



CHINA TRUSTFUL GROUP LIMITED

中國之信集團有限公司

Incorporated in Bermuda with limited liability
Stock Code : 8265



Interim Report 2019



MIX

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This report, for which the directors (the “Directors”) of China Trustful Group 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 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.

This report will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from its date of posting and on the designated website of the Company at www.china-trustful.com.

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 June 2019 together with the comparative unaudited figures for the corresponding period in 2018 as follows:

FINANCIAL HIGHLIGHTS

- The Group’s revenue generated from our continuing operations amounted to HK\$117,656,000 (six months ended 30 June 2018: HK\$70,864,000) for the six months ended 30 June 2019, which represented an increase of HK\$46,792,000 or 66.0% as compared with the corresponding previous period.
- The profit for the six months ended 30 June 2019 was HK\$614,000 (six months ended 30 June 2018: HK\$14,605,000), representing a decrease of HK\$13,991,000 or 95.8% as compared with the corresponding previous period.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2019

	Notes	Three months ended 30 June		Six months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Continuing operations					
Revenue	3	77,945	24,767	117,656	70,864
Cost of sales		(72,304)	(5,890)	(99,200)	(26,233)
Gross profit		5,641	18,877	18,456	44,631
Other revenue and other (loss)/income	4	(1,674)	1,937	1,045	2,715
Selling and distribution costs		(272)	(375)	(696)	(624)
Administrative expenses		(6,440)	(7,586)	(16,236)	(18,136)
Gain on disposal of subsidiaries	23	–	525	–	525
Finance costs	6	(96)	(730)	(275)	(1,915)
(Loss)/profit before income tax	7	(2,841)	12,648	2,294	27,196
Income tax expense	9	(666)	(2,128)	(1,680)	(7,711)
(Loss)/profit for the period from continuing operations		(3,507)	10,520	614	19,485
Discontinued operation					
Loss for the period from discontinued operation	8	–	(2,257)	–	(4,880)
(Loss)/profit for the period		(3,507)	8,263	614	14,605
Other comprehensive (loss)/income for the period					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations during the period		(14,063)	(34,254)	(586)	(11,478)
Total comprehensive (loss)/income for the period		(17,570)	(25,991)	28	3,127

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

For the three months and six months ended 30 June 2019

	Notes	Three months ended 30 June		Six months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
(Loss)/profit for the period attributable to:					
Owners of the Company					
– from continuing operations		(4,084)	9,273	(1,533)	15,928
– from discontinued operation		–	(2,257)	–	(4,880)
Non-controlling interests					
– from continuing operations		577	1,247	2,147	3,557
		(3,507)	8,263	614	14,605
Total comprehensive (loss)/income attributable to:					
Owners of the Company					
– from continuing operations		(17,817)	(22,089)	(2,067)	5,294
– from discontinued operation		–	(2,257)	–	(4,880)
Non-controlling interests					
– from continuing operations		247	(1,645)	2,095	2,713
		(17,570)	(25,991)	28	3,127
(Loss)/earnings per share					
From continuing and discontinued operations					
– Basic	11	HK(0.15) cents	HK0.30 cents	HK(0.06) cents	HK0.49 cents
– Diluted	11	HK(0.15) cents	HK0.28 cents	HK(0.06) cents	HK0.46 cents
From continuing operations					
– Basic	11	HK(0.15) cents	HK0.40 cents	HK(0.06) cents	HK0.71 cents
– Diluted	11	HK(0.15) cents	HK0.37 cents	HK(0.06) cents	HK0.65 cents
From discontinued operation					
– Basic	11	N/A	HK(0.10) cents	N/A	HK(0.23) cents
– Diluted	11	N/A	HK(0.10) cents	N/A	HK(0.23) cents

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

		30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
	Notes		
Non-current assets			
Intangible assets		7,198	7,621
Property, plant and equipment	12	94,493	100,170
Interest in leasehold land	12	19,156	19,419
Deferred tax asset	17	1,599	1,599
Prepayment for property, plant and equipment		9,600	9,600
		132,046	138,409
Current assets			
Inventories	13	32,250	71,645
Trade receivables	14	217,992	183,787
Deposits, prepayments and other receivables		340,650	271,485
Amount due from a related company		–	117
Cash and cash equivalents		21,898	56,683
		612,790	583,717
Current liabilities			
Trade and other payables	15	38,669	21,697
Contract liabilities		1,704	1,822
Amount due to a director		6,000	30,000
Amounts due to non-controlling interests		122	122
Tax payables		18,299	19,855
		64,794	73,496
Net current assets		547,996	510,221
Total assets less current liabilities		680,042	648,630

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2019

	Notes	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Non-current liability			
Other payables	15	143	–
Net assets		679,899	648,630
Capital and reserves			
Share capital	18	54,724	53,508
Reserves		612,176	584,218
Equity attributable to owners of the Company		666,900	637,726
Non-controlling interests		12,999	10,904
Total equity		679,899	648,630

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Equity attributable to owners of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Merger reserve HK\$'000	Shared-based payment reserve HK\$'000	Translation reserve HK\$'000	Capital contribution reserve HK\$'000	Convertible bonds reserve HK\$'000	Statutory general reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Six months ended 30 June 2019 (Unaudited)													
At 1 January 2019 (Originally stated)	53,508	504,135	-	-	-	(23,022)	12,144	-	5,693	85,268	637,726	10,904	648,630
Effect on application of HKFRS 16	-	-	-	-	-	-	-	-	-	(165)	(165)	-	(165)
At 1 January 2019 (Restated)	53,508	504,135	-	-	-	(23,022)	12,144	-	5,693	85,103	637,561	10,904	648,465
Loss/profit for the period	-	-	-	-	-	-	-	-	-	(1,533)	(1,533)	2,147	614
Other comprehensive loss:													
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(534)	-	-	-	-	(534)	(52)	(586)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(534)	-	-	-	(1,533)	(2,067)	2,095	28
Placing of new shares	1,216	30,995	-	-	-	-	-	-	-	-	32,211	-	32,211
Share issuing expenses	-	(805)	-	-	-	-	-	-	-	-	(805)	-	(805)
At 30 June 2019 (Unaudited)	54,724	534,325	-	-	-	(23,556)	12,144	-	5,693	83,570	666,900	12,999	679,899
Six months ended 30 June 2018 (Unaudited)													
At 1 January 2018 (Originally stated)	43,024	439,575	155	1,033	2,565	8,273	12,144	9,842	-	86,938	603,549	49,133	652,682
Effect on application of HKFRS 9	-	-	-	-	-	-	-	-	-	15	15	-	15
At 1 January 2018 (Restated)	43,024	439,575	155	1,033	2,565	8,273	12,144	9,842	-	86,953	603,564	49,133	652,697
Profit for the period	-	-	-	-	-	-	-	-	-	11,048	11,048	3,557	14,605
Other comprehensive loss:													
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(10,634)	-	-	-	-	(10,634)	(844)	(11,478)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(10,634)	-	-	-	11,048	414	2,713	3,127
Exercise of share options	750	10,590	-	-	(2,565)	-	-	-	-	-	8,775	-	8,775
Disposal of subsidiaries (note 8)	-	-	(155)	(1,033)	-	-	-	-	-	1,188	-	-	-
Conversion of convertible bonds	9,734	53,970	-	-	-	-	-	(10,652)	-	-	53,052	-	53,052
Release of deferred tax upon conversion of convertible bonds (note 18)	-	-	-	-	-	-	-	810	-	-	810	-	810
At 30 June 2018 (Unaudited)	53,508	504,135	-	-	-	(2,361)	12,144	-	-	99,189	666,615	51,846	718,461

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
		(Unaudited)	(Unaudited)
<i>Notes</i>		HK\$'000	HK\$'000
Cash flows from operating activities			
	Cash used in operating activities	(38,524)	(1,846)
	Tax paid	(2,221)	(37,254)
Net cash used in operating activities		(40,745)	(39,100)
Cash flows from investing activities			
	Purchases of property, plant and equipment	–	(1,885)
23	Net cash inflow on disposal of subsidiaries	–	1,020
	Other cash flows generated from investing activities	92	4,304
Net cash generated from investing activities		92	3,439
Cash flows from financing activities			
	Interest paid	(275)	(307)
16	Repayment of loan	–	(15,000)
	Proceeds from placement of new shares	32,211	–
	Share issuing expenses	(805)	–
	Other financing activities	(24,000)	3,337
Net cash generated/(used in) from financing activities		7,131	(11,970)
Net decrease in cash and cash equivalents		(33,522)	(47,631)
Cash and cash equivalents at beginning of the reporting period		56,683	293,853
Effect of foreign exchange rate changes		(1,263)	14,360
Cash and cash equivalents at the end of the reporting period		21,898	260,582

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

1. GENERAL INFORMATION

China Trustful Group Limited (the “Company”) was incorporated in Bermuda on 14 June 2010 as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 January 2011. King Full Inc Limited, Top Bliss Holdings Limited and Smart Focus Inc Limited are substantial shareholders of the Company. The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company’s principal place of business is located at Units 2610–2611, 26/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries (together with the Company referred to as the “Group”) are the retail and wholesale of luxury brand silverware, silver utensils and luxury goods in the People’s Republic of China (the “PRC”) (the “Silverware Business”), research and development, manufacture and sale of rechargeable batteries, electric vehicles and related products and provision of related services (the “Electric Vehicle Business”) and provision of marketing and management services, sales and distribution of energy and petrochemical related products, including but not limited to, LNG and LPG products, and licensing of petroleum gas stations (the “Energy and Petrochemical Business”). The Group was also engaged in the provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products (the “Sourcing Business”) which were discontinued since 18 May 2018.

This unaudited condensed consolidated financial information (the “Interim Financial Information”) is presented in Hong Kong dollar (“HK\$”), which is the functional currency of the Company and all values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The Interim Financial Information have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

This Interim Financial Information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (CONTINUED)

This Interim Financial Information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2018 (the “2018 annual financial statements”). This Interim Financial Information has been prepared in accordance with the same accounting policies applied in the 2018 annual financial statements.

Accounting policies

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

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

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

HKFRS 16 Leases

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

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.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Accounting policies (continued)

As a lessee (continued)

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exception to leases of offices 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 lease 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.

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; and
- any initial direct costs incurred by the Group.

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.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Accounting policies (continued)

As a lessee (continued)

Right-of-use assets (continued)

The Group presents right-of-use assets in “property, plant and equipment”, the same line item as that within which the corresponding underlying assets would be presented if they were owned.

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.

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.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Accounting policies (continued)

As a lessee (continued)

Lease liabilities (continued)

- The lease payments change due to changes in market rental rates following a market rental review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

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. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Accounting policies (continued)

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

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 retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, 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:

- 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. use 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.

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

The Group recognised lease liabilities of approximately HK\$5,775,000 and right-of-use assets of approximately HK\$5,273,000 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 5.13%.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)**Accounting policies (continued)*****Transition and summary of effects arising from initial application of HKFRS 16 (continued)***

	At 1 January 2019 HK\$'000
Operating lease commitments disclosed at 31 December 2018	5,904
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 and lease liability at 1 January 2019	5,775
Analysed as	
Current	3,722
Non-current	2,053
	5,775

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

	Right-of- use assets HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	5,273
By class:	
Other properties leased for own use, carried at depreciation cost	5,273

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Accounting policies (continued)

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

The following table summarises the impact of transition to HKFRS 16 on retained earnings at 1 January 2019:

	Retained earnings HK\$'000
At 31 December 2018 and at 1 January 2019 (originally stated)	85,268
Impact of adopting HKFRS 16	(165)
At 1 January 2019 (restated)	85,103

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 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK\$'000
Non-current assets			
Property, plant and equipment	100,170	5,273	105,440
Current liabilities			
Trade and other payables	21,697	3,385	25,400
Non-current liability			
Other payables	–	2,053	1,735
Net Assets	648,630	(165)	648,465
Capital and reserves			
Reserves	584,218	(165)	584,053

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position at 1 January 2019 as disclosed above.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Accounting policies (continued)

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

The following tables summarise the impacts of applying HKFRS 16 on the Group's condensed consolidated statement of financial position at 30 June 2019 and its condensed consolidated statement of profit or loss and other comprehensive income and cash flows for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 16
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	94,493	(3,558)	90,935
Current liabilities			
Trade and other payable	38,669	(3,815)	34,854
Non-current liability			
Other payable	143	(143)	-
Net asset	679,899	(7,516)	672,383

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Accounting policies (continued)

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

Impact on the condensed consolidated statement of profit and loss and other comprehensive income

	As reported	Adjustments	Amounts without application of HKFRS 16
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations			
Administrative expenses	(16,234)	1,715	(14,519)
Finance costs	(275)	275	–
Profit before tax	2,296	1,990	4,286

Impact on the condensed consolidated statement of cash flows

	As reported	Adjustments	Amounts without application of HKFRS 16
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(40,745)	(275)	(41,020)
Net cash generated from financing activities	7,131	275	7,406

3. REVENUE

Disaggregation of revenue from contracts with customers:

	Three months ended 30 June		Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Continuing operations				
Sales of goods				
– Silverware	–	1,600	8,406	26,881
– Electric vehicles and related products	186	6,027	16,970	7,683
– Porcelain	–	3,307	–	3,307
– Energy and petrochemical related products	70,159	–	75,905	–
Commission and consultancy fee income	7,600	13,833	16,375	32,993
	77,945	24,767	117,656	70,864
Timing of revenue recognition				
At a point in time	73,545	24,767	104,481	70,864
Overtime	4,400	–	13,175	–
	77,945	24,767	117,656	70,864

4. OTHER REVENUE AND OTHER (LOSS)/INCOME

	Three months ended 30 June		Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Continuing operations				
Interest income	3	1,018	92	1,437
Exchange (loss)/gain	(2,844)	430	(436)	430
Government grant (note)	943	577	1,152	577
Sundry income/(loss)	224	(88)	237	271
	(1,674)	1,937	1,045	2,715

Note: Government grants of approximately HK\$1,152,000 (30 June 2018: HK\$577,000) have been received during the six months ended 30 June 2019. There were no unfulfilled conditions or contingencies relating to these government grants.

5. SEGMENT INFORMATION

The management reviews the Group's internal reporting for performance assessment between segments and resource allocation. The management has determined the operating segments based on business lines (products and services) and geographical areas. The management has determined that the Group is organised into three main operating segments: (i) Silverware Business; (ii) Electric Vehicle Business; and (iii) Energy and Petrochemical Business. The management measures the performance of the segments based on their respective segment results.

The principal products and services of each of these operations are as follows:

Silverware Business	Retail and wholesale of luxury brand silverware, silver utensils and luxury goods in the PRC
Electric Vehicle Business	Research and development, manufacture and sale of rechargeable batteries, electric vehicles and related products and provision of related services
Energy and Petrochemical Business	Provision of marketing and management services, sales and distribution of energy and petrochemical related products, including but not limited to, LNG and LPG products, and licensing of petroleum gas stations

An operating segment regarding provision of sourcing (including product design, product development, raw material sourcing and production outsourcing) and procurement (including quality and assurance control, logistics and delivery handling service) solutions to customers for production of watches, costume jewelries, and display and packaging products (referred to as "Sourcing Business") was discontinued in the current period which are described in more detail in note 8.

5. SEGMENT INFORMATION (CONTINUED)

Information regarding the Group's reportable operating segments including the reconciliations to profit before income tax is as follows:

Continuing operations

	Silverware Business (Unaudited) HK\$'000	Electric Vehicle Business (Unaudited) HK\$'000	Energy and Petrochemical Business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Six months ended 30 June 2019				
Reportable segment revenue	8,406	30,144	79,106	117,656
Reportable segment profit/(loss)	5,317	(123)	5,284	10,478
Interest income				92
Corporate income and expenses				(8,276)
Profit before income tax				2,294
Adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA")	5,604	7,553	5,284	18,441
Six months ended 30 June 2018				
Reportable segment revenue	30,188	40,676	–	70,864
Reportable segment profit	9,517	26,515	–	36,032
Interest income				1,437
Gain on disposal of subsidiaries				525
Corporate income and expenses				(10,798)
Profit before income tax				27,196
Adjusted EBITDA	9,856	30,915	–	40,771

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent profit earned by each segment without allocation of interest income, gain on disposal of subsidiaries, and central administrative income and expenses including directors' remuneration and partial finance costs under the heading of "corporate income and expenses". This is the measure reported to management for the purposes of monitoring performance assessment between segments and resource allocation.

5. SEGMENT INFORMATION (CONTINUED)

Information regarding the Group's reportable operating segments assets and liabilities are as follows:

	Continuing operations			Sub-Total HK\$'000	Discontinued operation	Total HK\$'000
	Silverware Business HK\$'000	Electric Vehicle Business HK\$'000	Energy and Petrochemical Business HK\$'000		Sourcing Business HK\$'000	
At 30 June 2019 (Unaudited)						
Reportable segment assets	48,108	639,897	46,265	734,270	-	734,270
Unallocated assets						10,566
Total assets						744,836
Reportable segment liabilities	5,319	48,070	1,448	54,837	-	54,837
Unallocated liabilities						10,100
Total liabilities						64,937
At 31 December 2018 (Audited)						
Reportable segment assets	21,161	689,736	-	710,897	-	710,897
Unallocated assets						11,229
Total assets						722,126
Reportable segment liabilities	1,754	21,979	-	23,733	-	23,733
Unallocated liabilities						49,763
Total liabilities						73,496

5. SEGMENT INFORMATION (CONTINUED)

For the purposes of monitoring performance assessment between segments and resource allocation, all assets and liabilities are allocated to the reportable segments other than those that are for central administrative purposes including partial property, plant and equipment, prepayment for property, plant and equipment, partial deposits, prepayments and other receivables, partial cash and cash equivalents, partial other payables, amount due to a director partial amounts due to non-controlling interests and tax payables.

Geographical information

Since over 90% of the Group's revenue and operating profit were generated in the PRC and over 90% of the Group's non-current assets were located in the PRC, no geographical segment information in accordance with HKFRS 8 *Operating Segments* is presented.

Information about major customers

Revenue from customers for the periods ended 30 June 2019 and 2018 contributing over 10% of the total revenue of the Group from continuing operations are as follows:

Reporting segments		Six months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Customer A (Note i)	Energy and Petrochemical Business	75,905	–
Customer B (Note i)	Electric Vehicle Business	16,589	–
Customer C (Note ii)	Electric Vehicle Business	–	32,993
Customer D (Note ii)	Silverware Business	–	7,301

No other customers contributed 10% or more to the Group's revenue for both periods.

Notes:

- (i) Revenue derived from Customer A and Customer B did not contribute over 10% of revenue of the Group during the period ended 30 June 2018.
- (ii) Revenue derived from Customer C and Customer D did not contribute over 10% Group during the period ended 30 June 2019.

6. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Continuing operations				
Interest on secured loan	–	81	–	307
Imputed interest on convertible bonds (note 16)	–	649	–	1,608
Imputed interest on lease liabilities	96	–	275	–
	96	730	275	1,915

7. PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS

Profit before income tax from continuing operations is arrived at after charging/(crediting):

	Three months ended 30 June		Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Continuing operations				
Amortisation of interest in leasehold land	145	121	263	245
Amortisation of intangible assets	212	–	423	–
Depreciation of property, plant and equipment	5,882	3,617	10,950	6,851
Net foreign exchange loss/(gain)	2,519	(1,183)	436	(430)
Operating lease charges in respective of land and building	49	1,627	117	2,647
Employee benefit expenses (including directors' remuneration):				
– Salaries, allowance and benefits in kind	3,193	2,883	6,848	5,969
– Retirement benefit schemes contributions	431	577	947	737
	3,624	3,460	7,795	6,706
Written-off of property, plant and equipment	–	242	–	242

8. DISCONTINUED OPERATION

On 18 May 2018, the Group entered into a sale and purchase agreement relating to the disposal of the entire issued share capital of Powerwell Pacific Limited ("Powerwell Pacific") and its subsidiaries (collectively refer to as the "Disposal Group") to an independent third party. Powerwell Pacific was incorporated in the British Virgin Islands and is principally engaged in investment holding. The principal activities of the Disposal Group are the provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products. The disposal was completed on 18 May 2018 and the Disposal Group ceased to be subsidiaries of the Group since 18 May 2018.

The loss for the period from the discontinued operation is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the Sourcing operation as a discontinued operation.

	Six month ended 30 June 2018 (Unaudited) <i>HK\$'000</i>
Loss of sourcing business for the period	(4,880)

The results of the discontinued operation for the current and prior periods are as follows:

	Six month ended 30 June 2018 (Unaudited) <i>HK\$'000</i>
Revenue	10,379
Cost of sales	(9,955)
Gross profit	424
Other revenue and other income	333
Selling and distribution costs	(101)
Administrative expenses	(5,536)
Loss before income tax	(4,880)
Income tax expense	-
Loss for the period	(4,880)

8. DISCONTINUED OPERATION (CONTINUED)

Loss for the period from discontinued operation includes the following:

	Six month ended 30 June 2018 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	106
Cost of inventories sold	9,934
Net foreign exchange gain	(276)
Operating lease charges in respective of land and building	527
Employee benefit expenses (excluding directors' remuneration)	
– Salaries, allowance and benefits in kind	4,161
– Retirement benefit schemes contributions	142
	4,303

During the period ended 30 June 2018, the Disposal Group paid HK\$4,829,000 to the Group's net operating cash flows.

The carrying amounts of the assets and liabilities of the Disposal Group at the date of disposal are disclosed in note 23.

9. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Continuing operations				
Current tax				
– Hong Kong Profits Tax	1,617	–	1,617	–
– PRC Enterprise Income Tax	141	2,234	1,155	7,975
	1,758	2,234	2,772	7,975
Over provision in prior years:				
– PRC Enterprise Income Tax	(1,092)	–	(1,092)	–
Deferred tax				
– credit for the period (note 18)	–	(106)	–	(264)
	666	2,128	1,680	7,711

9. INCOME TAX EXPENSE (CONTINUED)

Hong Kong Profit Tax is calculated at 16.5% of the estimated assessable profit for the period ended 30 June 2019.

No provision for Hong Kong Profits Tax has been made for the period ended 30 June 2018, since there were no assessable profits in Hong Kong.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both periods.

10. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

11. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted earnings per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
(Loss)/earnings				
(Loss)/earnings for the purpose of basic earnings per share ((loss)/profit for the period attributable to owners of the Company)	(4,082)	7,016	(1,533)	11,048
Effect of dilutive potential ordinary shares:				
Interest on convertible bonds, net of tax	–	543	–	1,344
(Loss)/earnings for the purpose of diluted earnings per share	(4,082)	7,559	(1,533)	12,392

11. (LOSS)/EARNINGS PER SHARE (CONTINUED)

From continuing and discontinued operations (continued)

	Three months ended 30 June		Six months ended 30 June	
	2019 (Unaudited) '000	2018 (Unaudited) '000	2019 (Unaudited) '000	2018 (Unaudited) '000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,680,152	2,325,956	2,677,788	2,238,583
Effect of dilutive potential ordinary shares:				
– Share options	–	18,074	–	26,374
– Convertible bonds	–	329,885	–	408,300
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	2,680,152	2,673,915	2,677,788	2,673,257

11. (LOSS)/EARNINGS PER SHARE (CONTINUED)

From continuing operations

The calculation of basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
(Loss)/earnings				
(Loss)/earnings for the purpose of basic earnings per share ((loss)/profit for the period attributable to owners of the Company)	(4,082)	9,273	(1,533)	15,928
Effect of dilutive potential ordinary shares:				
Interest on convertible bonds, net of tax	–	543	–	1,344
(Loss)/earnings for the purpose of diluted earnings per share	(4,082)	9,816	(1,533)	17,272

The denominators used are same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

11. (LOSS)/EARNINGS PER SHARE (CONTINUED)

From discontinued operation

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

	Three months ended 30 June		Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Loss				
Loss for the purpose of basic and dilutive loss per share (loss for the period attributable to owners of the Company)	N/A	(2,257)	N/A	(4,880)

	Three months ended 30 June		Six months ended 30 June	
	2019 (Unaudited) '000	2018 (Unaudited) '000	2019 (Unaudited) '000	2018 (Unaudited) '000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and dilutive earnings per share	N/A	2,151,209	N/A	2,151,209

As the Company's outstanding share options and convertible bonds where applicable had an anti-dilutive effect to the basic earnings per share calculation for the three months ended and six months ended 30 June 2018, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted earnings per share.

12. PROPERTY, PLANT AND EQUIPMENT AND INTERESTS IN LEASEHOLD LAND

During the six months ended 30 June 2019, the Group recognised right-of-use assets of approximately HK\$5,273,000 in relation to the application of HKFRS 16.

During the six months ended 30 June 2018, the Group acquired items of property, plant and equipment with a cost of approximately HK\$4,750,000, disposed of certain items of property, plant and equipment with an aggregate carrying amount of approximately HK\$164,000, resulting a loss of approximately HK\$93,000 on the disposal, and written-off of certain items of property, plant and equipment with an aggregate carrying amount of approximately HK\$242,000.

13. INVENTORIES

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Raw materials	21,171	59,925
Work in progress	8,487	8,502
Finished goods	2,592	3,218
	32,250	71,645

14. TRADE RECEIVABLES

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Trade receivables	229,079	194,874
Less: allowance for credit losses	(11,087)	(11,087)
	217,992	183,787

14. TRADE RECEIVABLES (CONTINUED)

The Group normally allows credit period 30 to 180 days to its major customers. Credit period is normally not granted to other customers. At the end of the reporting period, the aging analysis of trade receivables, net of allowance for credit losses recognised, based on the invoice date (or date of revenue recognition, if earlier) is as follows:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
0-30 days	13,235	53,744
31-60 days	430	-
61-90 days	-	-
91-180 days	31,476	78
Over 180 days	172,851	129,965
	217,992	183,787

The basis of determining the inputs and assumption and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

15. TRADE AND OTHER PAYABLES

The aging analysis (based on the invoice dates) of the Group's trade payables at the end of the reporting period is as follows:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Trade payables:		
0-30 days	15,679	8,134
31-60 days	-	-
61-90 days	-	-
Over 90 days	15,020	5,356
	30,699	13,490
Accruals and other payables	4,155	8,207
Lease liabilities	3,958	-
	38,812	21,697
Analysed as		
Current	38,669	21,697
Non-current	143	-
	38,812	21,697

16. CONVERTIBLE BONDS

On 1 June 2016, the Company issued unsecured convertible bonds in the principal amount of HK\$110,000,000 to satisfy the acquisition of property, plant and equipment and interest in leasehold land. The bonds are interest free. The bondholders may convert the bonds into ordinary shares of the Company at any time prior to and exclusive of the maturity date at an initial conversion price of HK\$0.55 per share in accordance with the convertible bonds agreements (subject to adjustment if necessary). The conversion price was adjusted to HK\$0.11 per share and the number of conversion shares were adjusted from 200,000,000 shares to 1,000,000,000 shares on 4 May 2017 upon the completion of share subdivision. On 25 May 2017, the conversion price was further adjusted to HK\$0.109 per share upon completion of placement of new Shares.

On 1 June 2018, a convertible bonds holder has exercised its conversion rights attached to the convertible bonds with an aggregate principal amount of HK\$53,051,974 into 486,715,358 ordinary shares of the Company at the adjusted conversion price of HK\$0.109 per share.

The bonds contains two components, liability and equity elements. The equity element is presented in equity under the heading of “convertible bonds reserve”. The effective interest rate of the liability component on initial recognition is 7.41%.

	31 December 2018 (Audited) HK\$'000
At the beginning of the reporting period	51,444
Conversion into shares during the period	(53,052)
Imputed interest expenses (<i>note 6</i>)	1,608
At the end of the reporting period	—

17. DEFERRED TAX LIABILITY/(ASSET)

The following is the major deferred tax balances recognised by the Group and movements thereon:

	Convertible bonds <i>HK\$'000</i>	Allowance for credit losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2018 (Audited)	1,074	–	1,074
Credited to consolidated statement of profit or loss and other comprehensive income	(264)	(1,664)	(1,928)
Release of deferred tax upon conversion of convertible bonds	(810)	–	(810)
Exchange alignment	–	65	65
At 31 December 2018, at 1 January 2019 (Audited) and at 30 June 2019 (Unaudited)	–	(1,599)	(1,599)

18. SHARE CAPITAL

	30 June 2019		31 December 2018	
	Number of ordinary shares (Unaudited) '000	Carrying amount (Unaudited) HK\$'000	Number of ordinary shares (Audited) '000	Carrying amount (Audited) HK\$'000
Ordinary shares of HK\$0.02 each				
Authorised:				
At the beginning of the reporting period and at the end of the reporting period	5,000,000	100,000	5,000,000	100,000
Issued and fully paid:				
At the beginning of the reporting period	2,675,424	53,508	2,151,209	43,024
– Exercise of share options (note (i))	–	–	37,500	750
– Conversion of convertible bonds (note (ii))	–	–	486,715	9,734
– Placing of new shares (note (iii))	60,776	1,216	–	–
At the end of the reporting period	2,736,200	54,724	2,675,424	53,508

Notes:

- (i) During the period ended 30 June 2018, several option holders exercised their option right to subscribe for 37,500,000 new ordinary shares at exercise price of HK\$0.234 per share. The total proceeds from the exercise from the exercise of option rights amounted to approximately HK\$8,775,000.
- (ii) On 1 June 2018, a convertible bonds holder has exercised its conversion rights attached to the convertible bonds with an aggregate principal amount of HK\$53,051,974 into 486,715,358 ordinary shares of the Company at the adjusted conversion price of HK\$0.109 per share.
- (iii) On 24 June 2019, the Company allotted and issued an aggregate of 60,776,000 new shares of HK\$0.02 each to not less than six placees at a price of HK\$0.53 per share. The net proceeds of the placing of approximately HK\$19,260,000 is intended to be used for working capital and approximately of HK\$12,150,000 is intended to be used for developing energy and petrochemical projects.

19. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Interim Financial Information, the Group had the following material transactions with related parties during the period:

		Six months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Nature of Transaction			
Richmind International Investment Limited ("Richmind") (Note (a))	Rental expense	–	527
浙江之信控股集團有限公司 (Zhejiang zhisin Holdings Limited) ("Zhisin") (Note (b))	Sales of goods	619	–

Notes:

- (a) Richmind is a subsidiary of Data Champion Limited in which members of the key management personnel of the Group, have equity interest in Data Champion Limited.
- (b) 浙江通銀貴金屬經營有限公司(Zhejiang Tong Yin Precious Metal Operation Company Limited*) ("Tong Yin") is 49% owned by Zhisin, which is in turn 60% owned by Mr. Zhang Genjiang. Tong Yin is a subsidiary of the Company and is thus an related company of the Company.

20. OPERATING LEASE COMMITMENT

The Group leases various offices under non-cancellable operating leases agreements. The operating lease commitment at 30 June 2019 presented below represents the future aggregate minimum lease payments for the leases with lease terms less than one year. Leases with lease terms over one year have been recorded as lease liabilities at 30 June 2019 under application of HKFRS 16. The operating lease commitment at 31 December 2018 presented below represents the future aggregate minimum lease payments under all non-cancellable operating leases.

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Within one year	51	3,919
In the second to fifth years, inclusive	–	1,985
	–	5,904

The Group leases certain properties under operating leases. Leases are mainly negotiated for average term of one to three years. The Group does not have an option to purchase the leased premises at the expiry of the lease period.

21. CAPITAL COMMITMENTS

	2019 HK\$'000	2018 HK\$'000
Authorised and contracted, but not provided for: Purchase of property, plant and equipment	22,400	22,400

22. MAJOR NON-CASH TRANSACTIONS

The Group entered into the following major non-cash investing and financing activity which are not reflected in the consolidated statement of cash flows:

- (a) On 1 June 2018, 486,715,358 shares were allotted and issued upon the conversion of convertible bond with the principal amount of HK\$53,051,974 at the conversion price of HK\$0.109 per share by convertible bond holder.
- (b) During the period ended 30 June 2018, the Group acquired items of property, plant and equipment with the amounts of approximately HK\$3,582,000, of which amount of approximately HK\$2,865,000 was provided for during the year ended 31 December 2017.

23. DISPOSAL OF A BUSINESS

As referred to in note 8, on 18 May 2018, the Group discontinued its sourcing business operation at the time of disposal of the Disposal Group. The net assets of the Disposal Group at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:	<i>HK\$'000</i>
Property, plant and equipment	303
Inventories	399
Trade receivables	2,407
Deposits, prepayments and other receivables	1,360
Tax recoverable	1,004
Cash and cash equivalents	6,780
Trade and other payables	(4,978)
Net assets disposed of	7,275
Gain on disposal of subsidiaries:	
– Cash consideration receive	7,800
– Net assets disposed of	(7,275)
Gain on disposal of subsidiaries	525
Net cash inflow arising on disposal:	
– Cash consideration received	7,800
– Less: cash and cash equivalents disposed of	(6,780)
Net cash inflow on disposal	1,020

The impact of the Disposal Group on the Group's results and cash flows in the current and prior periods is disclosed in note 8.

24. EVENTS AFTER THE REPORTING PERIOD

There are no significant event took place subsequent to the end of the reporting period.

25. APPROVAL OF INTERIM FINANCIAL INFORMATION

The Interim Financial Information were approved and authorised for issue by the board of directors on 14 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2019, China Trustful Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) continued to engaged in the research and development, manufacture and sale of rechargeable batteries, electric vehicles and related products and provision of related services (the “Electric Vehicle Business”), and the retail and wholesale of luxury brand silverware, silver utensils and luxury goods in the People’s Republic of China (the “PRC”) (the “Silverware Business”), and entered into new business as provision of marketing and management services, sales and distribution of energy and petrochemical related products, including but not limited to, LNG and LPG products and licensing of Petroleum gas stations (the “Energy and Petrochemicals Business”).

Results of the Group

In relation to the Electric Vehicle Business, the Energy and Petrochemicals Business and the Silverware Business (collectively referred to as the “Continuing Operations”), during the six months ended 30 June 2019, the Group reported revenue of HK\$117,656,000, representing a 66.0% increase as compared with the same period in 2018 (30 June 2018: HK\$70,864,000) and gross profit and gross profit margin of HK\$18,456,000 and 15.7% respectively (30 June 2018: HK\$44,631,000 and 63.0% respectively). The Group recorded profit for the period of HK\$614,000 (30 June 2018: HK\$14,605,000), and other comprehensive loss of HK\$586,000 (30 June 2018: loss of HK\$11,478,000), being exchange differences arising from translation of foreign operations. Loss attributable to owners of the Company was HK\$1,533,000 as compared with gain of HK\$15,928,000 for the same period last year; whereas basic loss per share from continuing operations was HK0.06 cents (30 June 2018: earnings of HK0.49 cents).

Business Review

Electric Vehicle Business

During the six months ended 30 June 2019, our revenue from the Electric Vehicle Business mainly derived from the selling of rechargeable batteries, auto parts for the electric vehicles and electric bus system solutions and provision of relevant consultancy services.

China Trustful Group Limited

During the period ended 30 June 2019, the Electric Vehicle Business recorded segment revenue of HK\$30,144,000 (30 June 2018: HK\$40,676,000), representing 25.6% of the Group's total revenue (30 June 2018: 57.4%). This segment recorded segment loss of HK\$123,000 (30 June 2018: profit of HK\$26,515,000), and segment margin of negative 0.4% (30 June 2018: positive 65.2%).

Silverware Business

For the six months ended 30 June 2019, the Silverware Business recorded segment revenue of HK\$8,406,000 (30 June 2018: HK\$30,188,000), representing 7.1% of the Group's total revenue (30 June 2018: 42.6%). It recorded segment profit of HK\$5,317,000 (30 June 2018: HK\$9,517,000), as a result of the decrease in revenue. Its segment margin was 63.3%, which was higher when compare with last year same period of 31.5%. This was mainly because last year was promote fast moving of inventories.

Energy and Petrochemical Business

The Energy and Petrochemical Business represent sales and distribution of energy products including oil and gas such as LNG and LPG products, and management and licensing of petroleum / gas stations. For the six months ended 30 June 2019, the Energy and Petrochemical Business recorded segment revenue of HK\$79,106,000 representing 67.2% of the Group's total revenue. It recorded segment profit of HK\$5,284,000. Its segment margin was 6.7%.

Prospects

Electric Vehicle Business

The Board is highly optimistic about the future of the green transportation and electric vehicle industry worldwide especially in the PRC. The dominance of the industry by Chinese companies continues, and according to certain international analysts, it is estimated that the number of electric buses will triple within a number of years, and virtually all of them will be in China.

Being in this competitive industry and the global market uncertainties, we continuously strive to maintain our competitive edge, search for areas of improvement and are alert to the latest global trends. In the rest of year 2019, the Group will closely monitor the international and domestic market situations and remain cautious on portfolio management as well as continue to strive for sales orders from its existing customers, and will actively explore projects in relation to electric vehicle and electric bus system solutions with good profitability in different potential countries and cities.

Silverware Business

In 2019, under the global market uncertainties, the Group will closely monitor the international and domestic market situations and remain cautious on our portfolio management as well as commit resources towards developing stable relationships with our existing wholesale customers and also identifying new customers. Through designing and developing products with specific themes and through different promotion channels, such as attending different exhibitions, our Silverware Business will continue to be a promising operation for the Group. Management will also strive to build a strong brand image of S-collodi in order to promote the silverware as a means of healthy and luxurious utensils.

Energy and Petrochemical Business

In order to enhance and diversify the Group's prospect, the Group has entered into the Energy and Petrochemical Business industry especially involving the sales and distribution of energy products including oil and gas such as LNG and LPG products, and management and licensing of petroleum / gas stations and related services. Due to the high necessity of Energy and Petrochemical consumption, the Group is optimistic about the prospects of such industry and hope that the Energy and Petrochemical Business can become one of the core businesses of the Group.

Financial Review

Liquidity, Financial Resources and Capital Structure

As at 30 June 2019, the Group had current assets of HK\$612,790,000 (31 December 2018: HK\$583,717,000) comprising cash and cash equivalents of HK\$21,898,000 (31 December 2018: HK\$56,683,000), and net current assets of HK\$547,996,000 (31 December 2018: HK\$510,221,000). The Group did not have any bank borrowings, guarantee and banking facilities. As at 30 June 2019, the Group's equity attributable to owners of the Company increased by HK\$29,174,000 to HK\$666,900,000 (31 December 2018: HK\$637,726,000), which was mainly due to the placing of new shares under general mandate during the period.

The Group's gearing ratio represented its total borrowings (including secured loan and convertible bonds) over the equity attributable to owners of the Company. As there were no borrowings at 30 June 2019, the Group's gearing ratio was therefore at Nil% as at 30 June 2019 (31 December 2018: Nil%).

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The Group's current ratio, calculated based on current assets of HK\$612,790,000 over current liabilities of HK\$64,794,000 was at a healthy level of 9.5 times (31 December 2018: 7.9 times).

The Group continues to maintain a prudent approach in managing its financial requirements. In the long run, the Group finances its daily operations and future acquisitions from internally generated cash flows and/or external debt and/or by equity fund raising.

Foreign Currency Management

The Group's transactions, trade receivables, trade payables and cash and cash equivalents are mainly denominated in United States dollars, Hong Kong dollars and Renminbi. Therefore, the Group is exposed to foreign currency exchange rate risk. The directors of the Company have a positive attitude to regularly monitor the Group's exposure to foreign exchange so as to reduce the foreign exchange rate risk to a minimum level. To a larger extent, foreign exchange risks were minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it was considered that the Group's exposure to foreign exchange risks was not significant and no hedging measure had been undertaken by the Group.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2019 (31 December 2018: Nil).

Pledge of Assets

As at 30 June 2019, no other assets of the Group were pledged.

Capital Commitments

As at 30 June 2019, the Group had no material capital commitments (31 December 2018: nil).

Dividends

The Group did not recommend the payment of any dividend during the six months ended 30 June 2019 (30 June 2018: Nil).

Significant Investments Held and Material Acquisitions and Disposals

There were no material acquisitions and disposals of subsidiaries during the six months ended 30 June 2019.

Employees and Remuneration Policies

The Group had 82 employees including the Directors (31 December 2018: 92) as at 30 June 2019. Total staff costs for the period for both continuing and discontinued operation, including Directors' remuneration, was HK\$6,848,000 (30 June 2018: HK\$11,009,000). The Group's remuneration practices are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with the employees by providing competitive remuneration package to the employees including salaries, allowances, insurance, discretionary bonus, share option scheme and training for human resources upskilling.

Share Option Scheme

On 27 May 2015 (the "Date of Grant"), the Company granted share options (the "Share Options") to the eligible persons within the Group (the "Grantees") pursuant to the Company's share option scheme launched on 22 December 2010, subject to acceptance by the Grantees. The Share Options entitle the Grantees to subscribe for a total of 15,000,000 ordinary shares with nominal value of HK\$0.10 each in the capital of the Company upon exercise of the Share Options in full. The exercise price of the Share Options granted of HK\$1.17 per share represent the highest of (i) the closing price of HK\$1.17 per share on the Date of Grant; (ii) the average closing price of HK\$1.04 per share for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of HK\$0.10 per share. Details of the Grant of Share Options was set out in the announcement of the Company dated 27 May 2015. 7,500,000 options had been exercised and gross proceeds of HK\$8,775,000 was received from exercise of these options. Upon the subdivision of shares from par value of HK\$0.10 each into five subdivided shares of par value of HK\$0.02 each which became effective on 4 May 2016, the exercise price and the number of outstanding options were adjusted to HK\$0.234 and 37,500,000 options respectively in accordance with the terms and conditions of the Share Option Scheme. On 18 May 2018, the 37,500,000 options had been exercised and gross proceeds of HK\$8,775,000 was received from exercise of these options. There are no outstanding share options as at 30 June 2019 and 31 December 2018.

Fund Raising Activity

During the period ended 30 June 2019, the Company has entered into a placing agreement with South China Securities Limited (the “Placing Agent”), pursuant to which the Company has agreed to place, through the Placing Agent, on a best effort basis, a maximum of 100,000,000 new shares to any number of placees at a price of HK\$0.53 per placing share(the “Placing”), and the closing price quoted on the Exchange as at that date was HK\$0.58 per share. Allotment and issue of 60,776,000 placing shares have been completed on 24 June 2019. The number of the Company’s issued shares increased from 2,675,424,685 on 1 January 2019 to 2,736,200,685 upon the completion of the Placing on 24 June 2019. The gross proceeds raised by the Company from the Placing amounted to HK\$32,211,000 and the net proceeds raised after the deduction of share issuing expenses, was approximately HK\$31,410,000. Further details of the Placing have been set out in the Company’s announcements dated 24 June 2019 and 27 June 2019.

The Group intended to use approximately HK\$19,260,000 of the net proceeds for working capital to meet any future development and obligations. Approximately HK\$12,150,000 of the net proceeds was intended to develop technology, equipment and infrastructure for new energy bus, including but not limited to, applying electric charging system and hydrogen charging system into traditional gas station. (“Energy and Petrochemical Projects”)

During the six months ended 30 June 2019, the HK\$31,410,000 was used as follows:

Net proceeds raised for the six months ended 30 June 2019	Intended use of the proceeds	Actual use of the proceeds for the six months ended 30 June 2019
HK\$31,410,000 (net proceed)	HK\$12,150,000 - Energy and Petrochemical Projects	HK\$3,400,000 - Energy and Petrochemical Projects
	HK\$19,260,000 - general working capital	HK\$17,377,000 - general working capital

The remaining proceeds is expected to be utilised in the second half of 2019.

During the six months ended 30 June 2018, the HK\$130,000,000 was subsequently used as follows:

Net proceeds raised as at 31 December 2017	Intended use of the Unutilised proceeds	Actual use of the Unutilised Proceeds during the six months ended 30 June 2018
HK\$130,000,000 (the "Unutilised Proceeds")	HK\$119,760,000 – development of Electric Vehicle Business HK\$10,240,000 – general working capital	HK\$75,000,000 – development of Electric Vehicle Business HK\$10,000,000 – general working capital for the Company's Hong Kong operation

As at 30 June 2018, out of the HK\$130,000,000 Unutilised Proceeds, there were approximately HK\$45,000,000 remained unused and placed with licensed banks in Hong Kong. These entire unutilised proceeds of HK\$45,000,000 was intended to be used for the development of the Electric Vehicle Business, and is expected to be used/utilised in the rest of year 2018.

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 of the Directors in the share capital of the Company which were required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Exchange were as follows:

Long positions in shares of the Company

(a) Interests in the shares of the Company

Director	Capacity/ Nature of interest	Number of shares held	Approximate percentage of the existing issued share capital of the Company
Mr. Fei Jie	Corporate interest (Note 1)	811,950,000	29.67%
Mr. Zhang Genjiang	Corporate interest (Note 2)	520,209,327	19.01%

Notes:

- These shares are held by associated corporations King Full Inc Limited and Sure Gold Ventures Limited.
- These shares are held by an associated corporation Top Bliss Holdings Limited.

* for identification purposes only

(b) *Interests in the shares of associated corporations*

Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares held	Percentage of shareholding
Mr. Fei Jie	King Full Inc Limited	Corporate interest & beneficial owner (Note 1)	50,000,000	100%
	Sure Gold Ventures Limited	Beneficial owner (Note 1)	100	100%
Mr. Zhang Genjiang	Top Bliss Holdings Limited	Beneficial owner	1	100%
	浙江通銀貴金屬經營有限公司 (Zhejiang Tong Yin Precious Metal Operation Company Limited*) ("Zhejiang Tong Yin")	Corporate interest (Note 2)	N/A (Note 2)	49%

Notes:

- King Full Inc Limited is 90% (45,000,000 shares) directly owned by Sure Gold Ventures Limited and is 10% (5,000,000 shares) directly owned by Mr. Fei Jie. Sure Gold Ventures Limited is in turn wholly-owned by Mr. Fei Jie.
- Zhejiang Tong Yin is 49% owned by 浙江之信控股集團有限公司 (Zhejiang Zhisin Holding Group Limited*), which is in turn 60% owned by Mr. Zhang Genjiang. Zhejiang Tong Yin is a subsidiary of the Company and is thus an associated corporation of the Company.

Save as disclosed above, as at 30 June 2019, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Rules 5.48 to 5.67 of the GEM Listing Rules to be notified to the Company and the Exchange.

* for identification purposes only

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2019, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain Directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions

Ordinary shares and underlying shares of the Company

Name of shareholder	Capacity/ Nature of interest	Number of shares held	Approximate percentage of the existing issued share capital of the Company
King Full Inc Limited	Beneficial owner (Note 1)	811,950,000	29.67%
Sure Gold Ventures Limited	Corporate Interest (Note 1)	811,950,000	29.67%
Mr. Fei Jie	Corporate interest (Note 1)	811,950,000	29.67%
Ms. Wu Wen	Interest in spouse (Note 2)	811,950,000	29.67%
Top Bliss Holdings Limited	Beneficial owner (Note 3)	520,209,327	19.01%
Mr. Zhang Genjiang	Corporate interest (Note 3)	520,209,327	19.01%
Smart Focus Inc Limited	Beneficial owner (Note 4)	486,715,358	17.79%
Mr. Luo Liangshun ("Mr. Luo")	Corporate Interest (Note 4)	486,715,358	17.79%

Notes:

- King Full Inc Limited is 10% directly held by Mr. Fei Jie and the remaining 90% directly held by Sure Gold Ventures Limited. Sure Gold Ventures Limited is in turn wholly-owned by Mr. Fei Jie. Accordingly, Sure Gold Ventures Limited and Mr. Fei Jie are deemed to be interested in the 811,950,000 shares of the Company held by King Full Inc Limited by virtue of the SFO.
- The shares are held by King Full Inc Limited, the entire issued share capital of which is indirectly wholly-owned by Mr. Fei Jie, the spouse of Ms. Wu Wen. Accordingly, Ms. Wu Wen is deemed to be interested in the entire 811,950,000 shares by virtue of the SFO.
- The entire issued share capital of Top Bliss Holdings Limited is wholly and beneficially owned by Mr. Zhang Genjiang. By virtue of the SFO, Mr. Zhang Genjiang is deemed to be interested in the entire 520,209,327 shares held by Top Bliss Holdings Limited.
- Smart Focus Inc Limited is directly wholly-owned by Mr. Luo.

Save as disclosed above, as at 30 June 2019, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or otherwise notified to the Company.

SHARE OPTION SCHEME

The Company operates a share option scheme which has become effective on 22 December 2010 (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. There was no movement in share options granted under the Scheme during the six months ended 30 June 2019.

As at 30 June 2019, the number of shares which may be issued upon exercise of share options granted and remain outstanding under the Scheme was Nil (31 March 2019: Nil), representing 0% (31 March 2019: 0%) of the shares of the Company in issue at that date. At 30 June 2019, no share options was granted under the Scheme (31 March 2019: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

INTEREST IN COMPETING BUSINESS

During the six months ended 30 June 2019, none of the Directors, the controlling shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTOR

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, changes in Directors' information since the date of the Annual Report 2018 are set out below:

- (i) Mr. Fung Chi Kin has resigned as independent non-executive director of China Overseas Nuoxin International Holdings Limited (stock code: 464) and has been appointed as executive director of Loco Hong Kong Holdings Limited (stock code: 8162) with effect from 26 June 2019; and
- (ii) Mr. Wong Kin Fai has been appointed as executive director of the Company with effect from 21 June 2019.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules throughout the six months ended 30 June 2019.

DIRECTORS SECURITIES TRANSACTIONS

The Company adopted the model code for securities transactions by the Directors (the “Model Code”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. On specific enquiry made, all the Directors have confirmed compliance with the Model Code throughout the six months ended 30 June 2019.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors and is chaired by Mr. Sit Sai Hung, Billy, who has appropriate professional qualifications and experience as required by the GEM Listing Rules.

The Audit Committee has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2019, which is of the opinion that such information comply with the applicable accounting standards, the Exchange and legal requirements, and that adequate disclosures have been made.

By order of the Board
China Trustful Group Limited
Fei Jie
Chairman and Executive Director

Hong Kong, 14 August 2019

As at the date of this report, the executive Directors are Mr. Fei Jie (Chairman), Mr. Zhang Genjiang, Mr. Fung Chi Kin and Mr. Wong Kin Fai; and the independent non-executive Directors are Mr. Jim Yiu Ming, Mr. Sit Sai Hung, Billy and Mr. Shen Ruolei.