

KELFRED

HOLDINGS LIMITED

恒發光學控股有限公司

Incorporated in the
Cayman Islands with
limited liability

Stock code: 1134



Interim Report
2021



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CORPORATE INFORMATION

Executive Directors

Mr. Kwok Kwan Fai
Mr. Kwok Kwan Yu
Mr. Zuo Zhengsan
(appointed on 16 June 2021)

Non-Executive Directors

Mr. Kwok Mau Kwan
Ms. Chan Yin Wah
Mr. Zhang Li (appointed on 16 June 2021)

Independent Non-Executive Directors

Mr. Hong Sze Lung
Mr. Chu Kin Ming
Mr. Chan Hon Wah

Company Secretary

Ms. Tsang Wing Kiu *HKICPA, ICAEW*

Authorised Representatives

Mr. Kwok Kwan Fai
Mr. Kwok Kwan Yu

Audit Committee

Mr. Chu Kin Ming (*Chairman*)
Mr. Hong Sze Lung
Mr. Chan Hon Wah

Remuneration Committee

Mr. Chan Hon Wah (*Chairman*)
Mr. Chu Kin Ming
Mr. Hong Sze Lung
Mr. Kwok Kwan Fai

Nomination Committee

Mr. Kwok Kwan Fai (*Chairman*)
Mr. Chan Hon Wah
Mr. Chu Kin Ming
Mr. Hong Sze Lung

Risk Management Committee

Mr. Hong Sze Lung (*Chairman*)
Mr. Chu Kin Ming
Mr. Chan Hon Wah

Registered Office

Windward 3, Regatta Office Park,
P.O. Box 1350, Grand Cayman KY1-1108,
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong

Workshops 1605-1606, 16/F., Block B
New Trade Plaza
6 On Ping Street
Sha Tin, New Territories
Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park,
P.O. Box 1350, Grand Cayman KY1-1108,
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Legal Advisers

As to Hong Kong law:

Jeffrey Mak Law Firm
6th Floor, O.T.B. Building,
259 Des Voeux Road Central,
Hong Kong

Principal Banks

DBS Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong)
Limited

Company Website

www.kelfred.com.hk

Stock Code

1134

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (“**Director(s)**”) of Kelfred Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**” or “**We**”) for the six months ended 30 June 2021, together with the comparative figures for the corresponding period in 2020. The information should be read in conjunction with the prospectus of the Company dated 29 June 2019 (the “**Prospectus**”).

BUSINESS REVIEW AND OUTLOOK

During the six months ended 30 June 2021, the Group continued to be engaged in the manufacture and sale of eyewear products. We have two major production bases established in Shenzhen and Jiangxi, the People’s Republic of China (the “**PRC**”), which have made the Group capable of manufacturing eyewear products of various dimensions and specifications as required by its customers. The Group produces and sells a wide range of spectacle frames and sunglasses mainly through original design manufacturing (“**ODM**”) and original equipment manufacturing (“**OEM**”) business models. It offers integrated and customised services which include product design and development, raw materials procurement, production, quality control, packaging and delivery. In addition to the traditional OEM and ODM business models, the Group also offers its original brand manufacturing (“**OBM**”) products under the brand “Miga”. Leveraging on over 30 years of experience in the eyewear industry, the Group prides itself on its broad network of renowned and trusted customers worldwide (who are primarily international eyewear retailers, trading companies and licensed brand owners). It has produced quality eyewear products under its customers’ designated brand names and sold the same to over 35 countries in the past few years, among which Europe accounted for the largest market of the Group.

For the six months ended 30 June 2021, the Group recorded a revenue of approximately HK\$187.1 million, representing an increase of approximately 39.5% as compared to the six months ended 30 June 2020, generated from sales from eyewear products.

Following the global economy and eyewear industry were adversely affected by the COVID-19 pandemic in 2020, the global eyewear industry is set to recover moderately in 2021, from the impact of COVID-19. According to Hong Kong Trade Statistics, Census and Statistics Department, Hong Kong’s total exports of frames and mountings for spectacles, goggles and like decreased by 21% year-on-year to HK\$6.5 billion in 2020, but a rebound of the total exports with an increase of 48% year-on-year in the first half of 2021. With growing mobility, easing social restrictions and increasing vaccination rates, the customer eyewear demand has been increasing, and retailers have quickly adapted to new consumer behaviours by increasing online availability for survival and long-term growth in the markets. As a result, our sales backlog has rebounded since the beginning of 2021.

After the disruption in manufacturing of the PRC production bases due to the outbreak of COVID-19 in the first quarter of 2020, the production capacity has already resumed to normal level and closer to meeting the demand. In order to maintain the production and business activity during the COVID-19 pandemic, the Group has implemented a series of ongoing precautionary measures against COVID-19, and no infection case of our employee or visitors was found.

The Directors have conducted a review with positive findings on gradual recovery of the eyewear industry and expect it would have a moderate growth in the next five years. According to a new report “Global Eyewear Market Report and Forecast 2021–2026” published by Expert Market Research, the global eyewear market size was approximately US\$138.2 billion in 2020. The industry is further expected to grow at a CAGR of 8% between 2021 and 2026 to attain a value of US\$219.4 billion by 2026. In addition, with easing travel restrictions and social distancing by some countries, most of the international optical trade fairs were or to be held in 2021, indicating a good prospect of the eyewear market.

The global economy and our business are fraught with uncertainties, including continuing COVID-19 challenges. A resurgence of infectious cases in many countries has re-introduced calls for lockdowns and tightened epidemic control measures, and threatens to weaken or delay a potential economic recovery.

The Group remains to be committed to the development and optimisation of its eyewear business, being the core business of the Group. Other than eyewear business, the Group is researching and developing new opportunities, in order to achieve diversification in the business and income streams of the Group. Along with the Group’s diversification plan, the Group has entered into several strategic corporation agreement, and non-legally binding memoranda of understanding in relation to new energy vehicles business in the late 2020 and the first half of 2021. In June 2021, two directors were newly appointed and who are in-charge of carrying out due diligence on the potential investment projects, and conduct market and feasibility studies on the new energy vehicles business.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2021, the Group’s revenue increased significantly to approximately HK\$187.1 million by approximately HK\$53.0 million or 39.5% as compared to approximately HK\$134.1 million for the six months ended 30 June 2020. The increase was mainly attributable to the increase in the exported sales volume of spectacle frame and sunglasses, resulting from the demand of eyewear products started to rebound since the start of 2021 when the global economy gradually recovered.

Cost of sales

The cost of sales of the Group increased by approximately HK\$45.8 million or 41.6%, from approximately HK\$110.3 million for the six months ended 30 June 2020 to approximately HK\$156.1 million for the six months ended 30 June 2021. Such increase was in line with the increase in sales volume.

Gross profit and gross profit margin

Gross profit increased to approximately HK\$31.0 million for the six months ended 30 June 2021, by approximately HK\$7.2 million, or 29.9%, from approximately HK\$23.8 million for the six months ended 30 June 2020. Such increase in gross profit was mainly due to an increase in the revenue of approximately 39.5% but partially offset by the decline in the average selling price. As a result, the overall gross profit margin dropped from approximately 17.8% for the six months ended 30 June 2020 to 16.6% for the six months ended 30 June 2021.

Other income

Other income increased by approximately HK\$1.9 million from approximately HK\$2.2 million for the six months ended 30 June 2020 to approximately HK\$4.1 million for the six months ended 30 June 2021. Such increase was mainly attributable to (i) the increase in government grants of approximately HK\$1.2 million; (ii) the increase in product services fee income of approximately HK\$0.2 million; and (iii) the increase in income from sales of scraps and rework services of approximately HK\$0.5 million. The government grants were mainly subsidies from the government to support entities or encourage enterprises to maintain employee relationship.

Other gains and losses

The Group recorded net other losses of approximately HK\$1.3 million for the six months ended 30 June 2021 and approximately HK\$0.2 million for the six months ended 30 June 2020, mainly due to the change of exchange rate fluctuation during the six months ended 30 June 2021. For the six months ended 30 June 2021, Renminbi (“**RMB**”) appreciated against the United States dollars (“**USD**”) or Hong Kong dollars (“**HKD**”) mainly resulting in an exchange loss whereby the liabilities of the Group were denominated in RMB.

Selling and distribution expenses

Selling and distribution expenses slightly increased from approximately HK\$6.1 million for the six months ended 30 June 2020 to approximately HK\$6.2 million for the six months ended 30 June 2021, by approximately HK\$0.1 million or 1.0%. Such minimal increase was slower than the growth of sales, which was primarily attributable to the effective cost control on design and development costs.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately HK\$2.1 million or 7.7%, from approximately HK\$27.4 million for the six months ended 30 June 2020 to approximately HK\$29.5 million for the six months ended 30 June 2021, mainly due to:

- (i) the increase in legal and professional fees of approximately HK\$1.2 million, mainly in relation to advisory and consultancy services for the new business development;
- (ii) the increase in depreciation of approximately HK\$0.5 million, mainly attributable to newly leased motor vehicles in the second half of 2020; and
- (iii) the increase in repair and maintenance of approximately HK\$0.3 million, mainly in relation to the factory premises which were deteriorated in condition.

Finance costs, net

The Group's net of finance costs were maintained at a low level, amounting to approximately HK\$0.2 million and HK\$0.3 million for the six months ended 30 June 2021 and 2020, respectively, mainly the Group kept low gearing level constantly.

Income tax expenses

The income tax expenses increased from approximately HK\$0.4 million for the six months ended 30 June 2020 to approximately HK\$0.6 million for the six months ended 30 June 2021, mainly due to improvement of profitability of certain entities within the Group for the six months ended 30 June 2021.

Loss for the period

As a result of the foregoing, the Group recorded a decrease in the loss for the period from approximately HK\$8.4 million for the six months ended 30 June 2020 to approximately HK\$2.8 million for the six months ended 30 June 2021, mainly due to improvement of sales performance with an increase in revenue.

FINANCIAL POSITION

As at 30 June 2021, the Group's total assets amounted to approximately HK\$254.7 million (31 December 2020: HK\$287.2 million) with net assets amounting to approximately HK\$183.5 million (31 December 2020: HK\$185.2 million). As at 30 June 2021, gearing ratio (total debts divided by the total equity) of the Group was approximately 2.2%, a decrease of approximately 69.9% as compared to that of approximately 7.3% as at the end of 2020. Net debt to equity ratio (net debt, being its total debts net of bank and cash balances and pledged bank deposits, divided by total equity) of the Group was not applicable due to a net cash position of the Group as at 30 June 2021 and 31 December 2020. As at 30 June 2021, current ratio of the Group was approximately 3.1 times, representing an increase of approximately 24.0% as compared to that of approximately 2.5 times as at the end of 2020. As at 30 June 2021, quick ratio of the Group was approximately 2.1 times, an increase of approximately 10.5% as compared to that of approximately 1.9 times as at the end of 2020.

During the six months ended 30 June 2021, the total assets, net assets and gearing ratio decreased, mainly due to the Group's operating loss and the gradual repayment of bank borrowings.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a balanced approach to cash and financial management to ensure proper risk control, the lowering of costs of funds and to maintain an optimal level of liquidity that can meet its working capital needs and sustain the business at a healthy level, and implementing various growth strategies. The Group finances its operations and growth primarily through cash generated from operations, bank loans and finance lease arrangement, as well as the net proceeds from the share offer of 125,000,000 shares at HK\$1.0 per offer share ("**the Share Offer**").

As at 30 June 2021, the Group had pledged bank deposits and bank and cash balances totalling approximately HK\$65.6 million, representing a decrease of approximately HK\$10.8 million as compared to approximately HK\$76.4 million as at 31 December 2020, mainly attributable to repayment of bank loans and used for operations.

TREASURY POLICIES

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern so that the Group can constantly provide returns for shareholders of the Company (the "**Shareholders**") and benefits for other stakeholders by securing access to financing at reasonable costs. The Group actively and regularly reviews and manages its capital structure and makes adjustment by taking into consideration the changes in economic conditions, its future capital requirements, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities.

INDEBTEDNESS

As at 30 June 2021, the Group's indebtedness mainly represented lease liabilities of approximately HK\$4.0 million, and which are denominated in HKD and RMB. Interest rates for all leases are fixed on the contract dates and thus expose the Group to fair value interest rate risk.

The maturity of lease liabilities as at 30 June 2021 is as follows:

	Lease liabilities
	HK\$'000
Within one year	2,591
More than one year, but not exceeding two years	1,423
More than two years, but not more than five years	35
	<hr/>
	4,049

PRINCIPAL RISK AND UNCERTAINTY

The Group's operation, financial conditions, operational results or growth prospects are affected by a number of risks and uncertainties as outlined below. These factors are not exhaustive and there may be other principal risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could become material in the future.

Foreign currency risks

The Group has a certain exposure to foreign currency risk as a number of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of respective Group entities such as HKD, USD and RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Financial risk

Financial risk factors include foreign currency risk, credit risk, liquidity risk and interest rate risk. Details of the aforesaid financial risk factors and the respective risk management measures are elaborated in note 6 to the consolidated financial statements "Financial risk management" of the 2020 annual report.

Operational risk

The stable relationship with major customers enables the business to achieve stable revenue and profitability level. If the major customers significantly decrease its purchase quantity from the Group and we cannot identify new customers, the business and financial position may be adversely affected. Also, we operate the manufacturing process at the two production bases in Shenzhen and Jiangxi, the PRC, respectively. Any unexpected disruption to the production bases due to power or water supply failure, machinery breakdown or other factors may cause delay or temporary suspension of the production and may make us unable to deliver the products to customers on time, leading to potential loss of customer confidence and reputation.

Market risk

As we rely on marketing and sales of products overseas, we are exposed to market risks including (i) global economic downturn in overseas markets which affect general consumer confidence; (ii) exchange rate fluctuation in foreign currencies; (iii) trade barriers; (iv) increased costs associated with understanding the overseas market trend and maintaining overseas marketing and sales activities; and (v) exposure to local economic, political, social and labour conditions in the overseas markets.

PLEDGE OF ASSETS

As at 30 June 2021, the carrying amount of pledged bank deposit as securities for the letters of credit of the Group issued by a bank amounted to approximately HK\$5.1 million. As at 30 June 2021, the carrying amount of motor vehicles held as right-of-use assets by the Group under lease arrangements amounted to approximately HK\$1.3 million (31 December 2020: HK\$1.5 million).

CAPITAL COMMITMENT

As at 30 June 2021, the Group had capital commitments of approximately HK\$2.2 million and HK\$8.4 million relating to property, plant and equipment and capital contribution to a joint venture, respectively, which are contracted but not provided for.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had letters of credit of approximately HK\$3.5 million issued by a bank in relation to the purchases of materials.

Saved as disclosed above, the Group did not have any significant contingent liabilities as at 30 June 2021.

EMPLOYEE AND REMUNERATION POLICY

The Group values its employees and recognises the importance of a good relationship with them. The Group recruits its employees based on their work experience, education background and qualifications. To maintain and ensure the quality of its employees, the Group provide its personnel with formal and on-the-job training to enhance their technical skills as well as knowledge of the industry quality standards and work place safety standards. As at 30 June 2021, the Group had a total of 901 employees of which 884 were in the PRC and 17 were in Hong Kong. The remuneration to employees includes salaries and allowances. Employees are remunerated according to their qualifications, experiences, job nature, performance and with reference to market conditions.

The Group's total employee benefit expenses (including Directors' emoluments) for the six months ended 30 June 2021 and 2020 were approximately HK\$46.6 million and HK\$41.6 million, respectively.

SIGNIFICANT INVESTMENTS HELD

The Group had not held any significant investments during the six months ended 30 June 2021.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

During the six months ended 30 June 2021, the Group established a jointly controlled entity in the PRC, but no investment cost was incurred yet.

Saved as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the six months ended 30 June 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus and the change in the use of proceeds, in particular, to temporarily put on hold the expansion of the Group's production capacity by the construction of the new building in the Group's factory in Jiangxi, the PRC, the Group did not have other plan for material investments or acquisition of material capital assets as at 30 June 2021. Please refer to the section headed "Use of Proceeds from the Share Offer" in this report for further details.

USE OF PROCEEDS FROM THE SHARE OFFER

With the shares of the Company (the "**Share(s)**") listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 July 2019 (the "**Listing Date**"), the net proceeds from the Share Offer, after deducting the listing expenses of approximately HK\$45.0 million, was approximately HK\$80.0 million (the "**Net Proceeds**").

As set out in the Company's announcement dated 19 November 2020, the Board resolved to change the proposed use of the remaining balance of the Net Proceeds (the "Unutilised Net Proceeds") amounted to approximately HK\$56.0 million.

The original proposed allocation of the Net Proceeds in accordance with the Prospectus (the "Planned Use of Net Proceeds"), the reallocation of the Unutilised Net Proceeds and the actual usage of the Unutilised Net Proceeds up to 30 June 2021 are set out below:

Planned Use of the Net Proceeds	Actual usage of the Net Proceeds up to 30 June 2020		Unutilised Net Proceeds as at 30 June 2020		Revised Allocation of the Unutilised Net Proceeds		Unutilised amount of net proceeds as at 1 January 2021		Actual usage of net proceeds for the six months ended 30 June 2021		Expected timeline for unutilised amount
	HK\$' million	%	HK\$' million	HK\$' million	HK\$' million	%	HK\$' million	HK\$' million	HK\$' million		
Strengthen the Group's production capacity	43.2	54.0	3.7	39.5	22.4	40.0	18.1	2.2	15.9	(1)	
Repay the Group's bank borrowings	12.4	15.5	12.4	—	—	—	—	—	—		
Promote corporate image and brand building	8.8	11.0	2.4	6.4	4.5	8.0	3.5	0.4	3.1	(2)	
Enhance design and development capabilities	7.2	9.0	1.9	5.3	5.3	9.5	3.4	1.4	2.0	(2)	
Enhance quality assurance capabilities	3.6	4.5	1.2	2.4	1.4	2.5	0.7	0.7	—		
General working capital	4.8	6.0	2.4	2.4	22.4	40.0	20.0	17.0	3.0	(2)	
	80.0	100.0	24.0	56.0	56.0	100.0	45.7	21.7	24.0		

(1) To be utilised by 31 December 2023

(2) To be utilised by 31 December 2022

Given the challenging economic environment in the coming years and the development of COVID-19 situation worldwide is still fluctuating, the Directors have decided to temporarily put on hold the expansion of the Group's production capacity by the construction of the new building in Jiangxi production base.



CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. The Board is of the view that the Company has complied with all the applicable code provisions of the CG Code during the six months ended 30 June 2021.

Compliance with the 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 its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the six months ended 30 June 2021.

OTHER INFORMATION

Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As at 30 June 2021, the interests or short positions of the Directors or 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 Future Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)) which will be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 to the Listing Rules, are set out as follows:

(a) Long position in Shares

Name of Director	Capacity/nature of interest	Number of Shares <i>(Note 4)</i>	Approximate percentage of shareholding interests of the Company
Mr. Kwok Kwan Fai (“ Mr. Joe Kwok ”)	Interest in a controlled corporation <i>(Note 1)</i>	275,952,000 (L)	55.19%
Mr. Kwok Kwan Yu (“ Mr. Ken Kwok ”)	Interest in a controlled corporation <i>(Note 1)</i>	275,952,000 (L)	55.19%
Ms. Chan Yin Wah (“ Mrs. Kwok ”)	Interest in a controlled corporation; interest held jointly with another person <i>(Note 2)</i>	275,952,000 (L)	55.19%
Mr. Kwok Mau Kwan (“ Mr. Kwok ”)	Interest of Spouse <i>(Note 3)</i>	275,952,000 (L)	55.19%

Notes:

1. Conquer Holding Limited (“**Conquer**”), being the registered and beneficial owner of these shares, is owned as to 2% by Mrs. Kwok, 49% by Mr. Joe Kwok and 49% by Mr. Ken Kwok. As each of Mr. Joe Kwok and Mr. Ken Kwok holds 49% shareholding interest in Conquer, each of Mr. Joe Kwok and Mr. Ken Kwok is deemed to be interested in the Shares held by Conquer under the SFO. Each of Mr. Joe Kwok and Mr. Ken Kwok is a director of Conquer.
2. On 3 January 2019, Mr. Kwok, Mrs. Kwok, Mr. Joe Kwok and Mr. Ken Kwok entered into the confirmatory deed to acknowledge and confirm, among other things, that they are parties acting in concert in respect of each of the members of our Group since their respective dates of incorporation and shall continue to do so after the date of the confirmatory deed. Details of the confirmatory deed are set out in the paragraph headed “History, Reorganisation and Group Structure – Parties acting in concert” in the Prospectus. Accordingly, Mrs. Kwok, Mr. Joe Kwok, Mr. Ken Kwok and Conquer are considered as a group of Controlling Shareholders and Mrs. Kwok is deemed to be interested in the Shares held by Conquer under the SFO.
3. Mr. Kwok is the spouse of Mrs. Kwok and is deemed to be interested in all the Shares interested by Mrs. Kwok for the purposes of the SFO.
4. The Letter “L” denotes the entity/person’s long interest in our Shares.

(b) Long position in Conquer, an associated corporation of the Company

Name of Director	Capacity/nature of interest	Percentage of the issued share capital of Conquer
Mr. Joe Kwok	Beneficial owner	49%
Mr. Ken Kwok	Beneficial owner	49%
Mrs. Kwok	Beneficial owner	2%

Save as disclosed above, as at 30 June 2021, none of the Directors or 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), 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 and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be maintained pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2021, so far as our Directors are aware, the persons (other than the Directors and chief executive of the Company) who will have or be deemed or taken to have interests and/or short positions in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who were recorded in the register of the Company required to be kept pursuant to Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the Company's issued share capital are as follows:

Name of Substantial Shareholders	Capacity/Nature of Interest	Number of Shares (Note 1)	Approximate percentage of shareholding interests of the Company
Conquer (Note 2)	Beneficial owner	275,952,000 (L)	55.19%
Ms. Lee Man Yee Joanna (" Ms. Lee ") (Notes 2 and 3)	Interest of spouse	275,952,000 (L)	55.19%
Ms. Siu Fong Ting Tammy (" Ms. Siu ") (Notes 2 and 4)	Interest of spouse	275,952,000 (L)	55.19%

Notes:

1. The Letter "L" denotes the entity/person's long interest in our Shares.
2. Conquer, being the registered and beneficial owner of these shares, is owned as to 2% by Mrs. Kwok, 49% by Mr. Joe Kwok and 49% by Mr. Ken Kwok. As each of Mr. Joe Kwok and Mr. Ken Kwok hold 49% shareholding interest in Conquer, each of Mr. Joe Kwok and Mr. Ken Kwok is deemed to be interested in the Shares held by Conquer under the SFO. Each of Mr. Joe Kwok and Mr. Ken Kwok is a director of Conquer.
3. Ms. Lee is the spouse of Mr. Joe Kwok and is deemed to be interested in all the Shares interested by Mr. Joe Kwok (via his 49% shareholding interest in Conquer) for the purposes of the SFO.
4. Ms. Siu is the spouse of Mr. Ken Kwok and is deemed to be interested in all the Shares interested by Mr. Ken Kwok (via his 49% shareholding interest in Conquer) for the purposes of the SFO.

Save as disclosed herein, as at 30 June 2021, the Directors are not aware of any person (other than the Directors and the chief executive of the Company) who has, as at the date of this report (without taking into account any options which may be granted under the share option scheme), an interest or short position in the Shares or underlying Shares, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% of the issued voting shares of any other member of the Group.

Share Option Scheme

The Company has conditionally adopted a share option scheme on 22 June 2019 and became effective on the Listing Date (the “**Scheme**”). The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and other rules and regulations. Under the Scheme, the eligible participants of the scheme, including Directors, full-time employees of and advisers and consultants to the Company or its subsidiaries may be granted options which entitle them to subscribe for the Shares, when aggregated with options granted under any other scheme, representing initially not more than 10% of the Shares in issue on the Listing Date.

No share option was granted, exercised, expired, cancelled or lapsed since the adoption of the Scheme and during the six months ended 30 June 2021, and there is no outstanding share option under the Scheme as at the date of this report.

Purchases, Sale and Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2021.

Interim Dividend

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2021.

Competing Interests

As at 30 June 2021, Mr. Ken Kwok, an executive Director, is the controlling shareholder of a customer of the Group (the “**Customer**”). The Customer is principally engaged in assembling parts of optical frames and sunglasses with suppliers from Italy and sale of processed end-products to its own customers. While the Group’s suppliers are mainly from the PRC and has a largely differentiable customer base with the Customer, the Company considers that the operations of the Customer and the Group are complementary and there is no material impact on the operations or financial conditions of the Group. For the six months ended 30 June 2021, the transaction amount between the Group and the Customer was approximately HK\$242,000.

Save as disclosed above, the Directors are not aware of any business or interest of the Directors or the controlling shareholders (as defined in the Listing Rules) of the Company nor any of their respective associates (as defined in the Listing Rules) that competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group during the six months ended 30 June 2021.

Audit Committee

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee comprises three independent non-executive Directors of the Company, namely Mr. Hong Sze Lung, Mr. Chu Kin Ming and Mr. Chan Hon Wah.

The interim results for the six months ended 30 June 2021 is unaudited, but the Audit Committee has reviewed the Company’s unaudited condensed consolidated interim results for the six months ended 30 June 2021, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

Change in Directors’ Biographical Details under Rule 13.51B (1) of the Listing Rules

There has been no further change in the Directors’ biographical details, which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	4	187,104	134,091
Cost of sales		(156,132)	(110,257)
Gross profit		30,972	23,834
Other income		4,062	2,205
Other gains and losses		(1,259)	(220)
Selling and distribution expenses		(6,185)	(6,123)
Administrative and other operating expenses		(29,531)	(27,421)
Loss from operations		(1,941)	(7,725)
Finance costs, net	5	(232)	(273)
Loss before tax		(2,173)	(7,998)
Income tax expenses	6	(603)	(378)
Loss for the period	7	(2,776)	(8,376)
Attributable to:			
Owners of the Company		(2,776)	(8,257)
Non-controlling interests ("NCI")		-	(119)
		(2,776)	(8,376)
Loss per share			
— Basic and diluted	9	HK (0.56) cents	HK (1.65) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss for the period	(2,776)	(8,376)
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	1,080	(1,764)
Other comprehensive income for the period, net of tax	1,080	(1,764)
Total comprehensive income for the period	(1,696)	(10,140)
Attributable to:		
Owners of the Company	(1,696)	(10,021)
NCI	–	(119)
	(1,696)	(10,140)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	30,027	33,438
Right-of-use assets	11	6,656	8,035
Deposits paid for property, plant and equipment		513	578
		37,196	42,051
Current assets			
Inventories	12	68,816	59,732
Trade receivables	13	68,395	94,646
Prepayments, deposits and other receivables		14,399	14,345
Amount due from ultimate parent		29	16
Current tax assets		204	–
Pledged bank deposits		5,072	–
Bank and cash balances		60,549	76,384
		217,464	245,123
Current liabilities			
Trade payables	14	47,660	66,665
Other payables and accruals		15,700	17,222
Contract liabilities		2,898	4,108
Lease liabilities		2,591	2,936
Bank borrowings		–	8,000
Current tax liabilities		628	266
		69,477	99,197
Net current assets		147,987	145,926
Total assets less current liabilities		185,183	187,977

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		1,458	2,556
Deferred tax liabilities		198	198
		1,656	2,754
NET ASSETS			
		183,527	185,223
Capital and reserves			
Share capital	15	5,000	5,000
Reserves		178,527	180,223
TOTAL EQUITY			
		183,527	185,223

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Statutory surplus reserve	Foreign currency translation reserve	Other reserve	Share premium	Retained earnings	Total	NCI	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020	5,000	2,711	(4,592)	70,658	98,511	34,720	207,008	1,301	208,309
Loss and total comprehensive income for the period	-	-	(1,764)	-	-	(8,257)	(10,021)	(119)	(10,140)
Transactions with NCI	-	-	-	(5,918)	-	-	(5,918)	(182)	(6,100)
Dividend paid	-	-	-	-	-	(10,000)	(10,000)	(1,000)	(11,000)
At 30 June 2020 (unaudited)	5,000	2,711	(6,356)	64,740	98,511	16,463	181,069	-	181,069
At 1 January 2021	5,000	2,880	2,943	70,658	88,511	15,231	185,223	-	185,223
Loss and total comprehensive income for the period	-	-	1,080	-	-	(2,776)	(1,696)	-	(1,696)
At 30 June 2021 (unaudited)	5,000	2,880	4,023	70,658	88,511	12,455	183,527	-	183,527

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	346	2,084
CASH FLOW FROM INVESTING ACTIVITIES		
Deposits paid	(553)	(863)
Purchases of property, plant and equipment	(1,588)	(916)
Proceeds from disposals of property, plant and equipment	–	83
Transactions with NCI	–	(6,100)
Interest received	14	240
Increase in pledged bank deposits	(5,072)	–
NET CASH USED IN INVESTING ACTIVITIES	(7,199)	(7,556)
CASH FLOW FROM FINANCING ACTIVITIES		
Finance expenses paid	(246)	(513)
Principal elements of lease payments	(1,476)	(1,144)
Bank borrowings raised	–	8,000
Repayment of bank borrowings	(8,000)	(8,503)
Dividends paid	–	(11,000)
NET CASH USED IN FINANCING ACTIVITIES	(9,722)	(13,160)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	740	(740)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,835)	(19,372)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	76,384	83,713
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	60,549	64,341
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	60,549	64,341

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General Information

The Company was incorporated in the Cayman Islands on 20 April 2018 as an exempted company with limited liability. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Room 1605-1606, 16/F., Block B, New Trade Plaza, 6 On Ping Street, Sha Tin, New Territories, Hong Kong. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The Group principally engaged in manufacturing and sales in eyewear products.

In the opinion of the directors of the Company, as at the date of this report, Conquer Holding Limited, a company incorporated in the British Virgin Islands ("**BVI**"), is the immediate and ultimate parent, and Mr. Joe Kwok, Mr. Ken Kwok and Mrs. Kwok are the ultimate controlling parties of the Company.

2. Basis of Preparation

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2021 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**") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

2. Basis of Preparation (Continued)

The unaudited condensed consolidated interim financial information have been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 3. The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated interim financial information contains selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the consolidated financial statements for the year ended 31 December 2020. The unaudited condensed consolidated interim financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The unaudited condensed consolidated interim financial information have been prepared under the historical cost convention. The unaudited condensed consolidated interim financial information are unaudited but has been reviewed by the Company’s audit committee.

This unaudited condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (“**HK\$’000**”) unless otherwise indicated.

3. Adoption of New and Revised HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in these financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020. A number of new or amended standards are effective from 1 January 2021 but they do not have a material effect on the Group's condensed consolidated interim financial information.

4. Revenue and Segment Information

Revenue represents the amounts received and receivable from sales of eyewear products recognised at a point in time during the period.

Segment information

The executive directors of the Company, being the chief operating decision maker, regularly review revenue analysis by customers and by locations. The executive directors of the Company considered the operating activities of designing, manufacturing and sales of eyewear products as a single operating segment. The operating segment has been identified on the basis of internal management reports prepared and is regularly reviewed by the executive directors of the Company. The executive directors of the Company review the overall results, assets and liabilities of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single operating segment is presented.

4. Revenue and Segment Information (Continued)

Geographical information

Revenue from external customers, based on location of delivery to customers is as follows:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue		
Italy	41,407	34,767
Netherlands	43,097	31,880
United Kingdom	41,716	15,365
Hong Kong	17,594	17,731
Spain	10,401	10,083
United States	13,179	6,585
France	408	1,775
Hungary	2,152	1,335
Others	17,150	14,570
	187,104	134,091

An analysis of the Group's non-current assets by their physical geographical location is as follows:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Hong Kong	4,808	5,284
PRC	31,875	36,189
	36,683	41,473

4. Revenue and Segment Information (Continued)

Information about major customers

Revenue from a customer contributing over 10% of the total revenue of the Group is as follows:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Customer a	46,622	21,789
Customer b	28,135	23,423
Customer c	43,375	31,878
Customer d	19,535	16,041

5. Finance Costs, Net

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Bank interest income	14	240
Finance expenses:		
Interest on bank borrowings	(9)	(216)
Interest on factoring of trade receivables	(109)	(138)
Interest expense on lease liabilities	(128)	(159)
	(246)	(513)
Finance costs, net	(232)	(273)

6. Income Tax Expenses

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current tax	603	378

The Company was incorporated in the Cayman Islands and Fame Investment Limited, a direct wholly-owned subsidiary, was incorporated in the BVI that are tax exempted as no business was carried in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI.

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25%, and profits above that amount will be subject to the tax rate of 16.5%.

Pursuant to the PRC Enterprises Income Tax Law and the respective regulations, the subsidiaries which operate in the Mainland China are subject to corporate income tax at a rate of 25% on the taxable income. Preferential tax treatment is available to a PRC subsidiary of the Group, since it was qualified as a Small and Low-profit Enterprise for the six months ended 30 June 2020 and 2021 and was subject to income tax at a preferential tax rate of 20%. Besides, pursuant to Caishui [2017] No. 43, the PRC subsidiary was entitled to a further deduction of 50% of the tax income for the six months ended 30 June 2020 and 2021. The Group's another two PRC subsidiaries were also qualified as an Advanced Technology Service Enterprise and was subject to income tax at a preferential tax rate of 15% for the six months ended 30 June 2020 and 2021. Besides, one of the Company's subsidiaries was also qualified as a High and New Technology Enterprise and their research and development activities are entitled to claim 175% (2020: 175%) of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the six months ended 30 June 2020 and 2021.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

7. Loss for the Period

The Group's loss for the period is stated after charging the following:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Auditor's remuneration	454	307
Cost of inventories sold (*)	156,132	110,257
Depreciation		
– Property, plant and equipment	5,848	5,228
– Right-of-use assets	1,430	1,164
Exchange loss, net	1,207	176
Net losses on disposal of property, plant and equipment	52	44
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	42,670	38,519
– Retirement benefit scheme contributions	3,936	3,042

(*) Cost of inventories sold includes approximately HK\$24,852,000 and HK\$31,669,000 of staff costs, depreciation and lease payments which are also included in the respective total amounts disclosed above for each of these types of expenses for the six months ended 30 June 2020 and 2021 respectively.

8. Dividends

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Final dividend for the year ended 31 December 2019 approved and paid – HK2 cents per ordinary share	–	10,000

There was no dividend declared or paid during the six months ended 30 June 2021.

9. Loss Per Share

Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the period of approximately HK\$2,776,000 (2020: HK\$8,257,000) and the weighted average of 500,000,000 ordinary shares (2020: 500,000,000 ordinary shares) in issue during the period.

Diluted loss per share

There were no potential dilutive ordinary shares outstanding during the current and prior periods, and hence the diluted loss per share is the same as basic loss per share.

10. Property, Plant and Equipment

During the period, the Group acquired plant and equipment at a total cost of HK\$2,210,000 (2020: HK\$1,411,000).

11. Right-of-Use Assets

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Motor vehicles	1,345	1,491
Leased land	2,079	2,089
Leased properties	3,232	4,455
	6,656	8,035

12. Inventories

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Raw materials	15,720	12,238
Work in progress	38,077	32,451
Finished goods	9,980	9,198
Goods-in-transit	5,039	5,845
	68,816	59,732

13. Trade Receivables

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Trade receivables	70,079	96,330
Less: Impairment loss	(1,684)	(1,684)
	68,395	94,646

The Group's credit terms generally range from 30 to 120 days. Each customer has a maximum credit limit. For new customers, payment in advance or cash on delivery is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The Group has entered into receivable purchase agreements with banks for the factoring of trade receivables with certain designated customers. As at 30 June 2021 and 31 December 2020, trade receivables factored to the banks aggregated to approximately HK\$65,055,000 and HK\$75,388,000 respectively, and all of which were derecognised from the consolidated statements of financial position because, in the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership in respect of the relevant factored receivables to the banks.

The aging analysis of trade receivables, based on the delivery date, and net of allowance for doubtful debts, is as follows:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Up to 60 days	39,403	53,545
61 to 120 days	13,767	14,443
121 to 180 days	7,387	22,928
Over 180 days	7,838	3,730
	68,395	94,646

14. Trade Payables

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Trade payables	47,660	66,665

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Up to 60 days	38,023	41,166
61 to 90 days	7,594	12,426
91 to 180 days	1,159	11,776
Over 180 days	884	1,297
	47,660	66,665

The credit period ranges from 30 to 90 days.

15. Share Capital

The Company's share capital as at 30 June 2021 was as follows:

	No of shares	HK\$'000
Ordinary shares of HK\$0.01 each <i>Authorised:</i>		
As at 31 December 2020, 1 January 2021 and 30 June 2021 (unaudited)	2,000,000,000	20,000
<i>Issued and fully paid:</i>		
As at 31 December 2020, 1 January 2021 and 30 June 2021 (unaudited)	500,000,000	5,000

16. Capital Commitments

As at 30 June 2021 and 31 December 2020, capital commitments contracted for but not yet incurred are as follows:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Property, plant and equipment	2,219	2,424
Capital contribution to joint venture	8,421	4,100
	10,640	6,524

17. Related Party Transactions

- (a) In addition to the related party transactions information disclosed elsewhere in this report, the Group entered into the following material related party transactions.

	Note	Six months ended 30 June 2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Consultancy fee to Mr. Russell Dobney (" Mr. Russell ")	(i)	–	144
Office's rental paid for lease liabilities to Ms. Lee	(ii)	232	232
Sales of semi-finished goods to a related company	(iii)	242	–

Notes:

- (i) Mr. Russell was the former NCI of a non wholly-owned subsidiary of the Company, and ceased as related party upon the completion of acquisition of shares of the subsidiary from Mr. Russell by the Company in May 2020. The consultancy fee was paid at terms mutually agreed with the relevant parties involved.
- (ii) Ms. Lee is wife of Mr. Joe Kwok, the executive director of the Company.
- (iii) Mr. Ken Kwok, the Company's executive director, is the controlling shareholder of the related company.

17. Related Party Transactions (Continued)

- (b) The remuneration of directors and other members of key management was as follows:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Short-term benefits	3,612	8,979

18. Event after the Reporting Period

Reference is made to the announcements of the Company dated 4 June 2021, 30 June 2021, 19 July 2021 and 9 August 2021 in relation to the proposed placing of a maximum of 50,000,000 new Shares under general mandate at HK\$2.00 per placing share. As certain conditions precedent set out in the conditional placing agreement dated 4 June 2021 (as amended and supplemented by the letters of confirmation dated 30 June 2021 and 19 July 2021) (the “**Placing Agreement**”) have not been satisfied on or before 9 August 2021, the Placing Agreement lapsed on 9 August 2021 and the placing did not proceed. The Board considered that the lapse of the Placing Agreement will not have any material adverse impact on the business, operation and financial position of the Group.