GLOBAL MASTERMIND
環球大通

GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8063

Interim Report 2019

*For identification purposes only

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

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Global Mastermind Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") recorded a loss attributable to owners of the Company of HK$50,737,000 for the six months ended 30 June 2019 (for the six months ended 30 June 2018: HK$23,654,000), representing basic loss per share of HK1.19 cents (for the six months ended 30 June 2018: HK0.55 cent). The increase in loss attributable to owners of the Company was mainly attributed to the recognition of impairment losses arising from the loss allowances on the expected credit losses of trade receivables and loan receivables; the recognition of a loss on fair value changes of investment properties; and the increase in finance costs which included an imputed interest expense on convertible bonds.

Revenue and profitability

An analysis of the Group's consolidated revenue for the six months ended 30 June 2019 and 2018 were as follows:

	Six months ended	
	2019	2018
	HK$'000	*HK$'000*
Services income from provision of travel related services	**12,821**	15,612
Interest income from money lending business	**12,139**	7,411
Net realised gain on securities investment	**559**	192
Revenue derived from financial services business	**7,620**	4,842
	33,139	28,057

For the six months ended 30 June 2019, the consolidated revenue of the Group amounted to HK$33,139,000 (for the six months ended 30 June 2018: HK$28,057,000), comprised of (i) service income from provision of travel related services of HK$12,821,000 (for the six months ended 30 June 2018: HK$15,612,000); (ii) interest income from money lending business of HK$12,139,000 (for the six months ended 30 June 2018: HK$7,411,000); (iii) net realised gain on securities investment of HK$559,000 (for the six months ended 30 June 2018: net realised gain of HK$192,000); and (iv) revenue derived from financial services business of HK$7,620,000 (including commission income from securities brokerage; interest income from margin financing and initial public offering ("**IPO**") financing; handling and settlement income arising from securities brokerage; and asset management fee income) (for the six months ended 30 June 2018: HK$4,842,000), representing an increase of approximately 18.1% as compared to the corresponding period of last year. The increase in consolidated revenue was mainly contributed by the increase in interest income from money lending business and revenue derived from financial services business.

The revenue arising from travel business in Singapore consists of agency commission and service income (both from customers and suppliers) generated from the provision of travel related services, including airtickets, hotel rooms, Free Independent Traveler ("**FIT**") packages and ground transportation handling services.

Corporate customers are business travelers who require travel products and services for their travel purposes. Wholesale customers are usually travel services providers who purchase airtickets, hotel rooms, FIT packages and other travel related products. Meetings, Incentives, Conventions and Exhibitions ("**MICE**") customers refer to customers who are mainly corporate customers, convention organisers and special projects organisers who require one stop professional MICE/special project/event management services.

For the six months ended 30 June 2019, approximately 38.7% or HK$12,821,000 (for the six months ended 30 June 2018: HK$15,612,000) of the total consolidated revenue was derived from the provision of travel related services.

Following the completion of the disposal of Perfect Well Tours Limited on 27 December 2018, for the six months ended 30 June 2019, all revenue in the travel business segment was derived from the market in Singapore.

The interest income revenue derived from the provision of money lending services amounted to HK$12,139,000 for the six months ended 30 June 2019 (for the six months ended 30 June 2018: HK$7,411,000), representing an increase of approximately 63.8% as compared to that of last corresponding period and was approximately 36.6% of the total consolidated revenue for the six months ended 30 June 2019.

For treasury management business, net realised gain of HK$559,000 was generated from securities investment (for the six months ended 30 June 2018: net realised gain of HK$192,000), representing approximately 1.7% of the total consolidated revenue for the six months ended 30 June 2019.

For the financial services business, revenue of HK$7,620,000 (for the six months ended 30 June 2018:HK$4,842,000), representing approximately 23.0% of the total consolidated revenue for the period under review, was generated, including (i) commission income from securities brokerage of HK$2,551,000 (for the six months ended 30 June 2018:HK$1,734,000); (ii) interest income from margin and IPO financing of HK$1,625,000 (for the six months ended 30 June 2018:HK$679,000); (iii) handling and settlement income arising from securities brokerage of HK$3,104,000 (for the six months ended 30 June 2018:HK$2,365,000); and (iv) asset management fee income of HK$340,000 (for the six months ended 30 June 2018: HK$64,000).

Other income, other gains and losses

Other income, other gains and losses for the six months ended 30 June 2019 amounted to net loss of HK$1,803,000 as compared to net gain of HK$2,146,000 for the corresponding period of last year.

At the end of the reporting period, the Group measured its investment properties in Hong Kong at fair values based on a valuation prepared by APAC Appraisal and Consulting Limited, an independent professional qualified valuer not connected to the Group and recognised a loss of HK$6,400,000 arising on fair value changes of investment properties, which led to net loss of other income, other gains and losses.

Expenditure

For the reporting period, staff costs amounted to HK$27,788,000 (for the six months ended 30 June 2018: HK$23,064,000). Depreciation and amortisation expenses amounted to HK$4,255,000 (for the six months ended 30 June 2018: HK$3,407,000). Other expenses amounted to HK$11,522,000 (for the six months ended 30 June 2018: HK$13,293,000).

The increase in staff costs was mainly due to the increase in directors' emoluments during the period under review.

Impairment loss on loan receivables

With effect from 1 January 2018, the Group adopted the Hong Kong Financial Reporting Standard 9 "Financial Instruments" ("**HKFRS 9**") that has changed the Group's impairment model by replacing the Hong Kong Accounting Standard 39 "incurred loss model" to "expected credit loss ("**ECL**") model".

The Group performs impairment assessment by applying the HKFRS 9 general approach for all loan receivables on the basis of allowance of 12-month ECL for items without significant increase in credit risk since initial recognition and lifetime ECL for items with significant increase in credit risk since initial recognition with reference to ECL valuation prepared by Grant Sherman Appraisal Limited ("**Grant Sherman Appraisal**"), an independent professional qualified valuer not connected to the Group.

Allowance for expected credit losses for the loan receivables of HK$10,061,000 was recognised for the six months ended 30 June 2019. The assessment of the expected credit losses of two loan receivables were based on lifetime ECL. The assessment of the expected credit losses of the rest of the loan receivables were based on 12-month ECL.

The ECL of loan receivables is calculated as the product of the three factors: (1) gross credit exposure; (2) probability of default over 12 months following the reporting date for 12-month ECL or over the entire life following the reporting date for lifetime ECL; and (3) recovery rate in case of insolvency in Hong Kong or China. The probability of default is derived through the application of a linear multiple regression model, which estimates the statistical relationship between a dependent variable and multiple independent variables. To reflect any current or forward-looking information affecting the borrowers' ability to settle the loans, certain adjustments have been made in the process of deriving the appropriate probability of default. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of the reporting period about past events, current conditions and forecasts of future economic conditions.

Impairment loss on trade receivables

Allowance for expected credit losses for the trade receivables of the travel business in Singapore of HK$11,507,000 was recognised for the six months ended 30 June 2019.

Based on the assessment performed by Norton Appraisals Holdings Limited ("**Norton Appraisals**"), an independent professional qualified valuer not connected to the Group, the assessment is carried out in accordance with the definition and standard laid down by HKFRS 9.

The Group performs impairment assessment by applying the HKFRS 9 simplified approach for all trade receivables on the basis of allowance of lifetime ECL for items with reference to ECL assessment prepared by Norton Appraisals. The expected credit losses for trade receivables were assessed on both individual and collective basis. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the number of days past due.

The ECL of trade receivables is calculated as the product of the three factors: (1) probability of default over the entire life following the reporting date for lifetime ECL; (2) exposure at default; and (3) recovery ratio. The probability of default is the expected default rate determined with reference to both qualitative and quantitative factors regarding the trade receivables which included but not limited to repayment history, debtor's credit ratings and financial position, and economic outlook. Exposure at default is equivalent to the sum of outstanding principal and accrued interest of the receivables. The determination of recovery ratio refers to the value of collaterals and other pertinent factors. Different scenarios are constructed to assess the potential magnitude of ECL. After assigning an expected probability to respective scenarios, ECL will end up being the scenario-weighted figure.

Finance costs

During the period under review, the finance costs of HK$5,856,000 (for six months ended 30 June 2018: HK$409,000), out of which (i) HK$258,000 was attributed to the interest on short term bank borrowings (for the six months ended 30 June 2018: HK$409,000); (ii) HK$4,175,000 was attributed to the imputed interest expense on the convertible bonds issued on 13 November 2018 (for the six months ended 30 June 2018: Nil); (iii) HK$1,008,000 was attributed to the interest expense on other borrowing (for the six months ended 30 June 2018: Nil); and (iv) HK$415,000 was attributed to the interest expenses on lease liabilities (for the six months ended 30 June 2018: Nil).

Share of loss of a joint venture

On 30 July 2013, the Group entered into an agreement with a venturer to form a joint venture which principally engages in the business of operating as tours and travel agents in Malaysia at a cash consideration of HK$14 million and the transaction was completed on 31 August 2013. Since then, the Group has been entitled to receive a management fee which was equivalent to 90% of the profit before taxation of its Malaysia travel business.

During the three months ended 30 June 2019, the Group shared a loss of HK$2,464,000 from the joint venture. Adding the profit of HK$399,000 shared by the Group from the joint venture for the three months ended 31 March 2019, the Group shared a loss from the joint venture amounting to HK$2,065,000 for the six months ended 30 June 2019 (for the six months ended 30 June 2018: share a loss of HK$1,112,000). The loss from the joint venture was mainly attributed to the allowance for expected credit losses for the trade receivables of the travel business in Malaysia.

BUSINESS REVIEW

Travel business

During the period under review, the performance of the segment in travel business was not satisfactory. Operating under the atmosphere of a slowing global and Singapore's domestic economy and fierce competition in the industry exerted pressure on the Group's travel business in Singapore which led to a decrease in revenue to HK$12,821,000 for the six months ended 30 June 2019 (for the six months ended 30 June 2018: HK$15,152,000). No revenue was generated from the travel business in Hong Kong after the disposal of Perfect Well Tours Limited on 27 December 2018 (for the six months ended 30 June 2018: HK$460,000). Accordingly, the revenue in this segment decreased to HK$12,821,000 for six months ended 30 June 2019 (for the six months ended 30 June 2018: HK$15,612,000), representing a 17.9% decrease as compared to last corresponding period.

As at 31 December 2018, a loss allowance on the ECL of the trade receivables of the travel business in Singapore of HK$24,306,000 was provided. At the end of the reporting period, an additional loss allowance on the ECL of the trade receivables in the sum of HK$11,507,000 was provided, based on a valuation prepared by Norton Appraisals.

Money lending business

During the reporting period, the Group's money lending business generated interest income on loans of HK$12,139,000 (for the six months ended 30 June 2018: HK$7,411,000). The increase was contributed by the increase in the average monthly balance of loan receivables (excluding accrued interest receivables and aggregate loss allowance on the ECL of loan receivables), which increased from HK$147,046,000 for the six months ended 30 June 2018 to HK$242,435,000 in the six months ended 30 June 2019. During the period under review, the Group granted new loans in the aggregate principal amount of HK$90,000,000 (for the six months ended 30 June 2018: HK$75,000,000) to its customers and received prepayment and repayment of HK$488,000 from its customers (for the six months ended 30 June 2018: HK$33,953,000). At the end of the reporting period, the Group's gross loan receivables together with accrued interest receivables, before aggregate loss allowance of ECL, amounted to HK$307,538,000 (as at 30 June 2018: HK$177,286,000).

As at 31 December 2018, a loss allowance on the ECL of the loan receivables of HK$13,304,000 was provided. At the end of the reporting period, an additional loss allowance on the ECL of the loan receivables in the sum of HK$10,061,000 was provided, based on a valuation prepared by Grant Sherman.

Return on loans receivables (excluding accrued interest receivables and aggregate loss allowance on the ECL of loan receivables) for the six months ended 30 June 2019 is 5.0% (for the six months ended 30 June 2018: 5.0%).

Treasury management business

During the period under review, the Group did not acquire any Hong Kong equities or Shenzhen A-Share. For the corresponding period of last year, the Group acquired Hong Kong equities and Shenzhen A-Share with the aggregate market value of HK$60,374,000 and RMB4,867,000 (equivalent to HK$5,911,000) respectively. In addition, the Group disposed Hong Kong equities and Shenzhen A-Share equities with market values for HK$3,067,000 (for the six months ended 30 June 2018: HK$20,373,000) and RMB4,641,000 (equivalent to HK$5,427,000) (for the six months ended 30 June 2018: Nil) respectively, with a carrying amount of financial assets at fair value through profit or loss plus transaction costs of HK$3,561,000 (for the six months ended 30 June 2018: HK$20,328,000) and RMB3,967,000 (equivalent to HK$4,509,000) (for the six months ended 30 June 2018: Nil) respectively. Adding the dividend income from securities investment of HK$135,000 (for the six months ended 30 June 2018: HK$147,000), the Group's trading of financial assets at fair value through profit or loss recorded a net realised gain of HK$559,000 (for the six months ended 30 June 2018: a net realised gain of HK$192,000). At 30 June 2019, the Group measured its equity portfolio at fair value based on the closing prices and recognised an unrealised loss of HK$9,567,000 (for the six months ended 30 June 2018: an unrealised loss of HK$9,883,000) arising on change in fair value of financial assets at fair value through profit or loss.

Financial services business

During the period under review, revenue in this segment increased by 57.4% to HK$7,620,000 (for the six months ended 30 June 2018: HK$4,842,000). Commission income from securities brokerage for the reporting period increased by 47.1% to HK$2,551,000 (for the six months ended 30 June 2018: HK$1,734,000). Interest income from margin financing and IPO financing for the reporting period increased by 139.3% to HK$1,625,000 (for the six months ended 30 June 2018: HK$679,000). Total outstanding loan of securities margin financing as at 30 June 2019 amounted to HK$40,839,000 (as at 30 June 2018: HK$36,719,000). No impairment loss on margin clients receivable was charged during the reporting period (for the six months ended 30 June 2018: Nil). The handling and settlement income arising from securities business increased by 31.2% to HK$3,104,000 (for the six months ended 30 June 2018: HK$2,365,000). The Group also derived revenue of HK$340,000 from asset management services (for the six months ended 30 June 2018: HK$64,000), representing increase of 431.3% as compared to last corresponding period.

On 11 March 2019, Global Mastermind Securities Limited, an indirect wholly-owned subsidiary of the Company, was granted by the Securities and Futures Commission for the licence to carry on Type 6 (Advising on corporate finance) regulated activity (the "**Advising on Corporate Finance Business**") under the SFO. No revenue was generated from Advising on Corporate Finance Business during the reporting period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained sufficient working capital during the reporting period. As at 30 June 2019, the working capital, calculated by current assets less current liabilities, of the Group was of HK$427,606,000 compared to HK$422,282,000 as at 31 December 2018.

As at 30 June 2019, the Group's current ratio was 2.9 times (as at 31 December 2018: 6.0 times), calculated by current assets of HK$651,826,000 (as at 31 December 2018: HK$506,608,000) divided by current liabilities of HK$224,220,000 (as at 31 December 2018: HK$84,326,000). The decrease in current ratio was mainly attributed to the increase in short term bank borrowings and other borrowing during the reporting period.

As at 30 June 2019, the Group's gearing ratio, expressed as percentage of total borrowings, including the liability component of convertible bonds, lease liabilities/obligations under finance lease, bank and other borrowings, of the Group to total equity attributable to owners of the Company, was 35.4%, as compared with 13.7% as at 31 December 2018. The significant increase was mainly attributed to the increase in bank and other borrowings and lease liabilities recognised from the adoption of HKFRS 16 "Lease" during the reporting period.

During the period under review, net cash used in operating activities amounted to HK$106,409,000 (for the six months ended 30 June 2018: net cash used in operating activities of HK$136,471,000). Net cash generated from investing activities for the period was HK$47,000 (for the six months ended 30 June 2018: net cash used in investing activities of HK$3,000). Net cash generated from financing activities amounted to HK$106,867,000 (for the six months ended 30 June 2018: net cash generated from financing activities of HK$4,661,000). As a result, cash and cash equivalents of the Group as at 30 June 2019 was HK$146,899,000, compared with HK$146,440,000 as at 31 December 2018. The increase in cash and cash equivalent was mainly contributed by the net cash from financing activities during the period under review.

CAPITAL STRUCTURE

As at 30 June 2019, the Company has 4,262,867,050 shares of HK$0.01 each (the "**Shares**") in issue (31 December 2018: 4,262,867,050 shares).

On 16 May 2019, a loan of HK$100,000,000 granted by a finance company, which is interest bearing at 8.00% per annum, secured by a personal guarantee given by Mr. Cheung Kwok Wai, Elton, the chairman of the Board and an executive Director of the Company, and maturing on 15 November 2019.

As at 30 June 2019, the total borrowings of the Group amounted to HK$219,698,000 (31 December 2018: HK$91,879,000), representing the liability component of the convertible bonds of HK$77,010,000 (31 December 2018: HK$76,009,000); other borrowing of HK$100,000,000 (31 December 2018: Nil), which is repayable within one year; lease liabilities/obligations under finance lease of HK$16,353,000 (31 December 2018: HK$1,308,000); and short term secured bank borrowings of HK$26,335,000 (31 December 2018: HK$14,562,000), which are repayable within one year.

EXCHANGE RATE RISK

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies were recognised in profit or loss. In the event of fluctuating foreign exchange rates, there is a risk exposure to that settlement of payment for customers and suppliers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the total number of employees of the Group was 120.

The Group fixes and reviews the emoluments of its directors and staff based on the qualification, experience, performance and the market rates from time to time so as to maintain the remunerations of the directors and staff at a competitive level. Salary increment is normally approved annually or by special adjustment depending on length of services and individual performance. In addition to salaries, the Group provides employee benefits such as medical insurance and provident funds. Moreover, discretionary bonus and share options will be paid or granted to employees based on the Group's and individual performances.

The Group makes contributions to the Central Provident Fund Scheme in Singapore and the Mandatory Provident Fund in Hong Kong for all qualifying employees in accordance with the statutory requirements in both territories.

PLEDGE OF ASSETS

As at 30 June 2019, the gross carrying amount of trade receivables from travel business in Singapore amounting to Singapore Dollar ("**SG$**") 22,632,000 (equivalent to approximately HK$130,707,000) (31 December 2018: SG$21,026,000 (equivalent to approximately HK$120,504,000)) have been pledged to a bank in Singapore by way of a floating charge. In addition, bank deposits of SG$222,000 (equivalent to approximately HK$1,282,000) (31 December 2018: SG$222,000 (equivalent to approximately HK$1,272,000)) of the Group were pledged to secure a credit facility as at 30 June 2019.

As at 30 June 2019, banking facilities in an aggregate sum of HK$42,919,000 (31 December 2018: HK$50,692,000) were available to the Group. Details of the banking facilities are as follows:

A bank in Singapore has provided banker's guarantee and commercial card guarantee to a subsidiary of the Company in Singapore in an aggregate amount of approximately SG$5,700,000 (equivalent to approximately HK$32,919,000) (31 December 2018: SG$7,100,000 (equivalent to approximately HK$40,692,000)), of which the amounts utilised as 30 June 2019 were approximately SG$ 4,609,000 (equivalent to approximately HK$26,620,000) (31 December 2018: SG$5,123,000 (equivalent to approximately HK$29,359,000)). The banker's guarantee for travel business in Singapore had been given in favour to international airlines.

A bank in Hong Kong has provided a shares overdraft facility to a subsidiary of the Company in Hong Kong for securities brokerage business in an aggregate amount of HK$10,000,000 (31 December 2018: HK$10,000,000). No amount of the shares overdraft facility has been utilised and no securities have been pledged to the bank as at 30 June 2019 (31 December 2018: Nil).

As at 30 June 2019, cash collateral placed by the Group and included in other receivables of approximately SG$640,000 (equivalent to approximately HK$3,696,000) (31 December 2018: SG$640,000 (equivalent to approximately HK$3,668,000)) was pledged for financial guarantees of SG$3,321,000 (equivalent to approximately HK$19,182,000) (31 December 2018: SG$3,663,000 (equivalent to approximately HK$20,993,000)), given by insurance companies in favour of the Group's customers of the travel business as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom financial guarantees have been given, such customers may demand the respective insurance companies to pay to them the sum stipulated in such demand. The Group will become liable to compensate such insurance companies accordingly. The financial guarantees will be released upon completion of the contract works.

At the end of the reporting period, it is considered it is not probable that a claim will be made against the Group.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group had no material contingent liabilities (31 December 2018: Nil).

OUTLOOK

The travel business environment is continuing to be challenging. The Group's profitability in travel business in Singapore is facing pressure from the rising costs of operations and stiff price driven competition. Our management team will cautiously monitor the market, adopt appropriate measures and business strategies in response to changing market conditions.

The Hong Kong securities market are still influenced by uncertain events, such as US-China trade war, Brexit and recent local political tension and social unrest. The Group will adopt a conservative investment approach towards its treasury management business in the coming quarters. The management will cautiously monitor Hong Kong equity, change the Group's equity portfolio mix from time to time and realise the equities held by the Group into cash as and when appropriate.

For the money lending business, the management continues to adopt a more cautious approach during its assessment and approval of new loans in order to mitigate its credit risk.

For the financial services business, the grant of the licence to carry on Advising on Corporate Finance Business would create enhanced value and synergy to the Group by providing with more comprehensive services to the customers which in turn increase and broaden the income stream of the Group in the future. In addition, the Group will adopt a more cautious approach to the credit control of its margin financing business.

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 30 June 2019 and up to the date of this report.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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大華馬施雲
會計師事務所有限公司

TO THE BOARD OF DIRECTORS OF GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Global Mastermind Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 20 to 56, which comprise the condensed consolidated statement of financial position as of 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion on these condensed consolidated financial statements solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

* *For identification purpose only*

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Moore Stephens CPA Limited
Certified Public Accountants

Hong Kong, 13 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Three months ended 30 June		Six months ended 30 June	
	NOTES	**2019 HK$'000 (Unaudited)**	2018 HK$'000 (Unaudited)	**2019 HK$'000 (Unaudited)**	2018 HK$'000 (Unaudited)
Service income from provision of travel related services		**6,688**	8,490	**12,821**	15,612
Interest income from money lending business	3	**6,672**	4,398	**12,139**	7,411
Commission income from securities brokerage		**1,337**	1,154	**2,551**	1,734
Interest income from margin financing		**1,076**	509	**1,625**	668
Interest income from initial public offering financing		**–**	8	**–**	11
Handling and settlement income arising from securities brokerage		**1,815**	1,200	**3,104**	2,365
Asset management fee income		**174**	64	**340**	64
Net realised (loss) gain on securities investment	4	**(359)**	192	**559**	192
Net unrealised loss on securities investment	4	**(4,541)**	(10,542)	**(9,567)**	(9,883)
Other income, other gains and losses	6	**(3,159)**	705	**(1,803)**	2,146
Staff costs		**(12,896)**	(11,060)	**(27,788)**	(23,064)
Depreciation and amortisation expenses		**(2,839)**	(1,643)	**(4,255)**	(3,407)
Other expenses		**(5,464)**	(7,439)	**(11,522)**	(13,293)
Impairment loss on intangible assets		**–**	(2,000)	**–**	(2,000)
Impairment loss on loan receivables	13	**(10,061)**	–	**(10,061)**	–
Impairment loss on trade receivables	14	**(11,507)**	–	**(11,507)**	–
Finance costs	7	**(3,498)**	(209)	**(5,856)**	(409)
Share of loss of a joint venture		**(2,464)**	(156)	**(2,065)**	(1,112)
Loss before tax		**(39,026)**	(16,329)	**(51,285)**	(22,965)
Income tax credit (expense)	8	**976**	(238)	**548**	(689)
Loss for the period	9	**(38,050)**	(16,567)	**(50,737)**	(23,654)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Three months ended 30 June		Six months ended 30 June	
	NOTE	**2019** ***HK$'000*** **(Unaudited)**	2018 *HK$'000* (Unaudited)	**2019** ***HK$'000*** **(Unaudited)**	2018 *HK$'000* (Unaudited)
Other comprehensive (expense) income for the period					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation		**(324)**	(4,367)	**724**	(1,204)
Share of exchange differences of a joint venture		**(245)**	(1,350)	**34**	(634)
Other comprehensive (expense) income for the period		**(569)**	(5,717)	**758**	(1,838)
Total comprehensive expense for the period		**(38,619)**	(22,284)	**(49,979)**	(25,492)
Loss for the period attributable to owners of the Company		**(38,050)**	(16,567)	**(50,737)**	(23,654)
Total comprehensive expense for the period attributable to owners of the Company		**(38,619)**	(22,284)	**(49,979)**	(25,492)
Loss per share (HK cents)					
Basic	*11*	**(0.89)**	(0.39)	**(1.19)**	(0.55)
Diluted	*11*	**(0.89)**	(0.39)	**(1.19)**	(0.55)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

	NOTES	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	962	3,907
Investment properties	12	181,400	187,800
Right-of-use assets	12	16,920	–
Interest in a joint venture		11,994	14,025
Loan receivables	13	62,491	117,224
Deferred tax assets		3,855	2,195
		277,622	325,151
CURRENT ASSETS			
Trade and other receivables	14	197,382	176,396
Loan receivables	13	221,682	86,412
Financial assets at fair value through profit or loss	15	61,773	79,410
Pledged bank deposits		1,282	1,272
Bank trust account balances		22,808	16,678
Bank balances and cash		146,899	146,440
		651,826	506,608
CURRENT LIABILITIES			
Trade and other payables	16	83,763	64,534
Contract liabilities		1,246	879
Tax payable		4,415	4,162
Lease liabilities/obligations under finance lease		8,461	189
Bank borrowings	17	26,335	14,562
Other borrowing	18	100,000	–
		224,220	84,326

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 30 JUNE 2019

	NOTES	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
NET CURRENT ASSETS		**427,606**	422,282
TOTAL ASSETS LESS CURRENT LIABILITIES		**705,228**	747,433
NON-CURRENT LIABILITIES			
Lease liabilities/obligation under finance lease		**7,892**	1,119
Convertible bonds	*19*	**77,010**	76,009
		84,902	77,128
NET ASSETS		**620,326**	670,305
CAPITAL AND RESERVES			
Share capital	*20*	**42,629**	42,629
Share premium and reserves		**577,697**	627,676
		620,326	670,305

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (Note)	Share options reserve HK$'000	Exchange reserve HK$'000	Convertible bonds equity reserve HK$'000	Property revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2019 (audited)	**42,629**	**920,537**	**32,589**	**–**	**(20,103)**	**4,108**	**65,547**	**(375,002)**	**670,305**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(50,737)**	**(50,737)**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**758**	**–**	**–**	**–**	**758**
Total comprehensive income (expense) for the period	**–**	**–**	**–**	**–**	**758**	**–**	**–**	**(50,737)**	**(49,979)**
At 30 June 2019 (unaudited)	**42,629**	**920,537**	**32,589**	**–**	**(19,345)**	**4,108**	**65,547**	**(425,739)**	**620,326**
At 1 January 2018 (audited)	42,629	920,537	32,589	10,840	(17,353)	–	–	(321,186)	668,056
Loss for the period	–	–	–	–	–	–	–	(23,654)	(23,654)
Other comprehensive expense for the period	–	–	–	–	(1,838)	–	–	–	(1,838)
Total comprehensive expense for the period	–	–	–	–	(1,838)	–	–	(23,654)	(25,492)
Lapse of share options *(note 21)*	–	–	–	(4,132)	–	–	–	4,132	–
At 30 June 2018 (unaudited)	42,629	920,537	32,589	6,708	(19,191)	–	–	(340,708)	642,564

Note: The capital reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	**(2,069)**	(5,415)
Increase in trade and other receivables	**(31,361)**	(72,454)
Increase in bank trust account balances	**(6,130)**	(33,597)
Increase in loan receivables	**(90,598)**	(42,897)
Decrease (increase) in financial assets at fair value through profit or loss	**8,494**	(45,919)
Increase in trade and other payables	**15,757**	65,837
Increase (decrease) in contract liabilities	**359**	(2,026)
Cash used in operations	**(105,548)**	(136,471)
Income tax paid	**(861)**	–
Net cash used in operating activities	**(106,409)**	(136,471)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(24)**	(64)
Other investing cash flows	**71**	61
Net cash from (used in) investing activities	**47**	(3)
FINANCING ACTIVITIES		
New other borrowing raised	**100,000**	–
New bank borrowings raised	**26,235**	14,586
Repayment of bank borrowings	**(14,618)**	(9,516)
Repayment of lease liabilities	**(3,069)**	–
Interest paid	**(1,681)**	(409)
Net cash from financing activities	**106,867**	4,661
Net increase (decrease) in cash and cash equivalents	**505**	(131,813)
Cash and cash equivalents at 1 January	**146,440**	228,301
Effect of foreign exchange rate changes	**(46)**	(57)
Cash and cash equivalents at 30 June, represented by bank balances and cash	**146,899**	96,431

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Rules**"). The condensed consolidated financial statements do not include all the information required for a complete set of financial statement prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018 (the "**2018 Financial Statement**").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the 2018 Financial Statements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of new and amendments to HKFRSs *(Continued)*

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases" ("**HKAS 17**"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of land and building that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee (Continued)

Right-of-use assets (Continued)

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases” *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee (Continued)

Lease liabilities (Continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 "Revenue from Contracts with Customers" ("**HKFRS 15**") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

The Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts at transition:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK$12,472,000 and right-of-use assets of HK$13,338,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.75% per annum.

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	**13,054**
Lease liabilities discounted at relevant incremental borrowing rates	**12,229**
Less: Recognition exemption – short-term leases	**(497)**
Less: Recognition exemption – low value assets	**(568)**
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	**11,164**
Add: Obligations under finance leases recognised at 31 December 2018	**1,308**
Lease liabilities as at 1 January 2019	**12,472**

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 *(Continued)*

As a lessee (Continued)

	HK$'000
Analysed as	
Current	4,978
Non-current	7,494
	12,472

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	11,164
Amounts included in property, plant and equipment under HKAS 17 – Assets previously under finance leases	2,174
	13,338
By class:	
Land and building	11,164
Motor vehicle	2,174
	13,338

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Impacts on each financial statement line item arising from the application of all new standard, amendments and interpretation

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Impact of adopting HKFRS 16	**Carrying amounts under HKFRS 16 at 1 January 2019**
	HK$'000	*HK$'000*	***HK$'000***
NON-CURRENT ASSETS			
Property, plant and equipment	3,907	(2,174)	**1,733**
Right-of-use assets	–	13,338	**13,338**
CURRENT LIABILITIES			
Lease liabilities	–	(4,978)	**(4,978)**
Obligations under finance leases	(189)	189	**–**
NON-CURRENT LIABILITIES			
Lease liabilities	–	(7,494)	**(7,494)**
Obligations under finance leases	(1,119)	1,119	**–**

3. INTEREST INCOME FROM MONEY LENDING BUSINESS

During the six months ended 30 June 2019, the Group generated interest income of HK$12,139,000 (for the six months ended 30 June 2018: HK$7,411,000) from money lending business.

4. NET LOSS ON SECURITIES INVESTMENT

Net realised gain or loss on securities investment represents the proceeds from sale of financial assets at fair value through profit or loss less the carrying amounts of respective financial assets measured at fair value at the end of last financial year, and the dividend income when the Group's right to receive the dividends is established. Net unrealised gain or loss represents the remaining fair value changes on the financial assets at fair value through profit or loss.

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Net realised (loss) gain on financial assets at fair value through profit or loss:				
Proceeds from sale of financial assets at fair value through profit or loss	**3,067**	20,373	**8,494**	20,373
Carrying amount of financial assets at fair value through profit or loss	**(3,561)**	(20,328)	**(8,070)**	(20,328)
	(494)	45	**424**	45
Dividend income from securities investment	**135**	147	**135**	147
	(359)	192	**559**	192
Net unrealised loss on financial assets at fair value through profit or loss	**(4,541)**	(10,542)	**(9,567)**	(9,883)
	(4,900)	(10,350)	**(9,008)**	(9,691)

5. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the chief operating decision maker ("**CODM**") representing the board of directors of the Company, for the purpose of allocating resources to segments and assessing segment performance, which focuses on the respective types of services rendered or income derived from business engaged in. This is also the basis upon which the Group is arranged and organised.

During the six months ended 30 June 2018, the Group commenced to develop an asset management business in Hong Kong. This resulted in a new operating segment in 2018.

The Group's operations are currently organised into five (for the six months ended 30 June 2018: five) reportable and operating segments under HKFRS 8 "Operating Segments". These segments are namely travel business, treasury management business, money lending business, brokerage business and asset management business for both periods.

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

	Segment revenue Six months ended 30 June		Segment (losses) profits Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Travel business	**12,821**	15,612	**(15,384)**	(4,859)
Treasury management business	**559**	192	**(9,011)**	(9,727)
Money lending business	**12,139**	7,411	**(2,553)**	5,430
Brokerage business	**7,280**	4,778	**(2,937)**	(2,912)
Asset management business	**340**	64	**192**	58
Total	**33,139**	28,057	**(29,693)**	(12,010)
Share of loss of a joint venture			**(2,065)**	(1,112)
Unallocated income, gains and losses			**(3,829)**	1,288
Unallocated expenses			**(15,150)**	(11,820)
Loss for the period			**(50,737)**	(23,654)

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

	Segment revenue Three months ended 30 June		Segment (losses) profits Three months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Travel business	**6,688**	8,490	**(11,475)**	(775)
Treasury management business	**(359)**	192	**(4,902)**	(10,385)
Money lending business	**6,672**	4,398	**(5,404)**	3,001
Brokerage business	**4,228**	2,871	**(1,190)**	(1,036)
Asset management business	**174**	64	**92**	58
Total	**17,403**	16,015	**(22,879)**	(9,137)
Share of loss of a joint venture			**(2,464)**	(156)
Unallocated income, gains and losses			**(5,143)**	113
Unallocated expenses			**(7,564)**	(7,387)
Loss for the period			**(38,050)**	(16,567)

All of the segment revenue reported above are from external customers.

Segment (losses) profits represent the (losses incurred) profits earned by each segment without allocation of share of loss of a joint venture, unallocated income, gains and losses (which mainly includes bank interest income of head office, rental income, management and administrative income and loss on fair value changes of investment properties) and unallocated expenses (which mainly include central administration costs, directors' salaries, and interest on other borrowing and imputed interest expense on convertible bonds). This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

5. 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 *HK$'000* (Unaudited)	31 December 2018 *HK$'000* (Audited)
Segment assets		
Travel business	**162,477**	154,351
Treasury management business	**62,014**	79,519
Money lending business	**304,852**	208,307
Brokerage business	**120,591**	107,852
Asset management business	**10,404**	10,303
Total segment assets	**660,338**	560,332
Interest in a joint asset	**11,994**	14,025
Unallocated bank balances and cash	**75,171**	67,717
Unallocated assets	**181,945**	189,685
Consolidated assets	**929,448**	831,759
Segment liabilities		
Travel business	**76,248**	51,530
Money lending business	**12,489**	3,788
Brokerage business	**30,344**	20,350
Asset management business	**2,385**	1,909
Total segment liabilities	**121,466**	77,577
Unallocated liabilities	**187,656**	83,877
Consolidated liabilities	**309,122**	161,454

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

- all assets are allocated to operating and reportable segments other than interest in a joint venture, investment properties, certain property, plant and equipment, certain deposits and prepayments and certain bank balances and cash.

- all liabilities are allocated to operating and reportable segments other than convertible bonds, other borrowing, certain accruals and other payables.

6. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Rental income	**1,257**	–	**2,513**	–
Incentive income from ticketing system	**1,563**	–	**1,563**	–
Commercial credit card rebates	**137**	171	**262**	290
Bank interest income	**13**	3	**71**	61
Net exchange gain	**245**	357	**49**	352
Loss on fair value changes of investment properties	**(6,400)**	–	**(6,400)**	–
Employment credits from government grants	**(14)**	38	**(1)**	181
Others	**40**	23	**140**	32
Management and administrative income	**–**	958	**–**	2,075
Loss on disposal of property, plant and equipment	**–**	(845)	**–**	(845)
	(3,159)	705	**(1,803)**	2,146

7. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest on short term bank borrowings	**89**	209	**258**	409
Interest on other borrowing	**1,008**	–	**1,008**	–
Interest expenses on lease liabilities	**302**	–	**415**	–
Imputed interest expense on convertible bonds (note 19)	**2,099**	–	**4,175**	–
	3,498	209	**5,856**	409

8. INCOME TAX CREDIT (EXPENSE)

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
The tax credit (expense) comprises:				
Hong Kong Profits Tax				
– current period	**(684)**	(578)	**(1,112)**	(1,029)
Deferred taxation				
– current period	**1,660**	340	**1,660**	340
	976	(238)	**548**	(689)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, for the six months ended 30 June 2019, Hong Kong Profits Tax was calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

For the six months ended 30 June 2018, Hong Kong Profits Tax was calculated at 16.5% on the estimated assessable profits. The directors of the Company considered the amount involved upon implementation of the two-tiered profit tax rates regime as insignificant to the condensed consolidated financial statements.

Singapore Corporate Income Tax is calculated at 17% in accordance with the relevant laws and regulations in Singapore for both periods. No provision for Singapore Corporate Income Tax has been made as the subsidiary operating in Singapore had no assessable profit for both periods.

9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging the following items:

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Depreciation of property, plant and equipment	**354**	1,643	**880**	3,407
Depreciation of right-of-use assets	**2,485**	–	**3,375**	–
Selling expenses (included in other expenses)	**118**	186	**234**	412

10. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2018 and 2019, nor has any dividend been proposed since the end of both reporting periods.

11. LOSS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss				
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	**(38,050)**	(16,567)	**(50,737)**	(23,654)

11. LOSS PER SHARE *(Continued)*

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	'000	*'000*	***'000***	*'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Number of shares				
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**4,262,867**	4,262,867	**4,262,867**	4,262,867

For the six months ended 30 June 2019, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds (for the six months ended 30 June 2018: the exercise of the Company's outstanding share options) since their assumed conversion or exercise would result in a decrease in loss per share.

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

During the six months ended 30 June 2019, the Group acquired property, plant and equipment for a cash consideration of HK$24,000 (for the six months ended 30 June 2018: HK$64,000) mainly for acquisitions of computer equipment (for the six months ended 30 June 2018: computer equipment).

During the six months ended 30 June 2019, the Group entered into new or renewal of lease agreements for the office premises and director's residential premises, each for 2 years' term. The Group is required to make fixed monthly payments during the contract periods. On lease commencement, the Group recognised HK$6,908,000 of right-of-use assets and HK$6,908,000 of lease liabilities.

The Group's investment properties as at the end of the current interim period were valued by APAC Appraisal and Consulting Limited, an independent professional qualified property valuer not connected to the Group. The valuations were arrived at by using direct comparison method by making reference to the comparable market transactions as available. The direct comparison method is based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The resulting decrease in fair value of investment properties of HK$6,400,000 has been recognised directly in profit or loss for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

13. LOAN RECEIVABLES

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Fixed-rate loan receivables	**278,865**	199,414
Accrued interest receivables	**5,308**	4,222
	284,173	203,636
Analysed as:		
Current portion	**221,682**	86,412
Non-current portion	**62,491**	117,224
	284,173	203,636

The range of interest rate on the Group's loan receivables is from 7.42% to 15% per annum (31 December 2018: from 7.42% to 15% per annum). The loans are respectively repayable in one to five years (31 December 2018: three months to five years) from the drawdown date, and hence the loans repayable beyond one year from the end of the reporting period were classified as non-current. Pursuant to the loan agreements, the Group retains a discretionary right to demand the repayment from the borrowers in full before the maturity of the loans.

Before granting loans to outsiders, the Group uses internal credit assessment process to assess the potential borrower's credit quality and defines its credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment also includes evaluation of collectability and aging analysis of accounts and on management's judgment, including the current creditworthiness, collateral and past collection history of each borrower. In determining the recoverability of the loan receivables, the Group considers any change in the credit quality of the loan receivables from the date credit was initially granted up to the reporting date. This includes assessing the credit history of the business, such as financial difficulties or default in payments and current market conditions.

13. LOAN RECEIVABLES *(Continued)*

Applying the expected credit losses ("**ECL**") model, impairment of loan receivables is assessed on 12-month ("**12m**") ECL basis when there has been no significant increase in credit risk since initial recognition. However, when there has been a significant increase in credit risk since origination, the allowances will be based on the lifetime ECL. As a result, loan receivables with aggregate gross carrying amount of HK$211,220,000 (31 December 2018: HK$120,584,000) were assessed on 12m ECL basis whereas those with aggregate gross carrying amount of HK$96,318,000 (31 December 2018: HK$96,356,000) were assessed on the lifetime ECL, and the net of the accumulated impairment loss arising from the ECL of HK$23,365,000 of which an impairment loss on loan receivables of HK$10,061,000 was recognised for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

No aging analysis is disclosed, as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of business of money lending.

14. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables from the travel business of HK$119,156,000 (31 December 2018: HK$120,504,000) and accounts receivables from cash clients, margin clients and clearing house amounting to HK$3,961,000 (31 December 2018: HK$420,000), HK$40,839,000 (31 December 2018: HK$18,714,000) and HK$66,000 (31 December 2018: HK$2,342,000) respectively from the brokerage business.

For the travel business, the Group allows an average credit period range from 60 to 90 days to its customers. An aging analysis presented based on the invoice date at the end of reporting period is as follows:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Up to 3 months	**40,449**	57,594
4 months to 6 months	**43,847**	55,897
7 months to 12 months	**29,894**	2,329
Over 1 year	**4,966**	4,684
	119,156	120,504

14. TRADE AND OTHER RECEIVABLES *(Continued)*

Trade receivables from travel business represent the gross amounts billed to customers less impairment losses recognised on an ECL basis, of which trade receivables from travel business in Singapore are HK$119,156,000 (31 December 2018: HK$120,504,000) as at 30 June 2019. The Group measures loss allowance for trade receivables from travel business at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix by reference to past default experience of the debtor and current market condition in relation to each debtor's exposure and time value of money where appropriate. The expected credit losses also incorporate forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle such trade receivables. Trade receivables from travel business have been grouped based on shared credit risk characteristics and the days past due. An impairment loss on trade receivables of HK$11,507,000 was recognised for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

As at 30 June 2019, included in the Group's trade receivables from travel business balance are debtors with aggregate carrying amount of HK$78,707,000 (31 December 2018: HK$62,910,000) which are past due as at the reporting date.

Aging of trade receivables from travel business which are past due but not impaired

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
4 months to 6 months	**43,847**	55,897
7 months to 12 months	**29,894**	2,329
Over 1 year	**4,966**	4,684
Total	**78,707**	62,910

For accounts receivables from the brokerage business, the normal settlement terms of accounts receivables from cash clients and clearing house are two trading days after trade date. Accounts receivables from cash clients which are neither past due nor impaired represent unsettled client trades on securities exchange transacted on the last two business days prior to the end of the reporting period.

No aging analysis is disclosed for the accounts receivables from margin clients, cash clients and clearing house from the brokerage business as, in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of brokerage business.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Listed equity securities held for trading (note)		
– Equity securities listed in Hong Kong	**61,773**	74,901
– Equity securities listed in the People's Republic of China (the "**PRC**")	**–**	4,509
	61,773	79,410

Note: The fair values were based on the quoted prices of the respective securities in active markets for identical assets.

At 30 June 2019 and 31 December 2018, no financial assets at fair value through profit or loss have been pledged as security.

16. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables from travel business of HK$32,890,000 (31 December 2018: HK$26,860,000) and accounts payables from cash clients, margin clients and clearing house amounting to HK$15,666,000 (31 December 2018: HK$7,201,000), HK$10,702,000 (31 December 2018: HK$11,523,000) and HK$650,000 (31 December 2018: HK$1,240,000) respectively from the brokerage business.

For the travel business, an aging analysis presented based on the invoice date at the end of reporting period is as follows:

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Within 1 month	**27,641**	17,876
1 month to 2 months	**463**	6,562
2 months to 3 months	**1,806**	596
Over 3 months	**2,980**	1,826
	32,890	26,860

The average credit period from trade suppliers of the travel business is 30 days.

16. TRADE AND OTHER PAYABLES *(Continued)*

In respect of accounts payables from the brokerage business, accounts payables to clearing house represent trades pending settlement arising from the brokerage business which are normally two trading days after the trade date. No aging analysis is disclosed for the accounts payables from the brokerage business as, in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of brokerage business.

17. BANK BORROWINGS

	30 June 2019 *HK$'000* (Unaudited)	31 December 2018 *HK$'000* (Audited)
Short term secured bank borrowings, repayable within one year	**26,335**	14,562

The Group's secured bank borrowings that contain repayment on demand clauses in the loan agreements:

	30 June 2019 *HK$'000* (Unaudited)	31 December 2018 *HK$'000* (Audited)
Repayable within one year	**26,335**	14,562

The Group's secured bank borrowings are denominated in the functional currency of the relevant group entity. As at 30 June 2019, the bank borrowings carry variable interest rates at 3% per annum over the applicable 1-month Singapore SWAP Offer Rate (31 December 2018: 5.75% per annum).

18. OTHER BORROWING

During the six months ended 30 June 2019, the Group obtained a new borrowing amounting to HK$100,000,000 (31 December 2018: nil) which was guaranteed by a personal guarantee given by Mr. Cheung Kwok Wai, Elton, an executive director of the Company. The loan carried interest at fixed rates of 8% per annum and is repayable in instalments over a period of six months. The majority of the proceeds were used to finance the working capital of money lending business.

19. CONVERTIBLE BONDS

The Company issued 8% two-year convertible bonds with principal amount of HK$80,000,000 on 13 November 2018. The convertible bonds are denominated in Hong Kong dollars. The convertible bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the convertible bonds and the fifth business days prior to 12 November 2020 (the "**Maturity Date**") at a conversion price of HK$0.115 per conversion share. If the convertible bonds have not been converted, they will be redeemed on the Maturity Date at par. Interest of 8% will be paid annually in arrears up until the settlement date.

The principal terms of the convertible bonds were disclosed in the Company's announcement dated 29 October 2018.

At initial recognition, the equity component of the convertible bonds was separated from the liability component. The equity element is presented in equity heading "convertible bonds equity reserve". The effective interest rate of the liability component is 11.12% per annum.

The movement of the liability component of the convertible bonds for the reporting period is set out below:

	HK$'000
CARRYING AMOUNT	
As at 31 December 2018 and 1 January 2019	76,009
Interest charge	4,175
Accrued coupon interest	(3,174)
As at 30 June 2019	77,010

20. SHARE CAPITAL OF THE COMPANY

Ordinary shares of HK$0.01 each	Number of shares	Share capital *HK$'000*
Authorised:		
At 1 January 2018, 30 June 2018, 31 December 2018, 1 January 2019 and 30 June 2019	180,000,000,000	1,800,000
Issued and fully paid:		
At 1 January 2018, 30 June 2018, 31 December 2018,1 January 2019 and 30 June 2019	4,262,867,050	42,629

21. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted an old share option scheme and terminated it pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2011, and the Company adopted a new share options scheme at the same meeting. The purpose of both share option schemes is to enable the board of directors of the Company, at its discretion, to grant options to any eligible participants who include directors and employees as incentives or rewards for their contribution to the Group. Under both schemes, the directors of the Company may grant options to eligible participants, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Under the option scheme, a share option may be exercised in accordance with the terms of the scheme prior to the expiry of ten years from the date of acceptance. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The exercise price is determined by the directors of the Company, and is not less than the higher of (i) the closing price of the Company's shares on the date of grant; and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant.

During the year ended 31 December 2017, the number of share options in respect of which options had been granted and remained outstanding under the option scheme was 468,600,000 which included 213,000,000 granted on 12 May 2017 and 255,600,000 granted on 5 September 2017, representing 6% and 6% of the shares of the Company in issue at the respective dates of grant. The above share options were vested immediately at the date of grant.

21. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Out of the above share options of 468,600,000, 213,000,000 share options were lapsed during the six months ended 30 June 2018. The remaining outstanding share options as at 30 June 2018 amounted to 255,600,000 options. No share options were granted or exercised for the six months ended 30 June 2018. These remaining outstanding share options expired and lapsed during the second half of the year ended 31 December 2018. No share options had been exercised before the expiry date and no share options were granted during the six months ended 30 June 2019.

22. PLEDGE OF ASSETS

As at 30 June 2019, the gross carrying amount of trade receivables from travel business in Singapore amounting to Singapore Dollar ("**SG$**") 22,632,000 (equivalent to approximately HK$130,707,000) (31 December 2018: SG$21,026,000 (equivalent to approximately HK$120,504,000)) have been pledged to a bank in Singapore by way of a floating charge. In addition, bank deposits of SG$222,000 (equivalent to approximately HK$1,282,000) (31 December 2018: SG$222,000 (equivalent to approximately HK$1,272,000)) of the Group were pledged to secure a credit facility as at 30 June 2019.

As at 30 June 2019, banking facilities in an aggregate sum of HK$42,919,000 (31 December 2018: HK$50,692,000) were available to the Group. Details of the banking facilities are as follows:

A bank in Singapore has provided banker's guarantee and commercial card guarantee to a subsidiary of the Company in Singapore in an aggregate amount of approximately SG$5,700,000 (equivalent to approximately HK$32,919,000) (31 December 2018: SG$7,100,000 (equivalent to approximately HK$40,692,000)), of which the amounts utilised as 30 June 2019 were approximately SG$4,609,000 (equivalent to approximately HK$26,620,000) (31 December 2018: SG$5,123,000 (equivalent to approximately HK$29,359,000)). The banker's guarantee for travel business in Singapore had been given in favour to international airlines.

A bank in Hong Kong has provided a shares overdraft facility to a subsidiary of the Company in Hong Kong for securities brokerage business in an aggregate amount of HK$10,000,000 (31 December 2018: HK$10,000,000). No amount of the shares overdraft facility has been utilised and no securities have been pledged to the bank as at 30 June 2019 (31 December 2018: nil).

22. PLEDGE OF ASSETS *(Continued)*

As at 30 June 2019, cash collateral placed by the Group and included in other receivables of approximately SG$640,000 (equivalent to approximately HK$3,696,000) (31 December 2018: SG$640,000 (equivalent to approximately HK$3,668,000)) was pledged for financial guarantees of SG$3,321,000 (equivalent to approximately HK$19,182,000) (31 December 2018: SG$3,663,000 (equivalent to approximately HK$20,993,000)), given by insurance companies in favour of the Group's customers of the travel business as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom financial guarantees have been given, such customers may demand the respective insurance companies to pay to them the sum stipulated in such demand. The Group will become liable to compensate such insurance companies accordingly. The financial guarantees will be released upon completion of the contract works.

At the end of the reporting period, in the opinion of the directors of the Company, it is not probable that a claim will be made against the Group.

23. OPERATING LEASES

The Group as lessor

Property rental income earned during the current period was HK$2,513,000 (for the six months ended 30 June 2018: nil). The properties held have tenants for the next two years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease income receivables under non-cancellable operating leases:

	30 June 2019 ***HK$'000*** **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
Within one year	**5,026**	5,026
In the second to fifth year inclusive	**6,471**	8,984
	11,497	14,010

24. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Short-term employee benefits	**2,536**	965	**4,336**	1,160
Post-employment benefits	**18**	12	**36**	20
	2,554	977	**4,372**	1,180

The remuneration of directors and key executives is determined by the remuneration committee having regards to the performance of individuals and market trends.

24. RELATED PARTY TRANSACTIONS *(Continued)*

(b) During the period, the Group entered into the following transactions with related parties:

		Three months ended 30 June		Six months ended 30 June	
		2019	2018	**2019**	2018
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Related companies *(Note 1)*	Rental income	**1,257**	–	**2,513**	–
	Secretarial fee and other office expenses	**36**	33	**71**	67
	Brokerage commission income and other service charge income	**-**	54	**-**	75
	Management and administrative income	**-**	958	**-**	2,075
Subsidiaries of a substantial shareholder *(Note 2)*	Lease payments	**746**	–	**1,492**	–
	Brokerage commission income and other service charge income	**59**	–	**118**	–

Note 1: Mr. Mung Hon Ting, Jackie, a close family member of Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan, both of them are directors of the Company, and Mr. Mung Kin Keung have beneficial interests in the related companies.

Note 2: These companies are wholly-owned subsidiaries of Eternity Investment Limited, a company incorporated in Bermuda with limited liability and with its shares listed on the Main Board of the Stock Exchange. Eternity Investment Limited is a substantial shareholder with significant influence of the Company.

(c) The following balance was outstanding at the end of the reporting period:

		30 June 2019	31 December 2018
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
A subsidiary of a substantial shareholder	Lease liabilities	**5,120**	–

OTHER INFORMATION

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

As at 30 June 2019, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any associated corporations, within the meaning of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "**SFO**"), as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions

(a) Ordinary shares of HK$0.01 each of the Company

Name of Director	Capacity	Number of issued ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company *(Note 2)*
Mr. Mung Kin Keung *(Note 1)*	Interest of controlled corporation	532,000,000	12.48%
Mr. Mung Bun Man, Alan *(Note 1)*	Interest of controlled corporation	532,000,000	12.48%
Mr. Tse Ke Li	Beneficial owner	1,150,000	0.03%

Notes:

1. These shares were registered in the name of and were beneficially owned by Excellent Mind Investments Limited ("**Excellent Mind**"), a company is owned as to 60% by Mr. Mung Kin Keung and 40% by Mr. Mung Bun Man, Alan, both of them are executive Directors. Therefore, they are deemed to be interested in all the shares in which Excellent Mind is interested by virtue of the SFO.

2. The percentage is calculated on the basis of 4,262,867,050 shares in issue as at 30 June 2019.

Save as disclosed above, none of the Directors and chief executives of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules as at 30 June 2019.

SHARE OPTION SCHEME

Pursuant to a special resolution passed at the annual general meeting held on 19 May 2011, a new share option scheme (the "**Option Scheme**") was adopted for the purpose of providing incentive to eligible participants who contribute to the success of the Group's operation. Unless otherwise cancelled or amended, the expiry date of the Option Scheme will be on 18 May 2021. Details of the Option Scheme are set out in note 21 of the section headed "Notes to the condensed consolidated financial statements".

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 30 June 2019, the register of substantial shareholders/other persons maintained by the Company pursuant to section 336 of the SFO showed that the following shareholders, other than a Director or chief executive of the Company, had notified the Company of relevant interests in the issued share capital of the Company:

Long positions in ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares of the Company held	Interest in underlying shares of the Company	Approximate percentage of the issued ordinary share capital of the Company *(Note 4)*
Eternity Investment Limited *(Note 1)*	Held by controlled corporation	1,237,750,000	–	29.04%
Heng Tai Consumables Group Limited *(Note 2)*	Held by controlled corporation	–	695,652,173	16.32%
Excellent Mind Investments Limited *(Note 3)*	Beneficial owner	532,000,000	–	12.48%
Mr. Mung Kin Keung *(Note 3)*	Held by controlled corporation	532,000,000	–	12.48%
Mr. Mung Bun Man, Alan *(Note 3)*	Held by controlled corporation	532,000,000	–	12.48%

Notes:

1. Eternity Investment Limited ("**Eternity Investment**"), a company incorporated in Bermuda with limited liability and its issued shares are listed on the Main Board of the Stock Exchange (stock code: 764). Eternity Finance Group Limited, a wholly-owned subsidiary of Eternity Investment, is interested in 1,237,750,000 shares in the Company. Eternity Investment is deemed to be interested in such 1,237,750,000 shares by virtue of the SFO.

2. Heng Tai Finance Limited ("**Heng Tai Finance**") is deemed to be interested in 695,652,173 shares in the Company through its interest in the convertible bonds issued by the Company in an aggregate amount of HK$80,000,000 on 13 November 2018. Heng Tai Finance is a wholly-owned subsidiary of Heng Tai Consumables Group Limited ("**Heng Tai Consumables Group**"), a company listed on the Main Board of the Stock Exchange (stock code: 197). Heng Tai Consumables Group is deemed to be interested in such 695,652,173 shares by virtue of the SFO.

3. These shares are held by Excellent Mind, which is owned as to 60% by Mr. Mung Kin Keung and 40% by Mr. Mung Bun Man, Alan, both of them are executive Directors, who are deemed to be interested in all the shares in which Excellent Mind is interested by virtue of the SFO.

4. The percentage is calculated on the basis of 4,262,867,050 shares in issue as at 30 June 2019.

Other than as disclosed above, the Company has not been notified of any interests in the Company's issued shares as at 30 June 2019 as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

Save as disclosed above, as at 30 June 2019 and to the best knowledge of the Directors, there was no person had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises three independent non-executive Directors, namely Mr. Law Kwok Ho, Kenward (as chairman), Mr. Tsai Yung Chieh, David and Mr. Fung Wai Ching, with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the six months ended 30 June 2019 and is of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and any other applicable laws and has been adequately disclosed.

COMPETING INTERESTS

Mr. Cheung Kwok Wai, Elton, the Chairman and an executive Director, has an indirect interest in approximately 15.29% of the issued shares of and is an executive director of Eternity Investment which engages in sale of financial assets, property investment, money lending, design and sale of jewelry products, which competes with the Group's money lending business.

Saved for the disclosed above, during the period under review, neither the Directors, the management shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interests in a business which causes or may cause competition with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("**CG Code**") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance.

During the six months ended 30 June 2019, the Company was in compliance with the code provisions set out in the CG Code except for the deviations as explained below:

1. Code provision A.2.1 of the CG Code provides that the roles and responsibilities of chairman and chief executive officer should be divided. The Company has not appointed chief executive officer, and the roles and functions of the chief executive officer have been performed by the four executive Directors collectively.

2. Code provision A.4.1 of the CG Code provides that the non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors are not appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company (the "**Articles**").

3. Code provision D.1.4 of the CG Code provides that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Directors (expect Mr. Mung Kin Keung). However, the Directors shall be subject to retirement by rotation in accordance with the Articles. In any event, all Directors, including those without a letter of appointment, must retire by rotation in the manner prescribed under the Articles, and on re-election of the retiring Directors, shareholders of the Company are given information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant Directors. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors are required to comply with the requirements under statue and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Save as those mentioned above, in the opinion of the Directors, the Company has met the code provisions as set out in the CG Code during the six months ended 30 June 2019.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Code on Securities Dealings**"). The Company, having made specific enquiry of all the Directors, confirmed that all the Directors have complied with the required standard of dealings as set out in the Code on Securities Dealings for the six months ended 30 June 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the six months ended 30 June 2019.

Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the period under review.

DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

The change in information on Directors subsequent to the date of the 2018 annual report of the Company, which is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules, is set out below:

Name of Director	**Details of Changes**
Mr. Mung Kin Keung	– resigned as a co-chairman and an executive director of CWT International Limited (Stock Code: 521), a company incorporated in Hong Kong with limited liability and its issued shares are listed on the Main Board of the Stock Exchange with effect from 28 June 2019

On behalf of the Board

Cheung Kwok Wai, Elton
Chairman and Executive Director

Hong Kong, 13 August 2019

As at the date of this report, the Board comprises Mr. Cheung Kwok Wai, Elton, Mr. Mung Kin Keung, Mr. Mung Bun Man, Alan and Mr. Tse Ke Li as executive Directors, and Mr. Law Kwok Ho, Kenward, Mr. Tsai Yung Chieh, David and Mr. Fung Wai Ching as independent non-executive Directors.