

SUN CHEONG CREATIVE DEVELOPMENT HOLDINGS LIMITED 新昌創展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Provisional Liquidators Appointed)

(For Restructuring Purposes)

Stock code: 1781



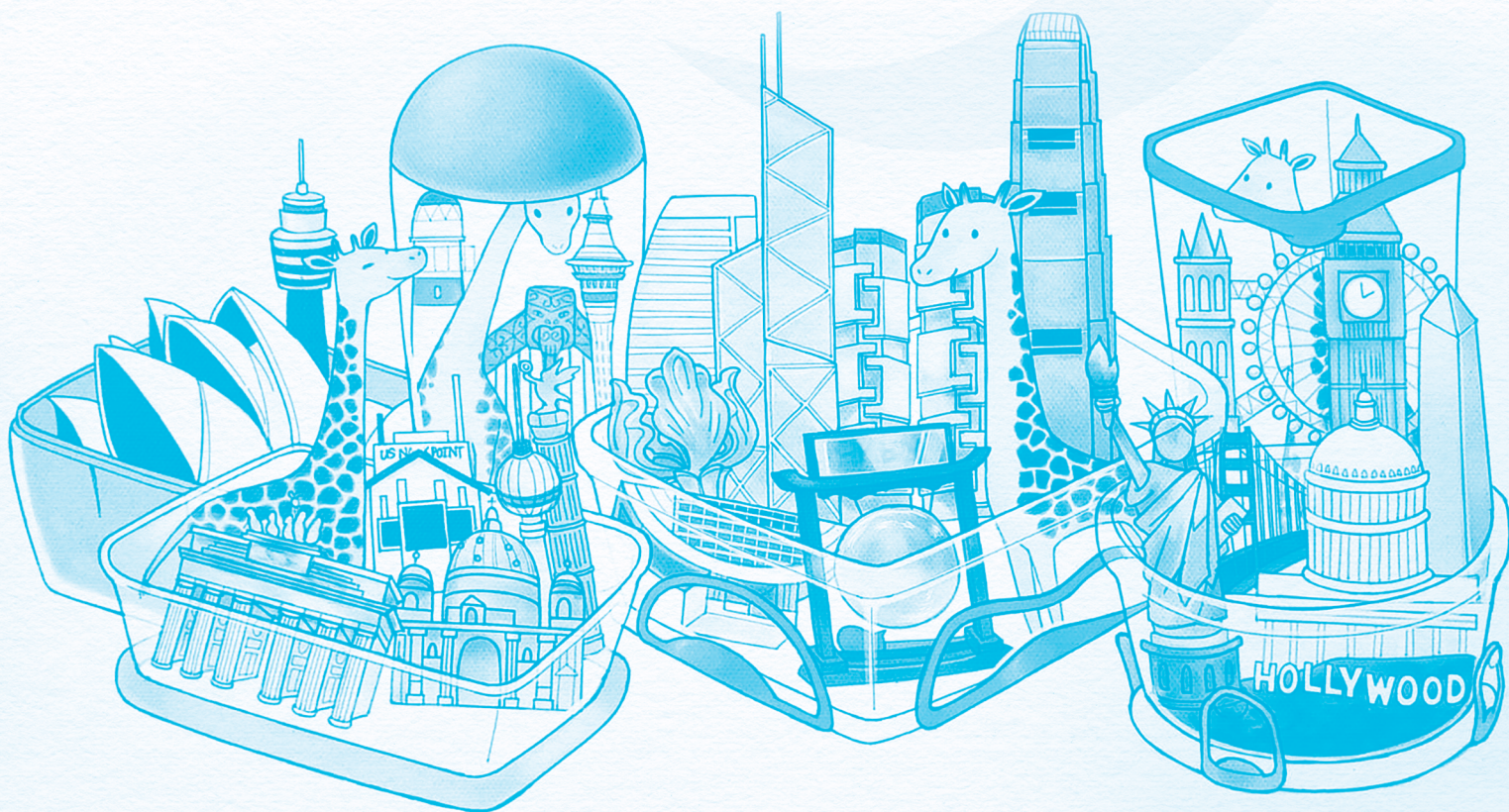
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INTERIM REPORT **2020**

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Corporate Information

Board of Directors

Executive Directors

Mr. Tong Bak Nam Billy	(resigned on 2 June 2020)
Mr. Chan Kam Hon Ivan	(resigned on 10 June 2020)
Mr. Un Ga Wei	(resigned on 10 June 2020)
Ms. Jiselle Joey Chan	(resigned on 10 June 2020)
Mr. Chan Sai On Bill	(redesignated on 10 June 2020)
Mr. Ng Chun Chung	(redesignated on 10 June 2020)

Non-Executive Directors

Mr. Chan Sai On Bill	(appointed at 21 February 2020)
	(redesignated on 10 June 2020)

Independent Non-Executive Directors

Mr. Cheung Ting Kin	(resigned on 7 February 2020)
Ms. Hui Chi Yan Amy	(resigned on 10 June 2020)
Mr. Li Ka Chun	(appointed at 10 June 2020)
Mr. Ng Chun Chung	(appointed at 21 February 2020)
	(redesignated on 10 June 2020)
Mr. Fung Wai Hang	(appointed at 10 June 2020)
Mr. Sze Chun Wai	(appointed at 7 February 2020)

Compliance Adviser

Giraffe Capital Limited	(terminated on 14 February 2020)
Rainbow Capital (HK) Limited	(appointed at 27 February 2020)

Company Secretary

Ms. Yeung Ching Man	(resigned on 31 March 2020)
Mr. Ng Chun Chung	(appointed at 20 August 2020)

Chief Executive Officer

Mr. Tong Bak Nam Billy	(resigned on 2 June 2020)
Mr. Lau Wing Yui Felix	(appointed at 2 June 2020)

Board Committees

Audit Committee

Mr. Cheung Ting Kin	(resigned on 7 February 2020)
Ms. Hui Chi Yan Amy	(resigned on 10 June 2020)
Mr. Sze Chun Wai	(appointed at 7 February 2020)
Mr. Ng Chun Chung	(appointed at 21 February 2020)
	(resigned on 10 June 2020)
Mr. Li Ka Chun	(appointed at 10 June 2020)
Mr. Fung Wai Hang (<i>Chairman</i>)	(appointed at 10 June 2020)

Remuneration Committee

Mr. Cheung Ting Kin	(resigned on 7 February 2020)
Mr. Tong Bak Nam Billy	(resigned on 2 June 2020)
Mr. Un Ga Wei	(resigned on 10 June 2020)
Mr. Ng Chun Chung (<i>Chairman</i>)	(resigned on 3 September 2020)
Mr. Sze Chun Wai	(appointed at 21 February 2020)
Ms. Hui Chi Yan Amy	(appointed at 21 February 2020)
	(resigned on 10 June 2020)
Mr. Chan Sai On Bill	(appointed at 10 June 2020)
	(resigned on 3 September 2020)
Mr. Li Ka Chun (<i>Chairman</i>)	(appointed at 3 September 2020)
Mr. Fung Wai Hang	(appointed at 3 September 2020)

Nomination Committee

Mr. Cheung Ting Kin	(resigned on 7 February 2020)
Mr. Tong Bak Nam Billy	(resigned on 2 June 2020)
Ms. Jiselle Joey Chan	(resigned on 10 June 2020)
Mr. Sze Chun Wai (<i>Chairman</i>)	(appointed at 7 February 2020)
Mr. Ng Chun Chung	(appointed at 21 February 2020)
	(resigned on 3 September 2020)
Ms. Hui Chi Yan Amy	(appointed at 21 February 2020)
	(resigned on 10 June 2020)
Mr. Li Ka Chun	(appointed at 10 June 2020)

Risk Management Committee

Mr. Tong Bak Nam Billy	(resigned on 2 June 2020)
Mr. Chan Kam Hon Ivan	(reappointed at 21 February 2020)
	(resigned on 10 June 2020)
Mr. Un Ga Wei	(resigned on 10 June 2020)
Ms. Jiselle Joey Chan	(resigned on 10 June 2020)
Ms. Hui Chi Yan Amy	(resigned on 21 February 2020)
Mr. Ng Chun Chung	(appointed at 10 June 2020)
	(resigned on 3 September 2020)
Mr. Chan Sai On Bill (<i>Chairman</i>)	
	(appointed at 10 June 2020)
	(resigned on 3 September 2020)
Mr. Fung Wai Hang (<i>Chairman</i>)	
	(appointed at 10 June 2020)
	(redesignated on 3 September 2020)

Authorised Representatives

Mr. Tong Ying Chiu	(resigned on 6 June 2020)
Mr. Lau Wing Yui Felix (<i>CEO</i>)	(appointed at 27 May 2020)

Joint and Several Provisional Liquidators

Mr. Fok Hei Yu	(appointed at 30 July 2020)
Mr. David Martin Graffin	(appointed at 30 July 2020)

Headquarter and Principal Place of Business in Hong Kong

28/F, YF Life Tower
33 Lockhart Road
Wan Chai
Hong Kong

Registered Office

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

Principal Share Registrar

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

Hong Kong Branch Share Registrar

Union Registrars Limited
Suites 3301-04, 33/F
Two China chem Exchange Square
338 King's Road, North Point
Hong Kong

Compliance Adviser

Rainbow Capital (Hong Kong) Limited
Rm 5B, 12/F, Tung Ning Building
2 Hillier Street
Sheung Wan
Hong Kong

Legal Advisors as to Hong Kong Law

Loeb & Loeb LLP
21st Floor
3 Connaught Road Central
Hong Kong

Principal Banks

O-Bank
United Oversea Bank Limited
DBS Bank Limited

Auditor

KTC Partners CPA Limited
Certified Public Accountants
RM 617, 6/F
Seapower Tower, Concordia Plaza
1 Science Museum Road, TST East
Hong Kong

Company's Website

<http://www.clip-fresh.com>

Stock Code

1781

Management Discussion and Analysis

Business Review and Outlook

Overall Business and Financial Performance of the Group

During the Review Period, trade friction between the United States of America and China became more and more tightened, bringing uncertainties to the future development of the world economy, and slowing down the economic growth of both China and the world. Further, the outbreak of the novel coronavirus (“COVID-19”) in early 2020 started to halt social and economic activities seriously nationwide. In support of official infection prevention and containment policies, our production plant in PRC suspended their operations for a short period of time after the Chinese New Year. Under such adverse circumstances, the Group’s performance in the first half of 2020 was inevitably affected. After the resumption of our production plant, the Group has made efforts to speed up the production process in order to meet the delayed orders in the suspension period and as a result, certain production costs increased significantly in the second quarter of 2020. The above circumstances greatly affect the profitability of the Group for the Review Period.

The Group recorded a revenue of approximately HK\$17.9 million for the six months ended 30 June 2020 (“Current Period”), representing a decrease of 89.3% compared with the corresponding period in 2019 (“Last Period”). The Group’s overall gross loss was approximately HK\$2.5 million in the Current Period. Loss of the Group amounted to approximately HK\$18.1 million for the Current Period. Details of the performance of the Group is disclosed under the section headed “Management Discussion and Analysis”.

Future Prospects

Going forward, the Group will continue to enhance its overall competitiveness and market share by solidifying its long-term relationship established with existing customers and exploring new customers, diversifying and enhancing our products and providing more customised support to customers. The Group expects the operating environment in the near future will be increasingly challenging in view of the prolonged trade disputes between the United States and China and the impact of COVID-19. With the Group’s proven track record, the Group is well-positioned and well-equipped to sustain its development amid the increasingly challenging external business environment. The Group will keep close track of the economic environment and evaluate its business strategies from time to time to adapt to the challenging market for the sustainable and stable development of the Group and grasp the opportunities to enhance the long-term potential growth in the future to safeguard the interest of the shareholders.

Overview

For the Current Period, loss of the Group and loss for the Current Period attributable to owners of the Company amounted to approximately HK\$18.1 million, representing a net decrease of HK\$32.8 million as compared with the profit of approximately HK\$14.7 million in the Last Period.

Revenue

For the Current Period, revenue of the Group amounted to approximately HK\$17.9 million, representing a decrease of HK\$149.6 million or 89.3% as compared with approximately HK\$167.5 million in the Last Period.

Cost of Sales

Cost of sales for the Current Period was approximately HK\$20.4 million, representing a decrease of approximately 81.5% from HK\$110.7 million for the Last Period. The decrease was in line with the decrease of revenue for the Current Period.

Gross (Loss)/Profit

Gross loss for the Current Period was approximately HK\$2.5 million, representing a net decrease of approximately HK\$59.3 million from approximately HK\$56.8 million as compared with the Last Period. The gross loss was mainly due to the decrease of revenue and drop in profit margin for the Current Period.

Other Gains and Losses

We recorded other net gains of approximately HK\$2.1 million for the Last Period, while we recorded other net losses of approximately HK\$0.1 million for the Current Period.

De-consolidation

During the Current Period, the Group had a loss on the de-consolidation of subsidiary of approximately HK\$2.7 million. For details, please refer to the note 3 to the consolidated financial statements.

Administrative Expenses

During the Current Period, administrative expenses amounted to approximately HK\$6.0 million, representing a decrease of approximately HK\$16.6 million or 73.5% from approximately HK\$22.6 million in the Last Period.

Finance Costs

Our finance costs decreased from approximately HK\$7.2 million for the Last Period to approximately HK\$6.7 million for the Current Period, representing a decrease of approximately HK\$0.5 million or 6.9%. Such decrease was primarily due to the decrease in interest expenses on banks and other borrowings and overdrafts.

Income Tax Expenses

No income tax expenses for the Current Period (approximately HK\$2.5 million for the Last Period) primarily due to the Company result a loss before tax.

Loss for the year Attributable to Owners of the Company for the Reporting Period

For the Current Period, loss for the year attributable to owners of the Company amounted to approximately HK\$18.1 million, representing a net loss of HK\$32.8 million as compared to approximately HK\$14.7 million in the Last Period. The loss was primarily due to a decline in revenue and loss of de-consolidation of subsidiaries.

Liquidity and Source of Funding

As of 30 June 2020, the current assets of the Group amounted to approximately HK\$10.3 million, which mainly comprised cash and bank balances (including restricted bank deposits) and trade and other receivables, in the amount of approximately HK\$17,000 and HK\$10.3 million, respectively. Current liabilities of the Group amounted to approximately HK\$205.0 million, of which approximately HK\$175.2 million was bank loans, HK\$1.9 million was lease liabilities and HK\$27.9 million was trade and other payables. As of 30 June 2020, the current ratio (the current assets to current liabilities ratio) of the Group was 0.05 times, as compared with 0.08 times as of 31 December 2019. The change in the current ratio was primarily due to high ratio of bank loans.

The Group does not have other debt financing obligations as of 30 June 2020 or the date of this interim results announcement and does not have any breaches of financial covenants.

Management Discussion and Analysis

Capital Expenditure

For the Current Period, the Group did not have any capital expenditure (the Last Period: approximately HK\$44.3 million).

Net Gearing Ratio

As at 30 June 2020, the Group had a negative equity of approximately HK\$135.1 million, as compare to the total negative equity of approximately HK\$116.9 million at 31 December 2019.

Capital Structure

As at 30 June 2020, the Company had a total of 540,000,000 issued shares (the "Shares", each, a "Share") at HK\$0.01 each (31 December 2019: 540,000,000 shares).

The Company listed its shares on the Stock Exchange on 4 October 2018, and issued 135,000,000 shares, at a price of HK\$1.1 each.

The Group generally finances its ordinary operations with internally generated resources and banking facilities. The interest rates of most of the borrowings and finance lease arrangement, if applicable, are charged by reference to prevailing market rates.

Material Investments

For the Current Period, the Group did not have any significant acquisition of plant and equipment (the Last Period: approximately HK\$44.3 million).

Save as disclosed above, the Group did not have any significant acquisition or disposal of subsidiaries and associated companies during the Current Period.

Contingent Liabilities

As at 31 December 2019, the Group issued financial guarantees to banks in respect of banking facilities granted to related parties of an aggregate amount of HK\$4.0 million. The amount disclosed above represents the aggregate amounts that could be required to be paid if the guarantees were called upon in entirety, of which HK\$2.8 million has been utilised by the related parties respectively. Financial guarantees are initially recognised at fair value. As at 31 December 2019, amounts of HK\$542,000 have been recognised as financial guarantee obligations in the consolidated statement of financial position.

As at 30 June 2020, the financial guarantees to banks in respect of banking facilities granted to related parties has been released.

Capital commitment

No capital commitment has been noted as at 30 June 2020 and 31 December 2019.

Foreign Exchange Exposure

The Group's sales and purchases are mainly denominated in US dollars and Renminbi. The sales of our Group are mainly denominated in US dollars or Hong Kong dollars. Some of our polypropylene resins are sourced from overseas and settled in US dollars. As our production base is in the PRC, the rental payment and the related staff costs are paid in Renminbi.

Since Hong Kong Dollar remains pegged to US Dollar, the Group does not foresee a substantial foreign currency risk exposure in this area and will closely monitor the trend of Renminbi to see if any action is required.

As at 30 June 2020, the Group had not entered any financial instrument for the hedging of foreign currency.

Employment and Remuneration Policy

The Group offers its employees competitive remuneration packages based on industry practices and performance of individual employees. Year-end discretionary bonuses may be granted to reward and motivate those well-performed employees.

Use of Proceeds from the Share Offer

On 4 October 2018, the Company issued a total of 135,000,000 shares by way of Hong Kong public offering and placing at a price of HK\$1.1 each, and successfully listed its shares on the Main Board of the Stock Exchange.

The Company had utilized all the Net Proceeds and the unutilized Net Proceeds amounted is zero. Please refer to the announcement of the Company published on 14 August 2020 for details.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules at any time during the Current Period.

Corporate Governance and Other Information

Corporate Governance

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its own code of corporate governance. The Board is of the opinion that the Company has complied with all the code provisions set out in the CG Code during the Current Period.

Purchase, Sale or Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Current Period.

Compliance With 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”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the Current Period.

Winding-Up Petitions Against the Company and Its Subsidiaries

HCCW 403 OF 2019

On 13 December 2019, the Company was served a winding-up petition filed by CTBC Bank Co., Ltd (“CTBC”) under action number HCCW 403 of 2019 in the High Court for an order that the Company be wound up by the High Court on the ground that the Company is insolvent and is unable to pay its debts of approximately US\$5,728,000 (equivalent to approximately HK\$44,604,000).

This Petition was filed against the Company as guarantor of Chase On’s liability to CTBC.

The Petition was heard before the High Court on 21 September 2020 and adjourned with liberty to restore until 11 January 2021.

HCCW 28 OF 2019

On 17 January 2020, the Company was served a winding-up petition filed by Orix Asia Limited (“Orix”) under action number HCCW 28 of 2020 in the High Court for an order that the Company be wound up by the High Court on the ground that the Company is insolvent and is unable to pay its debts of approximately HK\$7,033,000 in total.

The petition was heard in the high court on 21 September 2020 and was ordered to be dismissed. Orix will now act as a supporting creditor in the petition under action number HCCW 403 of 2019 in the High Court.

Events After the Reporting Period

(i) Suspension Trading and resumption guidance

On 2 July 2020, trading in the shares of the Company has been suspended. On 31 July 2020, the Company received the resumption guidance from the Stock Exchange.

The Company is taking appropriate steps to resolve the issues causing its trading suspension and to fully comply with the Listing Rules to the Stock Exchange's satisfaction.

Please refer to the announcements of the Company published on 2 July 2020, 9 July 2020, 10 July 2020 and 6 August 2020 for details.

(ii) Appointment of Provisional Liquidators for restructuring purposes

On 27 July 2020, the Company presented a winding petition together with an ex parte summons to the Grand Court of the Cayman Islands for the appointment of provisional liquidators of the Company a "light touch" approach for restructuring purposes.

On 30 July 2020 (Cayman time), the Grand Court of the Cayman Islands made the orders that Mr. Fok Hei Yu and Mr David Martin Graffin be appointed as joint and several provisional liquidators (the "JPLs") of the Company.

Please refer to the announcements of the Company published on 31 July 2020 for details.

Interim Dividend

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

Corporate Governance and Other Information

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2020, none of the Directors and chief executives has any interest or short position of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were 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 are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company pursuant to the Model Code.

Substantial Shareholders Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2020, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that, other than the interests of the Directors and the chief executives of the Company, the following shareholders had notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

Name	Capacity	Long position/ short position	Number of shares/ underlying shares of the Company held	Approximate percentage of the issued share capital of the Company	Note
Uni-Pro Limited	Beneficial owner	Long position	270,256,500	50.05	1
Sun Cheong Creative Development Limited	Interest of a controlled corporation	Long position	270,256,500	50.05	1
Tong Ying Chiu	Interest of a controlled corporation	Long position	270,256,500	50.05	1
Ng Siu Kuen Sylvia	Interest of a controlled corporation	Long position	270,256,500	50.05	1
Chan Kam Hon Ivan	Beneficial owner	Long position	98,613,000	18.26	2
Cheung Hok Hin Alan (in the capacity of receiver)	Receiver to act on behalf on Cachet Multi Strategy Fund SPC to receive the shares	Long position	368,869,500	68.31	3
Cachet Multi Strategy Fund SPC	Person having a security interest in shares	Long position	368,869,500	68.31	3

Notes:

- These shares are held by Uni-Pro Limited, a company incorporated in the BVI and is wholly-owned by Sun Cheong Creative Development Limited. Sun Cheong Creative Development Limited is a company incorporated in Hong Kong and is held as to 50% by Mr. Tong Ying Chiu and as to 50% by Ms. Ng Siu Kuen Sylvia. Both of Mr. Tong Ying Chiu and Ms. Siu Kuen Sylvia are the ex-directors of the Company who have resigned with effect from 6 December 2019. Mr. Tong Ying Chiu is the spouse of Ms. Ng Siu Kuen Sylvia.
- Mr. Chan Kam Hon Ivan is ex-director of the Company who has resigned as an executive director with effect from 10 June 2020.
- On 3 June 2020, Mr. Cheung Hok Hin, Alan of Wing United CPA Limited was appointed to be the receiver over 270,256,500 shares and 98,613,000 shares of the Company which were registered under the names of Uni-Pro Limited and Mr. Chan Kam Hon Ivan, respectively, pursuant to the powers contained in a debenture dated 16 January 2020 and executed by Uni-Pro Limited in favour of Cachet Multi Strategy Fund SPC and a share charge dated 1 April 2019 and executed by Mr. Chan Kam Hon Ivan in favour of Cachet Multi Strategy Fund SPC (as amended and supplemented by a supplemental deed dated 16 January 2020) in connection with a loan agreement dated 1 April 2019 and entered into among Uni-Pro Limited (as borrower), Cachet Multi Strategy Fund SPC (as lender), and Mr. Tong Ying Chiu, Ms. Ng Siu Kuen Sylvia and Mr. Chan Kam Hon Ivan (as guarantors). Details were set out in the announcement of the Company dated 16 June 2020.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2020.

Directors' Interests in Competing Business

None of the Directors or their respective close associates is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, within the Group's business at any time for the Reporting Period and at any time before and up to the date of this report.

Disclosure of Directors' Information under Rule 13.51B (1) of the Listing Rules

The following are the changes in the information of Directors since the date of the Annual Report 2019 of the Company, which are required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules:

- (a) Mr. Chan Sai On Bill has resigned as a member of each of the Remuneration Committee and the Chairman of the Risk Management Committee with effect from 3 September 2020.
- (b) Mr. Ng Chun Chung has (i) appointed as the Company Secretary with effect from 20 August 2020; and (ii) resigned as a member of each of the Nomination Committee, the Chairman of the Remuneration Committee and the Risk Management Committee with effect from 3 September 2020.
- (c) Mr. Li Ka Chun has been appointed as a member of each of the Risk Management Committee and the Chairman of the Remuneration Committee with effect from 3 September 2020.
- (d) Mr. Fung Wai Hang has been appointed as a member of each of the Remuneration Committee and the Nomination Committee with effect from 3 September 2020.
- (e) Mr. Sze Chun Wai has been appointed as a member of the Risk Management Committee with effect from 3 September 2020.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2020. The Audit Committee was satisfied that the unaudited condensed consolidated interim financial information was prepared in accordance with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

By order of the Board
(Provisional Liquidators Appointed) (For Restructuring Purposes)
Sun Cheong Creative Development Holdings Limited
Chan Sai On Bill
Executive Director

Hong Kong, 21 September 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	NOTES	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	4	17,900	167,522
Cost of sales		(20,446)	(110,679)
Gross (loss)/profit		(2,546)	56,843
Other income	5	–	432
Reversal of impairment losses, net		–	98
Other gains and losses	6	(107)	2,088
Loss on De-consolidation of Subsidiary	3	(2,707)	–
Selling expenses		–	(12,371)
Administrative expenses		(6,049)	(22,611)
Finance costs	7	(6,737)	(7,232)
(Loss)/profit before tax		(18,146)	17,247
Income tax expense	8	–	(2,545)
(Loss)/profit for the period	9	(18,146)	14,702
Other comprehensive (expense) income			
Exchange differences arising on translation of foreign operations which may be reclassified subsequently to profit or loss		–	(4)
Total comprehensive income for the period		(18,146)	14,698
(Loss)/profit for the period attributable to:			
Owners of the Company		(18,146)	14,702
Non-controlling interests		–	–
(Loss)/profit for the period		(18,146)	14,702
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(18,146)	14,702
Non-controlling interests		–	(4)
Total comprehensive (expense) income for the period		(18,146)	14,698
(LOSS) EARNINGS PER SHARE			
Basic (HK cents)	10	(3.36)	2.72

Condensed Consolidated Statement of Financial Position

At 30 June 2020

	NOTES	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		57,745	61,931
Right-of-use-assets		4,324	5,284
		62,069	67,215
CURRENT ASSETS			
Trade and other receivables	12	10,276	14,670
Bank balances and cash		17	328
		10,293	14,998
CURRENT LIABILITIES			
Trade and other payables	13	27,933	18,793
Tax payable		–	5,522
Bank and other borrowings	14	172,534	165,898
Bank overdrafts	14	2,630	2,529
Contract liabilities		–	311
Lease liabilities		1,922	2,454
		205,019	195,507
NET CURRENT LIABILITIES		(194,726)	(180,509)
TOTAL ASSETS LESS CURRENT LIABILITIES		(132,657)	(113,294)
NON-CURRENT LIABILITIES			
Lease liabilities		2,429	3,642
		2,429	3,642
NET LIABILITIES		(135,086)	(116,936)
CAPITAL AND RESERVES			
Share capital	15	5,400	5,400
Reserves		(140,486)	(122,340)
Equity attributable to owners of the Company		(135,086)	(116,940)
Non-controlling interests		–	4
TOTAL DEFICIT		(135,086)	(116,936)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Translation reserve	(Accumulated losses)/ Retained profits	Subtotal			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2019	5,400	142,028	(15,512)	(643)	89,084	220,357	5,321	225,678	
Profit for the period	-	-	-	-	14,702	33,837	-	14,702	
Other comprehensive expenses for the period	-	-	-	-	-	-	(4)	(4)	
Total comprehensive (expenses) income for the period	-	-	-	-	14,702	14,702	(4)	33,081	
Dividend recognised as distribution (note 10)	-	-	-	-	(40,500)	(40,500)	-	(40,500)	
At 30 June 2019	5,400	142,028	(15,512)	(643)	63,286	194,559	5,317	225,678	
At 1 January 2020	5,400	142,028	(15,512)	-	(248,856)	(116,940)	4	(116,936)	
Loss for the period	-	-	-	-	(18,146)	(18,146)	-	(18,146)	
Other comprehensive expenses for the period	-	-	-	-	-	-	-	-	
Total comprehensive expenses for the period	-	-	-	-	(18,146)	(18,146)	-	(18,146)	
Capital contribution (note b)	-	-	-	-	-	-	(4)	(4)	
At 30 June 2020	5,400	142,028	(15,512)	-	(267,002)	(135,086)	-	(135,086)	

Notes:

- Capital reserve represents the amounts arising on the Group reorganisation underwent prior to the listing of the Company's shares on the Main Board of the Stock Exchange in 2018. Details were set out in the Company's prospectus dated 21 September 2018.
- On 3 February 2020, the Company's subsidiary, Top Leader International Limited has acquired the remaining 40% equity interest in Champion Motor Group Hong Kong Limited ("Champion Motor") for a consideration of HKD4,000 from independent third parties. Accordingly, Champion Motor became a wholly owned subsidiary of the Company.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(1,812)	23,930
INVESTING ACTIVITIES		
Placement of restricted bank deposits	–	(9,105)
Withdrawal of restricted bank deposits	–	40,469
Purchase of property, plant and equipment	–	(12,711)
Interest received	–	130
NET CASH GENERATED FROM INVESTING ACTIVITIES	–	18,783
FINANCING ACTIVITIES		
New bank and other borrowings raised	1,400	93,663
Repayment of bank and other borrowings	–	113,320
Interest paid	–	(7,232)
Repayment of lease liabilities/obligations under finance leases	–	(4,634)
Dividend paid	–	(40,500)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	1,400	(72,023)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(412)	(29,310)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(2,201)	173,090
CASH AND CASH EQUIVALENTS AT 30 JUNE	(2,613)	143,780
Represented by		
Bank balances and cash	17	148,046
Bank overdrafts	(2,630)	(4,266)
	(2,613)	(143,780)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

1. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange (the “Listing Rules”).

2. Principal Accounting Policies

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019.

(A) AMENDMENTS TO STANDARDS ADOPTED BY THE GROUP

Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The adoption of these amendments to standards does not have any significant impact on the Group’s consolidated financial information.

(B) NEW STANDARD AND AMENDMENTS TO STANDARDS HAVE BEEN ISSUED BUT ARE NOT EFFECTIVE FOR THE FINANCIAL YEAR BEGINNING ON 1 JANUARY 2020 AND HAVE NOT BEEN EARLY ADOPTED

The following new standard and amendments to standards have been published and are mandatory for the accounting periods beginning on or after 1 June 2020 or later periods, but the Group has not early adopted them:

		Effective for Accounting periods beginning on or after
Amendments to HKFRS 16	COVID-19-Related Rent Concessions	1 June 2020
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group has not early adopted the new standard and amendments to standards, which have been issued but are not effective for the financial year beginning on 1 January 2020. The Group has already commenced an assessment on the impact of these new standard and amendments to standards, and expected that the adoption of those new standard and amendments to standards will not have any significant impact on the Group’s consolidated financial information in the current or future reporting periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

3. De-Consolidation of a Subsidiary of the Group

Following the winding-up petitions filed by bank lenders under action numbers HCCW 374 of 2019 and HCCW 401 of 2019 in the High Court of the Hong Kong Special Administrative Region (the "High Court") against the Group's operating subsidiary in Hong Kong, namely Chase On Development Limited ("Chase On"), on 31 March 2020, the High Court ordered that Chase On be wound up. The directors of the Company consider that the Group had lost its control to govern Chase On with effect from 1 April 2020. Accordingly, Chase On was de-consolidated from the Group with effect from 1 April 2020.

The Group had consolidated the assets and liabilities and results of Chase On up to 31 March 2020 in the consolidated financial statements. The de-consolidation of Chase On had resulted in a net loss on de-consolidation of approximately HK\$2,707,000 recognised in consolidated profit or loss for the six months ended 30 June 2020.

The following is the financial information, before intra-group balances and transactions elimination, of Chase On as at 31 March 2020.

CONSOLIDATED FINANCIAL STATEMENTS OF FINANCIAL POSITION OF THE DE-CONSOLIDATED SUBSIDIARY AS AT THE DATE OF DE-CONSOLIDATION

	At 30 June 2020 HK\$'000 (Unaudited)
Details of the net assets of Chase On as at 31 March 2020 are set out below:	
Trade and other receivables	14,670
Bank balances and cash	311
Lease liabilities	(785)
Trade and other payables	(5,425)
Tax payables	(5,522)
Financial guarantee	(542)
Net assets excluding bank borrowings	2,707
*Bank borrowings	(169,266)
Net liabilities	(166,559)
Loss on De-consolidation:	
Net assets excluding bank borrowings of Chase On	2,707

* The bank borrowings of Chase On were guaranteed by the Company and were assigned to the Company upon the issuance of the winding-up order.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

3. De-Consolidation of a Subsidiary of the Group (Continued)

RESULTS OF CHASE ON AND ITS SUBSIDIARIES INCLUDED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2020

	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	–	167,522
Cost of sales	–	(110,679)
Gross profit	–	56,843
Other income	–	432
Other gains and losses	–	2,186
Selling expenses	–	(12,371)
Administrative expenses	–	(22,839)
Finance costs	–	(7,232)
Profit before tax	–	17,019
Income tax expense	–	(2,545)
Profit for the period	–	14,474

Following the substantial change in the composition of the Board effective from 7 December 2019, despite repeated requests, the Directors has been unable to contact the legal representative and management personnel of the Group's operating subsidiaries in the PRC, namely 深圳新昌塑膠用品有限公司 (Shenzhen Xincang Plastic Article Co., Ltd.) and 佛山市海昌新材料科技有限公司 (Foshan Haichang New Materials Technology Co., Ltd.) (together referred to as the "Subsidiaries of Chase On"). Due to the claims (including wages) made by several creditors of the Subsidiaries of Chase On, the factories of the Subsidiaries of Chase On were sealed off by the Shenzhen Longgang District People's Court (深圳市龍崗區人民法院) in January 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

4. Revenue and Segment Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, being the Directors of the Company (the "CODM"), in order to allocate resources to segments and to assess their performance. During the period, the CODM assesses the operating performance and allocates the resources of the Group as a whole as the Group is primarily engaged in designing, developing, manufacturing and selling plastic household products. During the period, the Group has also operating sales of car related products. Therefore, the management considers that the Group has two operating segments. The Group mainly operates in Hong Kong and the People's Republic of China (the "PRC") and the Group's non-current assets are mainly located in the PRC.

The CODM reviews the overall results and financial position of the Group as a whole based on the same accounting policies set out in note 2 and no further segment information is presented.

An analysis of the Group's revenue during the period is as follows:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Type of goods or services		
Sales of car related products	7,624	–
Sale of plastic household products	10,276	167,522
	17,900	167,522

	Car related products	Plastic household products
	HK\$'000	HK\$'000
Timing of revenue recognition		
Goods transferred at a point in time	7,624	10,276
Services transferred over time	–	–
Total revenue from contracts with customers	7,624	10,276

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

4. Revenue and Segment Information (Continued)

GEOGRAPHICAL INFORMATION

The Group's revenue is mainly derived from customers located in Hong Kong, UK, USA and PRC. The Group's revenue by the geographical locations of the customers, determined based on the destination of good delivered, irrespective of the origin of goods, is detailed below:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Australia	–	114,739
Hong Kong	13,406	18,435
UK	260	5,240
USA	2,479	3,329
PRC	1,708	–
New Zealand	–	8,486
Germany	–	1,317
Others	47	15,976
	17,900	167,522

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from customers of the respective period contributing over 10% of the total sales of the Group are as follows:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Customer A	5,579	–
Customer B	–	73,726
Customer C	–	39,654

5. Other Income

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Bank interest income	–	130
Others	–	302
	–	432

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

6. Other Gains and Losses

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gain (loss) on foreign exchanges	–	1,655
Gain on release of financial guarantee contracts	–	470
Others	(107)	(37)
	(107)	2,088

7. Finance Costs

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on:		
— bank and other borrowings and overdrafts	6,737	6,427
— lease liabilities	–	805
	6,737	7,232

8. Income Tax Expense

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
— Hong Kong Profits Tax	–	2,242
— PRC EIT	–	1,656
	–	3,898
Deferred tax	–	(1,353)
	–	2,545

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

9. (Loss) Profit for the Period

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
(Loss) profit for the period has been arrived at after charging:		
Directors' remuneration:		
— Fees	—	—
— Other emoluments, salaries and other benefits	1,846	3,349
— Retirement benefit scheme contributions	—	36
	1,846	3,385
Other staff salaries and allowances	1,383	20,701
Retirement benefit scheme contributions, excluding those of Directors	—	2,332
Total employee benefits expenses	3,229	26,418
Auditor's remuneration	—	500
Cost of inventories recognised as an expense	16,260	110,679
Research and development expenses	—	393
Depreciation of property, plant and equipment	4,186	9,291
Depreciation of right-of-use assets	960	4,852

10. (Loss)/Earnings Per Share

The calculation of the basic (loss)/earnings per share during the period is based on the loss attributable to owners of the Company and the weighted average number of ordinary shares of 540,000,000 (six months ended 30 June 2019: 540,000,000).

No diluted earnings per share is presented for the current interim period and six months ended 30 June 2020 as the Company did not have any potential dilutive share in issue.

11. Interim Dividends

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

12. Trade and Other Receivables

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Trade receivables – goods	10,276	14,760
Other receivables	–	–
	10,276	14,760
Less: impairment loss allowance	–	(90)
	10,276	14,670

The Group allows credit periods mainly ranging from cash on delivery to 90 days to its customers.

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

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Trade receivables		
1–30 days	1,927	5,875
31–60 days	2,116	8,885
61–90 days	1,617	–
91–180 days	4,616	–
	10,276	14,670

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

13. Trade and Other Payables

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Trade payables	9,865	–
Payroll payable	3,248	2,917
Interest payable	–	849
Financial guarantee obligations (Note)	–	542
Other accrued expenses	8,369	10,011
Other payables	6,451	4,474
	27,933	18,793

Note: The amount represented financial guarantee contracts provided by Chase On Development Limited ("Chase On") to its related companies. The former Controlling Shareholders and/or their family members have control or beneficial interests in these related companies.

14. Bank and Other Borrowings and Bank Overdrafts

During the current interim period, the Group obtained new loans amounting to HK\$1,400,000 (six months ended 30 June 2019: bank loan of approximately HK\$93,663,000). The loans carry interest at market rates of 36.0% and are repayable when demand.

15. Share Capital

Details of movements of share capital of the Company are as follow:

	Number of shares HK\$'000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 December 2019 and 30 June 2020	2,000,000,000	20,000
Issued and fully paid:		
At 31 December 2019 and 30 June 2020	540,000,000	5,400
		HK\$'000
Shown in the consolidated statement of financial position		
At 31 December 2019 and 30 June 2020		5,400