

KELFRED

HOLDINGS LIMITED

恒發光學控股有限公司

Incorporated in the Cayman Islands with limited liability
Stock code: 1134



2022

Interim Report

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CORPORATE INFORMATION

Executive Directors

Mr. Kwok Kwan Fai
Mr. Kwok Kwan Yu
Mr. Zuo Zhengsan

Non-Executive Directors

Mr. Kwok Mau Kwan
Ms. Chan Yin Wah
Mr. Zhang Li

Independent Non-Executive Directors

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

Company Secretary

Ms. Leong Kai Weng Subrina

Authorised Representatives

Mr. Kwok Kwan Fai
Ms. Leong Kai Weng Subrina

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Risk Management Committee

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

Registered Office

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

Headquarters and Principal Place of Business in Hong Kong

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

Cayman Islands Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Legal Advisers

As to Hong Kong law:

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

Principal Banks

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

Company Website

www.kelfred.com.hk

Stock Code

1134

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (“**Director(s)**”) of Kelfred Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**” or “**We**”) for the six months ended 30 June 2022, together with the comparative figures for the corresponding period in 2021.

BUSINESS REVIEW AND OUTLOOK

During the six months ended 30 June 2022, the Group continued to be engaged in the manufacture and sale of eyewear products. We have two major production bases established in Shenzhen and Jiangxi, the People’s Republic of China (the “**PRC**”), which have made the Group capable of manufacturing eyewear products of various dimensions and specifications as required by its customers. The Group produces and sells a wide range of spectacle frames and sunglasses mainly through original design manufacturing (“**ODM**”) and original equipment manufacturing (“**OEM**”) business models. It offers integrated and customised services which include product design and development, raw materials procurement, production, quality control, packaging and delivery. In addition to the traditional OEM and ODM business models, the Group also offers its original brand manufacturing (“**OBM**”) products under the brand “Miga”. Leveraging on over 30 years of experience in the eyewear industry, the Group prides itself on its broad network of renowned and trusted customers worldwide (who are primarily international eyewear retailers, trading companies and licensed brand owners). It has produced quality eyewear products under its customers’ designated brand names and sold the same to over 35 countries in the past few years, among which Europe accounted for the largest market of the Group.

For the six months ended 30 June 2022, the Group recorded a revenue of approximately HK\$250.3 million, representing an increase of approximately 33.8% as compared to the six months ended 30 June 2021, generated from sales from eyewear products.

Notwithstanding that since the second quarter of 2021, the economy of Europe has rebounded soundly as a whole, with the recurring outbreak of the COVID-19 epidemics and the war between Ukraine and Russia, the overall growth of the European economy in the first quarter of 2022 began to slow down considerably.

The private consumption in the Euro-zone and the United Kingdom remains a solid factor in driving the economic growth of Europe, however, the disposable labor income in the first quarter of 2022 fell for the first time since the first quarter of 2021, leading to a slowdown in private consumption expenditure. Accompanied by the global economic downturn, rising inflationary pressures and the geopolitical crisis of Ukraine and Russia, the continuous decline of consumer confidence in the Euro-zone and the United Kingdom is anticipated. Consumer confidence index in the Euro-zone fell to a record low of -27 in July 2022, the lowest level since the series began in 1985. In fact, the Euro-zone consumer confidence index has fallen significantly since February 2022 at -9.6. It is predictable that private consumption expectations and weaker economic confidence of the household will affect the household savings, which will further restrain the final private consumption expenditure.

However, positive findings on gradual recovery of the eyewear industry is perceived and moderate growth is expected in the following five years. According to a new report “Global Eyewear Market Report and Forecast 2022–2027” published by Expert Market Research, the global eyewear market size was approximately US\$140.0 billion in 2021. The industry is further expected to grow at a CAGR of approximately 7.0% between 2022 and 2027 to attain a value of US\$209.5 billion by 2027. In addition, with easing travel restrictions and social distancing measures by some countries, most of the international optical trade fairs were or to be held since 2021, indicating a relatively positive prospect of the eyewear market. As a result, our sales backlog for the six months ended 30 June 2022 has rebounded as compared to the same period of 2021.

The Group remains to be committed to the development and optimisation of its eyewear business, being the core business of the Group. Other than the eyewear business, the Group is also researching and developing new opportunities, in order to achieve diversification in the business and income streams of the Group.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2022, the Group’s revenue increased significantly to approximately HK\$250.3 million by approximately HK\$63.2 million or 33.8% as compared to approximately HK\$187.1 million for the six months ended 30 June 2021. The increase was mainly attributable to the increase in the exported sales volume of spectacle frame and sunglasses, resulting from the increase in demand of eyewear products as the global economy gradually recovered from the impact of Covid-19.

Cost of sales

The cost of sales of the Group increased by approximately HK\$52.3 million or 33.5%, from approximately HK\$156.1 million for the six months ended 30 June 2021 to approximately HK\$208.5 million for the six months ended 30 June 2022. Such increase was basically in line with the increase in sales volume.

Gross profit and gross profit margin

Gross profit increased to approximately HK\$41.8 million for the six months ended 30 June 2022, by approximately HK\$10.9 million, or 35.0%, from approximately HK\$31.0 million for the six months ended 30 June 2021. Such increase in gross profit was mainly due to an increase in the revenue of approximately 33.8% and average selling price. As a result, the overall gross profit margin remained stable which were approximately 16.6% for the six months ended 30 June 2021 and 16.7% for the six months ended 30 June 2022.

Other income

Other income slightly increased by approximately HK\$0.1 million from approximately HK\$4.1 million for the six months ended 30 June 2021 to approximately HK\$4.2 million for the six months ended 30 June 2022. Such increase was mainly attributable to the increase in sales of sample and mould.

Other gains and losses

The Group recorded net other gains of approximately HK\$4.1 million for the six months ended 30 June 2022 and net other losses of approximately HK\$1.3 million for the six months ended 30 June 2021, the difference is mainly due to the exchange rate fluctuation during the six months ended 30 June 2022. For the six months ended 30 June 2022, Renminbi (“RMB”) depreciated against the Hong Kong dollars (“HKD”) mainly resulting in an exchange gain whereby most of the liabilities of the Group were denominated in RMB.

Selling and distribution expenses

Selling and distribution expenses increased from approximately HK\$6.2 million for the six months ended 30 June 2021 to approximately HK\$7.2 million for the six months ended 30 June 2022, by approximately HK\$1.0 million or 15.7%. Such increase was generally in line with the growth of sales, which was primarily attributable to the effective cost control on design and development costs.

Administrative and other operating expenses

Administrative and other operating expenses slightly increased by approximately HK\$0.3 million or 1.0%, from approximately HK\$29.5 million for the six months ended 30 June 2021 to approximately HK\$29.8 million for the six months ended 30 June 2022, mainly due to the increase in number of employee and hence the staff cost increased by approximately HK\$1.6 million.

Finance costs, net

The Group’s finance costs were maintained at a low level, amounted to approximately HK\$0.3 million for the six months ended 30 June 2022 and 2021, since the Group kept low gearing level constantly.

Income tax credit/(expenses)

The Group recorded income tax credit of approximately HK\$0.1 million for the six months ended 2022, compared to income tax expenses of HK\$0.6 million for the six months ended 30 June 2021, mainly due to over-provision of income tax in prior year for certain entities as a result of the refund of income tax within the Group for the six months ended 30 June 2022.

Profit/(loss) for the period

As a result of the foregoing, the Group achieved a turnaround from a loss for the period of approximately HK\$2.8 million for the six months ended 30 June 2021 to a profit of approximately HK\$12.9 million for the six months ended 30 June 2022, mainly due to improvement of sales performance on eyewear products.

FINANCIAL POSITION

As at 30 June 2022, the Group's total assets amounted to approximately HK\$271.5 million (31 December 2021: HK\$268.1 million) with net assets amounting to approximately HK\$193.6 million (31 December 2021: HK\$186.3 million). As at 30 June 2022, gearing ratio (total debts divided by the total equity) of the Group was approximately 1.8%, a decrease of approximately 18.2% as compared to that of approximately 2.2% as at 31 December 2021. Net debt to equity ratio (net debt, being its total debts net of bank and cash balances, divided by total equity) of the Group was not applicable due to a net cash position of the Group as at 30 June 2022 and 31 December 2021. As at 30 June 2022, current ratio of the Group was approximately 3.1 times, representing an increase of approximately 6.9% as compared to that of approximately 2.9 times as at the end of 2021. As at 30 June 2022, quick ratio of the Group was approximately 2.1 times, an increase of approximately 10.5% as compared to that of approximately 1.9 times as at the end of 2021.

During the six months ended 30 June 2022, the increase of total assets and net assets, and the decrease of gearing ratio were mainly due to the Group's operating profit for the six months ended 30 June 2022.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a balanced approach to cash and financial management to ensure proper risk control, the lowering of costs of funds and to maintain an optimal level of liquidity that can meet its working capital needs and sustain the business at a healthy level, and implementing various growth strategies. The Group finances its operations and growth primarily through cash generated from operations, bank loans and finance lease arrangements, as well as the net proceeds from the share offer of 125,000,000 shares at HK\$1.0 per offer share (the "**Share Offer**") as defined in the prospectus of the Company dated 29 June 2019 (the "**Prospectus**").

As at 30 June 2022, the Group had bank and cash balances totalling approximately HK\$28.0 million, representing a decrease of approximately HK\$8.9 million as compared to approximately HK\$36.9 million as at 31 December 2021, mainly attributable to purchase of plant equipments and used for operations.

TREASURY POLICIES

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

INDEBTEDNESS

As at 30 June 2022, the Group's indebtedness mainly represented lease liabilities of approximately HK\$3.5 million, and which are denominated in HKD and RMB. Interest rates for all leases are fixed on the contract dates and thus expose the Group to fair value interest rate risk.

The maturity of lease liabilities as at 30 June 2022 is as follows:

	Lease liabilities
	HK\$'000
Within one year	2,230
More than one year, but not exceeding two years	686
More than two years, but not more than five years	567
	<hr/>
	3,483

PRINCIPAL RISK AND UNCERTAINTY

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

Foreign currency risks

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

Financial risk

Financial risk factors include foreign currency risk, credit risk, liquidity risk and interest rate risk. Details of the aforesaid financial risk factors and the respective risk management measures are elaborated in note 6 to the consolidated financial statements “Financial risk management” of the 2021 annual report.

Operational risk

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

Market risk

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

PLEDGE OF ASSETS

As at 30 June 2022, the carrying amount of motor vehicles held as right-of-use assets by the Group under lease arrangements amounted to approximately HK\$2.6 million (31 December 2021: HK\$2.9 million).

CAPITAL COMMITMENT

As at 30 June 2022, the Group had capital commitments of approximately HK\$0.3 million and HK\$2.5 million relating to property, plant and equipment and capital contribution to a joint venture, respectively, which are contracted but not provided for.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

The Group values its employees and recognises the importance of a good relationship with them. The Group recruits its employees based on their work experience, education background and qualifications. To maintain and ensure the quality of its employees, the Group provide its personnel with formal and on-the-job training to enhance their technical skills as well as knowledge of the industry quality standards and work place safety standards. As at 30 June 2022, the Group had a total of 1,075 employees of which 1,057 were in the PRC and 18 were in Hong Kong. The remuneration to employees includes salaries and allowances. Employees are remunerated according to their qualifications, experiences, job nature, performance and with reference to market conditions.

The Group's total employee benefit expenses (including Directors' emoluments) for the six months ended 30 June 2022 and 2021 were approximately HK\$61.9 million and HK\$46.6 million, respectively.

SIGNIFICANT INVESTMENTS HELD

The Group had not held any significant investments during the six months ended 30 June 2022.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

There was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the six months ended 30 June 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other plan for material investments or acquisition of material capital assets as at 30 June 2022. Please refer to the section headed "Use of Proceeds from the Share Offer" in this report for further details.

USE OF PROCEEDS FROM THE SHARE OFFER

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

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

As set out in the Company's announcements dated 8 December 2021 and 21 December 2021, the Board resolved to further change the proposed use and allocation of the unutilised Net Proceeds as at 31 October 2021 (the "2021 Unutilised Net Proceeds") amounted to approximately HK\$17.8 million.

The original proposed allocation of the Net Proceeds in accordance with the Prospectus (the "Planned Use of Net Proceeds"), the reallocation of the unutilised Net Proceeds and the actual usage of the Unutilised Net Proceeds up to 30 June 2022 are set out below:

	Original allocation of the Net Proceeds as stated in the Prospectus		Actual usage of the 2020 Unutilised Net Proceeds for the period from 1 January 2021 to 31 October 2021			Actual usage of the 2021 Unutilised Net Proceeds for the period from 1 November 2021 to 31 December 2021			Actual usage of the 2021 Unutilised Net Proceeds for the six months ended 30 June 2022		Expected usage of Net Proceeds
	HK\$ million	Revised allocation of the 2020 Unutilised Net Proceeds	Unutilised Net Proceeds as at 1 January 2021	from 1 January 2021 to 31 October 2021	Unutilised Net Proceeds as at 31 October 2021	Further Revised allocation of the 2021 Unutilised Net Proceeds	period from 1 November 2021 to 31 December 2021	Unutilised Net Proceeds as at 1 January 2022	for the six months ended 30 June 2022	Unutilised Net Proceeds as at 30 June 2022	
Strengthen the Group's production capacity	43.2	22.4	18.1	5.2	12.9	-	-	-	-	-	-
Repay the Group's bank borrowings	12.4	-	-	-	-	-	-	-	-	-	-
Promote corporate image and brand building	8.8	4.5	3.5	2.4	1.1	-	-	-	-	-	-
Enhance design and development capabilities	7.2	5.3	3.4	0.6	2.8	-	-	-	-	-	-
Enhance quality assurance capabilities	3.6	1.4	0.7	0.7	-	-	-	-	-	-	-
General working capital	4.8	22.4	20.0	19.0	1.0	17.8	0.5	17.3	9.0	8.3	By 31 December 2022
	80.0	56.0	45.7	27.9	17.8	17.8	0.5	17.3	9.0	8.3	

The actual usage of the Net Proceeds for the six months ended 30 June 2022 was approximately HK\$9.0 million for the purpose of general working capital.

Given the operating environment of the Group continued to be challenged by the continuing COVID-19 situation, thus the Group has prudently further prolonged the timeline for its business plans as compared to the expected timeline set out in the Company's announcements dated 5 August 2020 and 19 November 2020, and reallocated the 2021 Unutilised Net Proceeds, details of which have been disclosed in the announcements of the Company dated 8 December 2021 and 21 December 2021.

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

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

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

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. The Board is of the view that the Company has complied with all the applicable code provisions of the CG Code during the six months ended 30 June 2022.

Compliance with the Model Code for Securities Transactions By Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the six months ended 30 June 2022.

OTHER INFORMATION

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

As at 30 June 2022, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) which will be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 to the Listing Rules, are set out as follows:

(a) Long position in Shares

Name of Director	Capacity/nature of interest	Number of Shares (Note 4)	Approximate percentage of shareholding interests of the Company (Note 5)
Mr. Kwok Kwan Fai (“Mr. Joe Kwok”)	Interest in a controlled corporation (Note 1)	275,952,000 (L)	55.19%
Mr. Kwok Kwan Yu (“Mr. Ken Kwok”)	Interest in a controlled corporation (Note 1)	275,952,000 (L)	55.19%
Ms. Chan Yin Wah (“Mrs. Kwok”)	Interest in a controlled corporation; interest held jointly with another person (Note 2)	275,952,000 (L)	55.19%
Mr. Kwok Mau Kwan (“Mr. Kwok”)	Interest of spouse (Note 3)	275,952,000 (L)	55.19%

Notes:

1. Conquer Holding Limited (“**Conquer**”), being the registered and beneficial owner of these shares, is owned as to 2% by Mrs. Kwok, 49% by Mr. Joe Kwok and 49% by Mr. Ken Kwok. As each of Mr. Joe Kwok and Mr. Ken Kwok holds 49% shareholding interest in Conquer, each of Mr. Joe Kwok and Mr. Ken Kwok is deemed to be interested in the Shares held by Conquer under the SFO. Each of Mr. Joe Kwok and Mr. Ken Kwok is a director of Conquer.
2. On 3 January 2019, Mr. Kwok, Mrs. Kwok, Mr. Joe Kwok and Mr. Ken Kwok entered into the confirmatory deed to acknowledge and confirm, among other things, that they are parties acting in concert in respect of each of the members of our Group since their respective dates of incorporation and shall continue to do so after the date of the confirmatory deed. Details of the confirmatory deed are set out in the paragraph headed “History, Reorganisation and Group Structure – Parties acting in concert” in the Prospectus. Accordingly, Mrs. Kwok, Mr. Joe Kwok, Mr. Ken Kwok and Conquer are considered as a group of Controlling Shareholders and Mrs. Kwok is deemed to be interested in the Shares held by Conquer under the SFO.
3. Mr. Kwok is the spouse of Mrs. Kwok and is deemed to be interested in all the Shares in which Mrs. Kwok is interested for the purposes of the SFO.
4. The Letter “L” denotes the entity/person’s long interest in our Shares.
5. As at 30 June 2022, the total number of issued shares of the Company was 500,000,000.

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

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

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be maintained pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2022, so far as our Directors are aware, the persons (other than the Directors and chief executive of the Company) who will have or be deemed or taken to have interests and/or short positions in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who were recorded in the register of the Company required to be kept pursuant to Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the Company's issued share capital are as follows:

Name of Substantial Shareholders	Capacity/Nature of Interest	Number of Shares (Note 1)	Approximate percentage of shareholding interests of the Company (Note 5)
Conquer (Note 2)	Beneficial owner	275,952,000 (L)	55.19%
Ms. Lee Man Yee Joanna (" Ms. Lee ") (Notes 2 and 3)	Interest of spouse	275,952,000 (L)	55.19%
Ms. Siu Fong Ting Tammy (" Ms. Siu ") (Notes 2 and 4)	Interest of spouse	275,952,000 (L)	55.19%

Notes:

- The Letter "L" denotes the entity/person's long interest in our Shares.
- Conquer, being the registered and beneficial owner of these shares, is owned as to 2% by Mrs. Kwok, 49% by Mr. Joe Kwok and 49% by Mr. Ken Kwok. As each of Mr. Joe Kwok and Mr. Ken Kwok hold 49% shareholding interest in Conquer, each of Mr. Joe Kwok and Mr. Ken Kwok is deemed to be interested in the Shares held by Conquer under the SFO. Each of Mr. Joe Kwok and Mr. Ken Kwok is a director of Conquer.
- Ms. Lee is the spouse of Mr. Joe Kwok and is deemed to be interested in all the Shares interested by Mr. Joe Kwok (via his 49% shareholding interest in Conquer) for the purposes of the SFO.
- Ms. Siu is the spouse of Mr. Ken Kwok and is deemed to be interested in all the Shares interested by Mr. Ken Kwok (via his 49% shareholding interest in Conquer) for the purposes of the SFO.
- As at 30 June 2022, the total number of issued shares of the Company was 500,000,000.

Save as disclosed herein, as at 30 June 2022, the Directors are not aware of any person (other than the Directors and the chief executive of the Company) who has, as at the date of this report (without taking into account any options which may be granted under the share option scheme), an interest or short position in the Shares or underlying Shares, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% of the issued voting shares of any other member of the Group.

Share Option Scheme

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

No share option was granted, exercised, expired, cancelled or lapsed since the adoption of the Scheme and during the six months ended 30 June 2022, and there is no outstanding share option under the Scheme as at the date of this report.

Purchases, Sale and Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2022.

Interim Dividend

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2022.

Competing Interests

As at 30 June 2022, Mr. Ken Kwok, an executive Director, is the controlling shareholder of a customer of the Group (the “**Customer**”). The Customer is principally engaged in assembling parts of optical frames and sunglasses with suppliers from Italy and sale of processed end-products to its own customers. While the Group’s suppliers are mainly from the PRC and has a largely differentiable customer base with the Customer, the Company considers that the operations of the Customer and the Group are complementary and there is no material impact on the operations or financial conditions of the Group. For the six months ended 30 June 2022, the transaction amount between the Group and the Customer was approximately HK\$362,000.

Save as disclosed above, the Directors are not aware of any business or interest of the Directors or the controlling shareholders (as defined in the Listing Rules) of the Company nor any of their respective associates (as defined in the Listing Rules) that competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group during the six months ended 30 June 2022.

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 Audit Committee comprises three independent non-executive Directors of the Company, namely Mr. Hong Sze Lung, Mr. Chu Kin Ming and Mr. Chan Hon Wah. Mr. Chu Kin Ming is the chairman of the Audit Committee.

The interim results for the six months ended 30 June 2022 is unaudited, but the Audit Committee has reviewed the Company’s unaudited condensed consolidated interim results for the six months ended 30 June 2022, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

Change in Information of Director

Name of Director	Details of changes
Mr. Hong Sze Lung	Resigned as an independent non-executive director of Silver Base Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 886) with effect from 17 June 2022

Saved as disclosed above, there was no change to any information in relation to any Director required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the six months ended 30 June 2022 and up to the date of this report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
	Note	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	4	250,299	187,104
Cost of sales		(208,476)	(156,132)
Gross profit		41,823	30,972
Other income		4,186	4,062
Other gains/(losses)		4,075	(1,259)
Selling and distribution expenses		(7,153)	(6,185)
Administrative and other operating expenses		(29,817)	(29,531)
Profit/(loss) from operations		13,114	(1,941)
Finance costs, net	5	(309)	(232)
Profit/(loss) before tax		12,805	(2,173)
Income tax credit/(expenses)	6	111	(603)
Profit/(loss) for the period	7	12,916	(2,776)
Attributable to Owners of the Company		12,916	(2,776)
Profit/(loss) per share			
— Basic and diluted	9	HK 2.58 cents	HK (0.56) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Profit/(loss) for the period	12,916	(2,776)
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(5,633)	1,080
Other comprehensive income for the period, net of tax	(5,633)	1,080
Total comprehensive income for the period	7,283	(1,696)
Attributable to Owners of the Company	7,283	(1,696)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	26,642	28,014
Investment in an associate		–	–
Right-of-use assets	11	6,383	6,982
Deposits paid for property, plant and equipment		664	783
		33,689	35,779
Current assets			
Inventories	12	80,692	80,737
Trade receivables	13	118,421	101,350
Amount due from associates		107	–
Prepayments, deposits and other receivables		10,565	13,336
Bank and cash balances		27,989	36,930
		237,774	232,353
Current liabilities			
Trade payables	14	54,214	52,665
Other payables and accruals		17,478	22,391
Contract liabilities		2,175	2,290
Lease liabilities		2,230	2,551
Current tax liabilities		300	252
		76,397	80,149
Net current assets		161,377	152,204
Total assets less current liabilities		195,066	187,983

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		1,253	1,453
Deferred tax liabilities		198	198
		1,451	1,651
NET ASSETS			
		193,615	186,332
Capital and reserves			
Share capital	15	5,000	5,000
Reserves		188,615	181,332
TOTAL EQUITY			
		193,615	186,332

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Statutory surplus reserve	Foreign currency translation reserve	Other reserve	Share premium	Retained earnings	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021	5,000	2,880	2,943	70,658	88,511	15,231	185,223
Loss and total comprehensive income for the period	-	-	1,080	-	-	(2,776)	(1,696)
At 30 June 2021 (unaudited)	5,000	2,880	4,023	70,658	88,511	12,455	183,527
At 1 January 2022	5,000	3,143	6,192	70,658	88,511	12,828	186,332
Profit and total comprehensive income for the period	-	-	(5,633)	-	-	12,916	7,283
At 30 June 2022 (unaudited)	5,000	3,143	559	70,658	88,511	25,744	193,615

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(3,373)	346
CASH FLOW FROM INVESTING ACTIVITIES		
Deposits paid	(682)	(553)
Purchases of property, plant and equipment	(2,984)	(1,588)
Proceeds from disposals of property, plant and equipment	68	–
Net cash outflow on disposal of subsidiaries	(51)	–
Interest received	11	14
Increase in pledged bank deposits	–	(5,072)
NET CASH USED IN INVESTING ACTIVITIES	(3,638)	(7,199)
CASH FLOW FROM FINANCING ACTIVITIES		
Finance expenses paid	(320)	(246)
Principal elements of lease payments	(1,457)	(1,476)
Repayment of bank borrowings	–	(8,000)
NET CASH USED IN FINANCING ACTIVITIES	(1,777)	(9,722)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(153)	740
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,941)	(15,835)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	36,930	76,384
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	27,989	60,549
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	27,989	60,549

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General Information

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

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

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

2. Basis of Preparation

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The unaudited condensed consolidated interim financial information have been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 3. The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated interim financial information contains selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the consolidated financial statements for the year ended 31 December 2021. The unaudited condensed consolidated interim financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

2. Basis of Preparation (Continued)

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

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

3. Adoption of New and Revised HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in these financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021. A number of new or amended standards are effective from 1 January 2022 but they do not have a material effect on the Group's condensed consolidated interim financial information.

4. Revenue and Segment Information

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

Segment information

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

4. Revenue and Segment Information (Continued)

Geographical information

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

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue		
Italy	81,831	41,407
United Kingdom	59,800	41,716
Netherlands	43,558	43,097
Hong Kong	31,807	17,594
United States	9,541	13,179
Japan	5,513	3,435
France	4,255	408
Others	13,994	26,268
	250,299	187,104

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

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Hong Kong	5,313	5,041
PRC	27,712	29,955
	33,025	34,996

4. Revenue and Segment Information (Continued)

Information about major customers

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

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Customer a	60,097	46,622
Customer b	44,701	28,135
Customer c	36,336	43,375
Customer d	34,873	19,535

5. Finance Costs, Net

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Bank interest income	11	14
Finance expenses:		
Interest on bank borrowings	-	(9)
Interest on factoring of trade receivables	(218)	(109)
Interest expense on lease liabilities	(98)	(128)
Others	(4)	-
	(320)	(246)
Finance costs, net	(309)	(232)

6. Income Tax Credit/(Expenses)

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current tax	111	(603)

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

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

Pursuant to the PRC Enterprises Income Tax Law and the respective regulations, the subsidiaries which operate in the Mainland China are subject to corporate income tax at a rate of 25% on the taxable income. Preferential tax treatment is available to a PRC subsidiary of the Group, since it was qualified as a Small and Low-profit Enterprise for the six months ended 30 June 2021 and 2022 and was subject to income tax at a preferential tax rate of 20%. Besides, pursuant to Caishui [2017] No. 43, the PRC subsidiary was entitled to a further deduction of 50% of the tax income for the six months ended 30 June 2021 and 2022. The Group's another two PRC subsidiaries were also qualified as an Advanced Technology Service Enterprise and was subject to income tax at a preferential tax rate of 15% for the six months ended 30 June 2021 and 2022. Besides, one of the Company's subsidiaries was also qualified as a High and New Technology Enterprise and their research and development activities are entitled to claim 175% (2021: 175%) of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the six months ended 30 June 2021 and 2022.

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

7. Profit/(loss) for the Period

The Group's profit/(loss) for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Auditor's remuneration	459	454
Cost of inventories sold (*)	208,476	156,132
Depreciation		
– Property, plant and equipment	3,862	5,848
– Right-of-use assets	1,469	1,430
Exchange (gain)/loss, net	(4,084)	1,207
Net gain on disposal of subsidiaries (Note 19)	58	–
Net losses on disposal of property, plant and equipment	68	52
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	56,229	42,670
– Retirement benefit scheme contributions	5,653	3,936

(*) Cost of inventories sold includes approximately HK\$31,669,000 and HK\$39,856,000 of staff costs, depreciation and lease payments which are also included in the respective total amounts disclosed above for each of these types of expenses for the six months ended 30 June 2021 and 2022 respectively.

8. Dividends

There was no dividend declared or paid during the six months ended 30 June 2021 and 2022.

9. Profit/(loss) Per Share

Basic profit/(loss) per share

The calculation of basic profit/(loss) per share is based on the profit attributable to owners of the Company for the period of approximately HK\$12,916,000 (2021: loss attributable to owners of the Company HK\$2,776,000) and the weighted average of 500,000,000 ordinary shares (2021: 500,000,000 ordinary shares) in issue during the period.

Diluted profit/(loss) per share

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

10. Property, Plant and Equipment

During the period, the Group acquired plant and equipment at a total cost of HK\$3,755,000 (2021: HK\$2,210,000).

11. Right-of-Use Assets

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Motor vehicles	2,563	2,886
Leased land	1,968	2,086
Leased properties	1,852	2,010
	6,383	6,982

12. Inventories

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Raw materials	20,673	16,568
Work in progress	38,516	43,725
Finished goods	5,525	10,427
Goods-in-transit	15,978	10,017
	80,692	80,737

13. Trade Receivables

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Trade receivables	119,455	102,384
Less: Impairment loss	(1,034)	(1,034)
	118,421	101,350

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

The Group has entered into receivable purchase agreements with banks for the factoring of trade receivables with certain designated customers. As at 30 June 2022 and 31 December 2021, trade receivables factored to the banks aggregated to approximately HK\$67,355,000 and HK\$125,164,000 respectively, and all of which were derecognised from the consolidated statements of financial position because, in the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership in respect of the relevant factored receivables to the banks.

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

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Up to 60 days	83,894	63,184
61 to 120 days	26,138	25,470
121 to 180 days	1,217	5,064
Over 180 days	7,172	7,632
	118,421	101,350

14. Trade Payables

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Trade payables	54,214	52,665

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

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Up to 60 days	42,268	44,403
61 to 90 days	10,369	6,766
91 to 180 days	1,277	1,162
Over 180 days	300	334
	54,214	52,665

The credit period ranges from 30 to 90 days.

15. Share Capital

The Company's share capital as at 30 June 2022 was as follows:

	No of shares	HK\$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022 (unaudited)	2,000,000,000	20,000
<i>Issued and fully paid:</i>		
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022 (unaudited)	500,000,000	5,000

16. Capital Commitments

As at 30 June 2022 and 31 December 2021, capital commitments contracted for but not yet incurred are as follows:

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Property, plant and equipment	303	340
Capital contribution to joint venture	2,460	8,572
	2,763	8,912

17. Related Party Transactions

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

	Note	Six months ended 30 June 2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Office's rental paid for lease liabilities to Ms. Lee	(i)	253	232
Employee benefit expenses to Ms. Lee	(i)	387	309
Sales of goods to DEM S.r.l	(ii)	362	242

Notes:

- (i) Ms. Lee is the spouse of Mr. Joe Kwok
- (ii) Mr. Ken Kwok has a 51% equity interest in DEM S.r.l.

17. Related Party Transactions (Continued)

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

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Short-term benefits	3,932	3,612

18. Operating Lease Arrangement

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Within one year	253	—

During the period, the Group entered a short-term lease for an office and the outstanding lease commitments relating to this office was HK\$253,000.

19. Disposal of Tokyo Universe Group

On 8 April 2022, the Company, has disposed 70% equity interests in Tokyo Universe Technology Limited and its subsidiaries (collectively, the “**Tokyo Universe Group**”) to an independent third party at a cash consideration of approximately HK\$1,000. The completion of the disposal of the Tokyo Universe Group took place on the same date.

Net liabilities at the date of disposal were as follows:

	HK\$'000
Bank and cash balances	52
Amounts due to fellow subsidiaries	(109)
Net liabilities disposed of	(57)
Gain on disposal of the Tokyo Universe Group	58
Total consideration satisfied by cash	1
Net cash outflow arising on disposal:	
Cash consideration received	1
Cash and cash equivalents disposed of	(52)
	(51)

20. Event after the Reporting Period

There were no significant events after the reporting period up to the date of this report.