.75)	(0.63)

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 30 June 2021

	Attributable to owners of the Company						Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share Capital HK\$'000	Share Premium HK\$'000	Capital Reserve HK\$'000	PRC Statutory Reserve HK\$'000	Exchange Reserve HK\$'000	Accumulated losses HK\$'000			
<b>Balance at 1 April 2021 (Audited)</b>	<b>7,481</b>	<b>93,897</b>	<b>1,465</b>	<b>2,670</b>	<b>3,034</b>	<b>(77,553)</b>	<b>30,994</b>	<b>63</b>	<b>31,057</b>
<b>Loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,493)</b>	<b>(4,493)</b>	<b>-</b>	<b>(4,493)</b>
<b>Other comprehensive income</b>									
<b>Exchange difference     arising on translation     of foreign operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>542</b>	<b>-</b>	<b>542</b>	<b>-</b>	<b>542</b>
<b>Total comprehensive expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>542</b>	<b>(4,493)</b>	<b>(3,951)</b>	<b>-</b>	<b>(3,951)</b>
<b>Balance at 30 June 2021 (Unaudited)</b>	<b>7,481</b>	<b>93,897</b>	<b>1,465</b>	<b>2,670</b>	<b>3,576</b>	<b>(82,046)</b>	<b>27,043</b>	<b>63</b>	<b>27,106</b>
<b>Balance at 1 April 2020 (Audited)</b>	<b>7,481</b>	<b>93,897</b>	<b>1,465</b>	<b>2,670</b>	<b>909</b>	<b>(42,972)</b>	<b>63,450</b>	<b>68</b>	<b>63,518</b>
<b>Loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,771)</b>	<b>(3,771)</b>	<b>-</b>	<b>(3,771)</b>
<b>Other comprehensive income</b>									
<b>Exchange difference arising     on translation     of foreign operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>25</b>
<b>Total comprehensive expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>(3,771)</b>	<b>(3,746)</b>	<b>-</b>	<b>(3,746)</b>
<b>Balance at 30 June 2020 (Unaudited)</b>	<b>7,481</b>	<b>93,897</b>	<b>1,465</b>	<b>2,670</b>	<b>934</b>	<b>(46,743)</b>	<b>59,704</b>	<b>68</b>	<b>59,772</b>

# 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 is 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 and 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 BASIC OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

This unaudited condensed consolidated first quarterly financial information for the three months ended 30 June 2021 has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants 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 three months ended 30 June 2021 are consistent with those used in the audited consolidated financial statements for the year ended 31 March 2021 and should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2021.

The unaudited condensed consolidated financial statements for the three months ended 30 June 2021 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 three months ended 30 June 2021 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 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Sales of goods	27,583	76,980
Sales of service	—	7,680
	<b>27,583</b>	84,660

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 and other products 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, and other products 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 three months ended 30 June 2021 and 30 June 2020 is as follows:

	<b>Two-way radios</b> HK\$'000 (Unaudited)	<b>Baby monitors</b> HK\$'000 (Unaudited)	<b>Service business</b> HK\$'000 (Unaudited)	<b>Other products</b> <i>(Note (i))</i> HK\$'000 (Unaudited)	<b>Total</b> HK\$'000 (Unaudited)
<b>For the three months ended 30 June 2021</b>					
Total segment revenue (from external customers)	<b>15,054</b>	<b>321</b>	<b>—</b>	<b>12,208</b>	<b>27,583</b>
<b>Segment results for the period</b>	<b>587</b>	<b>13</b>	<b>—</b>	<b>564</b>	<b>1,164</b>
<b>Other segment item:</b> Depreciation of property, plant and equipment	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>For the three months ended 30 June 2020</b>					
Total segment revenue (from external customers)	64,051	557	7,680	12,372	84,660
<b>Segment results for the period</b>	3,203	14	228	652	4,097
<b>Other segment item:</b> Depreciation of property, plant and equipment	177	—	14	39	230

*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 (loss)/profit for the respective period is provided as follows:

	Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Segment results	1,164	4,097
Other income	235	1,277
Other losses	(186)	(83)
Selling, distribution and administrative expenses	(5,544)	(8,325)
Finance costs	(162)	(737)
Loss before income tax	(4,493)	(3,771)

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

	Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
The United States of America	—	38,097
Europe (Note 1)	1,183	1,586
The Netherlands	—	1,034
Asia (Note 2)	26,400	21,667
The United Kingdom (“UK”)	—	1,154
Germany	—	20,969
Others (Note 3)	—	153
	27,583	84,660

### 3 SEGMENT INFORMATION (CONTINUED)

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

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

Note 3: Others includes but is not limited to Brazil, Canada and Russia. Revenue is allocated based on the shipping destination.

Revenue is allocated based on the shipping destination.

### 4 OTHER INCOME

	Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Bank interest income	64	28
Gain on disposal of property, plant and equipment	44	165
Sales of mould	—	368
Sales of scrap materials	4	9
Others	123	707
	<b>235</b>	<b>1,277</b>

### 5 OTHER LOSSES

	Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Exchange loss, net	(186)	(83)



## 6 LOSS BEFORE INCOME TAX

	Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cost of inventories recognised as expenses	18,516	70,671
Employee benefit expenses	4,021	3,279
Subcontracting fees	5,073	5,642
Depreciation		
– Property, plant and equipment	–	230
– Right-of-use assets	47	185
Expenses relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	511	394

## 7 FINANCE COSTS

	Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on:		
– Bank and other borrowings	151	737
– Lease liabilities	11	–
	162	737

## 8 INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and PRC enterprise income tax has been made as the Group did not have any assessable profits for the three months ended 30 June 2021 (2020: nil).

## 9 LOSS PER SHARE

### (a) Basic

Basic loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Three months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(4,493)	(3,771)
Weighted average number of ordinary shares in issue ('000)	598,500	598,500
Basic loss per share (HK cents per share)	(0.75)	(0.63)

### (b) Diluted

Diluted loss per share is the same as basic 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 three months ended 30 June 2021 (2020: nil).

## 11 RELATED-PARTY TRANSACTIONS

For the purposes of these 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 months ended 30 June 2021 and 30 June 2020.

	Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Rental expenses charged by a related company	521	461

*Note:*

Rental expenses charged 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 EVENT AFTER REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 30 June 2021 and up to the date of this report.