

INTERIM REPORT 2020



登輝控股有限公司 Town Ray Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1692



CONTENTS

2-3	Corporate Information
4-12	Management Discussion and Analysis
13-23	Corporate Governance and Other Information
24	Interim Condensed Consolidated Statement of Profit or Loss
25	Interim Condensed Consolidated Statement of Comprehensive Income
26-27	Interim Condensed Consolidated Statement of Financial Position
28	Interim Condensed Consolidated Statement of Changes in Equity
29	Interim Condensed Consolidated Statement of Cash Flows
30-42	Notes to Interim Condensed Consolidated Financial Information



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Wai Ming
(Chief Executive Officer)
Mr. Chiu Wai Kwong
Ms. Tang Mei Wah
Mr. Yu Kwok Wai

Non-executive Directors

Dr. Chan Kam Kwong Charles
(Chairman)
Ms. Cheng Yuk Sim Connie
*(also known as
Ms. Cheng Yuk Yee Connie)*

Independent Non-executive Directors

Mr. Chan Ping Yim
Mr. Choi Chi Leung Danny
Mr. Chan Shing Jee

BOARD COMMITTEES

Audit Committee

Mr. Chan Ping Yim *(Chairman)*
Mr. Choi Chi Leung Danny
Mr. Chan Shing Jee

Remuneration Committee

Mr. Chan Shing Jee *(Chairman)*
Mr. Chan Ping Yim
Mr. Choi Chi Leung Danny

Nomination Committee

Mr. Choi Chi Leung Danny *(Chairman)*
Mr. Chan Ping Yim
Mr. Chan Shing Jee

COMPANY SECRETARY

Mr. Chiu Wai Kwong

AUTHORISED REPRESENTATIVES

Mr. Chan Wai Ming
Mr. Chiu Wai Kwong

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

10th Floor, Block A
Chung Mei Centre
15 Hing Yip Street, Kwun Tong
Kowloon
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

CORPORATE INFORMATION

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

COMPLIANCE ADVISER

Alliance Capital Partners Limited
*A corporation licenced under the SFO
to carry on type 1 (dealing in securities)
and type 6 (advising on corporate
finance) regulated activities as defined
in the SFO*

Room 1502-1503A
Wing On House
71 Des Voeux Road Central
Central
Hong Kong

LEGAL ADVISER

(As to Hong Kong law)
ONC Lawyers
19/F, Three Exchange Square
8 Connaught Place
Central
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited

AUDITOR

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

COMPANY'S WEBSITE

www.townray.com

STOCK CODE

1692 (listed on the Main Board of
The Stock Exchange of
Hong Kong Limited)

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

Town Ray Holdings Limited (the “**Company**”, “**Town Ray**”, together with its subsidiaries, collectively the “**Group**”) is an advanced product developer, industrial designer, manufacturer and supplier for a broad range of electrothermic household appliances mainly to European countries. The Group’s electrothermic household products can be grouped into two categories, namely: (i) garment care appliances, including steam generator irons, garment steamers and steam irons; and (ii) cooking appliances, including coffee machines, steam cooking appliances and other cooking appliances.

BUSINESS REVIEW

The market environment in the first half of 2020 was challenging. The unexpected outbreak of the coronavirus pandemic (the “**Pandemic**”) around the world have impacted different businesses and the global economy. During the first quarter, where the Pandemic primarily affected the PRC, the Group had abided by governmental quarantine policies. The production of our factory was shortly suspended and resumed on 14 February 2020. The production suspension had limited impact on the Group’s operation, as the Group always prepares extra raw materials and finished goods before the Lunar New Year to ensure orders to be delivered in a timely manner even in the traditional low season after the festive break. During the six months ended 30 June 2020 (the “**Period**”), despite the outbreak of the Pandemic, 11 Hong Kong staff members continued to be stationed in the Group’s factory in the PRC to supervise the operation of the factory since 7 February 2020. The Group and the management highly appreciate the contribution and dedication which those staff members paid to the Group during such difficult time and salute to their effort made.

As the Pandemic spread globally during the second quarter, many western countries imposed stringent travel restrictions, including lockdown of cities, prompting corporations including our downstream customers to have their employees work from home. This caused delays in business discussions and decision-making, which in turn delayed order placements. Economic downturn as a result of the Pandemic had also damaged consumers’ demand, further triggering our customers to adopt a conservative approach in placing orders. This affected the Group’s overall sales in the second quarter of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the Group continued to focus on optimising its product mix and allocating resources to efficiently utilising its production capacity on products with higher profit margin. Thanks to such efforts, the Group maintained a satisfactory gross profit margin and price level amidst this challenging time during the Period.

PROSPECTS

The Pandemic had a considerable impact on global economic activity in the first half of 2020 and recovery is expected to gain traction in the second half of 2020, although the number of cases around the globe is still growing. While some economies are showing signs of reopening, it is possible that businesses and consumers alike have to adapt to this new lifestyle despite the Pandemic for an extended period. It is expected that this Pandemic would give rise to a “Stay-at-Home economy”, where consumers rely more on online shopping.

The management of the Group expected that provided the logistic supplies and import tariff of the products of the Group to Europe, the United Kingdom and the United States remain at normal level, the business of the Group in the remaining period of 2020 will not be badly affected, while the management of the Group is reasonably optimistic to see the exchange rates of Renminbi (“**RMB**”) remains relatively stable against United States dollars (“**USD**”) and Euro.

For Town Ray, its product offerings are essential to a modern home lifestyle. Consumers’ demand should therefore maintain at similar level or even increase despite the Pandemic, particularly for cooking appliances as people are less likely to dine out and would spend longer hours at home. The Group is currently in discussions with customers for new market entry for its cooking appliances and mass production will commence when the market is ready for new product launch. In the future, the Group will devote more resources into research and development to enhance its product offerings and functions, exploring the potential of incorporating the latest technologies like Extended Reality for smart solutions and Internet of Things. To better facilitate its product development, the Group’s research and development team in Hong Kong will be further expanded, advancing its thermodynamics technology, design and creativity.

On the operating level, the Group is in the process of upgrading its operating procedures and production facilities with Industry 4.0 to streamline business units and enhance efficiency for its long-term development.

MANAGEMENT DISCUSSION AND ANALYSIS

Thanks to the stringent and effective disease prevention measures, as well as financial aids from the government, signs of a gradual recovery is seen in the PRC as the National Bureau of Statistics reported a 3.2% year-on-year growth of gross domestic product for the second quarter of 2020. The Group considers the Chinese market to be of great potential. Going forward, Town Ray will diligently consider opportunities to enter the Chinese market particularly in the fast-growing Greater Bay Area with a self-owned brand and open a total new market for the Group.

Amidst a challenging business environment, the Group is cautiously optimistic about the long-term growth of the business as there are abundant opportunities to be found in the electrothermic household appliances industry for modern and quality living. Stepping into the second half of the year, Town Ray will closely monitor the situation of the Pandemic to react swiftly to every market changes, while leveraging its resources and capabilities in thermodynamics technology, product design and development, and diversity to maintain our competitiveness and sustainability of the business.

FINANCIAL REVIEW

Revenue

The total revenue of the Group decreased by approximately HK\$18.9 million or approximately 7.8% from approximately HK\$242.7 million for the six months ended 30 June 2019 to approximately HK\$223.8 million for the six months ended 30 June 2020. Such decrease was mainly attributable to the decrease in the sales of garment care appliances during the Period as a result of the outbreak of the Pandemic.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased from approximately HK\$81.2 million for the six months ended 30 June 2019 to approximately HK\$74.8 million for the six months ended 30 June 2020, representing a decrease of approximately 7.8%, which was mainly due to the decrease in revenue. The Group's gross profit margin maintained same level at approximately 33.4% for the six months ended 30 June 2019 and 2020, respectively.

Other Income and Gain

Other income of the Group increased from approximately HK\$2.0 million for the six months ended 30 June 2019 to approximately HK\$2.3 million for the six months ended 30 June 2020. Such increase was mainly attributable to the increase in the bank interest income.

MANAGEMENT DISCUSSION AND ANALYSIS

General and Administrative Expenses

General and administrative expenses of the Group decreased from approximately HK\$40.4 million for the six months ended 30 June 2019 to approximately HK\$28.5 million for the six months ended 30 June 2020. Such decrease was due to the one-off listing (the “**Listing**”) expenses of approximately HK\$12.6 million recorded for the six months ended 30 June 2019.

Finance Costs

Finance costs of the Group decreased from approximately HK\$1.8 million for the six months ended 30 June 2019 to approximately HK\$1.0 million for the six months ended 30 June 2020. Such decrease was due to the decrease of approximately HK\$0.5 million in interest on bank loans for operations and approximately HK\$0.3 million in interest on lease liabilities for the six months ended 30 June 2020.

Income tax expense

The income tax expense of the Group decreased by approximately HK\$1.3 million, representing a decrease of approximately 13.2%, from approximately HK\$9.8 million for the six months ended 30 June 2019 to approximately HK\$8.5 million for the six months ended 30 June 2020. The decrease was primarily attributable to the decrease in revenue and gross profit. The effective tax rate was approximately 28.2% and 19.7% for the six months ended 30 June 2019 and 2020, respectively. The decrease of approximately 8.5% was mainly due to the decrease in the non-deductible tax item of Listing expenses recorded for the six months ended 30 June 2019.

Net profit and Adjusted Net Profit

As a result of the foregoing, the profit for the six months of our Group increased by approximately HK\$9.8 million, or approximately 39.4%, from approximately HK\$25.0 million for the six months ended 30 June 2019 to approximately HK\$34.8 million for the six months ended 30 June 2020. The Group’s adjusted net profit for the six months ended 30 June 2020 was approximately HK\$34.8 million, as compared to approximately HK\$37.6 million for the six months ended 30 June 2019, setting aside the Listing expenses amounted to approximately HK\$12.6 million for the six months ended 30 June 2019. The adjusted net profit margin (excluding the Listing expenses) for the six months ended 30 June 2019 and 2020 were approximately 15.5% and 15.6%, respectively, representing an increase of approximately 0.1%.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2020.

CAPITAL COMMITMENTS

As at 30 June 2020, the Group has capital commitments in respect of purchases of property, plant and equipment, which had been contracted but not provided for in the interim condensed consolidated financial information, in the total amount of approximately HK\$4.9 million, of which approximately HK\$4.7 million will be settled through the net proceeds (the “**Net Proceeds**”) raised from the share offer of the Company (the “**Share Offer**”).

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE EXPOSURE

The Group’s major revenue is principally denominated in USD and the Group’s major expenses are denominated in RMB. The Group currently does not have a foreign currency hedging policy. As at 30 June 2020, the Group did not have any foreign currency investments which have been hedged by currency borrowing and other hedging instruments. However, management monitors foreign exchange exposure closely to keep the net exposure to an acceptable level.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Except for those disclosed in the prospectus of the Company dated 15 October 2019 (the “**Prospectus**”) and in this interim report, the Group did not have any specific plans for material investments and capital assets as at 30 June 2020.

GEARING RATIO

As at 30 June 2020, the gearing ratio of the Group (defined as the total of bank borrowings divided by total equity) was approximately 10.4% (As at 31 December 2019: approximately 14.2%). Such decrease was mainly due to the decrease in interest bearing bank borrowings of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has principally funded the liquidity and capital requirements through capital contributions from the shareholders, bank borrowings and net cash generated from operating activities. As at 30 June 2020, the Group had time deposits and cash and bank balances of approximately HK\$202.2 million (As at 31 December 2019: approximately HK\$245.6 million). The gearing ratio of the Group as at 30 June 2020 was approximately 10.4% (As at 31 December 2019: approximately 14.2%). As at 30 June 2020, the current ratio of the Group was approximately 2.8 times (As at 31 December 2019: approximately 2.8 times). The financial resources presently available to the Group include bank borrowings and the Net Proceeds, the directors (the “**Directors**”) believe that the Group has sufficient working capital for our future requirements.

The Company’s shares were successfully listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 25 October 2019 (the “**Listing Date**”). Save and except for the 31,526,000 shares repurchased by the Company during the six months ended 30 June 2020, there has been no change in the capital structure of the Group during the six months ended 30 June 2020. For details on the shares repurchased by the Company during the six months ended 30 June 2020, please refer to the paragraph headed “Purchase, Sale or Redemption of the Listed Securities” below in this interim report.

DEBTS AND CHARGE ON ASSETS

The total interest-bearing bank borrowings of the Group amounted to approximately HK\$28.2 million as at 30 June 2020 (As at 31 December 2019: approximately HK\$43.5 million). As at 30 June 2020, no charge was made or subsisting on assets of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

The followings are some principal risks and uncertainties facing the Group, which may materially adversely affect its business, financial condition or results of operations:

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's sales are subject to changes in consumer preferences and other macroeconomic factors that affect consumer spending patterns. If the Group fails to design and develop products with acceptable quality, or fall behind its competitors in improving its product quality or product variety, the Group's operating results and financial condition may be adversely affected.

The Group relies on a few major customers and its performance will be materially and adversely affected if the Group's relationship with any one of them deteriorates.

The Group's business and financial position may be adversely affected if it is not able to continue servicing the European market effectively or if there is any adverse change in the macro-economic situation or economic downturn in Europe.

The Group's results of operations could be adversely affected if it fails to keep pace with customer demands and preferences on product design, research and development and manufacturing of its products.

The Group may not be successful in the development of new initiatives or improvement in the quality of its existing products.

For further information, please refer to the detailed discussion on the risk factors in the section headed "Risk factors" in the Prospectus.

SIGNIFICANT INVESTMENTS HELD

Except for the Company's investment in various subsidiaries, the Company did not hold any significant investments as at 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group has a total of 817 full-time employees (As at 31 December 2019: 836). The Group has developed its human resources policies and procedures to determine the individual remuneration with reference to factors such as performance, merits, responsibilities of each individual, market conditions, etc. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, other staff benefits including provident fund contributions, medical insurance coverage, annual leave, share options which may be granted under the share option scheme (the “**Share Option Scheme**”) adopted by the Company on 3 October 2019. The total staff costs (excluding directors’ remuneration) incurred by the Group during the six months ended 30 June 2020 was approximately HK\$33.8 million (during the six months ended 30 June 2019: approximately HK\$37.1 million).

USE OF PROCEEDS

The Net Proceeds of the Share Offer received by the Group in relation to the Listing were approximately HK\$90.7 million, after deducting the underwriting fees and related expenses. Part of these proceeds were applied during the six months ended 30 June 2020 and are intended to be applied in accordance with the proposed application set out in the section headed “Future plans and use of proceeds” in the Prospectus. The below table sets out the proposed application and actual usage of the Net Proceeds as at 30 June 2020:

	Total Planned use of Net Proceeds HK\$ million	Actual use of Net Proceeds from the Listing Date to 30 June 2020 HK\$ million	Remaining balance of Net Proceeds as at 30 June 2020 HK\$ million	Expected timeline for the intended use
(A) Upgrading production facilities and enhancing production capacity	50.4	5.3	45.1	By December 2021
(B) Strengthening product design and development capabilities and increasing product offerings	31.6	3.1	28.5	By December 2022
(C) Strengthening customer base	3.0	0.7	2.3	By December 2022
(D) Upgrading information technology systems	5.7	0.1	5.6	By June 2022
Total	90.7	9.2	81.5	

MANAGEMENT DISCUSSION AND ANALYSIS

From the Listing Date to 30 June 2020, the Company utilised approximately HK\$9.2 million of Net Proceeds and the unutilised net proceeds amounted to approximately HK\$81.5 million (the “**Unutilised Net Proceeds**”). Having considered the recent business environment and development of the Group, in particular, the adverse impact of the outbreak of the Pandemic to the economy and business environment and the customers’ demand in areas where the major customers of the Group are located, the board of Directors (the “**Board**”) on 23 July 2020 resolved to revise the schedule of the use of the Unutilised Net Proceeds. The Board is of the view that this expected timeline would be appropriate and in the interest of the Company and the shareholders as a whole. For further details in relation to the update of the use of proceeds from the Listing, please refer to the announcement of the Company dated 23 July 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company believes that an effective corporate governance framework is fundamental to maintaining and promoting investors' confidence, safeguarding interests of shareholders and other stakeholders and enhancing shareholders' value. The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") as its own code of corporate governance. In the opinion of the Directors, the Company has complied with the provisions set out in the CG Code during the six months ended 30 June 2020 and up to the date of this interim report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. The Board was informed by Mr. Chan Shing Jee, an independent non-executive Director of the Company, that on 5 March 2020, a date during the period of which the Directors were prohibited from dealing in the shares in the Company under Rule A.3(a) of the Model Code (the "**Black-out Period**"), Mr. Chan Shing Jee's father purchased 1,000,000 shares of the Company (the "**Acquisition**") by using a securities account jointly held by Mr. Chan Shing Jee and his father (the "**Incident**"). Upon being aware of the Incident, Mr. Chan Shing Jee notified the Board immediately and Mr. Chan Shing Jee confirmed to the Board that he had no prior knowledge that his father would use the joint-name securities account to acquire the shares in the Company and he had no participation in the Acquisition.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Upon making enquiry by the Board, the Board considered that the Acquisition technically constituted a “dealing in securities” under the Model Code and therefore was a technical breach of Rule A.3(a) of the Model Code. In view of the Incident, the following remedial actions were taken:

- (i) Mr. Chan Shing Jee was reminded of the requirements and prohibitions set out in the Model Code and warning was given to him by the Board;
- (ii) Mr. Chan Shing Jee agreed to take all reasonable steps to close the joint-name account held by him and his father and cease holding the shares in the Company in that account as soon as practicable after the Black-out Period; and
- (iii) Mr. Chan Shing Jee also agreed, and to procure his father, not to dispose of the shares in the Company until the lapse of the Black-out Period in order to prevent further breach of the Model Code.

All of the 1,000,000 Shares of the Company held under the joint securities account of Mr. Chan Shing Jee and his father were disposed of at the market subsequently from 27 March 2020 to 31 March 2020. As at the date of this interim report, Mr. Chan Shing Jee confirmed that the joint-name securities account was closed.

Having made specific enquiry of all Directors, each of the Directors confirmed that he/she (other than Mr. Chan Shing Jee in relation to the Incident) has fully complied with the required standard set out in the Model Code during the six months ended 30 June 2020 and up to the date of this interim report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

THE BOARD

Board Composition

The Board currently comprises nine members, consisting of four executive Directors, two non-executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Chan Wai Ming (*Chief Executive Officer*)

Mr. Chiu Wai Kwong

Ms. Tang Mei Wah

Mr. Yu Kwok Wai

Non-executive Directors

Dr. Chan Kam Kwong Charles (*Chairman*)

Ms. Cheng Yuk Sim Connie

(also known as Ms. Cheng Yuk Yee Connie)

Independent non-executive Directors

Mr. Chan Ping Yim

Mr. Choi Chi Leung Danny

Mr. Chan Shing Jee

CHANGE IN INFORMATION OF DIRECTORS

There is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE WITH THE LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risks of non-compliance with the applicable laws and regulations. During the six months ended 30 June 2020 and up to the date of this interim report, the Group in all material aspects has complied with the relevant laws and regulations that have a significant impact on the business and operations of the Group. There was no material breach or non-compliance with the applicable laws and regulations by the Group during the six months ended 30 June 2020 and up to the date of this interim report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

RESULTS AND DIVIDENDS

The Group's profit during the six months ended 30 June 2020 and the Group's financial position as at 30 June 2020 are set out in the interim condensed consolidated financial information on pages 24 to 42 of this interim report.

The Directors declared an interim dividend of HK8.9 cents per share (the "**Interim Dividend**"), totalling approximately HK\$32.0 million for the six months ended 30 June 2020 (six months ended 30 June 2019: nil), to shareholders whose names appear on the register of members of the Company (the "**Register of Members**") at the close of business on Thursday, 17 September 2020 as the record date.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement of the Interim Dividend of the shareholders of the Company, the Register of Members will be closed from Tuesday, 15 September 2020 to Thursday, 17 September 2020, the period during which no transfer of shares will be effected. The Interim Dividend is expected to be paid to the qualifying shareholders on Friday, 25 September 2020. In order to qualify for the Interim Dividend, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 14 September 2020.

CHARITABLE CONTRIBUTION

Charitable contribution made by the Group during the six months ended 30 June 2020 amounted to approximately HK\$1.0 million.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 3 October 2019. No share option has been granted, exercised, expired, or lapsed under the Share Option Scheme since its adoption and up to the date of this interim report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Reference is made to the announcement of the Company dated 18 May 2020 that the Board on 18 May 2020 resolved to utilise the share repurchase mandate granted by the shareholders to undertake on-market repurchase at the Stock Exchange up to HK\$40 million. During the six months ended 30 June 2020, the Company has purchased a total of 31,526,000 shares on the Stock Exchange with an aggregate consideration (before transaction costs) of HK\$25,487,160. The transaction costs, including brokerages, stamp duties and transaction levies, etc, involved in the repurchase amounted to approximately HK\$92,000. All repurchased shares were subsequently cancelled. Details of shares repurchased during the six months ended 30 June 2020 are set out as follows:

Month of repurchases	Number of shares repurchased on the Stock Exchange	Price paid per share		Aggregate consideration paid (before transaction costs) (HK\$'000)
		Highest (HK\$)	Lowest (HK\$)	
May 2020	1,114,000	0.78	0.75	856
June 2020	30,412,000	0.86	0.70	24,631
Total	31,526,000			25,487

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS

(i) Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 30 June 2020, interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (i) 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), or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director/ chief executive	Capacity/nature of interest	Number of shares held (Note 1)	Approximate percentage of shareholding
Dr. Chan Kam Kwong Charles (" Dr. Chan ")	Interest in a controlled corporation (Note 2)	213,640,000 (L)	54.20%
	Interest of spouse (Note 3)	4,216,000 (L)	1.07%
Ms. Cheng Yuk Sim Connie (" Ms. Cheng ")	Interest in a controlled corporation (Note 2)	213,640,000 (L)	54.20%
	Beneficial owner	4,216,000 (L)	1.07%
Mr. Chan Wai Ming	Beneficial owner	5,000,000 (L)	1.27%
Mr. Chiu Wai Kwong	Beneficial owner	5,000,000 (L)	1.27%
Ms. Tang Mei Wah	Beneficial owner	5,000,000 (L)	1.27%
Mr. Yu Kwok Wai	Beneficial owner	5,000,000 (L)	1.27%

Notes:

- (1) The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.
- (2) 213,640,000 Shares are owned by Modern Expression Limited ("**Modern Expression**"), which is wholly-owned by Dr. Chan and Ms. Cheng jointly. Under the SFO, each of Dr. Chan and Ms. Cheng is deemed to be interested in all the Shares owned by Modern Expression.
- (3) Ms. Cheng is the spouse of Dr. Chan. Under the SFO, Dr. Chan is deemed to be interested in all the Shares in which Ms. Cheng is interested.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(ii) Interest in associated corporations of the Company

As at 30 June 2020, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company's 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 they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Name of associated corporation	Capacity/nature	Number of shares held in associated corporation (Note 1)	Approximate percentage of shareholding in associated corporation
Dr. Chan	Modern Expression	Interest held jointly with another person (Note 2)	1 (L)	100%
Ms. Cheng	Modern Expression	Interest held jointly with another person (Note 2)	1 (L)	100%

Notes:

1. The letter "L" denotes a person's/corporation's "long position" (as defined under Part XV of the SFO) in our Shares.
2. Modern Expression is wholly-owned by Dr. Chan and Ms. Cheng jointly. Dr. Chan and Ms. Cheng are spouses.

Save as disclosed above, as at 30 June 2020, none of the Directors and chief executive of the Company had 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) (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 were taken or deemed to have under such 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 to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(iii) Substantial shareholders' and other persons' interests and short positions in shares, underlying shares and debentures

So far as the Directors are aware, as at 30 June 2020, the following persons (other than the Directors and chief executive of the Company) had or deemed or taken to have an interest and/or short position in the shares, underlying shares or debentures of the Company which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Person/ corporation	Capacity/nature of interest	Number of Shares held (Note 1)	Percentage of interest in the Company
Modern Expression	Beneficial owner	213,640,000 (L)	54.20%
Capital Fortress Limited ("Capital Fortress")	Beneficial owner	29,000,000 (L)	7.36%
Mr. Leung Yat Cheong Albert ("Mr. Leung")	Interest in a controlled corporation (Note 2)	29,000,000 (L)	7.36%
Ms. Chan Ying Yuk Purple ("Ms. Chan")	Interest of spouse (Note 3)	29,000,000 (L)	7.36%
Bestresult Assets Limited ("Bestresult Assets")	Beneficial owner	22,360,000 (L)	5.67%
Ms. Li Siu Lan ("Ms. Li")	Interest in a controlled corporation (Note 4)	22,360,000 (L)	5.67%
Mr. Lo Kam Wing Raymond ("Mr. Lo")	Interest of spouse (Note 5)	22,360,000 (L)	5.67%

Notes:

- The letter "L" denotes a person's/corporation's "long position" (as defined under Part XV of the SFO) in our Shares.
- Capital Fortress is wholly-owned by Mr. Leung. Under the SFO, Mr. Leung is deemed to be interested in all the Shares owned by Capital Fortress.
- Ms. Chan is the spouse of Mr. Leung. Under the SFO, Ms. Chan is deemed to be interested in all the Shares in which Mr. Leung is interested.

CORPORATE GOVERNANCE AND OTHER INFORMATION

4. Bestresult Assets is wholly-owned by Ms. Li. Under the SFO, Ms. Li is deemed to be interested in all the Shares owned by Bestresult Assets.
5. Mr. Lo is the spouse of Ms. Li. Under the SFO, Mr. Lo is deemed to be interested in all the Shares in which Ms. Li is interested.

Save as disclosed above, as at 30 June 2020, the Directors were not aware of any other persons who had or deemed or taken to have any interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2020 and up to the date of this interim report, none of the Directors or their close associates (as defined under the Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed elsewhere in this interim report, there were no transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company, its holding Company, or any of its subsidiaries was a party and in which a Director of the Company or his connected entities had a material interest, whether directly or indirectly, subsisted as at 30 June 2020 or at any time during the six months ended 30 June 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CONNECTED TRANSACTIONS

The Group has leased two properties from related companies under the tenancy agreements which were entered into prior to the Listing and the transactions thereunder are accounted as one-off in nature under HKFRS 16. These transactions are not classified as notifiable transactions under Chapter 14 of the Listing Rules or connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, and are not subject to any of the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and 14A of the Listing Rules from the Listing Date and up to 30 June 2020. There was no connected transaction entered into by the Group during the six months ended 30 June 2020.

RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by the Group during the six months ended 30 June 2020 are set out in note 15 to the interim condensed consolidated financial information.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company repurchased a total of 9,474,000 shares of the Company on the Stock Exchange in the total consideration of HK\$7,590,000. Other than those disclosed above, the Group had no material events for disclosure subsequent to 30 June 2020 and up to the date of this interim report.

REVIEW BY AUDIT COMMITTEE

The Audit Committee was established on 3 October 2019 with specific written terms of reference which clearly deals with its authority and duties.

The Audit Committee is mainly responsible for (a) making recommendations to the Board on the appointment, reappointment and removal of external auditor; (b) reviewing the financial statements and providing material advice in respect of financial reporting; (c) overseeing the financial reporting process, internal control, risk management systems and audit process of the Group; and (d) overseeing the Company's continuing connected transactions. Details of the authority and duties of Audit Committee are set out in the Audit Committee's terms of reference, which are available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Ping Yim (Chairman), Mr. Choi Chi Leung Danny and Mr. Chan Shing Jee. The composition of the Audit Committee meets the requirements of Rule 3.21 of the Listing Rules.

The unaudited interim condensed consolidated financial information has not been audited or reviewed by auditor, but has been reviewed by the Company's audit committee, who is of the opinion that the unaudited interim condensed consolidation financial information has complied with the applicable accounting standards, the Listing Rules, and that adequate disclosures have been made.

APPRECIATION

On behalf of the Board, I would like to extend my gratitude to the management and all of our staff for their dedication and commitment, as well as our business partners, customers and shareholders for their continuous support to the Group.

On behalf of the Board

Town Ray Holdings Limited

Chan Kam Kwong Charles

Chairman and non-executive Director

Hong Kong, 20 August 2020

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
REVENUE	4	223,796	242,723
Cost of sales		(148,983)	(161,545)
Gross profit		74,813	81,178
Other income and gain	4	2,303	2,027
Selling and distribution expenses		(4,043)	(3,764)
General and administrative expenses		(28,477)	(40,396)
Other expenses, net		(277)	(2,523)
Finance costs		(1,002)	(1,756)
PROFIT BEFORE TAX	5	43,317	34,766
Income tax expense	6	(8,512)	(9,804)
PROFIT FOR THE PERIOD		34,805	24,962
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		HK8.76 cents	HK8.32 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	34,805	24,962
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of a foreign operation	(1,398)	(360)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	33,407	24,602

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	31,777	29,926
Right-of-use assets		16,597	21,906
Deposits paid for purchases of items of property, plant and equipment		3,220	640
Rental deposits		334	251
Deferred tax assets		1,390	1,582
Total non-current assets		53,318	54,305
CURRENT ASSETS			
Inventories		64,731	67,511
Trade receivables	10	60,535	62,935
Prepayments, deposits and other receivables		26,890	39,304
Cash and cash equivalents		202,245	245,558
Total current assets		354,401	415,308
CURRENT LIABILITIES			
Trade payables	11	53,568	52,600
Other payables and accruals		20,911	31,272
Interest-bearing bank borrowings	12	28,163	43,471
Lease liabilities		11,669	11,565
Tax payable		13,220	11,276
Total current liabilities		127,531	150,184
NET CURRENT ASSETS		226,870	265,124
TOTAL ASSETS LESS CURRENT LIABILITIES		280,188	319,429

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

		30 June 2020	31 December 2019
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		5,620	10,947
Deferred tax liabilities		2,467	1,927
Total non-current liabilities		8,087	12,874
Net assets		272,101	306,555
EQUITY			
Issued capital	13	3,942	4,000
Reserves		268,159	302,555
Total equity		272,101	306,555

Chan Wai Ming
Director

Chiu Wai Kwong
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

		Issued capital	Share premium account	Treasury shares	Merger reserve	Capital contribution reserve	Share- based payment reserve	Exchange fluctuation reserve	Retained profits	Total
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019		-	-	-	10,000	63,000	10,050	(150)	53,572	136,472
Profit for the period		-	-	-	-	-	-	-	24,962	24,962
Other comprehensive loss for the period:										
Exchange differences on translation of a foreign operation		-	-	-	-	-	-	(360)	-	(360)
Total comprehensive income for the period		-	-	-	-	-	-	(360)	24,962	24,602
At 30 June 2019 (unaudited)		-	-	-	10,000	63,000	10,050	(510)	78,534	161,074
At 1 January 2020		4,000	106,283	-	10,000	63,000	10,050	(1,160)	114,382	306,555
Profit for the period		-	-	-	-	-	-	-	34,805	34,805
Other comprehensive loss for the period:										
Exchange differences on translation of a foreign operation		-	-	-	-	-	-	(1,398)	-	(1,398)
Total comprehensive income for the period		-	-	-	-	-	-	(1,398)	34,805	33,407
Shares repurchased	13	-	-	(25,579)	-	-	-	-	-	(25,579)
Cancellation of repurchased shares	13	(58)	(4,439)	4,497	-	-	-	-	-	-
Final 2019 dividend	7	-	-	-	-	-	-	-	(42,282)	(42,282)
At 30 June 2020 (unaudited)		3,942	101,844*	(21,082)*	10,000*	63,000*	10,050*	(2,558)*	106,905*	272,101

* These reserve accounts comprise the consolidated reserves of HK\$268,159,000 (31 December 2019: HK\$302,555,000) in the interim condensed consolidated statement of financial position as at 30 June 2020.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES	55,180	5,339
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,196	155
Purchases of items of property, plant and equipment	(6,738)	(3,266)
Decrease/(increase) in deposits paid for purchases of items of property, plant and equipment	(2,580)	203
Purchase of a structured deposit	-	(8,191)
Proceed from redemption of a structured deposit	-	8,221
Net cash flows used in investing activities	(8,122)	(2,878)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares repurchased	(25,579)	-
New bank borrowings	40,390	86,312
Repayment of bank borrowings	(55,698)	(68,042)
Principal portion of lease payments	(5,437)	(5,325)
Dividend paid	(42,282)	-
Interest paid	(1,002)	(1,756)
Net cash flows from/(used in) financing activities	(89,608)	11,189
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(42,550)	13,650
Cash and cash equivalents at beginning of period	245,558	51,857
Effect of foreign exchange rate changes, net	(763)	(288)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	202,245	65,219
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	109,037	56,591
Time deposits with original maturity of less than three months when acquired	93,208	8,628
	202,245	65,219

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

1. CORPORATE INFORMATION

Town Ray Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at 10/F., Block A, Chung Mei Centre, 15 Hing Yip Street, Kwun Tong, Kowloon.

During the period, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the manufacture and sale of electrothermic household appliances.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is Modern Expression Limited (“Modern Expression”), a company incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

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

The interim condensed consolidated financial information has been prepared under the historical cost convention. The financial information is presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand, except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

The adoption of these revised HKFRSs has had no significant financial effect on the interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of electrothermic household appliances. Information reported to the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Europe	200,576	212,537
Asia	11,201	14,439
United States	10,277	15,031
Others	1,742	716
	223,796	242,723

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

(b) Non-current assets

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Hong Kong	2,569	2,096
Mainland China	49,025	50,376
	51,594	52,472

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from external customers contributing 10% or more of the total revenue of the Group is as follows:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	103,065	99,006
Customer B	22,364	26,720
Customer C	N/A*	34,205

* Nil or less than 10% of revenue

4. REVENUE, OTHER INCOME AND GAIN

An analysis of revenue is as follows:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	223,796	242,723

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

4. REVENUE, OTHER INCOME AND GAIN (CONTINUED)

Revenue from contracts with customers

Disaggregated revenue information

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Type of goods		
Sale of electrothermic household appliances	223,731	242,204
Sale of tooling	65	519
Total revenue from contracts with customers	223,796	242,723
Timing of revenue recognition		
Goods transferred at a point in time	223,796	242,723

An analysis of other income and gain is as follows:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	1,196	155
Consultancy income	417	423
Others	690	1,441
	2,303	2,019
Gain		
Fair value gain on a structured deposit	-	8
	2,303	2,027

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	148,983	161,545
Depreciation of property, plant and equipment*	4,241	4,223
Depreciation of right-of-use assets*	5,535	5,682
Rental expenses from leases of low-value assets	9	9
Foreign exchange differences, net [^]	808	598
Write-down/(reversal of write-down) of inventories to net realisable value*	346	(508)
Impairment of trade receivables, net [^]	(531)	1,925

* The cost of inventories sold for the period included depreciation charge of property, plant and equipment of HK\$4,070,000 (six months ended 30 June 2019: HK\$4,123,000), depreciation charge of right-of-use assets of HK\$4,468,000 (six months ended 30 June 2019: HK\$4,709,000) and write-down of inventories to net realisable value of HK\$346,000 (six months ended 30 June 2019: reversal of write-down of inventories to net realisable value of HK\$508,000).

[^] Included in "Other expenses, net" in the interim condensed consolidated statement of profit or loss.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2019: 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. The first HK\$2,000,000 (2019: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current — Hong Kong		
Charge for the period	5,298	5,460
Current — Mainland China		
Charge for the period	2,496	2,795
Underprovision in prior years	—	20
Deferred	718	1,529
Total tax charge for the period	8,512	9,804

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

7. DIVIDENDS

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend recognised as distribution during the period:		
Final 2019 — HK10.6 cents (2018: Nil) per ordinary share	42,400	—
Less: Dividend for treasury shares	(118)	—
	<hr/>	
	42,282	—
	<hr/>	
Dividend proposed after the end of the reporting period:		
Interim 2020 — HK8.9 cents (2019: Nil) per ordinary share	31,951	—
	<hr/>	

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$34,805,000 (six months ended 30 June 2019: HK\$24,962,000), and the weighted average number of ordinary shares of 397,397,363 (six months ended 30 June 2019: 300,000,000) in issue during the period, as adjusted to exclude the shares repurchased during the period and on the assumption that the capitalisation issue had been completed on 1 January 2019.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2020 and 2019.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment with an aggregate cost of HK\$6,738,000 (six months ended 30 June 2019: HK\$3,266,000).

10. TRADE RECEIVABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade receivables	61,028	63,959
Impairment	(493)	(1,024)
	60,535	62,935

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 30 days	32,293	28,621
31 to 90 days	26,363	29,135
Over 90 days	1,879	5,179
	60,535	62,935

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

11. TRADE PAYABLES

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 30 days	22,368	19,750
31 to 90 days	27,728	31,457
Over 90 days	3,472	1,393
	53,568	52,600

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 60 days.

12. INTEREST-BEARING BANK BORROWINGS

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Portions of bank loans due for repayment within one year or on demand	21,163	34,471
Portions of bank loans due for repayment after one year which contain repayment on demand clause	7,000	9,000
	28,163	43,471

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

13. SHARE CAPITAL

	30 June 2020	31 December 2019
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Authorised:		
4,000,000,000 ordinary shares of HK\$0.01 each	40,000	40,000
Issued and fully paid:		
394,200,000 (31 December 2019: 400,000,000) ordinary shares of HK\$0.01 each	3,942	4,000

A summary of movements in the Company's issued share capital is as follows:

	Note	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
At 1 January 2020		400,000,000	4,000
Shares repurchased and cancelled	(i)	(5,800,000)	(58)
As at 30 June 2020		394,200,000	3,942

Note:

- (i) During the six months ended 30 June 2020, the Company purchased a total of 31,526,000 shares on the Stock Exchange for a total consideration of HK\$25,579,000 and 5,800,000 purchased shares were cancelled. Subsequent to the end of the reporting period, 25,726,000 purchased shares were cancelled on 15 July 2020.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

14. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June	31 December
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Plant and machinery	4,018	–
Furniture, fixtures and equipment	243	13
Moulds	677	1,350
	4,938	1,363

15. RELATED PARTY TRANSACTIONS

(a) In addition to the balances, arrangements and transactions detailed elsewhere in this financial information, the Group had the following material transactions with related parties for the six months ended 30 June 2020 and 2019:

		Six months ended 30 June	
		2020	2019
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Tunbow Properties Limited*:			
Lease payments	(i)	503	503
Tunbow Electrical (Huizhou) Limited ("Tunbow (Huizhou)")*:			
Lease payments	(i)	5,359	5,630
Tunbow Charity Foundation Limited^:			
Charitable contribution		1,000	–

* These related companies are controlled by Modern Expression.

^ The directors of this charity fund are Dr. Chan Kam Kwong Charles and Ms. Cheng Yuk Sim Connie, directors and controlling shareholders of the Company.

Note:

(i) The lease payments were charged by the related companies at monthly fixed amounts as detailed in notes 15(b)(i) and 15(b)(ii).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other transactions with related parties:

- (i) On 22 December 2017, the Group entered into a tenancy agreement with Tunbow Properties Limited for the lease of premises for a term of 3 years ending 31 December 2020 at a monthly rent of HK\$83,790. On 1 April 2019, the tenancy agreement was renewed for another term ending 31 December 2021 at a monthly rent of HK\$83,790.
- (ii) On 1 October 2018, the Group entered into a tenancy agreement with Tunbow (Huizhou) for the lease of premises for a term of 3 years ending 30 September 2021 at a monthly rent of RMB810,150. On 1 April 2019, the tenancy agreement was renewed for another term ending 31 December 2021 at a monthly rent of RMB810,150.

(c) Compensation of key management personnel of the Group

Remuneration for key management personnel of the Group, including directors' and chief executive's remuneration, is as follows:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short term employee benefits	6,253	5,665
Post-employment benefits	126	108
Total compensation paid to key management personnel	6,379	5,773

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, the current portion of financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the non-current portion of financial assets included in prepayments, deposits and other receivables has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

17. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company repurchased a total of 9,474,000 shares of the Company on the Stock Exchange in the total consideration of HK\$7,590,000.

18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the Board of Directors on 20 August 2020.