



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

2020
INTERIM REPORT

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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

COMPANY SECRETARY

Ms. Chow Chi Ling Janice

AUDITORS

Wellink CPA Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
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

PO Box 1350
Clifton House
75 Fort Street
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 2020, together with the unaudited comparative figures for the corresponding period in 2019.

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 experienced a significant decline in business during the six months ended 30 June 2020, that resulted in a recorded net loss of approximately HK\$15.9 million. The outbreak of the Coronavirus Disease 2019 (the "COVID-19") in early 2020 has seen major effects on the Hong Kong economy since then, where operations of government departments, public and private companies were all affected as preventive measures to control the spread of COVID-19 were implemented involving shortened business hours and employees working from home, which in turn resulted in suspensions or delays of various workflows for construction projects and thereby having a significant impact on the Group's revenue in terms of deferral on delivery dates of the Group's products. The Group's business in the PRC has also suffered a heavy blow as a number of cities and districts across the PRC were brought into lockdown in the initial few months of the COVID-19 outbreak while provincial travel restrictions were put in place for the rest of the PRC, hindering the progress of construction projects and thus, the delay in delivery of the Group's products to the construction sites. Hence the Group was unable to fully convert the orders on hand into revenue during the reporting period. Nevertheless, the Group did not experience any cancellation of orders due to the COVID-19 pandemic.

The COVID-19 pandemic has created unprecedented challenges for all businesses across the global economy. Although the Group's business is expected to improve from the disastrous first half of the year, it is still anticipated that the Group's performance in the immediate future will be worse off than the prior year as new COVID-19 cases continue to emerge despite drastic measures to contain infections in both Hong Kong and the PRC, which is expected to continue to disrupt site construction progress as well as lengthen the approval process on the designs of switchboards and panels as it is predicted that anti-epidemic measures will continue to be implemented, thus resulting in delays to delivery of the Group's products yet again.

In response to the challenging business environment, the Group is adopting more competitive pricing strategies to ensure that more new projects are secured in order to achieve a relatively flexible production schedule so as to attain a more stable revenue flow. Even though it is difficult to anticipate the extent of impact of the COVID-19 pandemic on the Group's business in the latter half of the year in light of the uncertainties on the development of the pandemic in the immediate future, the Directors are confident that the Group will be able to overcome this tough period based on its strong financial position along with the implementation of certain short-term measures which are aimed at achieving tighter cost control and maintaining a stable level of liquidity and working capital for the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased significantly by approximately HK\$79.1 million, or approximately 71.3%, from approximately HK\$110.9 million for the six months ended 30 June 2019 to approximately HK\$31.9 million for the six months ended 30 June 2020. Such decrease was directly attributable to the outbreak of COVID-19, which had led to prolonged suspension of the Group's production activities following the extended Chinese New Year holiday where the Group's factories were closed for over a month and production operations were suspended for even longer as the majority of workers were not able to return to work due to provincial travel restrictions. In addition, after the production operations recommenced, there were major disruption to the delivery and production schedule as many of the Group's customers were requesting for deferred delivery of the Group's products, which had a severe effect on the Group's revenue stream.

Cost of Sales

The Group's cost of sales amounted to approximately HK\$34.3 million for the six months ended 30 June 2020, representing a decrease of approximately 58.7% from approximately HK\$82.9 million for the six months ended 30 June 2019. Cost of sales mainly comprised of costs of raw materials and staff costs, which accounted for approximately 70.4% and 17.8% respectively of the Group's total cost of sales for the six months ended 30 June 2020 (six months ended 30 June 2019: approximately 77.7% and 10.5% respectively).

Gross Loss/Negative Gross Margin

The Group recorded a gross loss of approximately HK\$2.4 million for the six months ended 30 June 2020 as compared to a gross profit of approximately HK\$28.0 million for the six months ended 30 June 2019, mainly as a result of a significant drop in revenue for the period. The overall gross profit margin of the Group decreased by approximately 32.8% from approximately 25.3% during the six months ended 30 June 2019 to a negative gross margin of approximately 7.5% during the six months ended 30 June 2020. The decrease of gross margin was mainly due to (i) a much higher proportion of cost of sales being attributable to the fixed direct and indirect costs regardless of the level of sales, such as engineering staff cost and part of the factory staff cost, depreciation of right-of-use assets for factory and depreciation of plants and machineries, which resulted in a negative gross margin when the Group were not able to generate sufficient sales to cover for such fixed costs, and (ii) lower gross profit margins recorded for Hong Kong and Macau jobs in general as a result of the increasingly fierce competition in the market due to the recent economic downturn.

In addition, the Group had set up a new factory in the Dongguan city last year to increase the production capacity in order to cope with an anticipated growth in sales from the PRC market. The production operations had commenced during the last quarter of the year 2019 and for the current period, the costs of operating this new factory had instead resulted in an increased burden to the Group as the Group recorded an exceptionally low sales volume in the face of the COVID-19 pandemic.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Other income, gains and losses

The Group's other income, gains and losses increased by approximately 336.5%, from a net loss of approximately HK\$0.2 million for the six months ended 30 June 2019 to a net income of approximately HK\$0.5 million for the six months ended 30 June 2020, which was mainly attributable to net exchange gain of approximately HK\$0.2 million being recorded during the period as opposed to net exchange loss of approximately HK\$0.6 million being recorded for the six months ended 30 June 2019.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by approximately 32.6% from approximately HK\$5.3 million during the six months ended 30 June 2019 to approximately HK\$3.6 million during the six months ended 30 June 2020 and such decrease was mainly attributable to a drop in transportation expenses of approximately HK\$1.7 million.

Administrative and other expenses

The Group's administrative and other expenses decreased by approximately HK\$0.6 million, or approximately 4.8%, from approximately HK\$11.8 million for the six months ended 30 June 2019 to approximately HK\$11.2 million for the six months ended 30 June 2020. The decrease was mainly due to a drop in entertainment expenses of approximately HK\$0.5 million as a result of the social distancing measures 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 2020 is mainly contributed by the additional impairment on trade receivables for Hong Kong debtors and contract assets of PRC customers amounting to a total of approximately HK\$0.5 million and HK\$0.5 million respectively.

Finance costs

The Group's finance costs remained relatively stable at approximately HK\$0.1 million for each of the six months ended 30 June 2020 and 2019, which mainly represented interest expenses on lease liabilities for both periods.

Taxation

The Group recorded an income tax credit of approximately HK\$1.7 million for the six months ended 30 June 2020 as compared to an income tax expense of approximately HK\$3.7 million for the six months ended 30 June 2019. 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 during the period. The income tax credit arose from reversal of deferred tax liabilities recognised and tax refunds received during the six months ended 30 June 2020.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Loss for the period attributable to the owners of the Company

As a result of the significant drop in revenue for the six months ended 30 June 2020, there was a net loss for the period attributable to the owners of the Company of approximately HK\$15.9 million, as compared with a net profit for the period attributable to owners of the Company of approximately HK\$6.9 million for the six months ended 30 June 2019.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has financed its operations primarily through cash inflows from operating activities and proceeds received from the listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 May 2018 (the "Listing"). As at 30 June 2020, the Group had cash and cash equivalents of approximately HK\$76.9 million (31 December 2019: approximately HK\$77.7 million).

As at 30 June 2020, the working capital (current assets less current liabilities) and total equity attributable to owners of the Group were approximately HK\$145.3 million (31 December 2019: approximately HK\$159.2 million) and approximately HK\$189.0 million (31 December 2019: approximately HK\$206.6 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 2020 and 31 December 2019.

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 2020.

PLEDGE OF ASSETS

As at 30 June 2020, the Group's banking facilities were secured by corporate guarantees provided by the Company for unlimited amounts, which remains unchanged from 31 December 2019.

Management Discussion and Analysis

FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in this interim report 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 2020 and up to the date of this interim report.

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 30 June 2020 (31 December 2019: nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2020 (31 December 2019: nil).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 17 to the condensed consolidated financial statements, there have been no other material events occurring after the reporting period 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 2020 (six months ended 30 June 2019: nil).

EMPLOYEES AND REMUNERATION POLICY

The Group had 242 full-time employees as at 30 June 2020 (31 December 2019: 255), among which 47 and 195 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 2020 were approximately HK\$12.5 million (six months ended 30 June 2019: approximately HK\$15.1 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 2020 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 2020 is set out below:

Description	Net proceeds from Listing (HK\$ million)	Net proceeds utilised up to 30 June 2020 (HK\$ million)	Unutilised net proceeds as at 30 June 2020 (HK\$ million)	Expected timeline for utilising the unutilised net proceeds (Note 1)
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	1.8 (Note 2)	35.6	By 31 December 2021 (Note 5)
– Acquisition of machineries and equipment	21.2	3.5 (Note 3)	17.7	By 30 June 2022 (Note 6)
Acquisition of machineries and equipment for the existing factory located in Dongguan (“DG Factory”)	13.3	2.2 (Note 4)	11.1	By 30 June 2022 (Note 7)
General Working Capital	3.1	3.1	–	N/A
Total	75.0	10.6	64.4	

Notes:

- The Group’s plan for the use of net proceeds are all related to acquisitions to be made in the PRC and as such, had been put to a temporary halt primarily due to the outbreak of the COVID-19 in early 2020 which resulted in a series of precautionary and quarantine control measures being implemented in Hong Kong and the PRC, preventing a majority of the Hong Kong staff and the management from travelling to the PRC since the COVID-19 outbreak. As at the date of this interim report, there are no signs that the COVID-19 will be ending soon. The expected timeline for utilising the remaining net proceeds is therefore prepared based on the assumption that the impacts of COVID-19 will continue to affect the Group’s business operations until early next year. 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.
- Subsequent to the Listing, the Group has made a number of attempts to search for suitable factories for sale in the Humen Town for setting up the New Factory. However, the level of prices of the available factories in Humen Town were continuously rising. In view of this, the Directors have started searching for suitable factories in other areas nearby the DG Factory starting from 2019. The Directors expected that the Group may not be able to locate an appropriate factory unit in the immediate future. Alternatively, the Group had leased a factory in Humen Town last year to cope with the job orders which the Group has secured after the Listing and also to 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. Up to 30 June 2020, the Company had utilised the relevant proceeds from the Listing of approximately HK\$1.8 million for rental of a temporary factory in Humen Town and the related renovation costs.

Management Discussion and Analysis

USE OF PROCEEDS FROM THE LISTING *(Continued)*

Notes: *(Continued)*

3. Up to 30 June 2020, 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.
4. Up to 30 June 2020, the Company had utilised the relevant proceeds from the Listing of approximately HK\$2.2 million for acquiring machineries and equipment for the DG Factory.
5. The Group had been closely observing the property market in the PRC since the COVID-19 outbreak and will continue to closely monitor 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 early next year), i.e. on or before 31 December 2021.
6. The Group has postponed the plan for acquisition of the New Factory as stated in Note 5, and consequently have 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 30 June 2022 (assuming that the impacts of COVID-19 on the Group's business operations will cease by early next year).
7. All major acquisitions of machineries and equipment would require the Group's senior management (the "Management") to travel to the PRC to meet with the suppliers for a full understanding of the functioning of the machineries and equipment and also for physical observation during site visits to ensure the suitability to the Group's factory and existing production line. However, due to the border restrictions and the mandatory quarantine requirement, the Management have not travelled to the PRC since the outbreak of the COVID-19 pandemic. Therefore, the Group have postponed the progress of purchasing the machineries and equipment for the DG Factory. While the pandemic is escalating, the quarantine arrangement may not be released until early 2021. The Group expects the plan for acquisition of machineries and equipment for the DG Factory will be resumed once the travelling restrictions are loosened and the acquisitions shall then be made in different phrases to minimise disruption to the Group's production. Therefore the Group expects to fully utilise the relevant proceeds on or before 30 June 2022. In the meantime, the Group shall perform all the relevant foundation work required to prepare the DG Factory for accommodation of the new machineries and equipment so as to speed up the progress of expanding the production line upon actual acquisition of the machineries and equipment.

As at the date of this interim report, save as disclosed herein, the Directors do not anticipate any material change to the intended use of the net 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\$64.4 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 2020, 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 (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 2020.

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 as set out in Appendix 14 to the Listing Rules (the "CG Code") throughout the six months ended 30 June 2020. 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 2020, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company 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 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%

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 who was nominated by Mr. CK Wun) and Mr. Wan Chak Ming (the son of Mr. MK Wan 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.

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 who was nominated by Mr. CK Wun) and Mr. Wan Chak Ming (the son of Mr. MK Wan 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.

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 2020, 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 2020, 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

Name of Shareholders	Capacity/Nature of Interests	Total number of Shares and underlying Shares held (Note 1)	Approximate percentage of issued share capital
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%

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 who was nominated by Mr. CK Wun) and Mr. Wan Chak Ming (the son of Mr. MK Wan 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 2020, 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 2020 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.

CHANGES IN DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION

Pursuant to rule 13.51B(1) of the Listing Rules, the changes in information of the Directors and the Company's chief executive during the six months ended 30 June 2020 are as follows:

Since February 2020, Mr. MK Wan has served as the chairman and non-executive director of SEM Holdings Limited (stock code: 9929) which was listed on the Main Board of the Stock Exchange on 14 February 2020.

Since February 2020, Mrs. Kan Wan Wai Yee Mavis has served as a non-executive director of SEM Holdings Limited (stock code: 9929) which was listed on the Main Board of the Stock Exchange on 14 February 2020.

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 2020 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 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	3	31,885	110,946
Cost of sales		(34,284)	(82,917)
Gross (loss) profit		(2,399)	28,029
Other income, gains and losses	4	518	(219)
Selling and distribution expenses		(3,567)	(5,295)
Net impairment loss recognised on trade receivables and contract assets		(935)	(173)
Administrative and other expenses		(11,199)	(11,768)
Finance costs	5	(68)	(38)
(Loss) profit before taxation		(17,650)	10,536
Income tax credit (expense)	6	1,710	(3,686)
(Loss) profit for the period	7	(15,940)	6,850
Other comprehensive expense for the period:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising on translation of foreign operations		(1,670)	(952)
Total comprehensive (expense) income for the period		(17,610)	5,898
(Loss) earnings per share			
– Basic	9	(0.89 HK cents)	0.38 HK cents

Condensed Consolidated Statement of Financial Position

At 30 June 2020

	Notes	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	24,101	26,195
Right-of-use assets	10	4,622	4,590
Rental deposits		21	84
Contract assets	11	17,368	18,473
		46,112	49,342
Current assets			
Inventories		34,501	30,485
Contract assets	11	14,239	20,413
Trade and other receivables	12	45,463	72,266
Financial assets at fair value through profit or loss		544	523
Amount due from a director		18	–
Tax recoverable		2,020	–
Bank balances and cash		76,854	77,709
		173,639	201,396
Current liabilities			
Trade and other payables	13	24,812	34,084
Contract liabilities		1,074	1,516
Lease liabilities		861	1,337
Amount due to a director		2	56
Tax payable		1,563	5,228
		28,312	42,221
Net current assets		145,327	159,175
Total assets less current liabilities		191,439	208,517
Non-current liabilities			
Lease liabilities		1,128	504
Provision for long service payments		875	790
Deferred tax liabilities		410	587
		2,413	1,881
Net assets		189,026	206,636
Capital and reserves			
Share capital	14	18,000	18,000
Share premium and reserves		171,026	188,636
Total equity		189,026	206,636

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	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 2019 (audited)	18,000	157,668	(80,018)	2,695	98,277	196,622
Profit for the period	-	-	-	-	6,850	6,850
Other comprehensive expense for the period	-	-	-	(952)	-	(952)
Total comprehensive (expense) income for the period	-	-	-	(952)	6,850	5,898
At 30 June 2019 (unaudited)	18,000	157,668	(80,018)	1,743	105,127	202,520
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

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.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Net cash generated from (used in) operating activities	340	(11,672)
Investing activities		
Withdrawal of short-term bank deposits with original maturity more than three months	–	6,061
Interest received	97	232
Purchase of property, plant and equipment	(116)	(2,910)
Placement of short-term bank deposits with original maturity more than three months	–	(2,335)
Repayment from a director	98	–
Advance to a director	(116)	–
Net cash (used in) generated from investing activities	(37)	1,048
Financing activities		
Repayments of bank loan	–	(271)
Repayment of lease liabilities	(693)	(256)
Interest paid	(68)	(38)
Repayment to a director	(56)	(3)
Advance from a director	2	–
Net cash used in financing activities	(815)	(568)
Net decrease in cash and cash equivalents	(512)	(11,192)
Cash and cash equivalents at the beginning of period	77,709	90,541
Effect of foreign exchange rate changes	(343)	(304)
Cash and cash equivalents at the end of period, represented by banks balances and cash	76,854	79,045

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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 address of the Company's registered office and the principal place of business are PO Box 1350, Clifton House, 75 Fort Street, 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 company 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 2020 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.

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"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2019.

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 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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 performance 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 2020

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Low-voltage switchboard	17,903	37,098
Local motor control panel	9,498	54,236
Motor control centre	2,474	12,375
Electrical distribution board and control box	795	3,663
Electrical parts and replacements	1,215	3,574
	31,885	110,946

The Group sells all products directly to customers. Revenue is recognised when control of the goods has transferred, being when the goods 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 2020

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue:		
Hong Kong	25,962	45,932
PRC	842	61,762
Macau	5,081	3,252
	31,885	110,946

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

	At 30 June 2020 HK\$'000 (unaudited)	At 31 December 2019 HK\$'000 (audited)
	Hong Kong	5,910
PRC	22,813	24,085
	28,723	30,785

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Net exchange gain (loss)	231	(630)
Interest income	97	232
Increase in fair value of financial assets at fair value through profit or loss ("FVTPL")	32	54
Others	158	125
	518	(219)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

5. FINANCE COSTS

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest expenses on bank loan	–	2
Interest expenses on lease liabilities	68	36
	68	38

6. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Current tax		
Hong Kong profits tax		
– Over-provision in respect of prior years (Note)	(1,547)	–
PRC Enterprise Income Tax		
– Provision for the period	–	4,134
– Under-provision in respect of prior years	14	–
Deferred tax	(177)	(448)
Income tax (credit) expense	(1,710)	3,686

Note: The reversal of provision is related to tax refunds of a Hong Kong subsidiary arising from revised tax assessments with respect to prior years.

Under the two-tiered profits tax rates regime of the Hong Kong profits tax, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will be taxed at the flat rate of 16.5% (six months ended 30 June 2019: 16.5%).

For the six months ended 30 June 2020 and 2019, the Hong Kong profits tax of the elected Hong Kong subsidiary is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

7. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	1,803	1,235
Depreciation of right-of-use assets	753	460
Government subsidies in relation to COVID-19 (Note)	(1,205)	–

Note: The amount is recognised and deducted against the staff costs of the Group.

8. DIVIDENDS

The Directors do not recommend payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
(Loss) earnings for the purpose of basic (loss) earnings per share	(15,940)	6,850

	Six months ended 30 June	
	2020 '000	2019 '000
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	1,800,000	1,800,000

No diluted (loss) earnings per share is presented as there were no potential ordinary shares in issue during both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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

During the current interim period, the Group acquired property, plant and equipment for a cash consideration of HK\$116,000 (six months ended 30 June 2019: HK\$2,910,000).

During the current interim period, the Group entered into a new lease agreement for the use of an office for 8 years (six months ended 30 June 2019: use of a factory for 2 years). On lease commencement, the Group recognised HK\$939,000 (six months ended 30 June 2019: HK\$1,473,000) of right-of-use asset and HK\$939,000 (six months ended 30 June 2019: HK\$1,473,000) of lease liability.

11. CONTRACT ASSETS

Contract assets represent the retention receivables amounting to HK\$31,607,000 (31 December 2019: HK\$38,886,000) net of allowance for expected credit losses of HK\$1,011,000 (31 December 2019: HK\$561,000). 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 30% 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 2020 HK\$'000 (unaudited)	At 31 December 2019 HK\$'000 (audited)
Within one year	14,239	20,413
After one year	17,368	18,473
	31,607	38,886

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2020 HK\$'000 (unaudited)	At 31 December 2019 HK\$'000 (audited)
Trade receivables	42,195	61,309
Less: Allowance for expected credit losses	(1,294)	(822)
	40,901	60,487
Bill receivables (Note)	766	5,460
Other receivables, prepayment and deposits	3,796	6,319
	45,463	72,266

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

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 customer 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 2020 HK\$'000 (unaudited)	At 31 December 2019 HK\$'000 (audited)
0–30 days	13,787	35,181
31–60 days	5,756	11,093
61–90 days	1,213	3,678
91–180 days	2,236	3,751
181–365 days	12,459	2,289
Over 1 year	5,450	4,495
	40,901	60,487

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

13. TRADE AND OTHER PAYABLES

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

	At 30 June 2020 HK\$'000 (unaudited)	At 31 December 2019 HK\$'000 (audited)
0–30 days	5,778	5,550
31–60 days	7,468	7,965
61–90 days	3,591	5,905
Over 90 days	4,341	8,201
	21,178	27,621

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

14. SHARE CAPITAL

	30 June 2020 (unaudited)		31 December 2019 (audited)	
	Number of shares '000	Share capital HK\$'000	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each				
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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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 instruments	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30.6.2020 (Unaudited) HK'000	31.12.2019 (Audited) HK\$'000		
Financial assets at FVTPL				
– unlisted investments managed fund in the PRC	544	523	Level 2	Quoted market price provided by a broker which is a financial institution (Note)

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

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Sales of goods	Note (i)	–	145
Expenses related to short-term lease	Note (ii)	–	108
Depreciation of right-of-use assets	Note (ii)	109	–
Interest expenses on lease liabilities	Note (ii)	16	–

Notes:

- (i) The Group entered into transactions with Ready System Engineering Limited, a related company in Macau under the control of Mr. MK Wan, the ultimate controlling shareholder, the chairman and an executive Director, during the six months ended 30 June 2019.
- (ii) The Group entered into 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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Director fees	252	252
Salaries and other allowance	570	534
Retirement benefit scheme contribution	18	18
	840	804

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

17. EVENTS AFTER THE REPORTING PERIOD

The outbreak of COVID-19 in early 2020 has seen major effects on the Group's revenue in terms of deferral on delivery dates of the Group's products, which resulted in the Group not being able to fully convert the orders on hand into revenue during the reporting period. Although the Group's business is expected to improve from the disastrous first half of the year, it is still anticipated that the Group's performance in the immediate future will be worse off than the prior year as new COVID-19 cases continue to emerge despite drastic measures to contain infections in both Hong Kong and the PRC, which is expected to continue to disrupt site construction progress as well as lengthen the approval process on the designs of switchboards and panels as it is predicted that anti-epidemic measures will continue to be implemented, thus resulting in delays to delivery of the Group's products yet again. In response to the challenging business environment, the Group is adopting more competitive pricing strategies to ensure that more new projects are secured in order to achieve a relatively flexible production schedule so as to attain a more stable revenue flow. The Group will also pay close attention to the development of the COVID-19 outbreak and perform further assessment of its impact and take relevant measures to control the operating costs and maintain steady cashflows for the Group's normal operations.