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JETE POWER HOLDINGS LIMITED

鑄能控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8133)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Jete Power Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2021. This announcement, containing the full text of the 2021 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of interim results.

On behalf of the Board
Jete Power Holdings Limited
Woo Lan Ying
Chairman and Executive Director

Hong Kong, 14 August 2021

As at the date of this announcement, the executive Directors are Ms. Woo Lan Ying and Mr. Luk Chi Shing, and the independent non-executive Directors are Ms. Leung Shuk Lan, Mr. Tang Yiu Wing and Mr. Wong Ka Shing.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain at www.hkgem.com on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting and on the Company website at www.jetepower.com.

* For identification purpose only



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2021

INTERIM REPORT

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Jete Power Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$46.43 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$45.39 million).
- Loss attributable to the owners of the Company for the six months ended 30 June 2021 amounted to approximately HK\$2.32 million (six months ended 30 June 2020: loss of approximately HK\$6.49 million).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

FINANCIAL RESULTS

The board of directors (the “Board”) of Jete Power Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 June 2021 together with the comparative unaudited figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2021

		Three months ended 30 June		Six months ended 30 June	
	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Revenue	4	30,420	25,846	46,433	45,387
Cost of sales		(20,778)	(17,480)	(33,595)	(33,130)
Gross profit		9,642	8,366	12,838	12,257
Other income		(174)	711	72	1,557
Selling and distribution expenses		(1,057)	(1,020)	(2,784)	(2,758)
Administrative expenses		(3,055)	(10,215)	(11,844)	(18,101)
Finance costs		(315)	(208)	(600)	(459)
Profit/(Loss) before tax		5,041	(2,366)	(2,318)	(7,504)
Income tax	6	–	–	–	–
Profit/(Loss) for the period from continuing operation		5,041	(2,366)	(2,318)	(7,504)
Discontinued operations					
Profit for the period from discontinued operations		–	0	–	1,012
Profit/(Loss) for the period	7	5,041	(2,366)	(2,318)	(6,492)
Other comprehensive income/ (expenses) for the period					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange differences arising on translation		(18)	66	32	(355)
Total comprehensive income/ (expense) for the period		5,023	(2,300)	(2,286)	(6,847)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Profits/(Loss) for the period attributable to owners of the Company:					
– from continued operation		3,981	(2,353)	(1,746)	(6,640)
– from discontinued operation		–	–	–	1,012
		3,981	(2,353)	(1,746)	(5,628)
Profit/(Loss) for the year attributable to non-controlling interests:					
– from continued operations		1,060	(13)	(572)	(864)
– from discontinued operations		–	–	–	–
		1,060	(13)	(572)	(864)
		5,041	(2,366)	(2,318)	(6,492)
Total comprehensive income/(expenses) attributable to:					
– from continued operations		5,023	(2,300)	(2,286)	(7,859)
– from discontinued operations		–	–	–	1,012
		5,023	(2,300)	(2,286)	(6,847)
Earnings/(Loss) per share	9	HK cents	HK cents (Restated)	HK cents	HK cents (Restated)
– for continuing and discontinued operations					
Basic		0.10	(0.06)	(0.04)	(0.14)
Diluted		0.10	(0.06)	(0.04)	(0.14)
– for continuing operations					
Basic		0.10	(0.06)	(0.04)	(0.16)
Diluted		0.10	(0.06)	(0.04)	(0.16)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Non-current assets			
Plant and equipment		5,968	7,194
Right-of-use assets		11,775	15,613
Rental deposits	10	4,795	5,150
Goodwill		4,305	4,305
		26,843	32,262
Current assets			
Inventories		11,665	10,556
Trade and other receivables	10	23,717	12,772
Contract assets		–	988
Cash and cash equivalents		6,128	14,318
		41,510	38,634
Current liabilities			
Trade and other payables	11	26,473	20,059
Contract liabilities		–	5,623
Lease liabilities		7,228	6,461
Income tax payable		58	58
Other borrowings		2,000	–
		35,759	32,201
Net current assets		5,751	6,433
Total assets less current liabilities		32,594	38,695
Non-current liabilities			
Lease liabilities		12,760	16,575
Provision for reinstatement		700	700
		13,460	17,275
NET ASSETS		19,134	21,420
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	12	8,320	8,320
Reserves		13,714	15,428
		22,034	23,748
Non-controlling interests		(2,900)	(2,328)
TOTAL EQUITY		19,134	21,420

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Exchange reserve HK\$'000 (Unaudited)	Capital reserve HK\$'000 (Unaudited) (Note (a))	Warrant reserve HK\$'000 (Unaudited) (Note (b))	Other reserve HK\$'000 (Unaudited) (Note (c))	Accumulated losses HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Non-controlling interest HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Balance at 1 January 2021	8,320	35,116	2,651	(7,045)	-	27,650	(42,944)	23,748	(2,328)	21,420
Loss for the period	-	-	-	-	-	-	(1,746)	(1,746)	(572)	(2,318)
Other comprehensive expenses for the period	-	-	32	-	-	-	-	32	-	32
Total comprehensive expense for the period	-	-	32	-	-	-	(1,746)	(1,714)	(572)	(2,286)
Balance as at 30 June 2021	8,320	35,116	2,683	(7,045)	-	27,650	(44,690)	22,034	(2,900)	19,134
Balance at 1 January 2020	7,000	18,418	1,991	(7,045)	-	27,650	(20,274)	27,740	-	27,740
Loss for the period	-	-	-	-	-	-	(5,628)	(5,628)	(864)	(6,492)
Other comprehensive expenses for the period	-	-	(355)	-	-	-	-	(355)	-	(355)
Total comprehensive expense for the period	-	-	(355)	-	-	-	(5,628)	(5,983)	(864)	(6,847)
Issue of new shares by way of placing, net of expenses (Note (d))	1,320	16,698	-	-	-	-	-	18,018	-	18,018
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	(776)	(776)
Balance at 30 June 2020	8,320	35,116	1,636	(7,045)	-	27,650	(25,902)	39,775	(1,640)	38,135

Note (a) Capital reserve of the Group represents the difference between the nominal value of the 47% issued capital of a subsidiary, G. Force (Hong Kong) Limited, held by Mr. Wong Thomas Wai Yuk, acquired pursuant to the group restructuring in year 2012 and the consideration for acquiring 47% of the issued capital of the subsidiary from Mr. Wong Thomas Wai Yuk.

Note (b) Warrant reserve represents the net proceeds received from the issue of unlisted warrants of the Company. This reserve will be transferred to the share capital and the share premium account upon exercise of the unlisted warrants, where the unlisted warrants remain unexercised at the expiry date, the amount recognised in the warrant reserve will be released to the accumulated losses.

Note (c) Other reserve represented the difference between the nominal amount of the share capital and share premium of XETron Group Limited and the nominal amount of the share capital issued by the Company pursuant to a group reorganisation.

Note (d) Pursuant to the placing agreement entered into between the Company and Topper Dragon Securities Limited, an independent third party, on 9 September 2019, the Company issued, on 6 January 2020, an aggregate of 660,000,000 new shares at a price of HK\$0.028 per placing share to not less than six placees who were independent of, and not connected to the Group. The gross proceeds from the said placement amounted to approximately HK\$18,480,000 and the related issue expense was approximately HK\$462,000.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(5,806)	(956)
Net cash used in investing activities	(635)	(587)
Net cash (used in)/generated from financing activities	(1,803)	8,107
Net (decrease)/increase in cash and cash equivalents	(8,244)	6,564
Cash and cash equivalents at the beginning of period	14,318	4,996
Effect of foreign exchange rate changes	54	(47)
Cash and cash equivalents at the end of period	6,128	11,513
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	6,128	11,513

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 24 February 2014, as an exempted company with limited liability under the Companies Law (as Revised) of the Cayman Islands. The Company's shares have been listed on GEM of the Stock Exchange since 30 April 2015.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021 (the "2021 Interim Financial Statements") are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

The 2021 Interim Financial Statements 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"), and the disclosure requirements of the GEM Listing Rules. The 2021 Interim Financial Statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the 2021 Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSS").

In the current period, the Group has adopted a number of new and revised HKFRSSs, amendments to Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") (hereinafter collectively referred to as "new and revised HKFRSSs") issued by the HKICPA that are relevant to the Group and effective for accounting periods beginning on or after 1 January 2021. The adoption of these new and revised HKFRSSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current and prior periods.

The Group has not early adopted the new and revised HKFRSSs that have been issued but are not yet effective. The Group is in the process of assessing their impact on the Group's results and financial position.

The preparation of the 2021 Interim Financial Statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The 2021 Interim Financial Statements should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2020.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current period:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ¹
HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective date to be determined.

The Directors do not anticipate that the application of these new and amendments to HKFRSs will have any material impact on the Group's consolidated financial statements in the foreseeable future.

4. REVENUE

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Sales of cast metal products	22,095	22,231
Financial printing services income	24,338	23,156
	46,433	45,387

Revenue from sales of cast metal products represents the sales value of goods supplied to customers, net of discounts, returns and value added tax or other sales taxes.

5. SEGMENT INFORMATION

The Group has two reportable operating segments, including the metal casting segment, the entertainment segment and the financial printing segment.

The directors assess the performance of the operating segments based on a measure of revenue and results of each segment and do not assess the performance based on segment assets and liabilities.

- (a) The segment information provided to the directors for the reportable segments for the six months ended 30 June 2021 is as follows:

	Six months ended 30 June					
	Metal Casting		Financial printing		Total	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Segment revenue (all from external customers)	22,095	22,231	24,338	23,156	46,433	45,387
Segment results	1,910	(1,757)	(2,004)	(3,456)	(94)	(5,213)
Unallocated operating costs					(1,624)	(2,847)
Gain on disposal of a subsidiary					-	1,015
Finance costs					(600)	(459)
Loss before income tax					(2,318)	(7,504)

5. SEGMENT INFORMATION (CONTINUED)

- (b) Information about the Group's revenue from continuing operations from external customers is presented based on the location of the customers.

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Germany	20,387	19,667
Hong Kong	24,338	23,574
The PRC	1,346	792
The United States	291	1,226
Others	71	128
	46,433	45,387

- (c) Information about the Group's non-current assets (excluded goodwill and rental deposits) is presented based on the geographical location of the assets.

	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	8,549	12,786
The PRC	9,194	10,021
	17,743	22,807

Information about major customers

Details of the customer accounting for 10% or more of aggregate revenue of the Group are disclosed as follows:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	N/A*	5,257
Customer B	N/A*	4,979

* The corresponding revenue did not contribute 10% or more of the Group's revenue.

6. INCOME TAX EXPENSE

The amount of income tax charged to the profit or loss represents:

	Six months ended 30 June	
	2021	2020
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Current tax:		
Hong Kong profits tax	-	-
PRC Enterprise Income Tax ("EIT")	-	-
	-	-

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislations, interpretations and practices in respect thereof.

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rate regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "Ordinance"). Under the two-tiered profits tax rate regime, the first HK\$2,000,000 of assessable profits of a qualifying corporation, which only one qualifying corporation within the Group is selected, is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The Ordinance is effective from the year of assessment 2018–2019.

Accordingly, the provision for Hong Kong Profits Tax for the qualifying corporation for the period ended 30 June 2021 is calculated in accordance with the two-tiered profits tax rate regime (30 June 2020: two-tiered profits tax rate regime) whereas the provision for other Hong Kong incorporated corporations are charged at 16.5% (30 June 2020: 16.5%).

The subsidiary of the Group established in the People's Republic of China ("PRC") is subject to EIT. EIT has been provided at the rate of 25% (six months ended 30 June 2019: 25%) on the estimated assessable profits during the period arising in the PRC.

7. PROFIT/(LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2021	2020
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Profit(Loss) for the period has been arrived at after charging:		
Cost of inventories recognised as expense	16,661	17,418
Depreciation of plant and equipment	1,634	2,588
Depreciation of right-of-use assets	3,890	5,246
Impairment loss on trade receivables	427	689

8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

9. EARNING/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares deemed to be in issue during the three months and six months ended 30 June 2021 and 2020.

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue at 30 June	4,160,000	4,160,000	4,160,000	4,138,242

Profit/(Loss) attributable to owners of the Company arises from:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
– Continuing operations	3,981	(2,353)	(1,746)	(6,640)
– Discontinued operations	–	–	–	1,012
	3,981	(2,353)	(1,746)	(5,628)

No adjustment has been made to the basic loss per share amount for the six months ended 30 June 2021 and 2020 as the Group had no potentially dilutive ordinary shares in issue during these periods.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables, net of loss allowance	14,150	10,257
Other tax recoverable	–	240
Deposits prepayment and other receivables	14,362	7,425
Trade and other receivables	28,512	17,922
Rental deposit included under non-current assets	(4,795)	(5,150)
Current portion included under current assets	23,717	12,772

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

The Group allows an average credit period of 30 to 90 days to its trade customers. The Group does not hold any collateral over its trade and other receivables. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 30 days	6,432	2,397
31 to 60 days	4,429	3,679
61 to 90 days	2,516	1,441
Over 90 days but less than 1 year	773	2,665
Over 1 year	–	75
Total	14,150	10,257

11. TRADE AND OTHER PAYABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade payables	14,520	10,440
Accrued charges and other payables	11,953	9,619
	26,473	20,059

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 30 days	7,682	3,443
31 to 60 days	2,774	1,036
61 to 90 days	1,367	877
Over 90 days but less than 1 year	2,136	5,084
Over 1 year	561	–
	14,520	10,440

The average credit period granted is ranging from 30 to 90 days. The Group has financial risk management in place to ensure that all payables are settled within the credit time frame.

12. SHARE CAPITAL

	Number of shares	Nominal value of ordinary shares HK\$'000
Authorised:		
At 1 January 2020, 31 December 2020 and 30 June 2021 (Unaudited)	50,000,000,000	100,000
Ordinary shares, issued and fully paid:		
At 1 January 2020	3,500,000,000	7,000
Issue of new shares in January 2020	660,000,000	1,320
At 31 December 2020 and 30 June 2021 (Unaudited)	4,160,000,000	8,320

13. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these unaudited condensed consolidated interim financial statements, the Group has the following transactions with its related parties during the period.

Compensation to key management personnel

Other than the emoluments paid to the director of the Company, who is also considered as the key management of the Group, the Group did not have any other compensation to the key management personnel. The compensation paid or payable to key management is shown below:

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Short-term employee benefits	1,334	1,590
Post-employment benefits — defined contribution plans	9	9
	1,343	1,599

The remuneration of the director of the Company and key executives is determined with regards to the performance of individuals.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

During the six months ended 30 June 2021 (the “Period”), the Group was principally engaged in trading and manufacturing of metal casting parts and components in the PRC and provision of financial printing services in Hong Kong.

Metal Casting Business

The metal casting products of the Group can be categorized into four main categories: (a) pump components; (b) valve components; (c) filter components; and (d) food machinery components, which are made of stainless steel, carbon steel, bronze and/or grey iron. Our largest market is Germany. We also have customers from the PRC, Hong Kong and the United States.

For the Period, the revenue from metal casting business was more or less the same as that of the corresponding period last year, due to the slow economy recovery from Europe and the United States, which are the core markets of our metal casting business.

Looking ahead, the Group will continue to monitor the development of the COVID-19 epidemic, and to strengthen its cost control and resources management by executing flexible strategies to face the challenges in order to maintain its competitiveness in the market. Meanwhile, the Group will also explore other potential investment opportunities in order to diversify the Group’s business and create new source of revenue to the Group.

Financial Printing Business

The Group also engaged in the provision of financial printing services in Hong Kong. During the Period, the revenue from financial printing service increased by approximately 5.10% as compared to the same period of last year. Although the COVID-19 epidemic shows a sign of being under control in Hong Kong and Mainland China, however, the various restrictions are still imposed on the travelling to and from Hong Kong and this will affect the number of financial printing jobs for initial public offering projects in the second half of the year.

Going forward, given the sustainable demand for periodic financial documents for the listed companies, the Group will continue to provide a wide range of financial printing services to meet our customers’ demands and requirements. In addition, the Group will further enhance our quality control and inspection throughout our production process to ensure the quality of our financial printing services. The management is considering to expand the provisions of other related and value-added corporate services to our customers, who are mainly the listed companies in Hong Kong, so as to broaden the Group’s income basis in the future.

Financial Review

Revenue

For the six months ended 30 June 2021, total revenue of the Group increased by 2.30% to approximately HK\$46.43 million (2020: HK\$45.39 million) as compared with the corresponding period in 2020.

Gross profit

Gross profit of approximately HK\$12.84 million (2020: HK\$12.26 million) was recorded for the Period, representing an increase of approximately HK\$0.58 million as compared with the corresponding period in 2020. The Group's overall gross profit margin has been maintained at around 27%.

Selling and distribution expenses

The Group's selling and distribution expenses for the Period amounted to approximately HK\$2.78 million (2020: HK\$2.76 million), representing a moderate increase of approximately 0.94% as compared with the corresponding period in 2020.

Administrative expenses

The Group's administrative expenses for the Period amounted to approximately HK\$11.84 million (2020: HK\$18.10 million), representing a significant decrease of approximately 34.57% as compared with the corresponding period in 2020. Administrative expenses primarily consist of salaries and benefit payments paid to directors and staff, depreciation, audit fee and legal and professional fees to ensure on going compliance with relevant rules and regulations. The decrease for the Period was mainly due to the stringent cost control imposed by the management on the administrative expenses arising from the financial printing business during the Period.

Finance costs

Finance costs mainly represented the interest on lease liabilities and short term borrowings.

Loss for the Period

Loss attributable to owners of the Company for the Period amounted to approximately HK\$2.32 million (2020: HK\$7.50 million). Such decrease was mainly due to the cost control imposed by the management on the administrative expenses arising from the financial printing business during the Period.

Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil)

Liquidity and financial resources

The Group's principal sources of funds are used to finance its working capital, and the growth and expansion of the Group's operations and sales network. The Group's principal sources of funds are cash generated from operations and financing activities. The Group had cash and cash equivalents of approximately HK\$6.13 million as at 30 June 2021 (31 December 2020: HK\$14.32 million). As at 30 June 2021, the Group had other borrowings of HK\$2.00 million (31 December 2020: Nil).

Gearing ratio

As at 30 June 2021, the Group's gearing ratio was 10.90% (31 December 2020: 0%), which is calculated based on the Group's total interest-bearing debt divided by the Group's total equity.

Capital structure

The Company's shares were successfully listed on GEM on 30 April 2015 (the "Listing Date"). There has been no change in the capital structure of the Group since the Listing Date and up to the date of this report. The capital of the Company only comprises of ordinary shares.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period. To manage liquidity risk, the management closely monitors the Group's liquidity position and maintain sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group.

Contingent liabilities

As at 30 June 2021, the Group had no material contingent liabilities (31 December 2020: Nil).

Charge of assets

As at 30 June 2021, the Group had no charge of assets (31 December 2020: Nil).

Foreign currency risk

The Group mainly sells the products to customers in Germany, Hong Kong, the PRC and the United States. The Group is exposed to foreign currency risks as it receives a majority of revenue in Euro from its customers in Europe. The Group generally have a surcharge mechanism with its customers to protect the future profitability in certain extent against the (i) fluctuation of the cost of certain raw materials; and (ii) fluctuation of the exchange rate of Euro vs RMB, or Euro vs USD, if the purchase price is to be settled by Euro. However, there is no assurance that such mechanism could protect the Group free from foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the Board will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Title defect risk in the leased properties

As at the date of this report, the Group has leased a foundry which is located at Qiuchang Town, Huiyang District, Huizhou City (“Qiuchang Foundry”) as the Group’s production base. The owner of the land where the Qiuchang Foundry is located (the “Owner”) and the landlord of the Qiuchang Foundry (the “Landlord”) do not possess valid collective land use rights certificates for construction land and building ownership certificates for the Qiuchang Foundry respectively. During the period, the Group has continued to actively liaise with the Owner and the Landlord for the progress of the rectification of the title defects for the leased property. However, the Owner and the Landlord are not able commit to a time frame to complete the rectification by reason that the relevant procedures are subject to approvals and inspections by the relevant authorities, which is not within the control of the Landlord. As a part of the risk management plan of the Group to mitigate the risk arising from the title defect of the leased property in the PRC, the Group has entered into a legally binding memorandum of understanding (the “MOU”) with a landlord for a backup plant located at Qingyuan City, Guangdong Province, the PRC. As at date of this report, the Owner is still in the process of applying for the collective land use rights certificates for construction land, being an important and necessary step for applying the building ownership certificate for the Qiuchang Foundry. The Group, the Owner and the Landlord had not received, and the relevant government authorities had not issued, any notice, letter or order, about the title defect of the Qiuchang Foundry. The MOU remains valid and the backup plant was not occupied by any other party.

Capital Commitments

As at 30 June 2021, the Group did not have any significant capital commitments (31 December 2020: Nil).

Significant investment held

Except for investments in subsidiaries, as at 30 June 2021, the Group did not hold any significant investment in equity interest in any other companies.

Future plans for material investments and capital assets

The Group did not have plans for material investments and capital assets as at 30 June 2021.

Material acquisitions and disposals of subsidiaries and affiliated companies

The Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the six months ended 30 June 2020.

Employee and Emolument Policies

As at 30 June 2021, the employee headcount (including Directors) of the Group was 152 (31 December 2020: 178) and the total staff costs, including directors' emoluments, amounted to approximately HK\$16.07 million during the Period (2020: HK\$15.30 million). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience). The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2021, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, other than the director and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO:

Long position in shares of the Company:

Name	Nature of interests	Number of shares held	Percentage of the Company's issued share capital
Mr. Fang Jinhua	Personal interest	709,640,000	17.06%
Mr. Yuan Andy Yun Nan	Personal interest	410,000,000	9.86%

Save as disclosed above, as at 30 June 2021, no other persons had any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Share Option Scheme") which was approved and adopted by the shareholders of the Company by way of written resolutions passed on 10 April 2015.

No share option has been granted under the Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the Period.

COMPETING INTERESTS

Based on the information available to the Company and within the knowledge and belief of the Directors, none of the Directors or the controlling shareholders of the Company (as defined under the GEM Listing Rules) had any business or interest which competes or may compete with the business of the Group, or had any other conflict of interest with the Group throughout the Period.

AUDIT COMMITTEE

The Company has established an audit committee with the written terms of reference in compliance with the GEM Listing Rules. The audit committee consists of three independent non-executive Directors, namely Mr. Wong Ka Shing, who has the appropriate accounting and financial related management expertise and serves as the chairman of the audit committee, Ms. Leung Shuk Lan and Mr. Tang Yiu Wing. The audit committee has reviewed this report and has provided advice and comments thereon.

CORPORATE GOVERNANCE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules.

To the best knowledge of the Directors, the Company had complied with the code provisions in the CG Code throughout the Period.

DISCLOSURE OF INFORMATION OF DIRECTORS UNDER RULES 17.50(2) AND 17.50A(1) OF THE GEM LISTING RULES

Save as disclosed below, there is no other change in the information of each director that is required to be disclosed under Rule 17.50(2) and 17.50A(1) of the GEM Listing Rules during the Period.

- (i) Mr. Choi Chiu Ming Jimmy has retired as an executive director of the Company and Chairman of the Board with effect from 30 June 2021;
- (ii) Ms. Woo Lan Ying has been appointed as the Chairman of the Board with effect from 30 June 2021; and
- (iii) Mr. Luk Chi Shing has been appointed as an executive director of the Company with effect from 6 July 2021.

By Order of the Board
Jete Power Holdings Limited
Woo Lan Ying
Chairman and Executive Director

Hong Kong, 14 August 2021