



**REM Group (Holdings) Limited**

**全達電器集團（控股）有限公司**

(incorporated in the Cayman Islands with limited liability)

Stock code : 1750

INTERIM REPORT

**2021**

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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Wan Man Keung (*Chairman*)  
Mr. Leung Ka Wai (*Chief Executive Officer*)

#### Non-Executive Director

Mrs. Kan Wan Wai Yee Mavis

#### Independent Non-Executive Directors

Mr. Ng Chi Keung Alex  
Mr. Cheng Sum Hing  
Ms. Ng Ching Ying

### BOARD COMMITTEES

#### Audit Committee

Ms. Ng Ching Ying (*Chairlady*)  
Mrs. Kan Wan Wai Yee Mavis  
Mr. Cheng Sum Hing

#### Remuneration Committee

Mr. Ng Chi Keung Alex (*Chairman*)  
Mr. Wan Man Keung  
Mr. Cheng Sum Hing

#### Nomination Committee

Mr. Cheng Sum Hing (*Chairman*)  
Mr. Wan Man Keung  
Mr. Ng Chi Keung Alex

### AUTHORISED REPRESENTATIVES

Mr. Leung Ka Wai  
Ms. Chow Chi Ling Janice (resigned on 28 February 2021)  
Ms. Chik Wai Chun (appointed on 28 February 2021 and resigned on 16 July 2021)  
Mr. Yip Chi Fai (appointed on 16 July 2021)

### COMPANY SECRETARY

Ms. Chow Chi Ling Janice (resigned on 28 February 2021)  
Ms. Chik Wai Chun (appointed on 28 February 2021 and resigned on 16 July 2021)  
Mr. Yip Chi Fai (appointed on 16 July 2021)

### AUDITORS

Wellink CPA Limited

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited  
Windward 3  
Regatta Office Park  
PO 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

### REGISTERED OFFICE

Windward 3  
Regatta Office Park  
PO Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

### HEADQUARTERS AND PRINCIPAL OFFICE OF BUSINESS

Unit 5, 4th Floor  
Chai Wan Industrial City Phase II  
No. 70 Wing Tai Road  
Hong Kong

### COMPANY WEBSITE

<http://www.rem-group.com.hk>

## Management Discussion and Analysis

The board (the “Board”) of directors (the “Directors”) of REM Group (Holdings) Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021, together with the comparative figures for the corresponding six months period in 2020.

### BUSINESS REVIEW AND MARKET PROSPECT

The Group is a renowned manufacturer and supplier of low-voltage electrical power distribution and control devices in Hong Kong, Macau and the People’s Republic of China (the “PRC”). The Group’s business have obviously improved during the six months ended 30 June 2021, resulted in a recorded net loss of approximately HK\$5.1 million as compared to a net loss of approximately HK\$15.9 million for the six months ended 30 June 2020. As a result of the gradual control of Coronavirus Disease 2019 (“COVID-19”) pandemic, the production process of our factories were resumed. Our sales volume increased during the six months ended 30 June 2021 and off-setting the Group’s direct and overhead costs which in turn resulted in an improved gross profit.

Although a variety of vaccines have been launched to combat the COVID-19, the new variants pose new threats and dangers to the entire world. Apart from the pandemic, the market for low-voltage electrical power distribution and control devices remains fierce. We are also facing a shortage of supply of electrical material, due to the tight supply of containers and the operation of containers port is being blocked in PRC where our production locates. Facing with such a difficult business environment, the Group has implemented a series of cost-saving measures, avoid incurring unnecessary transportation costs by monitoring production and delivery schedules for our Group’s customers. The Group also re-engineer the production flow by fully utilising existing machines and equipment, maximise the production efficiency and refine the production process. We are working closely with our suppliers to change the supply chain from oversea to PRC in order to maintain stable supply of materials.

Despite the global economic uncertainty and the COVID-19, with our prudent and pragmatic business, the Group will strive on and tread cautiously to ride through the current and coming difficulties and challenges.

### FINANCIAL REVIEW

#### Revenue

The Group’s revenue increased significantly by approximately HK\$21.6 million, or approximately 67.8%, from approximately HK\$31.9 million for the six months ended 30 June 2020 to approximately HK\$53.5 million for the six months ended 30 June 2021. Such increase was directly attributable to the resumption of our factories operation after the lockdown and provincial travel restrictions were released in PRC. The production capacity is increased steadily in order to fulfil the requirements of the sales orders during the period.

## Management Discussion and Analysis

### FINANCIAL REVIEW (Continued)

#### Cost of Sales

The Group's cost of sales amounted to approximately HK\$45.2 million for the six months ended 30 June 2021, representing an increase of approximately 31.8% from approximately HK\$34.3 million for the six months ended 30 June 2020. Cost of sales mainly comprised of costs of raw materials and staff costs, which accounted for approximately 73.9% and 16.6% respectively of the Group's total cost of sales for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately 70.4% and 17.8% respectively).

#### Gross Profit (Loss)

The Group recorded a gross profit of approximately HK\$8.3 million for the six months ended 30 June 2021 as compared to a gross loss of approximately HK\$2.4 million for the six months ended 30 June 2020. The overall gross profit margin of the Group increased by approximately 23.1% from a negative gross margin of approximately 7.5% during the six months ended 30 June 2020 to approximately 15.6% during the six months ended 30 June 2021. The increase of gross margin was mainly due to (i) the increase in revenue which is relatively higher than the increase of cost of sales as a series of cost saving measures were implemented during the six months ended 30 June 2021, such as refining the production process and better utilising the production capacity; and (ii) the lockdown and provincial travel restrictions is eased in PRC, the production and manufacturing process is being closely monitored by the Group's management and thus to reduce the idle production capacity incurred in last year.

#### Other income, gains and losses

The Group's other income, gains and losses decreased by approximately 80.5%, from approximately HK\$0.3 million for the six months ended 30 June 2020 to approximately HK\$56,000 for the six months ended 30 June 2021, which was mainly attributable to the subsidy provided by the PRC Government of approximately HK\$48,000 being recorded during the period as opposed to the subsidy provided by Hong Kong Government of approximately HK\$0.1 million being recorded for the six months ended 30 June 2020.

#### Selling and distribution expenses

The Group's selling and distribution expenses decreased by approximately 27.6% from approximately HK\$3.6 million during the six months ended 30 June 2020 to approximately HK\$2.6 million during the six months ended 30 June 2021. Such decrease was mainly attributable to the implementation of the cost saving measures by monitoring production and delivery schedules of the Group's customer. As a result, the Group avoided incurring unnecessary transportation cost and a drop of transportation expenses by approximately HK\$1 million is being recorded during the six months ended 30 June 2021.

## Management Discussion and Analysis

### FINANCIAL REVIEW *(Continued)*

#### Administrative and other expenses

The Group's administrative and other expenses decreased by approximately HK\$0.6 million, or approximately 5.2%, from approximately HK\$11.0 million for the six months ended 30 June 2020 to approximately HK\$10.4 million for the six months ended 30 June 2021. The decrease was mainly due to a drop in entertainment and travel expenses of approximately HK\$0.3 million as a result of the social distancing measures and travel restrictions implemented by the government.

#### Impairment loss recognised on trade receivables and contract assets

The impairment loss recognised on trade receivables and contract assets for the six months ended 30 June 2021 is mainly contributed by the additional impairment on trade receivables for Hong Kong and PRC debtors amounting to a total of approximately HK\$0.4 million and HK\$0.2 million respectively.

#### Finance costs

The Group's finance costs remained relatively stable at approximately HK\$61,000 and HK\$68,000 respectively for the six months ended 30 June 2021 and 2020, which mainly represented interest expenses on lease liabilities for both periods.

#### Taxation

The Group recorded an income tax credit of approximately HK\$131,000 and approximately HK\$1.7 million respectively for each of the six months ended 30 June 2021 and 2020. As net losses were incurred for all companies within the Group, there were no taxable profits chargeable to Hong Kong Profits Tax nor PRC Enterprise Income Tax (the "EIT") during the period. The income tax credit mainly arose from reversal of deferred tax liabilities recognised and tax refunds received during the six months ended 30 June 2021 and 2020, respectively.

#### Loss for the period attributable to the owners of the Company

There was a net loss for the period attributable to the owners of the Company of approximately HK\$5.1 million, as compared with a net loss for the period attributable to owners of the Company of approximately HK\$15.9 million for the six months ended 30 June 2020.

## Management Discussion and Analysis

### **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group has financed its operations primarily through cash inflows from operating activities and proceeds received from its listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 May 2018 ("the Listing"). As at 30 June 2021, the Group had cash and cash equivalents of approximately HK\$78.0 million (31 December 2020: approximately HK\$80.3 million).

As at 30 June 2021, the working capital (current assets less current liabilities) and total equity attributable to owners of the Group were approximately HK\$131.8 million (31 December 2020: approximately HK\$136.5 million) and approximately HK\$174.0 million (31 December 2020: approximately HK\$178.6 million) respectively.

The Group did not have any interest-bearing borrowings, which excluded lease liabilities, and thus gearing ratio was not applicable to the Company as at 30 June 2021 and 31 December 2020.

### **CURRENCY RISK**

The Group has minimal exposure to foreign currency risk as most of its business transactions and assets and liabilities are principally denominated in the functional currencies of the relevant group entities. As such, the Group currently does not have any foreign currency hedging policy in respect of foreign currency transactions and assets and liabilities as the Group's risk in foreign exchange is insignificant. However, the Group will continue to monitor closely its exposure to currency movement and take proactive measures.

### **INTEREST RATE RISK**

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities, mainly interest-bearing bank balances at variable interest rates. The interest rates of these bank deposits are determined by reference to the respective bank offer rate. The Group currently does not have an interest rate hedging policy. However, the management of the Group will consider hedging significant interest rate risk should the need arise.

### **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION OR DISPOSALS**

There were no significant investments held, nor any material acquisitions or disposals of subsidiaries or associates during the six months ended 30 June 2021.

## Management Discussion and Analysis

### PLEDGE OF ASSETS

As at 30 June 2021, the Group's banking facilities were secured by corporate guarantees provided by the Company for unlimited amounts and certain leasehold land and buildings, which remains unchanged from 31 December 2020.

### FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed above and in the prospectus of the Company dated 27 April 2018 (the "Prospectus"), the Group does not have other plans for material investments and capital assets for the six months ended 30 June 2021 and up to the date of this interim report.

### CAPITAL COMMITMENTS

The Group had no material capital commitments as at 30 June 2021 (31 December 2020: nil).

### CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2021 (31 December 2020: nil).

### EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the six months ended 30 June 2021 and up to the date of this interim report.

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend to shareholders of the Company (the "Shareholders") for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

### EMPLOYEES AND REMUNERATION POLICY

The Group had 241 full-time employees as at 30 June 2021 (31 December 2020: 238), among which 44 and 197 were stationed in Hong Kong and the PRC, respectively. Most of the Group's employees were factory workers in the PRC. The total staff costs (including fees, salaries and other allowance, and retirement benefit scheme contributions) for the six months ended 30 June 2021 were approximately HK\$13.3 million (six months ended 30 June 2020: approximately HK\$12.5 million). The remuneration policy and package of the Group's employees were periodically reviewed. Apart from retirement benefit scheme contributions, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance. The remuneration policy in place as at 30 June 2021 was in line with the current legislation in the relevant jurisdictions, market conditions and performance of the staff and the Group.



## Management Discussion and Analysis

### USE OF PROCEEDS FROM THE LISTING

The shares of the Company (the "Shares") have been listed on the Stock Exchange since 11 May 2018 (the "Listing Date"). Net proceeds from the Listing were approximately HK\$75.0 million (after deducting the underwriting commission and other listing expenses in connection to the Listing), which was different from the estimated net proceeds of HK\$89.7 million as disclosed in the Prospectus. The difference of HK\$14.7 million has been adjusted in the same manner and in the same proportion to the use of proceeds as shown in the Prospectus.

An analysis of the amounts utilised up to 30 June 2021 is set out below:

Description	Net proceeds from Listing (HK\$ million)	Net proceeds utilised up to 30 June 2021 (HK\$ million)	Unutilised net proceeds as at 30 June 2021 (HK\$ million)	Expected timeline for utilising the utilised net proceeds (Note 1)
(i) Acquisition of a factory in the PRC ("New Factory")				
- Consideration of the New Factory and the related commission, deed tax, stamp duty and professional fees	37.4	2.5 (Note 2)	34.9	By 30 June 2022 (Note 5)
- Acquisition of machineries and equipment	21.2	3.5 (Note 3)	17.7	By 31 December 2022 (Note 6)
(ii) Acquisition of machineries and equipment for the existing factory located in Dongguan ("DG Factory")	13.3	3.7 (Note 4)	9.6	By 31 December 2022 (Note 7)
(iii) General working capital	3.1	3.1	-	N/A
<b>Total</b>	<b>75.0</b>	<b>12.8</b>	<b>62.2</b>	

#### Notes:

1. The Group's plan for the use of net proceeds are all related to acquisitions to be made in the PRC and as such, is being temporary halted due to the outbreak of the COVID-19 to the entire world which resulted in a series of travel restrictions and quarantine control measures being implemented in Hong Kong and the PRC, affecting a majority of the Hong Kong staff and the management from travelling to the PRC. As at the date of this interim report, there are indications that the COVID-19 might become under control soon as vaccinations are now available to the public. The expected timeline for utilising the remaining net proceeds is therefore prepared based on the assumption that the impacts of COVID-19 on the Group's business operations will be considerably lessen towards the latter half of year 2021. In view of the significant effects to the economy and business environment, the plan will be subject to changes based on the development of COVID-19 and its impact on the economic conditions in Hong Kong and the PRC.

## Management Discussion and Analysis

### USE OF PROCEEDS FROM THE LISTING *(Continued)*

Notes: *(Continued)*

- Starting from year 2019, the Group leased a factory in Humen Town to cope with the job orders and further expand the Group's market share in the PRC so as to benefit from the growing low-voltage electrical power distribution and control devices market in the PRC. The Directors still continue to search for the suitable factory and expect that the Group may not be able to locate an appropriate factory unit in the immediate future. Up to 30 June 2021, the Company had utilised the relevant proceeds from the Listing of approximately HK\$2.5 million for rental of the temporary factory in Humen Town and the related renovation costs.
- Up to 30 June 2021, the Company had utilised the relevant proceeds from the Listing of approximately HK\$3.5 million mainly for acquiring and setting up a new production line for copper bar work and automatic storage for the temporary factory in Humen Town.
- Up to 30 June 2021, the Company had utilised the relevant proceeds from the Listing of approximately HK\$3.7 million for acquiring machineries and equipment for the DG Factory.
- The Group had been closely observing the property market in the PRC since the outbreak of COVID-19 and will continue to closely pay attention to the availability of factories put up for sale nearby the DG Factory and their asking prices in order to seize the correct timing for acquisition of the New Factory. The Group expects to fully utilise the relevant proceeds for acquisition of the New Factory within one year after the cessation of the impacts of COVID-19 on the Group's business operations (which is assumed to be around the latter half of 2021), i.e. on or before 30 June 2022.
- The Group has postponed the plan for acquisition of the New Factory as stated in Note 5 above and consequently has also deferred the progress of purchasing the remaining machineries and equipment for the New Factory. Due to limitation of floor size area of the rented Humen Town factory, the acquisition of the remaining machineries and equipment (including the production line for steel work and the automatic powder coating production line) for the New Factory will be executed after acquisition and completion of renovation for the New Factory, which will have sufficient floor area to accommodate all the new production lines. The Group expects to fully utilise the relevant proceeds within half a year after the acquisition and completion of renovation of the New Factory, which is estimated to be on or before 31 December 2022 (assuming the impacts of COVID-19 on the Group's business operations will be ceased around the latter half of 2021).
- All major acquisitions of machineries and equipment would require the Group's senior management responsible for overseeing the operation of the Group's factories to travel to the PRC and meet with the suppliers for a full understanding of functioning the machineries and equipment. Also, the management would have physical observation during site visits to ensure the suitability to the Group's factory and existing production line. Since the travelling restrictions to the PRC are eased, the plan for acquisition of machineries and equipment for the DG Factory is resumed in the latter half of 2021. And the acquisitions will be made in different phases in order to minimise disruption to the Group's production. Therefore, the Group expects to fully utilise the relevant proceeds on or before 31 December 2022.

At the date of this interim report, the Directors do not anticipate any changes to the principal plan as to the use of proceeds, except that in light of the material change in market and economic condition, the Group will utilise the remaining balance of the net proceeds in a conservative manner.

The unutilised net proceeds of approximately HK\$62.2 million were placed with a licensed bank in Hong Kong.

## Corporate Governance and Other Information

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### 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 Rules Governing the Listing of Securities on the Stock Exchange of (the "Listing Rules") as its code of conduct regarding Directors' securities transactions. Specific enquires have been made to all Directors and the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2021.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

It is the belief of the Board that good corporate governance plays a vital part in maintaining the success of the Company. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value accountability. The Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021. The Company will continue to review the current corporate governance structure from time to time and shall make necessary changes when appropriate and report to Shareholders accordingly.

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

As at 30 June 2021, the interests or short positions of the Directors or chief executives of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the ordinary Shares

Name of Directors	Capacity/Nature of Interests	Total number of Shares and underlying Shares held (Note 1)	Approximate percentage of issued share capital
Mr. Leung Ka Wai ("Mr. KW Leung")	Interest held jointly with others; interest in a controlled corporation (Note 2)	1,350,000,000 (L)	75%
Mr. Wan Man Keung ("Mr. MK Wan")	Beneficiary and settlor of the WAN Union Trust; interest held jointly with others; interest in a controlled corporation (Note 2)	1,350,000,000 (L)	75%

## Corporate Governance and Other Information

### **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS** *(Continued)*

#### Long positions in the ordinary Shares *(Continued)*

##### Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.
2. Unique Best Limited ("Unique Best") is owned by WANs Limited, REM Enterprises Limited ("REM Enterprises") and REM Limited as to 85.14%, 13.33% and 1.53%, respectively. WANs Limited is wholly owned by WAN Union Limited ("WAN Union") (as trustee of the WAN Union Trust), while REM Enterprises is wholly owned by Mr. KW Leung and REM Limited is wholly owned by Mr. Yu Chi Kwan ("Mr. CK Yu"). The WAN Union Trust is a discretionary family trust established by Mr. MK Wan, Mr. Wun Chi Wai ("Mr. CW Wun") and Mr. Wun Chi Keung ("Mr. CK Wun") as settlors and WAN Union as trustee which holds the entire interest in WANs Limited on trust for the benefits of Mr. MK Wan, Mr. CW Wun and Mr. CK Wun, and their immediate family members. By virtue of the SFO, Mr. MK Wan and Mr. CW Wun, being the settlors and beneficiaries, and WAN Union, being the trustee, are deemed to be interested in the Shares in which WANs Limited is interested. Mr. MK Wan and Mr. CW Wun retain the control of the WAN Union Trust given the board of directors of WAN Union comprises solely Mr. MK Wan, Mr. CW Wun, Ms. Wun Tsz Ying (the daughter of Mr. CK Wun and who was nominated by Mr. CK Wun) and Mr. Wan Chak Ming (the son of Mr. MK Wan and who was appointed as a director on 6 August 2020). Further, Mr. MK Wan, Mr. CW Wun and Mr. KW Leung have confirmed that they are parties acting in concert and are therefore deemed to be interested in the Shares held by the others. Hence, Mr. MK Wan, Mr. CW Wun, Mr. KW Leung, WAN Union, WANs Limited and REM Enterprises are deemed to be interested in all the Shares held by Unique Best.

## Corporate Governance and Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

Long positions in the ordinary Shares of associated corporations of the Company

Name of Directors	Capacity/Nature of Interests	Name of associated corporations	Total number of shares held (Note 1)	Approximate percentage of issued share capital
Mr. KW Leung	Interest held jointly with others; interest in a controlled corporation (Note 2)	Unique Best	20,000 (L)	100%
	Interest held jointly with others (Note 2)	WANs Limited	10,000 (L)	100%
	Beneficial owner (Note 2)	REM Enterprises	1 (L)	100%
Mr. MK Wan	Beneficiary and settlor of the WAN Union Trust; interest held jointly with others; interest in a controlled corporation (Note 2)	Unique Best	20,000 (L)	100%
	Beneficiary and settlor of the WAN Union Trust; interest held jointly with others (Note 2)	WANs Limited	10,000 (L)	100%
	Interest held jointly with others (Note 2)	REM Enterprises	1 (L)	100%

Notes:

- The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such shares.
- Unique Best is owned by WANs Limited, REM Enterprises and REM Limited as to 85.14%, 13.33% and 1.53%, respectively. WANs Limited is wholly owned by WAN Union (as trustee of the WAN Union Trust), while REM Enterprises is wholly owned by Mr. KW Leung and REM Limited is wholly owned by Mr. CK Yu. The WAN Union Trust is a discretionary family trust established by Mr. MK Wan, Mr. CW Wun and Mr. CK Wun as settlors and WAN Union as trustee which holds the entire interest in WANs Limited on trust for the benefits of Mr. MK Wan, Mr. CW Wun and Mr. CK Wun, and their immediate family members. By virtue of the SFO, Mr. MK Wan and Mr. CW Wun, being the settlors and beneficiaries, and WAN Union, being the trustee, are deemed to be interested in the Shares in which WANs Limited is interested. Mr. MK Wan and Mr. CW Wun retain the control of the WAN Union Trust given the board of directors of WAN Union comprises solely Mr. MK Wan, Mr. CW Wun, Ms. Wun Tsz Ying (the daughter of Mr. CK Wun and who was nominated by Mr. CK Wun) and Mr. Wan Chak Ming (the son of Mr. MK Wan and who was appointed as a director on 6 August 2020). Further, Mr. MK Wan, Mr. CW Wun and Mr. KW Leung have confirmed that they are parties acting in concert and are therefore deemed to be interested in the Shares held by the others. Hence, Mr. MK Wan, Mr. CW Wun, Mr. KW Leung, WAN Union, WANs Limited and REM Enterprises are deemed to be interested in all the Shares held by Unique Best.

## Corporate Governance and Other Information

### **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS** *(Continued)*

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise 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, to the best knowledge of the Directors, the interests or short positions of the persons, other than the Directors or chief executive of the Company as disclosed above, in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

#### Long positions in the Shares

<b>Name of Shareholders</b>	<b>Capacity/Nature of Interests</b>	<b>Total number of Shares and underlying Shares held</b> (Note 1)	<b>Approximate percentage of issued share capital</b>
Unique Best	Beneficial owner (Note 2)	1,350,000,000 (L)	75%
WANs Limited	Interest held jointly with others; interest in a controlled corporation (Note 2)	1,350,000,000 (L)	75%
REM Enterprises	Interest held jointly with others; interest in a controlled corporation (Note 2)	1,350,000,000 (L)	75%
WAN Union	Interest held jointly with others; interest in a controlled corporation (Note 2)	1,350,000,000 (L)	75%
Mr. CW Wun	Beneficiary and settlor of the WAN Union Trust; interest held jointly with others; interest in a controlled corporation (Note 2)	1,350,000,000 (L)	75%
Ms. Lam Yin	Interest of spouse (Note 3)	1,350,000,000 (L)	75%
Ms. Emi Que	Interest of spouse (Note 4)	1,350,000,000 (L)	75%
Ms. Huang Xiao Ying	Interest of spouse (Note 5)	1,350,000,000 (L)	75%

## Corporate Governance and Other Information

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES** *(Continued)*

#### Long positions in the Shares *(Continued)*

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.
2. Unique Best is owned by WANs Limited, REM Enterprises and REM Limited as to 85.14%, 13.33% and 1.53%, respectively. WANs Limited is wholly owned by WAN Union (as trustee of the WAN Union Trust), while REM Enterprises is wholly owned by Mr. KW Leung and REM Limited is wholly owned by Mr. CK Yu. The WAN Union Trust is a discretionary family trust established by Mr. MK Wan, Mr. CW Wun and Mr. CK Wun as settlors and WAN Union as trustee which holds the entire interest in WANs Limited on trust for the benefits of Mr. MK Wan, Mr. CW Wun and Mr. CK Wun, and their immediate family members. By virtue of the SFO, Mr. MK Wan and Mr. CW Wun, being the settlors and beneficiaries, and WAN Union, being the trustee, are deemed to be interested in the Shares in which WANs Limited is interested. Mr. MK Wan and Mr. CW Wun retain the control of the WAN Union Trust given the board of directors of WAN Union comprises solely Mr. MK Wan, Mr. CW Wun, Ms. Wun Tsz Ying (the daughter of Mr. CK Wun and who was nominated by Mr. CK Wun) and Mr. Wan Chak Ming (the son of Mr. MK Wan and who was appointed as a director on 6 August 2020). Further, Mr. MK Wan, Mr. CW Wun and Mr. KW Leung have confirmed that they are parties acting in concert and are therefore deemed to be interested in the Shares held by the others. Hence, Mr. MK Wan, Mr. CW Wun, Mr. KW Leung, WAN Union, WANs Limited and REM Enterprises are deemed to be interested in all the Shares held by Unique Best.
3. Ms. Lam Yin is the wife of Mr. MK Wan and is deemed to be interested in the Shares which are interested by Mr. MK Wan under the SFO.
4. Ms. Emi Que is the wife of Mr. CW Wun and is deemed to be interested in the Shares which are interested by Mr. CW Wun under the SFO.
5. Ms. Huang Xiao Ying is the wife of Mr. KW Leung and is deemed to be interested in the Shares which are interested by Mr. KW Leung under the SFO.

Save as disclosed herein, as at 30 June 2021, the Directors were not aware of any person (other than the Directors and chief executive of the Company) who had an interest and short position in Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

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

During the six months ended 30 June 2021 and up to the date of this interim report, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in any business which were in competition or were likely to compete, either directly or indirectly with the Group's business which needs to be disclosed pursuant to Rule 8.10 of the Listing Rules.

### **SHARE OPTION SCHEME**

The Company has adopted a share option scheme on 23 April 2018 (the "Share Option Scheme") as incentive or reward for contributions that the eligible participants have made or may make to the Group. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Statutory and General Information – D. Share Option Scheme" in Appendix V to the Prospectus.

There were no share options outstanding under the Share Option Scheme nor were any share options granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption and up to the date of this interim report.

## Corporate Governance and Other Information

### **CHANGES IN DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION**

Pursuant to rule 13.51B(1) of the Listing Rules, there are no changes in information of the Directors and the Company's chief executive during six months ended 30 June 2021.

### **REVIEW BY AUDIT COMMITTEE**

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process and select external auditors and assess their independence and qualifications. The Audit Committee consists of two independent non-executive Directors being Ms. Ng Ching Ying and Mr. Cheng Sum Hing, and one non-executive Director being Mrs. Kan Wan Wai Yee Mavis. The Audit Committee is chaired by Ms. Ng Ching Ying.

The Audit Committee has reviewed the unaudited consolidated interim results and the interim report of the Company for the six months ended 30 June 2021 and agreed to the accounting principles and practices adopted by the Company.



# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	53,499	31,885
Cost of sales		(45,180)	(34,284)
Gross profit (loss)		8,319	(2,399)
Other income, gains and losses	4	56	287
Selling and distribution expenses		(2,581)	(3,567)
Net impairment loss recognised on trade receivables and contract assets		(569)	(935)
Administrative and other expenses		(10,402)	(10,968)
Finance costs	5	(61)	(68)
<b>Loss before taxation</b>		<b>(5,238)</b>	<b>(17,650)</b>
Income tax credit	6	131	1,710
<b>Loss for the period</b>	7	<b>(5,107)</b>	<b>(15,940)</b>
<b>Other comprehensive income (expense) for the period:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising on translation of foreign operations		494	(1,670)
<b>Total comprehensive expense for the period</b>		<b>(4,613)</b>	<b>(17,610)</b>
<b>Loss per share</b>			
– Basic (HK cents)	9	(0.28)	(0.89)
– Diluted (HK cents)	9	(0.28)	(0.89)

# Condensed Consolidated Statement of Financial Position

At 30 June 2021

	Notes	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	25,649	27,257
Right-of-use assets	10	5,342	4,361
Rental deposits		23	23
Contract assets	11	12,153	11,342
Deferred tax assets		989	857
		<b>44,156</b>	<b>43,840</b>
<b>Current assets</b>			
Inventories		35,637	25,963
Trade and other receivables	12	56,132	59,015
Contract assets	11	8,273	17,723
Financial assets at fair value through profit or loss ("FVTPL")		-	699
Amount due from a director		18	18
Tax recoverable		420	2,020
Restricted bank balance		1,225	39
Bank balances and cash		77,965	80,327
		<b>179,670</b>	<b>185,804</b>
<b>Current liabilities</b>			
Trade and other payables	13	40,477	46,234
Contract liabilities		4,838	1,151
Lease liabilities		1,273	589
Amount due to a director		49	49
Tax payable		1,260	1,259
		<b>47,897</b>	<b>49,282</b>
<b>Net current assets</b>		<b>131,773</b>	<b>136,522</b>
<b>Total assets less current liabilities</b>		<b>175,929</b>	<b>180,362</b>
<b>Non-current liabilities</b>			
Lease liabilities		1,278	949
Provision for long service payments		641	790
		<b>1,919</b>	<b>1,739</b>
<b>Net assets</b>		<b>174,010</b>	<b>178,623</b>
<b>Capital and reserves</b>			
Share capital	14	18,000	18,000
Share premium and reserves		156,010	160,623
<b>Total equity</b>		<b>174,010</b>	<b>178,623</b>

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note)	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2020 (audited)	18,000	157,668	(80,018)	1,248	109,738	206,636
Loss for the period	-	-	-	-	(15,940)	(15,940)
Other comprehensive expense for the period	-	-	-	(1,670)	-	(1,670)
Total comprehensive expense for the period	-	-	-	(1,670)	(15,940)	(17,610)
At 30 June 2020 (unaudited)	18,000	157,668	(80,018)	(422)	93,798	189,026
At 1 January 2021 (audited)	<b>18,000</b>	<b>157,668</b>	<b>(80,018)</b>	<b>4,657</b>	<b>78,316</b>	<b>178,623</b>
Loss for the period	-	-	-	-	(5,107)	(5,107)
Other comprehensive income for the period	-	-	-	494	-	494
Total comprehensive income (expense) for the period	-	-	-	494	(5,107)	(4,613)
At 30 June 2021 (unaudited)	<b>18,000</b>	<b>157,668</b>	<b>(80,018)</b>	<b>5,151</b>	<b>73,209</b>	<b>174,010</b>

Note: The capital reserve represents the difference between the net assets value of REM Capital Limited ("REM Capital") at the date of which it was acquired by the Company and the share capital of REM Capital pursuant to group reorganisation in 2017.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Net cash (used in) generated from operating activities	(2,402)	340
Investing activities		
Interest received	13	97
Purchase of property, plant and equipment	(52)	(116)
Sale proceed from financial assets at FVTPL	670	-
Repayment from a director	14	98
Advance to a director	(14)	(116)
Net cash generated from (used in) investing activities	631	(37)
Financing activities		
Repayment of lease liabilities	(524)	(693)
Interest paid	(61)	(68)
Repayment to a director	-	(56)
Advance from a director	-	2
Net cash used in financing activities	(585)	(815)
Net decrease in cash and cash equivalents	(2,356)	(512)
Cash and cash equivalents at the beginning of period	80,327	77,709
Effect of foreign exchange rate changes	(6)	(343)
Cash and cash equivalents at the end of period, represented by bank balances and cash	77,965	76,854

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated and registered as an exempted company with limited liability on 15 March 2017 under the Companies Law of the Cayman Islands and its shares were listed on the Stock Exchange on 11 May 2018. The addresses of the Company's registered office and the principal place of business are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and Unit 5, 4th Floor, Chai Wan Industrial City Phase II, No. 70 Wing Tai Road, Hong Kong, respectively. The Company's immediate and ultimate holding companies are Unique Best and WAN Union, respectively, which were companies incorporated in the British Virgin Islands.

The principal activity of the Company is investment holding and its subsidiaries are primarily engaged in sales and manufacturing of low-voltage electrical power distribution and control devices.

The condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

Certain comparative figures in the condensed consolidated financial statements have been reclassified to conform to current year's presentation.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") set as below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

### Application of the amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform – Phase 2  
HKFRS 7, HKFRS 4 and HKFRS 16

The application of the above mentioned amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performances for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 3. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received and receivable for the sales of low-voltage electrical power distribution and control devices, less discounts, if any, during the period.

The executive Directors, being the chief operating decision maker (the "CODM"), regularly review revenue analysis by product types, including primarily low-voltage switchboard, local motor control panel, motor control centre, electrical distribution board and control box and electrical parts and replacements, and by location of delivery to customers. The CODM considered the operating activities of sales of low-voltage electrical power distribution and control devices as a single operating segment. Other than revenue analysis, the CODM reviews the profit or loss for the period of the Group as a whole to make decisions about performance assessment and resource allocation. The operation of the Group constitutes one single operating segment under HKFRS 8 "Operating Segments" and accordingly, no separate segment information is prepared. No segment assets and liabilities are presented as the CODM does not regularly review segment assets and liabilities.

### Entity-wide information

An analysis of the Group's revenue by products for the period is as follows:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Low-voltage switchboard	17,753	17,903
Local motor control panel	16,606	9,498
Motor control centre	11,550	2,474
Electrical distribution board and control box	3,660	795
Electrical parts and replacements	3,930	1,215
	<b>53,499</b>	<b>31,885</b>

The Group sells all products directly to customers. Revenue is recognised when control of the goods has transferred or the services has performed, being when the goods or services have been delivered to the customers' specific location and customer acceptance has been obtained. The Directors considered that the Group's revenue is recognised at a point in time.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Entity-wide information *(Continued)*

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:		
Hong Kong	48,242	25,962
PRC	2,932	842
Macau	2,325	5,081
	<b>53,499</b>	<b>31,885</b>

An analysis of the Group's non-current assets other than rental deposits, contract assets and deferred tax assets is presented below based on their physical geographical location:

	At	At
	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Hong Kong	6,186	6,905
PRC	24,805	24,713
	<b>30,991</b>	<b>31,618</b>

### 4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest income	13	97
(Decrease) Increase in fair value changes of financial assets at FVTPL	(36)	32
Others	79	158
	<b>56</b>	<b>287</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 5. FINANCE COSTS

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest expenses on lease liabilities	61	68

## 6. INCOME TAX CREDIT

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
The taxation credit comprises:		
Current tax		
Hong Kong Profits Tax		
– Over-provision in respect of prior years (Note)	–	(1,547)
PRC Enterprise Income Tax		
– Under-provision in respect of prior years	1	14
Deferred tax	(132)	(177)
Income tax credit	(131)	(1,710)

Note: The reversal of provision for the six months ended 30 June 2020 is related to tax refunds of a Hong Kong subsidiary arising from revised tax assessments with respect to prior years.

For the six months ended 30 June 2021 and 2020, no provision for Hong Kong Profits Tax is provided as the subsidiaries operating in Hong Kong have no assessable profits.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the subsidiaries in the PRC is 25% for both periods. No provision for EIT is provided as the subsidiaries did not have any assessable profits subject to EIT in PRC during the periods.

## 7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	1,851	1,803
Depreciation of right-of-use assets	582	753
Government subsidies in relation to COVID-19 (Note)	–	(1,205)
Net foreign exchange losses (gain)	66	(231)

Note: COVID-19 related government subsidies from Hong Kong Special Administrative Region government which has been offset against the staff costs of the Group.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 8. DIVIDENDS

The Directors do not recommend payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

### 9. LOSS PER SHARE

The calculation of the basic loss per share for the period is based on the following:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(5,107)	(15,940)

	Six months ended 30 June	
	2021 '000	2020 '000
Weighted average number of ordinary shares for the purpose of basic loss per share	1,800,000	1,800,000

There were no potential ordinary shares in issue during both periods.

### 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

#### (a) Acquisition of owned assets

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment with a cost of approximately HK\$52,000 (30 June 2020: HK\$116,000).

#### (b) Right-of-use assets

During the six months ended 30 June 2021, the Group entered into a lease agreement for use of factory, and therefore recognised the additions to right-of-use assets of approximately HK\$1,525,000 (30 June 2020: HK\$939,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 11. CONTRACT ASSETS

Contract assets represent the retention receivables of approximately HK\$20,426,000 (31 December 2020: HK\$29,065,000) net of allowance for expected credit losses of approximately HK\$337,000 (31 December 2020: HK\$414,000). Retention receivables are unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts, ranging from 6 months to 2 years from the date of delivery of finished goods to customers, and are calculated at rates ranging from 2.5% to 20% of invoiced amounts. The retention receivables are transferred to trade receivables based on the expiry of the defect liability period.

The following is an analysis of contract assets at the end of the reporting period:

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Within one year	8,273	17,723
After one year	12,153	11,342
	<b>20,426</b>	29,065

## 12. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Trade receivables	52,175	53,310
Less: Allowance for expected credit losses	(2,130)	(1,476)
	<b>50,045</b>	51,834
Bills receivable (Note)	42	-
Other receivables, prepayment and deposits	6,045	7,181
	<b>56,132</b>	59,015

Note: All bills receivable by the Group are within a maturity period of less than one year.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 12. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows an average credit period of 0 to 90 days to its trade customers. A longer credit period may be granted to large or long established customers with good payment history. The following is an analysis of trade receivables by age, presented based on the invoice date at the end of the reporting period:

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
0-30 days	20,565	31,158
31-60 days	7,360	3,495
61-90 days	5,537	2,503
91-180 days	7,940	4,493
181-365 days	4,766	1,420
Over 1 year	3,877	8,765
	<b>50,045</b>	<b>51,834</b>

### 13. TRADE AND OTHER PAYABLES

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Trade and bills payable	38,076	39,864
Other payables	2,401	6,370
	<b>40,477</b>	<b>46,234</b>

The following is an analysis of trade and bills payable by age, presented based on the invoice date at the end of the reporting period:

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
0-30 days	12,504	15,610
31-60 days	10,646	8,673
61-90 days	7,320	7,190
Over 90 days	7,606	8,391
	<b>38,076</b>	<b>39,864</b>

The other payables mainly consist of accrual of staff salaries and benefits.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 14. SHARE CAPITAL

	30 June 2021 (unaudited)		31 December 2020 (audited)	
	Number of shares '000	Share capital HK\$'000	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each in the Share capital of the Company				
Authorised:				
At beginning of period/year and at end of period/year	10,000,000	100,000	10,000,000	100,000
Issued and fully paid:				
At beginning of period/year and at end of period/year	1,800,000	18,000	1,800,000	18,000

## 15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's financial assets at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30.6.2021 (Unaudited) HK\$'000	31.12.2020 (Audited) HK\$'000		
Financial assets at FVTPL - unlisted investments managed fund	-	699	Level 2	Quoted bid price provided by a broker which is a financial institution (Note)

Note: Quoted bid price provided by a broker which is a financial institution represents the net asset values of the respective funds, based on the quoted prices of the underlying investments.

The Directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

During the six months ended 30 June 2021, the Group disposed the financial asset at FVTPL for a cash consideration of approximately HK\$670,000.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 16. RELATED PARTY TRANSACTIONS

Apart from balances disclosed elsewhere in these condensed consolidated financial statements during the period, the Group had the following transactions with related parties:

	Nature of transactions	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Depreciation of right-of-use assets	Note	109	109
Interest expenses on lease liabilities	Note	11	16

Note: The Group entered into a rental agreement with Mr. MK Wan for the use of a workshop.

#### Compensation of key management personnel

The remuneration of Directors and other members of key management personnel of the Group during the period is as follows:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Director fees	252	252
Salaries and other allowance	502	570
Retirement benefit scheme contribution	18	18
	772	840

The remuneration of key management personnel is determined with regard to the performance of individuals and market trends.

### 17. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting period and up to date of this report.