



FUTURE WORLD FINANCIAL HOLDINGS LIMITED

未來世界金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 572)

2019

INTERIM REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Fei (*Chairman*)¹
Mr. Liang Jian (*Vice Chairman and Chief Executive Officer*)¹
Mr. Yu Zhenzhong (*Vice Chairman*)¹
Mr. Cai Linzhan²
Mr. Lau Fai Lawrence
Mr. Siu Yun Fat³
Mr. Yu Qingrui

Independent Non-Executive Directors

Mr. Chen Pei¹
Mr. Siu Siu Ling, Robert
Mr. Tam Tak Wah
Mr. Zheng Zongjia

1. Appointed on 13 March 2019
2. Resigned as Chief Executive Officer on 13 March 2019
3. Resigned as Chairman on 13 March 2019

AUDIT COMMITTEE

Mr. Tam Tak Wah (*Chairman*)
Mr. Siu Siu Ling, Robert
Mr. Zheng Zongjia

REMUNERATION COMMITTEE

Mr. Siu Siu Ling, Robert (*Chairman*)
Mr. Tam Tak Wah
Mr. Zheng Zongjia

NOMINATION COMMITTEE

Mr. Tam Tak Wah (*Chairman*)
Mr. Siu Siu Ling, Robert
Mr. Zheng Zongjia

COMPANY SECRETARY

Mr. Lau Cheuk Pun

COMPANY WEBSITE

www.fw-fh.com

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 912, 9th Floor
New East Ocean Centre
9 Science Museum Road
Kowloon, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

AUDITOR

Moore Stephens CPA Limited
801-806 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon, Hong Kong

SHARE REGISTRAR

Hong Kong

Computershare Hong Kong Investor Services Limited
Shop 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Cayman Islands

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL BANKERS

Public Bank (Hong Kong) Limited
Shanghai Commercial Bank Limited
Chong Hing Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

The Group's Financial Highlights

	For the six months ended 30 June		% of changes
	2019 (unaudited)	2018 (unaudited)	
Revenue (HKD'000)	19,385	18,825	3
Net realised gain from securities trading and investments (HKD'000)	–	4,887	(100)
Operating Profit/(Loss) (HKD'000)	30,607	(23,038)	N/A
Profit/(Loss) to owners of the Company (HKD'000)	15,606	(31,847)	N/A
Earnings/(Loss) per share (HK cent)	0.13	(0.31)	N/A

The board (the “**Board**”) of directors (the “**Directors**”) of Future World Financial Holdings Limited (the “**Company**”) present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2019 (the “**Period**”) together with comparative figures for the corresponding period of 2018.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 HKD'000 (Unaudited)	2018 HKD'000 (Unaudited)
Net realised gain from securities trading and investments	5	–	4,887
Revenue	5	19,385	18,825
Cost of sales		(779)	–
Gross profit		18,606	18,825
Other income		6	10
Administrative expenses		(10,945)	(15,218)
Credit loss allowances on loan and interest receivables		(2,210)	(6,071)
Reversal of impairment loss recognised on trade and other receivables		–	2,688
Reversal of expected credit loss on loan commitment		2,456	–
Change in fair values of financial assets at fair value through profit or loss		15,662	(23,807)
Change in fair value of investment properties	12	12,000	14,000
Change in fair value of crypto currency		–	(18,352)
Share-based payment expense		(4,968)	–
Operating profit/(loss)		30,607	(23,038)
Finance costs	7	(14,191)	(6,658)
Profit/(Loss) before income tax	8	16,416	(29,696)
Income tax expenses	9	(810)	(2,151)
Profit/(Loss) for the period		15,606	(31,847)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		69	–
Item that will not be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		(239,771)	(202,436)
Loss on disposal of financial assets at fair value through other comprehensive income		(4,424)	–
Other comprehensive loss for the period, net of income tax		(244,126)	(202,436)
Total comprehensive loss for the period		(228,520)	(234,283)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 HKD'000 (Unaudited)	2018 HKD'000 (Unaudited)
Profit/(Loss) for the period attributable to:			
– Owners of the Company		15,606	(31,847)
– Non-controlling interest		–	–
		15,606	(31,847)
Total comprehensive loss attributable to:			
– Owners of the Company		(228,520)	(234,283)
– Non-controlling interest		–	–
		(228,520)	(234,283)
Earnings/(Loss) per share attributable to owners of the Company			
– Basic	11	HK0.13 cent	HK(0.31) cent
– Diluted		HK0.13 cent	HK(0.31) cent

Condensed Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	30 June 2019 HKD'000 (Unaudited)	31 December 2018 HKD'000 (Audited)
Non-current assets			
Property, plant and equipment	12	2,296	1,826
Investment properties	12	690,000	678,000
Right-of-use assets	12	6,899	–
Deposits paid for leasing of premises		948	–
Financial assets at fair value through other comprehensive income	13	443,942	698,020
Deferred tax assets		5,412	5,453
		1,149,497	1,383,299
Current assets			
Inventories		536	–
Loan and interest receivables	16	432,480	423,088
Financial assets at fair value through profit or loss	14	47,056	31,394
Interest in a film right	15	–	–
Trade and other receivables, deposits and prepayments	16	7,388	7,957
Cash and bank balances		41,467	6,194
Income tax recoverable		1,801	1,030
		530,728	469,663
Current liabilities			
Accruals and other payables	17	9,642	14,241
Lease liabilities		3,393	–
Bank borrowings	18	316,684	320,945
Other borrowings	19	215,052	220,260
Income tax payables		12,899	12,130
		557,670	567,576
Net current liabilities		(26,942)	(97,913)
Non-current liabilities			
Lease liabilities		3,204	–
Net assets		1,119,351	1,285,386
Capital and reserves			
Share capital	20	12,480	11,580
Reserves		1,106,877	1,273,812
Equity attributable to owners of the Company		1,119,357	1,285,392
Non-controlling interest		(6)	(6)
Total equity		1,119,351	1,285,386

On behalf of the board of directors

Siu Yun Fat
Director

Lau Fai Lawrence
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to owners of the Company									
	Share capital HKD'000	Share premium HKD'000 <i>(Note a)</i>	Share options reserve HKD'000	Translation reserve HKD'000	Fair value reserve (non-recycling) HKD'000	Other reserve HKD'000 <i>(Note b)</i>	Retained earnings HKD'000	Total HKD'000	Non-controlling interest HKD'000	Total HKD'000
At 1 January 2018	8,157	938,170	24,237	(1)	26,794	120,000	379,761	1,497,118	(5)	1,497,113
Loss for the period	-	-	-	-	-	-	(31,847)	(31,847)	-	(31,847)
Other comprehensive loss for the period, net of income tax	-	-	-	-	(202,436)	-	-	(202,436)	-	(202,436)
Total comprehensive loss for the period	-	-	-	-	(202,436)	-	(31,847)	(234,283)	-	(234,283)
Issuance of shares upon placing, net of transaction costs	1,630	226,448	-	-	-	(120,000)	-	108,078	-	108,078
Issuance of shares for an acquisition of a subsidiary	1,793	258,786	-	-	-	-	-	260,579	-	260,579
Lapse of share options	-	-	(678)	-	-	-	678	-	-	-
At 30 June 2018 (Unaudited)	11,580	1,423,404	23,559	(1)	(175,642)	-	348,592	1,631,492	(5)	1,631,487

	Attributable to owners of the Company								
	Share capital HKD'000	Share premium HKD'000 <i>(Note a)</i>	Share options reserve HKD'000	Translation reserve HKD'000	Fair value reserve (non-recycling) HKD'000	Retained earnings HKD'000	Total HKD'000	Non-controlling interest HKD'000	Total HKD'000
At 1 January 2019	11,580	1,423,404	23,559	(1)	(470,144)	296,994	1,285,392	(6)	1,285,386
Profit for the period	-	-	-	-	-	15,606	15,606	-	15,606
Other comprehensive income/ (loss) for the period, net of income tax	-	-	-	69	(231,131)	(13,064)	(244,126)	-	(244,126)
Total comprehensive loss for the period	-	-	-	69	(231,131)	2,542	(228,520)	-	(228,520)
Recognition of equity-settled share-based payments	-	-	4,968	-	-	-	4,968	-	4,968
Issuance of shares upon subscription, net of transaction costs <i>(Note 20b)</i>	900	56,617	-	-	-	-	57,517	-	57,517
At 30 June 2019 (Unaudited)	12,480	1,480,021	28,527	68	(701,275)	299,536	1,119,357	(6)	1,119,351

Notes:

- Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Associations and provided that immediately following the distribution or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.
- Other reserve represented the receipt of partial proceeds for placing of new shares to be completed during the year ended 31 December 2017. On 2 January 2018, the Company completed the placing of 1,630,000,000 new shares, from which the Company received total net proceeds of approximately HKD228,078,000, net of transaction costs. Such reserve has been transferred to as part of share capital and part of share premium accordingly upon completion of the placing.

Condensed Consolidated Statement of Cash Flows

For the period ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(8,260)	(71,015)
Cash flows from investing activities		
Interest received	6	10
Purchase of property, plant and equipment	(835)	(136)
Purchase of financial asset at fair value through other comprehensive income	–	(321,994)
Net cash outflows arising on acquisition of assets through acquisition of subsidiary	–	(1,111)
Proceed from disposal of property, plant and equipment	–	300
Proceed from disposal of financial asset at fair value through other comprehensive income	9,883	–
Net cash generated from/(used in) investing activities	9,054	(322,931)
Cash flows from financing activities		
Interest paid	(13,201)	(6,658)
Repayment of bank borrowings	(4,261)	(4,144)
Repayment of other borrowings	(5,208)	(445,245)
Proceeds from other borrowings	–	619,283
Repayment of lease liabilities – principal	(354)	–
Repayment of lease liabilities – interest	(5)	–
Proceeds from issuance of shares upon placing, net of transaction costs	–	108,078
Proceeds from issuance of shares upon subscription, net of transaction costs (<i>Note 20b</i>)	57,517	–
Net cash generated from financing activities	34,488	271,314
Net increase/(decrease) in cash and cash equivalents	35,282	(122,632)
Cash and cash equivalents at 1 January	6,194	133,008
Effect of foreign exchange rate changes	(9)	–
Cash and cash equivalents at 30 June, represented by cash and bank balances	41,467	10,376

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

1. GENERAL

Future World Financial Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in (i) securities trading and investment; (ii) provision of financing services; (iii) property investment; (iv) investment in film industry; (v) e-commerce business; and (vi) trading business and related services.

The condensed consolidated interim financial statements are presented in Hong Kong dollars (“**HKD**”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated. The condensed consolidated interim financial statements were approved for issue by the board of directors on 26 August 2019.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2019 (“**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 (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2018.

Going concern

As of 30 June 2019, the Group has net current liabilities of approximately HKD26,942,000. This condition indicates that a material uncertainty exists which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

2. BASIS OF PREPARATION *(Continued)*

Going concern *(Continued)*

The directors of the Company have considered the following when they prepared the Interim Financial Statements:

The current liabilities of the Group include bank borrowings of approximately HKD228,033,000, which have been classified as current liabilities as the related loan agreements contain a repayment on demand clause. According to the loan agreements, the loans are repayable by monthly instalments in 18 – 24 years time. The Group regularly monitors its compliance with covenants and scheduled repayments of such bank borrowings and the directors of the Company do not consider that the banks will exercise their discretion to demand repayment so long as the Group continues to meet these requirements.

Taking into account of the above consideration, the directors of the Company are satisfied that the Group will be able to meet its financial obligations when they fall due. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the Interim Financial Statements on a going concern basis.

Should the Group be unable to continue as going concern, adjustments would have to be made to the Interim Financial Statements to write down the carrying amounts of assets to their recoverable amounts, to reclassify non-current assets/liabilities as current assets/liabilities respectively and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the Interim Financial Statements.

3. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis, except for the investment properties and certain financial assets, which are subsequently measured at fair value.

The Interim Financial Statements have been prepared based on the same accounting policies adopted in the 2018 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2019. Save as disclosed in the changes in accounting policies in Note 4, the application of other new and revised HKFRSs in the current period has no material effect on the amounts reported and/or disclosures set out in the Interim Financial Statements.

The Group has not applied any new HKFRSs or amendments that is not yet effective for the current accounting period.

4. IMPACT OF CHANGES IN ACCOUNTING POLICY

This note explains the impact of the adoption of HKFRS 16 Leases on the Interim Financial Statements and also discloses the new accounting policies that have been applied from 1 January 2019, where they are not applied or are different to those applied in prior periods. The Group has concluded not to restate the comparative figures based on the specific transitional provision in HKFRS 16.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

4. IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

HKFRS 16 Leases

HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied HKFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under HKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under HK(IFRIC) Int-4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC) Int-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) As a lessee

The Group leases properties.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets as a separate line item in the statement of financial position. The Group presents lease liabilities as a separate line item in the statement of financial position.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

4. IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

HKFRS 16 Leases *(Continued)*

(b) As a lessee (Continued)

(i) Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the finance cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

(ii) Transition

Previously, the Group classified property leases as operating leases under HKAS 17. The leases typically run for a period of 1 year.

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

4. IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

HKFRS 16 Leases (Continued)

(c) As a lessor

The Group leases out its investment properties. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under HKAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group is not required to make any adjustments on transition to HKFRS 16 for leases in which it acts as a lessor.

Under HKAS 17, the head lease contracts were classified as operating leases. On transition to HKFRS 16, the right-of-use assets recognised from the head leases are presented in property, plant and equipment, and measured at fair value on transition to HKFRS 16.

(d) Impacts on financial statements

(i) Impacts on transition

When measuring lease liabilities for leases that were classified as operating leases, the Group has applied the practical expedient to account for the operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

	At 1 January 2019 HKD'000
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	1,142
Less: short-term lease recognised on a straight-line basis as expense	(1,142)
<hr/>	
Lease liabilities recognised at 1 January 2019	–

(ii) Impacts for the period

As a result of initially applying HKFRS 16 the Group recognised approximately HKD6,899,000 of right-of-use assets and approximately HKD6,597,000 of lease liabilities as at 30 June 2019.

Also in relation to those leases under HKFRS 16, the Group has recognised depreciation and finance costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised approximately HKD57,000 of depreciation charges and approximately HKD5,000 of finance costs from these leases.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

4. IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

HKFRS 15 Revenue from Contracts with Customers

Revenue is derived from the trading of robotics products directly to its customer. For trading of robotics products to the customers, the Group considers the revenue is recognised when the control of the goods has been transferred, being when the goods have been delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The customers has accepted the products and the performance obligation is satisfied at a point in time at which the products are delivered according to the term of sales contract.

5. REVENUE

Revenue represents the income received and receivable arising from the Group's principal activities including i) trading of robotics products; ii) securities trading and investment; iii) provision of financing services; and iv) property investment during the period. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2019 HKD'000 (Unaudited)	2018 HKD'000 (Unaudited)
Revenue		
Trading income from trading of robotics products	869	–
Interest income from provision of financing services	16,672	14,225
Rental income from property investment	1,000	4,600
Interest income from investment in film industry	844	–
	19,385	18,825
Net realised gain from securities trading and investments	–	4,887

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments under HKFRS 8 are as follows:

- Trading business and related services
- Securities trading and investment
- Provision of financing services
- Property investment
- E-commerce business
- Investment in film industry

Segment revenues and results

The following is an analysis of the Group’s revenues and results by reportable and operating segments:

	Trading business and related services		Securities trading and investment		Provision of financing services		Property investment		E-commerce business		Investment in film industry		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue														
- External sales	869	-	-	-	16,672	13,570	1,000	4,600	-	-	844	655	19,385	18,825
Segment result	(3,486)	(1,915)	3,223	(46,000)	14,567	7,370	9,342	15,815	(141)	(124)	1,522	654	25,027	(24,200)
Unallocated corporate income													6	10
Unallocated corporate expenses													(3,649)	(5,506)
Share-based payment expenses													(4,968)	-
Profit/(Loss) before income tax													16,416	(29,696)

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment profit/(loss) represents the profit earned/(loss incurred) by each segment without allocation of certain administration costs, directors’ emoluments, other income and share-based payment expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	30 June 2019 HKD'000 (Unaudited)	31 December 2018 HKD'000 (Audited)
Segment assets		
Trading business and related services	53,467	337
Securities trading and investment	483,147	723,088
Provision of financing services	428,064	419,559
Property investment	690,260	678,173
E-commerce business	1,302	1,286
Investment in film industry	21,581	25,534
Total segment assets	1,677,821	1,847,977
Unallocated corporate assets	2,404	4,985
Consolidated assets	1,680,225	1,852,962
Segment liabilities		
Trading business and related services	6,821	3
Securities trading and investment	295,203	300,523
Provision of financing services	4,204	6,212
Property investment	239,029	243,389
E-commerce business	13,160	14,942
Investment in film industry	389	295
Total segment liabilities	558,806	565,364
Unallocated corporate liabilities	2,068	2,212
Consolidated liabilities	560,874	567,576

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain other receivables and certain cash and bank balances; and
- all liabilities are allocated to operating segments other than certain accruals and other payables.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

7. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
Interest expense on:		
Bank borrowings	5,245	2,138
Others borrowings	8,941	4,520
Leases liabilities	5	–
	14,191	6,658

8. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2019	2018
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
Directors' and chief executive's emoluments, including share-based payment expenses of HKD1,543,000 (2018: Nil)	3,383	2,139
Other staff costs	2,320	1,481
Contributions to retirement benefits scheme	70	42
Share-based payment expenses for employees	119	–
Total staff costs	5,892	3,662
Auditor's remuneration		
– Other services	180	250
Cost of inventories recognised as an expense	779	–
Credit loss allowances on loan and interest receivables	2,210	6,071
Reversal of impairment loss recognised on trade and other receivables	–	(2,688)
Reversal of expected credit loss on loan commitment	(2,456)	–
Direct operating expenses arising from investment properties that generated rental income during the period	359	374
Depreciation of property, plant and equipment	365	386
Depreciation of right-of-use assets	57	–
Minimum lease payments in respect of operating lease of office premises	623	590
Share-based payment expenses for consultants	3,306	–

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2019	2018
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
– Charge for the period	769	2,151
Deferred tax charged	41	–
Income tax expenses	810	2,151

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

10. DIVIDEND

The directors of the Company do not recommend for payment of a dividend for the six months ended 30 June 2019 (2018: Nil).

11. EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2019	2018
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
Profit/(Loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	15,606	(31,847)
Number of shares		
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	12,087,474	10,116,333
Effect of dilutive potential ordinary shares:		
Share options issued by the Company (<i>Note</i>)	–	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	12,087,474	10,116,333

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

11. EARNINGS/(LOSS) PER SHARE *(Continued)*

Note:

The computation of diluted earnings per share for the six months ended 30 June 2019 did not assume the exercise of the Company's outstanding share options because the exercise prices of those options were higher than the average market price of the shares of the Company. The computation of diluted loss per share for the six months ended 30 June 2018 did not assume the exercise of the Company's outstanding share options since it would result in a decrease in the loss per share.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2019, the Group paid approximately of HKD835,000 for the acquisition of property, plant and equipment (six months ended 30 June 2018: HKD136,000).

During the six months ended 30 June 2019, the Group disposed of certain items of property, plant and equipment with carrying values amounting to approximately Nil (six months ended 30 June 2018: HKD788,000) and recognised a loss of Nil (six months ended 30 June 2018: HKD488,000) in the profit or loss.

During the six months ended 30 June 2019, the Group entered into two new lease agreements for the use of two premises for two years respectively. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised approximately HKD6,956,000 of right-of-use assets and approximately HKD6,956,000 lease liabilities.

The fair value of the Group's investment properties at the end of the reporting period have been arrived at on the basis of a valuation carried out by Roma Appraisals Limited, a firm of independent qualified professional valuers, not connected to the Group. The valuation using direct comparison approach was arrived at by reference to market evidence of recent transaction prices for similar properties in the similar locations and conditions if such information is available.

Fair value gain of HKD12,000,000 of investment properties has been recognised in profit or loss for the six months ended 30 June 2019 (six months ended 30 June 2018: HKD14,000,000). At 30 June 2019, the Group's investment property amounting approximately of HKD291,000,000 (31 December 2018: HKD285,000,000) has been pledged to secure the bank borrowings and other borrowings granted to the Group (Notes 18 and 19). At the same date, another investment property amounting approximately of HKD399,000,000 (31 December 2018: HKD393,000,000) has been pledged to secure the bank borrowings granted to the Group (Note 18).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2019 HKD'000 (Unaudited)	31 December 2018 HKD'000 (Audited)
Listed securities, at fair value:		
Equity securities listed in Hong Kong	443,942	698,020
Unlisted securities, at fair value:		
Equity securities in Hong Kong	–	–
	443,942	698,020
		HKD'000
Carrying amount as at 31 December 2018 (audited)		698,020
Disposal		(14,307)
Changes in fair value through other comprehensive income		(239,771)
Carrying amount as at 30 June 2019 (unaudited)		443,942

Note:

The fair values of the listed equity securities investments as at 30 June 2019 were determined based on the quoted market closing prices on the Stock Exchange.

At 30 June 2019, the Group's financial assets at fair value through other comprehensive income, with carrying amount of approximately HKD443,942,000 (31 December 2018: HKD676,095,000), have been pledged to secure the other borrowings granted to the Group (Note 19).

Unlisted equity securities in Hong Kong

The unlisted equity securities are shares in Upcoin Trading Centre Limited (“**Upcoin**”), a company incorporated in Hong Kong and was dormant during the current period and prior period. The Group acquired the shares in Upcoin in July 2018 and designated it as financial asset at fair value through other comprehensive income, as the investment is held for strategic purposes. No dividends were received on this investment during the current period and prior period. The directors of the Company considered the fair value of the investment in Upcoin is nil as at 31 December 2018. The Company disposed the shares in Upcoin to an independent third party on 26 April 2019 with the consideration of HKD1.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 HKD'000 (Unaudited)	31 December 2018 HKD'000 (Audited)
Listed securities, at fair value:		
Equity securities listed in Hong Kong (<i>Note (i)</i>)	37,200	22,217
Debt investment in film industry (<i>Note (ii)</i>)	9,856	9,177
	47,056	31,394
For equity securities listed in Hong Kong:		HKD'000
Carrying amount as at 31 December 2018 (audited)		22,217
Changes in fair value through profit or loss		14,983
Carrying amount as at 30 June 2019 (unaudited)		37,200
For debt investment in film industry:		HKD'000
Carrying amount as at 31 December 2018 (audited)		9,177
Changes in fair value through profit or loss		679
Carrying amount as at 30 June 2019 (unaudited)		9,856

Note:

- (i) The fair values of the listed equity securities investments as at 30 June 2019 were determined based on the quoted market closing prices on the Stock Exchange.

At 30 June 2019, the Group's financial assets at fair value through profit or loss, with carrying amount of approximately HKD37,200,000 (31 December 2018: HKD22,217,000), have been pledged to secure the other borrowings granted to the Group (Note 19).

- (ii) One of the Group's loans due from an entity engaged in investment in film industry amounted to approximately USD1,320,000 (equivalent to HKD10,296,000) did not fulfill the contractual cash flow characteristics test specified in HKFRS 9, such loan has been classified as financial assets at fair value through profit or loss since 1 January 2018. The loan is unsecured, and bearing fixed interest rate at 8% per annum.

As the Group is entitled an additional return (the "Upside Return") from the loan, with reference to sum received or receivable by the film production investor in connection to the provision of distribution services of the film. After assessment on status of the distribution service, the management considered that it was remote to recognise the Upside Return during the period.

Mr. Chen Xiaodong ("Mr. Chen"), who is a former director of the Company prior to 24 December 2018, and Mr. Yu Qingrui ("Mr. Yu"), who is a shareholder and a director of the Company, agreed to provide guarantee to the Group on the principal receivables, interest receivables and Upside Return, if any, from the borrower.

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For the six months ended 30 June 2019

15. INTEREST IN A FILM RIGHT

During the year ended 31 December 2016, China Wisdom Group Limited (“**China Wisdom**”), an indirect wholly-owned subsidiary of the Group, entered into an investing agreement to invest a total of RMB12,000,000 (equivalent to HKD14,400,000) in a film production with another film production investor (the “**Film Production Investor**”). Pursuant to the investing agreement, China Wisdom acts as a passive investor and does/will not involve in any of the activities of the film production.

As at 31 December 2017, a sum of RMB10,800,000 (equivalent to HKD12,960,000) has been paid as the investment cost (“**Film Investment Cost**”).

Mr. Chen and Mr. Yu agreed to provide guarantee to China Wisdom that the box office of the film would not be less than RMB400 million and the amount invested by the Group will be fully recoverable in due course.

The return of film investment is mainly based on the box office of the film, as set out in the investing agreement. In the opinion of the directors of the Company, no impairment is necessary as the return from guaranteed RMB400 million box office by Mr. Yu is close to the cost of investment.

During the year ended 31 December 2018, the production of the film has been completed and the film has been on show. Due to the loss on the film investment, the Film Production Investor has agreed to refund the Film Investment Cost in full to the Group, of which HKD7,500,000 was settled in December 2018. As a result, the remaining carrying amount of interest in a film in progress as at 31 December 2018 amounted to approximately HKD5,460,000 was transferred to other receivables and settled as detailed in note 16(ii).

As at 30 June 2019 and 31 December 2018, the Group had also provided financial assistance to the Film Production Investor on film distribution. Further details of the financial assistance are set out in note 16(iii).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS/LOAN AND INTEREST RECEIVABLES

	Notes	30 June 2019 HKD'000 (Unaudited)	31 December 2018 HKD'000 (Audited)
Trade and other receivables			
Trade receivables	(i)	570	–
Prepayments		5,190	1,016
Deposits		1,479	1,477
Other receivables	(ii)	149	5,464
Total trade and other receivables, deposits and prepayments		7,388	7,957
Loan and interest receivables:			
From investment in film industry (including interest receivables of approximately HKD2,657,000 (31 December 2018: HKD1,813,000))	(iii)	11,724	10,880
From money lending business (including interest receivables of approximately HKD7,782,000 (31 December 2018: HKD3,225,000))	(iv)	449,982	439,225
Less: allowance of credit losses		(29,226)	(27,017)
		420,756	412,208
		432,480	423,088

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS/LOAN AND INTEREST RECEIVABLES *(Continued)*

(i) Trade receivables

Trade receivables at the end of the reporting period represent amounts receivable from the trading of robotics products (31 December 2018: Nil). No interest was charged on the trade receivables.

The Group requires the trade debtors to pay in accordance to the respective sales and purchase agreements.

The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice dates, which approximated the respective revenue recognition dates:

	30 June 2019 HKD'000 (Unaudited)	31 December 2018 HKD'000 (Audited)
0 – 45 days	472	–
46 – 90 days	98	–
	570	–

(ii) Other receivables

As at 31 December 2018, other receivables comprise a receivable from the film production investor amounting to approximately HKD5,460,000 in relation to the refund of investment cost in a film right. Further details are set out in note 15. In February 2019, the receivable has been fully settled.

(iii) Loan and interest receivables – from investment in film industry

During the year ended 31 December 2018, the Group has entered into a loan agreement to provide a loan to the film production investor for film distribution. During the year ended 31 December 2017, the Group has entered into two loan agreements to provide two loans to the film production investor for film distribution.

As detailed in Note 14(ii), at the date of initial application of HKFRS 9, one of the loans for investment in film production amounted to approximately USD1,320,000 (equivalent to HKD10,296,000) was unsecured, borne fixed interest rate at 8% per annum with upside return which has contractual cash flows that do not represent solely payments of principal and interest on the principal amount outstanding. Such loan has been reclassified as financial assets at fair value through profit or loss on 1 January 2018.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS/LOAN AND INTEREST RECEIVABLES *(Continued)*

(iii) Loan and interest receivables – from investment in film industry *(Continued)*

The other two loans to the film production investor have generated interest income of approximately HKD844,000 during the current period. As at 30 June 2019, the loan receivables and interest receivables due from the film production investor were approximately USD1,163,000 (equivalent to approximately HKD9,067,000) and USD340,600 (equivalent to approximately HKD2,657,000), respectively (31 December 2018: USD1,163,000 (equivalent to approximately HKD9,067,000) and USD232,300 (equivalent to approximately HKD1,813,000)). The loans are unsecured, borne fixed interest rate at 8% to 12% per annum and interest accrued and principal are repayable on the second or third anniversary of the date of the agreements or under the demand of the Group.

Mr. Chen and Mr. Yu agreed to provide guarantee to the Group in respect of all of the abovementioned loans and related interest.

(iv) Loan and interest receivables – from money lending business

The loan receivables from 8 borrowers (31 December 2018: 7 borrowers) are unsecured, bear fixed interest rates at 8% (31 December 2018: fixed interest rates at 8%) per annum and repayable according to the respective loan agreements.

The maturity profile of these loan and interest receivables, net of credit losses allowances recognised, at the end of the reporting period, analysed by the remaining periods to their contracted maturity, is as follows:

	30 June 2019 HKD'000 (Unaudited)	31 December 2018 HKD'000 (Audited)
Within 1 year	216,479	249,933
More than two years, but not more than five years <i>(Note)</i>	204,277	162,275
	420,756	412,208

Note:

These loan and interest receivables are not scheduled to be received within one year from the end of the reporting period but contain a repayment on demand clause.

The loan receivables have been reviewed by the management of the Group to assess impairment which are based on the evaluation of collectability, ageing analysis of accounts and on management's judgement, including the current creditworthiness and the past statistics of individually significant accounts or a portfolio of accounts on a collective basis.

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16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS/LOAN AND INTEREST RECEIVABLES (Continued)

(iv) Loan and interest receivables – from money lending business (Continued)

During the six months ended 30 June 2019, the Group has granted an aggregate irrevocable loan facility of HKD270,000,000 to Central Wealth Group Holdings Limited (“**Central Wealth**”) and the total loans advanced to Central Wealth were amounted to approximately HKD215,000,000 as at 30 June 2019 and during the period generated interest income of approximately HKD8,238,000 from Central Wealth, a company of which Mr. Yu is a common shareholder and director of Central Wealth and the Company. These loans are unsecured, bear fixed interest rate at 8% per annum and repayable under the demand of the Group or no later than 31 December 2020.

The credit loss allowances provided for loan receivables due from Central Wealth was approximately at HKD3,554,000 during the six months ended 30 June 2019. The reversal of expected credit loss on loan commitment to Central Wealth was approximately HKD2,456,000 during the six months ended 30 June 2019.

Loans receivables of the Group disclosed pursuant to Section 383 of the Companies Ordinance (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	Maximum amount outstanding during the period HKD'000 (unaudited)	30 June 2019 HKD'000 (unaudited)	31 December 2018 HKD'000 (audited)
Loans to Central Wealth (including interest receivables of approximately HKD3,466,000 (31 December 2018: HKD910,000))	218,466	218,466	172,910

17. ACCRUALS AND OTHER PAYABLES

Material balances included in accruals and other payables are as follows:

- (i) Rental deposit of HKD900,000 was received from the tenant as at 30 June 2019 (31 December 2018: HKD1,000,000).
- (ii) Provision for the onerous contract of the committed lease and other payments for the lease and other commitments for the display store approximately HKD1,441,000 as at 30 June 2019 (31 December 2018: HKD3,226,000).
- (iii) Provision for expected credit loss on loan commitment amounted to approximately HKD3,572,000 in relation to the undrawn loan commitment granted to Central Wealth as at 30 June 2019 (31 December 2018: HKD6,028,000).

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18. BANK BORROWINGS

	30 June 2019 HKD'000 (Unaudited)	31 December 2018 HKD'000 (Audited)
Secured bank borrowings	316,684	320,945

	30 June 2019 HKD'000 (Unaudited)	31 December 2018 HKD'000 (Audited)
Carrying amount scheduled to repay as follows:		
Within one year	88,651	88,567
More than one year, but not more than two years	8,952	8,788
More than two years, but not more than five years	28,413	28,028
More than five years	190,668	195,562
	316,684	320,945

	30 June 2019 HKD'000 (Unaudited)	31 December 2018 HKD'000 (Audited)
Carrying amount of the bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	228,033	232,378
Carrying amount repayable within one year	88,651	88,567
	316,684	320,945

The bank borrowings bear interest at range of HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 2.5% per annum over HIBOR (1 week to 1 month) at 30 June 2019 (31 December 2018: HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 2.5% per annum over HIBOR (1 week to 1 month)).

At 30 June 2019 and 31 December 2018, the Group's bank borrowings are secured by the investment properties amounting to approximately HKD690,000,000 (31 December 2018: HKD678,000,000) (note 12).

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19. OTHER BORROWINGS

As at 30 June 2019, the other borrowings due to the Securities Brokers are guaranteed by the Company and secured by the pledged of financial assets at fair value through other comprehensive income of approximately HKD443,942,000 (Note 13) and financial assets at fair value through profit or loss of approximately HKD37,200,000 (Note 14) and an investment property of approximately HKD291,000,000 (Note 12), respectively. The other borrowings due to the Securities Brokers are repayable within twelve months from the first drawdown date.

Partial of the other borrowings amounting to approximately HKD111,495,000 due to the Securities Brokers are subject to the fulfilment of covenants. At 30 June 2019, a covenant of such borrowings has not been fulfilled.

On 25 April 2018 and 29 June 2018, the Company entered into a master services agreement and a supplemental master services agreement respectively (collectively the “**Master Services Agreement**”), with Central Wealth Securities Investment Limited (the “**Margin Financier**”), a subsidiary of Central Wealth. Pursuant to the Master Services Agreement, the Margin Financier provided a margin loan facility to the Group with daily maximum amounts not exceeding HKD100,000,000 and margin loan interest not exceeding HKD8,000,000 per annum. The other borrowings due to the Margin Financier would be repayable on demand and may be varied or terminated in the absolute discretion of the Margin Financier. As at 30 June 2019, such facility has not been utilised.

20. SHARE CAPITAL

	Number of ordinary shares <i>(Note a)</i>	Number of preference shares	Amount HKD'000
Ordinary shares of HKD0.001 each			
Authorised:			
At 31 December 2018 and 30 June 2019	249,480,000,000	520,000,000	250,000
Issued and fully issued:			
At 31 December 2018 (Audited)	11,580,291,466	–	11,580
Issuance of shares upon subscription <i>(Note b)</i>	900,000,000	–	900
At 30 June 2019 (unaudited)	12,480,291,466	–	12,480

Note:

- All the ordinary shares which were issued by the Company rank pari passu with each other in all respects.
- On 27 February 2019, the Company entered into a subscription agreement with Victory Intelligence Industry Limited (the “**Subscriber**”), in relation to allot and subscribe 900,000,000 new shares at the subscription price of HKD0.064 per subscription share. The subscription was completed on 21 March 2019. The net proceeds after deducting the related expenses of approximately HKD83,000, amounted to approximately HKD57,517,000.

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21. SHARE OPTION SCHEME

Particulars of the Company's share option schemes adopted on 22 February 2012 (the "Scheme 2012") are set out in Note 33 to the consolidated financial statements of the Group for the year ended 31 December 2018 dated 22 March 2019.

During the current interim period, 718,000,000 share options at the initial exercise price of HKD0.1244 were granted on 26 March 2019 and 440,000,000 share options at the initial exercise price of HKD0.0798 were granted on 6 June 2019 respectively. The fair value of share options granted to directors, employees and consultants on 26 March 2019 amounted to approximately HKD16,134,000, of which HKD4,293,000 was included in the profit or loss of current period. The fair value of share options granted to consultants on 6 June 2019 amounted to approximately HKD9,715,000, of which HKD675,000 was included in the profit or loss of current period. No share options were granted by the Company in prior interim period.

As at 30 June 2019, the weighted average exercise price of share options granted on 26 March 2019 and 6 June 2019 under the Scheme 2012 is HKD0.1244 and HKD0.0798 (31 December 2018: Scheme 2012 is HKD0.127) per share respectively.

The weighted average remaining contractual life of these outstanding share options granted on 26 March 2019 and 6 June 2019 are approximately 1.74 years and 1.93 years (31 December 2018: 0.58 year) respectively.

No share options were cancelled or lapsed during the current and prior interim period.

22. COMMITMENTS

a) Operating lease commitment – the Group as lessor

Investment property rental income earned during six months ended 30 June 2019 was HKD1,000,000 (six months ended 30 June 2018: HKD4,600,000). The properties are expected to generate rental yield of 1.49% per annum on an ongoing basis. Leases are negotiated for a term of 1 year.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease receivables:

	30 June 2019 HKD'000 (Unaudited)	31 December 2018 HKD'000 (Audited)
Within one year	3,600	500
Within two and five years	6,600	–
	10,200	500

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22. COMMITMENTS (Continued)

b) Operating lease commitment – the Group as lessee

Operating lease payments represent rentals payable by the Group for certain of its premises, plant and machinery, office equipment and internet hardware and software. The operating lease commitment as at 30 June 2019 presented below represents the future aggregate minimum lease payments for the leases with lease terms less than one year. Leases with lease term over one year have been recorded as lease liabilities as at 30 June 2019 under newly adopted accounting standard HKFRS 16 (note 4). The operating lease commitment as at 31 December 2018 presented below represents the future aggregate minimum lease payments under all non-cancellable operating leases.

	30 June 2019 HKD'000 (Unaudited)	31 December 2018 HKD'000 (Audited)
Within one year	519	1,142

c) Other commitment

For the registered capital of HKD500,000 for 深圳未徠機器人有限公司 (“未徠機器人”) (Formerly known as 深圳駿盛匯貿易有限公司), an indirectly wholly-owned subsidiary of the Company, the Group shall paid 20% of the registered capital within three months after the date of issuance of business license of 未徠機器人 and shall pay the remaining 80% of the registered capital within two years after the date of issuance of business license.

Although the business license has been issued on 4 November 2014, the Group has paid the whole registered capital of HKD500,000 for 未徠機器人 on 26 June 2019. The directors of the Company considered that the risk to pay the penalty is remote and hence no provision for the penalty has been provided for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

23. LITIGATION

Development of the retaking control of the deconsolidated subsidiaries

Pursuant to the Company's announcement dated 25 March 2014, due to the reason of unable to access to the books and records of the subsidiaries, Bloxworth Enterprises Limited and Shanxi Zhanpen Metal Products Co., Limited* (“Zhanpen”) (collectively the “Deconsolidated Subsidiaries”), the Group therefore deconsolidated the Deconsolidated Subsidiaries from its consolidated financial statement since 1 January 2013.

The People's court of Fenyang county (汾陽市人民法院) (the “Fenyang Court”) issued a judgement on 12 September 2016, the former directors of Zhanpen (the “Former Directors”) are obliged to return the official seal and business certificates of Zhanpen to the Group. The Former Directors filed an appeal to the Fenyang Court on 23 September 2016. Up to the date of this report, the Former Directors still not returned the official seal and business certificates of Zhanpen to the Group.

* For identification purpose only

Notes to the Condensed Consolidated Interim Financial Statements

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24. MATERIAL RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the Interim Financial Statements, during the period, the Group did not have material transactions with related parties.

(b) Compensation to key management personnel

The remuneration for key management personnel of the Group, including directors and other members of key management, during the period was as follows:

	Six months ended 30 June	
	2019 HKD'000 (Unaudited)	2018 HKD'000 (Unaudited)
Short-term benefits	1,813	2,098
Post-employment benefits	27	41
Share-based payments	1,543	–
	3,383	2,139

25. FAIR VALUE MEASUREMENT OF THE FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

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

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

Notes to the Condensed Consolidated Interim Financial Statements

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25. FAIR VALUE MEASUREMENT OF THE FINANCIAL INSTRUMENTS *(Continued)*

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30 June 2019 HKD'000 (Unaudited)	31 December 2018 HKD'000 (Audited)			
Listed equity securities classified as financial assets at fair value through other comprehensive income	443,942	698,020	Level 1	Quoted bid prices in an active market	N/A
Listed equity securities classified as fair value through profit or loss	37,200	22,217	Level 1	Quoted bid prices in an active market	N/A
Debt instrument at fair value through profit or loss from investment in film industry classified as financial assets at fair value through profit or loss	9,856	9,177	Level 3	Discounted cash flow Method	Discount rate ranged from 12% to 14%.

There were no transfers between Level 1, 2 and 3 in current interim period and prior year.

The directors considered that carrying amounts of financial assets and financial liabilities recognised in the Interim Financial Statements approximate their fair values.

26. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 3 July 2019, Best Pacific Global Limited (the “**Purchaser**”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Weng Shiqing and Mr. Lin Zherui (collectively the “**Vendors**”), pursuant to which the Vendors have agreed to sell, and the Purchaser has agreed to acquire the shares of Rich Power International Holdings Limited (the “**Target Company**”) at the consideration of HKD148,000,000, of which HKD100,000,000 will be satisfied in cash and the remaining balance of HKD48,000,000 will be satisfied by issuing the promissory note to the Vendors upon completion.

Management Discussion and Analysis

FINANCIAL RESULTS

In regard to the operational front, the Group recorded a revenue and a net realised gain from securities trading and investments of approximately HKD19,385,000 for the Period (2018: HKD23,712,000), representing a decrease of approximately 18% compared with the corresponding period of last year.

The Group reported a net profit of approximately HKD15,606,000 attributable to shareholders of the Company (2018: net loss of HKD31,847,000) and basic earnings per share of HK0.13 cent for the Period (2018: basic loss per share of HK0.31 cent). The net profit was mainly attributed to the gain from change in fair value of financial assets at fair value through profit or loss of approximately HKD15,662,000 for the Period as compared with the loss of approximately HKD23,807,000 and the non-occurrence of the loss on change in fair value of crypto currency of approximately HKD18,352,000 as for the corresponding period of last year.

BUSINESS REVIEW

Treasury Business

The treasury business includes securities trading and investment business and money lending business.

Securities trading and investment business

The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. The securities investments were classified under financial assets at fair value through other comprehensive income (“**FVTOCI**”) and financial assets at fair value through profit or loss (“**FVTPL**”) in the condensed consolidated interim financial statements. During the Period, the Group’s securities trading portfolio comprised of equity securities of CMBC Capital Holdings Limited (“**CMBC Capital**”, stock code: 1141) and Central Wealth Group Holdings Limited, (“**Central Wealth**”, stock code: 139) listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

During the Period, the Group did not invest in crypto currency and recorded no change in fair value of crypto currency (2018: loss of HKD18,352,000).

As a whole, the securities trading and investment segment recorded a gain of approximately HKD3,223,000 (2018: loss of HKD46,000,000). For the securities under FVTPL, the Group recorded a net unrealised gain of approximately HKD14,983,000 (2018: net unrealised loss of HKD23,807,000). For the securities under FVTOCI, the Group recorded a net unrealised loss of approximately HKD239,771,000 (2018: HKD202,436,000) through other comprehensive income. During the Period, the Group did not record any net realised gain on investment through profit or loss from securities trading and investment (2018: HKD4,887,000).

Management Discussion and Analysis

As at 30 June 2019, details of the securities investments held are as follows:

Name of the investees	Number of shares held	Percentage of equity interests as at 30.06.2019	Closing value as at 30.06.2019 <i>HKD</i>	Market value of the interests as at 30.06.2019 <i>HKD'000</i>	Fair value gain/(loss) for the Period <i>HKD'000</i>	Dividend Income for the Period <i>HKD'000</i>	Realised loss for the Period <i>HKD'000</i>
FVTOCI							
CMBC Capital (Stock code: 1141)	2,030,440,000	4.256%	0.199	404,057	(255,836)	-	(4,424)
Central Wealth (Stock code: 139)	553,954,650	3.764%	0.072	39,885	16,065	-	-
Total				443,942	(239,771)	-	(4,424)
FVTPL							
Central Wealth	516,666,666	3.511%	0.072	37,200	14,983	-	-
Total				37,200	14,983	-	-
Grand-Total				481,142	(224,788)	-	(4,424)

As at 30 June 2019, the Group held securities investment portfolio with market value of approximately HKD481,142,000 (including FVTOCI of approximately HKD443,942,000 and FVTPL of approximately HKD37,200,000) (31 December 2018: HKD720,237,000 including FVTOCI of HKD698,020,000 and FVTPL of HKD22,217,000). At 30 June 2019, the values of investments in CMBC Capital and Central Wealth were more than 5% of the net assets of the Group respectively.

Performance and prospects of the investees

CMBC

CMBC Capital and its subsidiaries (the “**CMBC Capital Group**”) was principally engaged in the business of brokerage and related services, securities investment and provision of finance. China Minsheng Banking Corporation Limited, one of the largest private banks in the People’s Republic of China (“**PRC**”) has indirect interest in over 60% of the issued shares capital of CMBC Capital as at 30 June 2019.

As mentioned in its annual report for the year ended 31 December 2018, the CMBC Capital Group’s profit attributable to its owners was approximately HKD245.2 million (the nine months ended 31 December 2017: HKD118.3 million), representing an increase of 107.3%. The CMBC Capital Group’s basic and diluted earnings per share were HK0.53 cent (31 December 2017: HK0.30 cent). Revenue has increased by 379.0% to approximately HKD791.2 million during the year ended 31 December 2018, compared to approximately HKD165.2 million in the nine months ended 31 December 2017.

CMBC Capital closed at HKD0.199 as at 30 June 2019 (30 June 2018: HKD0.455).

Management Discussion and Analysis

Central Wealth

Central Wealth and its subsidiaries (the “**Central Wealth Group**”) are principally engaged in the securities and futures dealing business, financial investment, property investments and money lending business.

As mentioned in Central Wealth’s annual report for the year ended 31 December 2018, its net loss for the year was approximately HKD67.1 million as compared to a net profit of approximately HKD368.9 million for the period from 1 April 2017 to 31 December 2017. Basic loss per share attributable to ordinary equity holders of the parent for the year was approximately HKD0.005 (31 December 2017: basic earnings per share of HKD0.033). The Central Wealth Group recorded a revenue of approximately HKD174.5 million for the year ended 31 December 2018, as compared to a revenue of approximately HKD228.1 million for the period from 1 April 2017 to 31 December 2017.

Central Wealth closed at HKD0.072 as at 30 June 2019 (30 June 2018: HKD0.090).

Money lending business

A wholly-owned subsidiary of the Group, Globally Finance Limited (“**Globally Finance**”), which held the Money Lenders Licence in Hong Kong since early of 2015, carries a money lending business in Hong Kong. During the Period, Globally Finance generated a revenue with amount of approximately HKD16,672,000 (2018: HKD13,570,000) and a profit of approximately HKD14,567,000 (2018: HKD7,370,000).

Properties Investment

During the Period, the Group is holding two residential properties both located in Hong Kong which are on No. 19, Cumberland Road, Kowloon Tong (approximate saleable area of 5,808 square feet) and No. 1, Lincoln Road, Kowloon Tong (approximate saleable area of 6,892 square feet) respectively. The Group recorded rental income of HKD1,000,000 (2018: HKD4,600,000) and fair value gain of HKD12,000,000 (2018: HKD14,000,000) arising from change in fair value of investment properties from the property investment segment.

Aim to generate stable rental income and/or for capital appreciation, the Group has also expanded its investment property portfolio to the PRC by acquisition of Rich Power International Holdings Limited (“**Rich Power**”). Rich Power owns 19 retail units in a development known as “Fortune Town”(振業城) located at Henggang Road, Longgang District, Shenzhen, PRC (中國深圳市龍崗區橫崗街道). The acquisition was completed on 31 July 2019. For more information, please refer to the Company’s announcements on 3 July 2019 and 31 July 2019.

Management Discussion and Analysis

Investment in film industry

China Wisdom Group Limited (“**China Wisdom**”), a wholly owned subsidiary of the Company, has currently entered into agreements with Ocean Wave Motion Pictures (International) Limited (“**Ocean Wave**”) in relation to investment and advancements in the following film projects:

Date of agreement	Film project	Investment/ Advancement amount	Annual interest rate	Investment return	Carrying amount of investment	
					as at 30.6.2019	Category
					(as at 31.12.2018)	HKD
12.07.2016	Girls II 《閨蜜2》	RMB10,800,000	Nil	RMB10,800,000	– (5,460,000)	Other receivables
21.09.2017	Death Wish 《虎膽追兇》	USD1,320,000	8%	Additional upside return (if any)	9,856,000 (9,177,000)	Financial assets at FVTPL
					1,460,000 (1,052,000)	Loan and interest receivables
11.10.2017	Two Days 《兩天》	USD487,500	12%	Nil	4,557,000 (4,330,000)	Loan and interest receivables
12.06.2018	Papillon 《巴比龍》	USD675,000	8%	Nil	5,707,000 (5,498,000)	Loan and interest receivables

Girls II has been released in March 2018 in the PRC, Hong Kong and Taiwan. Pursuant to the investment agreement with Ocean Wave, the investment return should be subject to the box office revenue of the film. Regardless of the unsatisfactory box office, Ocean Wave has agreed to pay an amount of RMB10,800,000 equivalent to the amount invested by China Wisdom in the film as investment return for maintaining long-term, collaborative business relationships. All investment return has been duly collected.

During the Period, China Wisdom recorded interest income from the segment of investment in film industry of approximately HKD844,000 (2018: HKD655,000). The Board considers that the entering into of the above agreements will allow the Group to have stable return without significant risk exposures.

E-commerce business

During the Period, no revenue was generated (2018: Nil) and a loss of approximately HKD141,000 (2018: HKD124,000) was recorded for the segment of E-commerce business. The Group will continue to look for any potential opportunity in the e-commerce business.

Trading business and related services

With a view to developing and expanding the Group’s intelligent robotics business, the Group has entered into several trading agreements in relation to the sales and purchase of robots and related products during the Period.

During the Period, revenue of approximately HKD869,000 was generated (2018: Nil) and a loss of approximately HKD3,486,000 (2018: HKD1,915,000) was recorded for the segment of trading business and related services.

Management Discussion and Analysis

FINANCIAL REVIEW

Liquidity, financial, resources and funding

The Group had total cash and bank balances of approximately HKD41,467,000 as at 30 June 2019 (31 December 2018: HKD6,194,000). As at 30 June 2019, the Group had total borrowings of approximately HKD531,736,000 (31 December 2018: HKD541,205,000) comprised with bank borrowings of approximately HKD316,684,000 (31 December 2018: HKD320,945,000) and other borrowings of approximately HKD215,052,000 (31 December 2018: HKD220,260,000).

Among bank borrowings, approximately HKD88,651,000 are repayable within one year, HKD8,952,000 are repayable over one year but not exceeding two years, HKD28,413,000 are repayable over two years but not exceeding five years and HKD190,668,000 are repayable over five years. The bank borrowings bear interest rate at range of HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 2.5% per annum over HIBOR (1 week to 1 month).

The other borrowings comprised of margin loans and revolving loan. The margin loan payables bear fixed interest at 6% to 9.5% per annum. The margin loan payables are repayable within one year and was guaranteed by the Company. The revolving loan bear fixed interest rate of HKD Prime Rate – 2% per annum. Details are set out in Note 19 to the condensed consolidated interim financial statements.

The gearing ratio, which is calculated as total borrowings divided by total equity, was approximately 47.50% as at 30 June 2019 (31 December 2018: 42.10%). Net assets were approximately HKD1,119,351,000 as at 30 June 2019 (31 December 2018: HKD1,285,386,000).

As at 30 June 2019, the Group has total current assets of approximately HKD530,728,000 (31 December 2018: HKD469,663,000) and total current liabilities of approximately HKD557,670,000 (31 December 2018: HKD567,576,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was approximately 0.95 as at 30 June 2019 (31 December 2018: 0.83).

The Group's finance costs for the Period was approximately HKD14,191,000 (2018: HKD6,658,000) and was mainly related to interests paid on the bank borrowings and margin loans.

Pledge of assets

At 30 June 2019, the Group's investment properties with carrying amount of HKD690,000,000 (31 December 2018: HKD678,000,000) have been pledged to secure the bank borrowings granted to the Group.

As at 30 June 2019, the Group had pledged an investment property with carrying amount of HKD291,000,000 (31 December 2018: HKD285,000,000), the securities investment under FVTOCI of approximately HKD443,942,000 (31 December 2018: HKD676,095,000) and the securities investment under FVTPL of approximately HKD37,200,000 (31 December 2018: HKD22,217,000) to secure the other borrowings.

Foreign currency management

The Group has minimal exposure to foreign currency risks as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars. The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

Management Discussion and Analysis

Litigations and contingencies

Details of litigations and contingencies are set out in Note 23 to the condensed consolidated interim financial statements.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2019, the Group had 25 employees including Directors situated in Hong Kong, the PRC and Canada (31 December 2018: 17 employees situated in Hong Kong). The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the Period, the total staff costs including remuneration of Directors and chief executives amounted to approximately HKD5,892,000 (2018: HKD3,662,000).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Period (2018: Nil).

EVENTS AFTER THE REPORTING PERIOD

Acquisition of Rich Power

Details of the acquisition are set out in Note 26 to the condensed consolidated interim financial statements.

PROSPECTS

In March 2019, the Board has initiated a restructure by appointing new Directors, new Chairman and new Chief Executive Officer of the Group. Leveraging on the expertise and experience of the new Directors and key management personnel, the Group intends to take initiatives in developing business in relation to intelligent robotics and related services. The Group has recently entered into several trading agreements in relation to the sales and purchase of robots and related products. The Group will also conduct research and development, manufacturing and identify suitable partners to acquire well-established and/or potential start-up companies in the sectors of robotics, artificial intelligence, entertainment technology and new energy transportation, as well as invest in any other business opportunities.

The Group has also expanded its investment property portfolio to the PRC and acquired 19 retail units in a development known as "Fortune Town" (振業城) located at Henggang Road, Longgang District, Shenzhen, PRC (中國深圳市龍崗區橫崗街道). The Group is optimistic on the prospect of property market in Shenzhen and expect the investments can generate stable rental income and capital appreciation.

Going forward, the Board believes that the Group's existing businesses in securities trading and investments, provision of financing services and investment properties shall maintain a stable revenue stream of the Group. Also, the Board considers that the development in the intelligent robotics business will contribute positively to the revenue and profit of the Group and will be beneficial to the Group, thereby creating values to the Company and its shareholders. The Group will continue to proactively identify the suitable development or investment opportunities to strengthen the business portfolio of the Group and generate sustainable and steady financial performance in the long run.

Other Information

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Long positions in the ordinary shares and the underlying shares of the Company

Name of Directors	Capacity	Personal Interest	Other Interest (Note)	Total Interest	Percentage of Company's issued share capital
Siu Yun Fat	Beneficial owner	68,800,000	83,000,000	151,800,000	1.21%
Yu Qingrui	Beneficial owner	53,404,425	83,000,000	136,404,425	1.09%
Liang Jian	Beneficial owner	–	110,000,000	110,000,000	0.88%
Yu Zhenzhong	Beneficial owner	–	110,000,000	110,000,000	0.88%
Cai Linzhan	Beneficial owner	32,289,144	64,000,000	96,289,144	0.77%
Tam Tak Wah	Beneficial owner	267,340	–	267,340	0.002%

Note: These interests represent options granted to the Directors as beneficial owners under the share option scheme of the Company. Details of the interests of the Directors in the share options of the Company are disclosed in the section "Share Option Scheme" below.

Save as disclosed above, as at 30 June 2019, none of the directors or chief executive of the Company had registered an interest 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) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme and the Share Award Scheme disclosed below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Other Information

SHARE OPTION SCHEME

Pursuant to the written resolutions passed by all of the shareholders of the Company on 2 June 2003, the Company adopted a share option scheme (the “**Scheme 2003**”). Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 22 February 2012, the Scheme 2003 was terminated and a new share option scheme (the “**Scheme 2012**”) was adopted. The remaining life of the Scheme 2012, which will expire on 21 February 2022, is approximately 2.5 years from the date of this report.

The existing scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the Scheme 2012 has been refreshed at the annual general meeting of the Company held on 17 June 2019 which the total number of shares of the Company may be allotted and issued pursuant to the grant or exercises of the options under the Scheme 2012 shall not be exceed 10% of the shares of the Company in issue as at 17 June 2019.

Movements in share options during the Period are as follows:

Grantee	Date of grant (Note 1)	Exercise price per shares HKD	Number of share options				As at 30.06.2019	Exercise period	Vesting date
			As at 01.01.2019	Granted during the period	Exercised during the period	Lapsed during the period			
Scheme 2012									
Directors									
Liang Jian	26.03.2019	0.1244	-	110,000,000	-	-	110,000,000	26.03.2019 – 25.03.2021	26.03.2020
Yu Zhenzhong	26.03.2019	0.1244	-	110,000,000	-	-	110,000,000	26.03.2019 – 25.03.2021	26.03.2020
Siu Yun Fat	28.07.2017	0.127	64,000,000 (Note 2)	-	-	-	64,000,000	28.07.2017 – 27.07.2019	28.07.2017
	26.03.2019	0.1244	-	19,000,000	-	-	19,000,000	26.03.2019 – 25.03.2021	26.03.2020
Yu Qingrui	28.07.2017	0.127	64,000,000 (Note 2)	-	-	-	64,000,000	28.07.2017 – 27.07.2019	28.07.2017
	26.03.2019	0.1244	-	19,000,000	-	-	19,000,000	26.03.2019 – 25.03.2021	26.03.2020
Cai Linzhan	28.07.2017	0.127	64,000,000 (Note 2)	-	-	-	64,000,000	28.07.2017 – 27.07.2019	28.07.2017
Employees									
In aggregate	28.07.2017	0.127	64,000,000 (Note 2)	-	-	-	64,000,000	28.07.2017 – 27.07.2019	28.07.2017
	26.03.2019	0.1244	-	20,000,000	-	-	20,000,000	26.03.2019 – 25.03.2021	26.03.2020
Consultants									
In aggregate	28.07.2017	0.127	384,000,000	-	-	-	384,000,000	28.07.2017 – 27.07.2019	28.07.2017
	26.03.2019	0.1244	-	440,000,000	-	-	440,000,000	26.03.2019 – 25.03.2021	26.03.2020
	06.06.2019	0.0798	-	440,000,000	-	-	440,000,000	06.06.2019 – 05.06.2021	06.06.2020
Total			640,000,000	1,158,000,000	-	-	1,798,000,000		

Other Information

Notes:

1. The closing price of the shares immediately before 28 July 2017 was HKD0.109.
The closing price of the shares immediately before 26 March 2019 was HKD0.101.
The closing price of the shares immediately before 6 June 2019 was HKD0.080.
2. On 28 July 2017, the Board resolved to grant 640,000,000 share options to certain directors, employees and consultants of the Company of which 64,000,000 share options each to Mr. Siu Yun Fat, Mr. Cai Linzhan and Mr. Yu Qingrui who are executive directors of the Company and 64,000,000 share options to Ms. Lam Hay Yin, an investment manager of the Company. The grant of the share options to each of the above grantees would result in the securities issued and to be issued upon exercise of all share options already granted and to be granted to each of them in the 12-month period representing in aggregate over 1% of the relevant class of securities in issue. Pursuant to Rule 17.03(4) of the Listing Rules, such grants were approved by independent shareholders of the Company at the extraordinary general meeting of the Company held on 31 October 2017.

Apart from the above movements, no share options were granted, exercised, lapsed or cancelled under the share option scheme of the Company during the Period.

As at the date of this report, an aggregate of 1,158,000,000 shares are issuable for share options granted (all not yet vested) under the Scheme 2012, representing approximately 9.28% of the total number of issued shares of the Company. The weighted average remaining contractual life of these outstanding share options is approximately 1.66 years (31 December 2018: 0.58 years).

During the Period, expenses of HKD4,968,000 was recognised by the Group (six months period ended 30 June 2018: Nil) in relation to share options granted by the Company.

SHARE AWARD SCHEME

The Company adopted a share award scheme on 15 July 2015 (the “**Share Award Scheme**”). The purposes and objectives of the Share Award Scheme are to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of and contribution to the Group.

The existing scheme mandate limit in respect of the granting of share awards under the Scheme Award Scheme has been refreshed at the annual general meeting of the Company held on 31 May 2018 which the total number of shares of the Company may be awarded under the Share Award Scheme shall not be exceed 10% of the shares of the Company in issue as at 31 May 2018. Notwithstanding the foregoing, the Company will not issue or grant any awarded shares under the Share Award Scheme which would result in the total number of the awarded shares together with shares which may be issued upon exercise of all outstanding share options granted but yet to be exercised under the share option scheme of the Company representing in aggregate over 30% of the Company’s shares in issue as at the date of such grant.

During the Period, no shares of the Company were purchased by the trustee of the Share Award Scheme pursuant to the terms of the trust deed of the Share Award Scheme (2018: Nil). No share award has been granted, vested, lapsed and cancelled during the Period.

Other Information

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2019, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the ordinary shares and the underlying shares of the Company

Name of Shareholder	Capacity	Number of Shares	Percentage of the Company's issued share capital
Central Wealth (<i>Note 1</i>)	Interest of controlled corporations	1,875,273,636	15.03%
Hoshing Limited (<i>Note 2</i>)	Interest of controlled corporations	1,875,273,636	15.03%
Main Purpose Investments Limited	Beneficial owner	1,845,496,510	14.79%
Zhu Qian (<i>Note 3</i>)	Interest of controlled corporations	900,000,000	7.21%
Victory Intelligence Industry Limited	Beneficial owner	900,000,000	7.21%

Notes:

1. Central Wealth was deemed to be interested in 1,845,496,510 shares of the Company held by Main Purpose Investments Limited and 29,777,126 shares of the Company held by Desert Gold Limited by virtue of its 100% interests in the issued share capital of Hoshing Limited, which in turn holds 100% interests in the issued share capital of Main Purpose Investments Limited and 100% interests in the issued share capital of Desert Gold Limited, respectively.
2. Hoshing Limited was deemed to be interested in 1,845,496,510 shares of the Company held by Main Purpose Investments Limited and 29,777,126 shares of the Company held by Desert Gold Limited by virtue of its 100% interests in the issued share capital of Main Purpose Investments Limited and 100% interests in the issued share capital of Desert Gold Limited, respectively.
3. Ms. Zhu Qian was deemed to be interested in 900,000,000 Shares held by Victory Intelligence Industry Limited by virtue of her 100% interests in the issued share capital of Victory Intelligence Industry Limited.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 30 June 2019 as required pursuant to section 336 of the SFO.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the existing directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

The Company also adopted a code on no less exacting terms than the Model Code to regulate dealings in the securities of the Company by certain employees of the Group who are considered to be likely in possession of inside information in relation to the Company or its securities.

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code (the “**CG Code**”) throughout the Period as set out in Appendix 14 of the Listing Rules except for the following deviations:

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. Two independent non-executive directors, namely Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah are appointed with no specific term. All independent non-executive directors are subject to the requirement to retire by rotation at least once every three years. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

SUBSCRIPTION OF SHARES

On 27 February 2019, the Company entered into a subscription agreement with Victory Intelligence Industry Limited (the “**Subscriber**”), pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 900,000,000 new shares of the Company at the subscription price of HKD0.064 per subscription share (the “**Subscription**”). The net proceeds from the Subscription was approximately HKD57,500,000 which are intended to be used by the Company as to HKD41,000,000 for development of its existing trading business and HKD16,500,000 for general working capital purposes. The Subscription has been completed on 21 March 2019. For more information, please refer to the Company’s announcements on 27 February 2019 and 21 March 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company during the Period.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the Period have been reviewed by the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the relevant code provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

Other Information

UPDATES ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the publication of the Company's 2018 annual report are set out below:

1. Mr. Lau Fai Lawrence, being an Executive Director, has been appointed as an independent non-executive director of Winto Group (Holdings) Limited (stock code: 8238) with effect from 15 April 2019.
2. Mr. Wang Fei, being an Executive Director, resigned as a vice chairman and a non-independent director of Jiangsu Hagong Intelligent Robot Co., Ltd. (江蘇哈工智能機器人股份有限公司) ("HGZN") (stock code: 000584.SZ) with effect from 21 June 2019.
3. Mr. Yu Zhenzhong, being an Executive Director, has been appointed as a vice chairman and a non-independent director of HGZN with effect from 21 June 2019.
4. The monthly salary of Mr. Liang Jian, being an Executive Director and the Chief Executive Officer, has been changed from no salary to HKD77,000 with effect from 18 July 2019.

By Order of the Board

Wang Fei

Chairman

Hong Kong, 26 August 2019