JETE POWER HOLDINGS LIMITED
鑄能控股有限公司*

(incorporated in the Cayman Islands with limited liability)
Stock Code: 8133

* *For identification purpose only*

Interim Report 2016

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

HIGHLIGHTS

- The Group recorded a revenue of approximately HK$29.60 million for the six months ended 30 June 2016 (six months ended 30 June 2015: approximately HK$22.79 million).
- Loss attributable to the owners of the Company for the six months ended 30 June 2016 amounted to approximately HK$1.61 million (six months ended 30 June 2015: loss of approximately HK$7.91 million).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016.

FINANCIAL RESULTS

The board of directors (the "Board") of Jete Power Holdings Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the three months and six months ended 30 June 2016 together with the comparative unaudited figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2016

	Notes	**Three months ended 30 June**		**Six months ended 30 June**	
		2016	2015	**2016**	2015
		HK$'000	HK$'000	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	3	**16,941**	12,639	**29,601**	22,794
Cost of sales		**(12,861)**	(8,910)	**(22,297)**	(16,664)
Gross profit		**4,080**	3,729	**7,304**	6,130
Other income		**29**	2	**58**	15
Selling and distribution expenses		**(777)**	(838)	**(1,681)**	(1,404)
Administrative expenses		**(3,957)**	(6,564)	**(6,872)**	(12,189)
Finance costs	5	**(47)**	(140)	**(122)**	(274)
Loss before tax		**(672)**	(3,811)	**(1,313)**	(7,722)
Income tax expense	6	**(293)**	(185)	**(293)**	(185)
Loss for the period attributable to the owners of the Company	7	**(965)**	(3,996)	**(1,606)**	(7,907)
Other comprehensive expense for the period					
Item that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operation		**(598)**	(35)	**(151)**	(59)
Total comprehensive expense for the period attributable to the owners of the Company		**(1,563)**	(4,031)	**(1,757)**	(7,966)
Basic and diluted loss per share	9	**HK(0.14) cents**	HK(0.61) cents	**HK(0.23) cents**	HK(1.31) cents

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2016

	Notes	30 June 2016 HK$'000 (Unaudited)	31 December 2015 HK$'000 (Audited)
Non-current assets			
Plant and equipment	10	15,123	15,795
Rental deposit	11	823	823
		15,946	16,618
Current assets			
Inventories		16,672	19,255
Trade and other receivables, deposits and prepayments	11	8,721	8,396
Tax recoverable		840	840
Pledged bank deposit		3,502	3,502
Bank balances and cash	12	12,431	15,886
		42,166	47,879
Current liabilities			
Trade and other payables	13	7,848	12,669
Tax payable		293	–
Amount due to a shareholder		5,385	2,459
Bank borrowings	14	2,428	5,454
		15,954	20,582
Net current assets		26,212	27,297
Total assets less current liabilities		42,158	43,915
Capital and reserves			
Share capital	15	7,000	7,000
Reserves		35,158	36,915
		42,158	43,915

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company						
	Share capital HK$'000 (Unaudited)	**Share premium** HK$'000 (Unaudited)	**Exchange reserve** HK$'000 (Unaudited)	**Capital reserve** HK$'000 (Unaudited) (Note (a))	**Other reserve** HK$'000 (Unaudited) (Note (b))	**Retained earnings** HK$'000 (Unaudited)	**Total equity** HK$'000 (Unaudited)
Balance at 1 January 2016	7,000	18,418	2,995	(7,045)	27,650	(5,103)	43,915
Loss for the period	–	–	–	–	–	(1,606)	(1,606)
Exchange difference arising on translation of foreign operation	–	–	(151)	–	–	–	(151)
Total comprehensive expense for the period	–	–	(151)	–	–	(1,606)	(1,757)
Balance at 30 June 2016	7,000	18,418	2,844	(7,045)	27,650	(6,709)	42,158
Balance at 1 January 2015	78	27,572	4,289	(7,045)	–	7,356	32,250
Loss for the period	–	–	–	–	–	(7,907)	(7,907)
Exchange difference arising on translation of foreign operation	–	–	(59)	–	–	–	(59)
Total comprehensive expense for the period	–	–	(59)	–	–	(7,907)	(7,966)
Transfer upon a group reorganisation	(78)	(27,572)	–	–	27,650	–	–
Issue of new shares by way of placing	1,500	28,500	–	–	–	–	30,000
Capitalisation issue	5,500	(5,500)	–	–	–	–	–
Share issuance expenses	–	(4,582)	–	–	–	–	(4,582)
Balance at 30 June 2015	7,000	18,418	4,230	(7,045)	27,650	(551)	49,702

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2016

	Unaudited Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(2,856)**	(12,335)
Net cash used in investing activities	**(3,632)**	(397)
Net cash (used in)/generated from financing activities	**(221)**	31,737
Net increase/(decrease) in cash and cash equivalents	**(6,709)**	19,005
Cash and cash equivalents at the beginning of period	**15,886**	2,183
Effect of foreign exchange rate changes	**254**	66
Cash and cash equivalents at the end of period	**9,431**	21,254
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	**9,431**	21,254

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

Pursuant to a group reorganisation (the "Reorganisation") and capitalisation of 549,990,000 shares in preparation for the Listing, the Company became the holding company of the subsidiaries now comprising the Group on 10 April 2015, the details of which are as set out in the prospectus issued by the Company dated 23 April 2015 (the "Prospectus").

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2016 (the "2016 Interim Financial Statements") are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

The 2016 Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of the GEM Listing Rules. 2016 Interim Financial Statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the 2016 Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRs").

In the current period, the Group has adopted a number of new and revised HKFRSs, amendments to Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") (hereinafter collectively referred to as "new and revised HKFRSs") issued by the HKICPA that are relevant to the Group and effective for accounting periods beginning on or after 1 January 2016. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current and prior periods.

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

The preparation of the 2016 Interim Financial Statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The 2016 Interim Financial Statements should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2015.

3. REVENUE

Revenue represents the amounts received and receivable from cast metal products sold in the normal course of business, net of cash discount and sales related taxes.

4. SEGMENT INFORMATION

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the directors) in order to allocate resources to the segment and to assess its performance.

For management purpose, the Group operates in one business unit based on their products, and has one reportable and operating segment: Manufacturing and sales of cast metal products. The directors monitor the revenue of its business unit as a whole based on the monthly sales and delivery reports for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and results; and segment assets and liabilities are presented in the combined statements of profit or loss and other comprehensive income and combined statements of financial position respectively.

Information about geographical areas

The Group's operations are located in Hong Kong and the PRC.

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

	Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Germany	**22,761**	18,940
Hong Kong	**3,264**	1,366
The PRC	**1,184**	1,058
The United States	**1,808**	644
Others	**584**	786
	29,601	22,794

(b) Information about the Group's non-current assets is presented based on the geographical location of the assets.

	30 June	31 December
	2016	2015
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Hong Kong	**240**	294
The PRC	**14,883**	15,501
	15,123	15,795

Note: Non-current assets excluded financial instruments.

4. SEGMENT INFORMATION (CONTINUED)

Information about major customers

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

	Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Customer A	**9,807**	7,251
Customer B	**7,512**	5,912
Customer C	**N/A[1]**	N/A[1]

1 The corresponding revenue did not contribute over 10% of the total sales of the Group.

5. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on:		
– Bank borrowings wholly repayable within five years	**122**	249
– Finance lease	**–**	25
	122	274

6. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong profits tax	**293**	87
PRC Enterprise Income Tax ("EIT")	**–**	98
	293	185

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2015: 16.5%) on the estimated assessable profit during the period arising in or derived from Hong Kong.

The subsidiary of the Group established in the People's Republic of China ("PRC") is subject to EIT. EIT has been provided at the rate of 25% (six months ended 30 June 2015: 25%) on the estimated assessable profits during the period arising in the PRC.

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Professional expenses incurred in connection with the Company's listing	**–**	7,245
Cost of inventories recognised as expense	**22,297**	16,664
Depreciation of plant and equipment	**1,115**	840

8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

9. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares deemed to be in issue during the six months ended 30 June 2016 and 2015.

The weighted average number of ordinary shares in issue during the six months ended 30 June 2015 used in the basic earnings per share calculation is determined on the assumption that the 10,000 ordinary shares with par value of HK$0.01 each and the 549,990,000 shares with par value of HK$0.01 each issued upon the capitalisation issue and Reorganisation as described in the Prospectus had been in issue since 1 January 2014.

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss attributable to the owners of the Company (HK$'000)	**(965)**	(3,996)	**(1,606)**	(7,907)
Weighted average number of ordinary shares in issue (thousands)	**700,000**	652,198	**700,000**	601,381
Basic and diluted loss per share (HK cents per share)	**(0.14)**	(0.61)	**(0.23)**	(1.31)

No adjustment has been made to the basic loss per share amount for the six months ended 30 June 2016 and 2015 as the Group had no potentially dilutive ordinary shares in issue during these periods.

10. PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired at cost, leasehold improvements of nil (six months ended 30 June 2015: HK$558,000); plant and machinery of approximately HK$631,000 (six months ended 30 June 2015: nil); office equipment of nil (six months ended 30 June 2015: nil).

In addition, the Group disposed of plant and equipment of nil during the six months ended 30 June 2016 (six months ended 30 June 2015: HK$122,000).

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2016 HK$'000 (Unaudited)	31 December 2015 HK$'000 (Audited)
Trade receivables	**7,255**	5,412
Other tax recoverable	**893**	1,710
Prepayments	**413**	863
Deposits and other receivables	**983**	1,234
Trade and other receivables	**9,544**	9,219
Less: Rental deposit shown under non-current assets	**(823)**	(823)
Current portion	**8,721**	8,396

The Group allows an average credit period of 30 to 60 days to its trade customers. The Group does not hold any collateral over its trade and other receivables. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	30 June 2016 HK$'000 (Unaudited)	31 December 2015 HK$'000 (Audited)
Within 30 days	**2,303**	1,625
31 to 60 days	**3,237**	3,068
61 to 90 days	**1,616**	719
Over 90 days	**99**	–
Total	**7,255**	5,412

12. BANK BALANCES AND CASH

	30 June 2016 HK$'000 (Unaudited)	31 December 2015 HK$'000 (Audited)
Bank balances and cash	**9,431**	15,886
Bank certificates of deposit with maturing date more than three months	**3,000**	–
	12,431	15,886

13. TRADE AND OTHER PAYABLES

	30 June 2016 HK$'000 (Unaudited)	31 December 2015 HK$'000 (Audited)
Trade payables	**5,197**	6,028
Other payables	**2,651**	6,641
Trade and other payables	**7,848**	12,669

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

	30 June 2016 HK$'000 (Unaudited)	31 December 2015 HK$'000 (Audited)
Within 30 days	**1,915**	1,608
31 to 60 days	**1,137**	1,296
61 to 90 days	**940**	1,549
Over 90 days	**1,205**	1,575
Trade payables	**5,197**	6,028

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

14. BANK BORROWINGS

	30 June 2016 HK$'000 (Unaudited)	31 December 2015 HK$'000 (Audited)
Secured bank borrowings (note i)	**2,428**	5,454
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	**2,428**	4,995
After one year but within two years	**–**	459
After two years but within five years	**–**	–
	2,428	5,454
Carrying amount of bank borrowing that is repayable within one year	**2,428**	4,995
Carrying amount of borrowing that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause	**–**	459
Amounts shown under current liabilities	**2,428**	5,454

Note:

(i) As at 30 June 2016, bank borrowings with carrying amount of approximately HK$1,431,000 (31 December 2015: HK$3,932,000) are secured by deposits with the carrying value of approximately HK$1,502,000 (31 December 2015: HK$1,502,000). The bank borrowings with carrying amount of approximately HK$997,000 (31 December 2015: HK$1,522,000) are secured by deposits with carrying value of approximately HK$2,000,000 as at 30 June 2016 (31 December 2015: HK$2,000,000). The secured bank borrowings carry variable-rate interest at 1.0%–5.1% per annum for the year ended 30 June 2016 (31 December 2015: 1.0%–5.1%).

15. SHARE CAPITAL

	Number of shares	Nominal value of ordinary shares HK$'000
Authorised:		
At 1 January 2015	38,000,000	380
Increase in authorised share capital pursuant to written resolutions of the shareholders of the Company on 10 April 2015	962,000,000	9,620
At 30 June 2015, 31 December 2015 and 30 June 2016 (Unaudited)	1,000,000,000	10,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 January 2015	1	–
Issue of shares pursuant to a reorganisation (Note (a))	9,999	–
Issue of shares by way of placing (Note (b))	150,000,000	1,500
Capitalisation issue (Note (c))	549,990,000	5,500
At 30 June 2015, 31 December 2015 and 30 June 2016 (Unaudited)	700,000,000	7,000

Note (a) Pursuant to the Share Swap Agreement dated 10 April 2015 entered into amongst Pure Goal, Well Gainer and Bravo Luck as transferors, and the Company as transferee, Pure Goal, Well Gainer and Bravo Luck agreed to transfer the entire issued share capital in XETron Group Limited to the Company in consideration of and in exchange for 6,999 shares to Pure Goal, 2,337 shares to Well Gainer, and 663 shares to Bravo Luck credited as fully paid, respectively.

Note (b) On 30 April 2015, 150,000,000 new ordinary shares of HK$0.01 each were issued to the public by way of placing ("Placing") at a price of HK$0.20 per share raising gross proceeds of approximately HK$30 million.

Note (c) On 30 April 2015, 549,990,000 shares were issued by way of capitalisation of share premium on the proceeds from the allotment of 150,000,000 shares stated in note (b) under the capitalisation issue as detailed in the Prospectus.

16. RELATED PARTY TRANSACTIONS

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

Compensation to key management personnel

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

	Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Short-term employee benefits	**1,452**	857
Post-employment benefits		
– defined contribution plans	**14**	9
	1,465	866

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

17. EVENT AFTER THE REPORTING PERIOD

(a) Share Subdivision and placing of unlisted warrants

In the extraordinary general meeting of the Company convened on 7 July 2016, the shareholders of the Company have passed the ordinary resolutions in relation to:

(i) *Share Subdivision*

A proposed share subdivision by the way of the subdivision of each (1) of the existing issued and unissued shares of HK$0.01 each in the share capital of the Company into five (5) subdivided shares of HK$0.002 each. The aforesaid share subdivision has become effective on 8 July 2016;

(ii) *Placing of Unlisted Warrants*

On 31 May 2016, the Company entered into the conditional Warrant Placing Agreement with the Placing Agent in connection with the Warrant Placing, pursuant to which the Placing Agent agreed to place, on a best effort basis, to subscribe for up to a maximum of 700,000,000 Warrants at the Warrant Issue Price of HK$0.02. The warrants will entitle the Warrantholders to subscribe for up to 700,000,000 Warrant Shares at the Warrant Subscription Price of HK$0.36. Each Warrant carries the right to subscribe for one Warrant Share.

On 26 July 2016, the Company entered into a supplemental warrant placing agreement with the Placing Agent in which the Placing Agent and the Company have agreed to extend the Long Stop Date from 29 July 2016 to 12 August 2016 as additional time is required for fulfilment of the condition precedent set out in the Warrant Placing Agreement. The Warrants Placing has been completed on 8 August 2016.

Further details of the share subdivision and the Warrants Placing and the meanings of the capitalised terms used are set out in the announcement and the circular of the Company dated 31 May 2016 and 17 June 2016 respectively.

17. EVENT AFTER THE REPORTING PERIOD (CONTINUED)

(b) Two Memorandum of Understanding in relation to two Possible Acquisitions

On 27 July 2016, the Company entered into a memorandum of understanding (the "MOU A") with potential vendors (the "Potential Vendors A") in relation to the possible acquisition of part of the issued share capital in a company (the "Target Company A", together with its subsidiaries "Target Group A") (the "Proposed Acquisition A"). The Target Group A is principally engaged in the business of development of solar cell in PRC.

On 2 August 2016, the Company entered into another memorandum of understanding (the "MOU B") with potential vendor (the "Potential Vendor B") in relation to the possible acquisition of part of the issued share capital in a company (the "Target Company B", together with its subsidiaries "Target Group B") (the "Proposed Acquisition B"). The Target Group B is principally engaged in the business of development of solar cell in PRC.

As at the date of this report, the terms and conditions of the Proposed Acquisition A and Proposed Acquisition B are still being negotiated and no legally binding agreement has been entered into. Proposed Acquisition A and Proposed Acquisition B may or may not proceed.

Details of the transactions in relation to MOU A and MOU B are set out in the announcements of the Company dated 27 July 2016 and 2 August 2016 respectively.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2016 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

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

During the reporting period, the global economic environment remain challenging but the Group is positive about the prospects of the metal casting industry and will continue to focus on its core business. Resources will be reserved for the purpose of increasing the production capacity in the Qiuchang Foundry, enhancing the marketing effort to attract new customers and strengthen the quality control system to maintain the strong customer relationship with existing customers. Meanwhile, the Group will also explore other potential investment opportunities in order to diversify the Group's business and create new source of revenue to the Group. The Group will continue to adopt a positive yet prudent approach in its business strategies aiming to enhance the Group's profitability and the shareholders' value in the long run.

Financial Review

Revenue

For the six months ended 30 June 2016, total revenue of the Group increased by about 29.86% to approximately HK$29.60 million as compared with the corresponding period in 2015. The increase in total revenue was mainly due to the increase in sales volume as compared to the same period in 2015. The increase in sales volume was mainly due to the long Chinese New Year's holiday of the Company for the year 2015 and hence the factory output in February 2015 was lower than February 2016.

Cost of sales and gross profit

The key components of the Group's cost of sales comprised principally the (i) raw materials used for production of metal casting parts and components, (ii) direct labour costs and (iii) manufacturing overheads such as depreciation for plant and equipment, consumables, utilities, maintenance costs and indirect labour costs. For the six months ended 30 June 2016, the cost of sales of the Group increased by about 33.80% to approximately HK$22.30 million as compared with the corresponding period in 2015. Such increase was mainly attributable to the increase in sales volume and the increase in direct labour cost and manufacturing overheads.

The gross profit of the Group increased from HK$6.13 million, for the six months ended 30 June 2015 to HK$7.30 million for the six months ended 30 June 2016. The gross profit margin for the period remained constant at around 25 %.

Selling and distribution expenses

The Group's selling and distribution expenses for the six months ended 30 June 2016 amounted to approximately HK$1.68 million, representing an approximately 20.00% increase as compared with the corresponding period in 2015 of approximately HK$1.40 million. Selling and distribution expenses comprised mainly packaging, delivery, customs and insurance cost incurred in relation to the sales. The increase for the period was mainly due to the increase in sales volume and the increase in agency cost during the current period.

Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2016 amounted to approximately HK$6.87 million, representing an approximately 43.64% decrease as compared with the corresponding period in 2015 of approximately HK$12.19 million. Administrative expenses primarily consist of salaries and benefit payments paid to directors and staff, exchange loss, audit fee and non-recurring expenses in relation to the listing of the Company ("Listing Expenses"). The decrease for the period was mainly attributable to the net effect of (i) decrease in Listing Expenses by HK$7.25 million and (ii) the increase in staff cost and various compliance and professional fees incurred after the Listing of the Company.

Finance costs

Finance costs mainly represent the interest on bank borrowings. The decrease for the six months ended 30 June 2016 was mainly due to the decrease in the bank borrowings outstanding during the period as compared with the corresponding period in 2015.

Loss for the period

Loss attributable to owners of the Company for the six months ended 30 June 2016 amounted to approximately HK$1.61 million (six months ended 30 June 2015: HK$7.91 million). The decrease was mainly attributable to the net effects of (i) the increase in revenue; (ii) the increase in staff cost and various compliance and professional fees incurred after the Listing of the Company and (iii) no Listing Expenses was incurred during the period.

Liquidity and financial resources

The Group's principal sources of funds are used to finance working capital, and the growth and expansion of the Group's operations and sales network. The Group's principal sources of funds are cash generated from operations and bank borrowings. The Group had cash and cash equivalents of approximately HK$12.43 million as at 30 June 2016 (31 December 2015: HK$15.89 million). As at 30 June 2016, the Group had total bank borrowings of approximately HK$2.43 million (31 December 2015: HK$5.45 million). All the bank borrowings contain a repayment on demand clause.

Gearing ratio

As at 30 June 2016, the Group's gearing ratio was 5.76% (31 December 2015: 12.41%), which is calculated based on the Group's total interest-bearing debt of approximately HK$2.43 million (31 December 2015: HK$5.45 million) and the Group's total equity of approximately HK$42.16 million (31 December 2015: HK$43.92 million).

Capital structure

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

Treasury policies

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

Contingent liabilities

As at 30 June 2016, the Group had no material contingent liabilities (31 December 2015: Nil).

Charge of assets

As at 30 June 2016, the Group had pledged its bank deposits of approximately HK$3.50 million (31 December 2015: HK$3.50 million) to certain banks in Hong Kong to secure the banking facilities granted to the Group.

Foreign currency risk

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

Title defect risk in the leased properties

As mentioned in the "Business" section of the Prospectus, the Group has two foundries which are located at Danshui Town, Huiyang District, Huizhou City and Qiuchang Town, Huiyang District, Huizhou City ("Qiuchang Foundry") respectively. The owner and both the landlords of the two foundries do not possess valid collective building land use rights certificates and building ownership certificates for the foundries. As a part of the risk management plan of the Group to mitigate the risk arising from the title defect of the leased properties in the PRC, the Group has entered into a legally binding memorandum of understanding (the "MOU") with a landlord for a backup plant located at Qingyuan City, Guangdong Province, the PRC. As at date of this report, the owner of the Qiuchang Foundry is in the process of applying for the collective building land use rights of the land where the Qiuchang Foundry is located. The MOU remains valid and the backup plant was not occupied by any other party.

Capital Commitments

As at 30 June 2016, the Group did not have any significant capital commitments (31 December 2015: Nil).

Significant investment held

Except for investments in subsidiaries, as at 30 June 2016, the Group did not hold any significant investment in equity interest in any other company.

Future plans for material investments and capital assets

Save as disclosed in the section "Future Plans and Use of Proceeds" of the Prospectus, the Group did not have other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the six months ended 30 June 2016, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies, save as disclosed in the Prospectus.

Employee and Emolument Policies

As at 30 June 2016, the employee headcount (including Directors) of the Group was 178 (31 December 2015: 216) and the total staff costs, including directors' emoluments, amounted to approximately HK$7.91 million during the six months ended 30 June 2016 (six months ended 30 June 2015: HK$6.72 million). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Comparison between business objectives and actual business progress

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress from the Listing Date to 30 June 2016 (the "Review Period"). Capitalised terms used herein shall have the same meanings as those defined in the Prospectus unless the content requires otherwise.

Business objectives for the Review Period	Actual Business Progress for the Review Period
(a) Increasing the production capacity of the Qiuchang Foundry	
• To continue our training for new staff	The Group has provided relevant training activities for all the new staff in order to strengthen its production capacity in the PRC
• To acquire new production machines and improvement and Equipment	The Group has increased the leasehold improvement and acquired new machinery and equipment to enhance its production capacity in the PRC
(b) Increasing the marketing effort to attract new customers	
• To continue to evaluate our marketing team size	The Group has evaluated the marketing team size and considered it is sufficient for the Review Period

Business objectives for the Review Period	Actual Business Progress for the Review Period
• To continue to organise client relationship events in Europe and the USA	The Group has continuously organised various marketing activities to promote sales and strengthen its market position
• To set up a stand at the ACHEMA exhibition in Frankfurt, Germany	The Group has joined the ACHEMA exhibition in Frankfurt, Germany held in June 2015

(c) Strengthening the quality control system to maintain our strong customer relationship with existing customers

• To continue our training for existing staff	Relevant training activities have been provided to existing staff

Use of proceeds

The net proceeds from the Placing were approximately HK$8.6 million. During the Review Period, the net proceeds from the Placing had been applied as follows:

	Planned use of proceeds as stated in the Prospectus HK$'million	**Actual use of proceeds during the Review Period** HK$'million
Acquisition of new production machines and equipment	7.3	5.0
Attendance of the ACHEMA exhibition in Frankfurt, Germany	0.4	0.3
Organisation of client relationship events in Europe and the USA	0.3	–
General working capital	0.6	0.6
Total	8.6	5.9

The Directors will constantly evaluate the Group's business objective and will change or modify plans against the changing market condition to ascertain the business growth of the Group.

All the unutilised balances have been placed in licensed banks in Hong Kong.

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

As at 30 June 2016, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long positions in shares of the Company:

Name of Director	Capacity	Number of shares held	Percentage of the Company's issued share capital
Mr. Wong Thomas Wai Yuk ("Mr. Wong")	Interest of a controlled corporation	255,000,000 (Note 1)	36.43%
Mr. Choi Chiu Ming Jimmy ("Mr. Choi")	Interest of a controlled corporation	36,300,000 (Note 2)	5.18%

Long positions in shares of associated corporation:

Name of Director	Name of associated corporation	Capacity	Percentage of the associated corporation's issued share capital
Mr. Wong	Pure Goal Holdings Limited ("Pure Goal")	Directly beneficially owned (Note 1)	100%
Mr. Choi	Bravo Luck Limited ("Bravo Luck")	Directly beneficially owned (Note 2)	100%

Notes:

1) These 255,000,000 shares are held by Pure Goal, which in turn is wholly and beneficially owned by Mr. Wong Thomas Wai Yuk. As such, Mr. Wong is deemed under the SFO to be interested in these 255,000,000 shares held by Pure Goal.

2) These 36,300,000 shares are held by Bravo Luck, which in turn is wholly and beneficially owned by Mr. Choi. As such, Mr. Choi is deemed under the SFO to be interested in these 36,300,000 shares held by Bravo Luck.

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 30 June 2016, other than the director and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO:

Long position in shares of the Company:

Name	Note	Nature of interests	Number of shares held	Percentage of the Company's issued share capital
Pure Goal	1	Beneficial interest	255,000,000	36.43%
Well Gainer Limited	2	Beneficial interest	86,700,000	12.39%
Bravo Luck	3	Beneficial interest	36,300,000	5.18%
Mr. Chung Tsai Kin	2	Interest of a controlled corporation	86,700,000	12.39%
Ms. Yip Siu Yin	4	Interest of spouse	255,000,000	36.43%
Ms. Cheung Po Yuet	5	Interest of spouse	86,700,000	12.39%
Ms. Chan Suk Ha	6	Interest of spouse	36,300,000	5.18%

Notes:

1. Pure Goal is wholly-owned by Mr. Wong.
2. Well Gainer Limited is wholly-owned by Mr. Chung Tsai Kin.
3. Bravo Luck is wholly-owned by Mr. Choi.
4. Ms. Yip Siu Yin is the spouse of Mr. Wong. Under the SFO, Ms. Yip Siu Yin is deemed under the SFO, to be interested in all the shares in which Mr. Wong is interested.
5. Ms. Cheung Po Yuet is the spouse of Mr. Chung Tsai Kin. Under the SFO, Ms. Cheung Po Yuet is deemed under the SFO, to be interested in all the shares in which Mr. Chung Tsai Kin is interested.
6. Ms. Chan Suk Ha is the spouse of Mr. Choi. Under the SFO, Ms. Chan Suk Ha is deemed under the SFO, to be interested in all the shares in which Mr. Choi is interested.

Save as disclosed above, as at 30 June 2016, no other persons had any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the six months ended 30 June 2016 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the six months ended 30 June 2016.

COMPETING INTERESTS

As at 30 June 2016, none of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As at 30 June 2016, neither Kingsway Capital Limited, the compliance adviser of the Company, nor any of its directors, employees or associates had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of GEM Listing Rules.

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE

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

To the best knowledge of the Directors, the Company had complied with the code provisions in the CG Code throughout the six months ended 30 June 2016.

By Order of the Board
Jete Power Holdings Limited
Choi Chiu Ming, Jimmy
Chairman and executive Director

Hong Kong, 10 August 2016