



KIRIN GROUP
HOLDINGS LIMITED

麒麟集團控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 8109)

2020 Interim Report



A Step Forward, A Leap for Life

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2019

	Notes	Three months ended 31 December		Six months ended 31 December	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited and restated)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited and restated)
Continuing operations					
Revenue	3	9,378	24,258	27,663	44,254
Cost of sales and services		(5,447)	(11,068)	(17,770)	(27,158)
Other income		100	279	102	288
Distribution costs		(120)	(2,024)	(459)	(8,188)
Share of profit of an associate		–	82	–	395
Impairment loss on loan receivables		–	(521)	–	(521)
Impairment loss on trade and other receivables		–	(88)	–	(88)
Loss on disposal of subsidiary, net	19(c)	–	–	(33)	–
Administrative and other expenses		(9,695)	(4,077)	(21,482)	(17,351)
Finance costs	4	(7,760)	(5,730)	(15,891)	(13,265)
Profit/(loss) before taxation		(13,544)	1,111	(27,870)	(21,634)
Taxation	5	(191)	(164)	(758)	(164)
Profit/(loss) for the period	6	(13,735)	947	(28,628)	(21,798)
Discontinued operation					
Profit/(loss) for the period from discontinued operation	7	–	8,857	(533)	9,961
Profit/(loss) for the period		(13,735)	9,804	(29,161)	(11,837)
Other comprehensive income/ (expense) for the period					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising from translation of financial statements of foreign operations		–	1,469	(273)	507
Exchange reserve released upon disposal of subsidiaries		–	(803)	435	(803)
		–	666	162	(296)
Total comprehensive income/ (expense) for the period		(13,735)	10,470	(28,999)	(12,133)

	Notes	Three months ended 31 December		Six months ended 31 December	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited and restated)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited and restated)
Profit/(loss) for the period attributable to					
– Equity shareholders of the Company		(12,490)	7,857	(26,979)	(7,973)
– Non-controlling interests		(1,245)	1,947	(2,182)	(3,864)
		<u>(13,735)</u>	<u>9,804</u>	<u>(29,161)</u>	<u>(11,837)</u>
Total comprehensive income/ (expense) for the period attributable to:					
Equity shareholders of the Company					
– continuing operations		(12,490)	1,254	(26,284)	(16,025)
– discontinued operation		–	7,269	(533)	7,756
		<u>(12,490)</u>	<u>8,523</u>	<u>(26,817)</u>	<u>(8,269)</u>
Non-controlling interests					
– continuing operations		(1,245)	359	(2,182)	(6,069)
– discontinued operation		–	1,588	–	2,205
		<u>(1,245)</u>	<u>1,947</u>	<u>(2,182)</u>	<u>(3,864)</u>
		<u>(13,735)</u>	<u>10,470</u>	<u>(28,999)</u>	<u>(12,133)</u>
		<i>HK\$</i>	<i>HK\$</i> (Restated)	<i>HK\$</i>	<i>HK\$</i> (Restated)
Earnings/(loss) per share					
From continuing and discontinued operations					
Basic and diluted	9	<u>(5.63 cents)</u>	<u>3.54 cents</u>	<u>(12.17 cents)</u>	<u>(3.60 cents)</u>
From continuing operations					
Basic and diluted		<u>(5.63 cents)</u>	<u>0.27 cents</u>	<u>(11.93 cents)</u>	<u>(7.10 cents)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	31/12/2019 HK\$'000 (Unaudited)	30/6/2019 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	–	3,885
Prepaid lease payment		–	2,322
Goodwill	11	2,842	2,842
Interest in an associate	12	–	4,550
Right-of-use assets		2,023	–
		<u>4,865</u>	<u>13,599</u>
CURRENT ASSETS			
Prepaid lease payment		–	117
Loan receivables	13	254,752	292,790
Consideration receivable		4,000	3,500
Trade and other receivables	14	104,260	45,050
Cash and bank balances	15	7,453	11,540
		<u>370,465</u>	<u>352,997</u>
CURRENT LIABILITIES			
Trade and other payables	16	66,447	60,678
Obligations under finance leases		4	15
Lease liabilities		1,559	–
Corporate bonds	17	229,410	201,156
Current tax payable		1,824	1,068
		<u>299,244</u>	<u>262,917</u>
NET CURRENT ASSETS		<u>71,221</u>	<u>90,080</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>76,086</u>	<u>103,679</u>

	<i>Notes</i>	31/12/2019 HK\$'000 (Unaudited)	30/6/2019 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Corporate bonds	17	17,696	16,827
Lease liabilities		537	–
		<u>18,233</u>	<u>16,827</u>
NET ASSETS		<u>57,853</u>	<u>86,852</u>
EQUITY			
Capital and reserves attributable to equity shareholders of the Company			
Share capital	18	1,108	1,108
Reserves		71,967	98,784
		<u>73,075</u>	<u>99,892</u>
Non-controlling interests		<u>(15,222)</u>	<u>(13,040)</u>
TOTAL EQUITY		<u>57,853</u>	<u>86,852</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Attributable to equity shareholders of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Contributed Surplus	Translation reserve	Other reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 July 2018 (Audited and restated)	221,684	313,576	-	219	30	(388,897)	146,612	(3,006)	143,606
Loss for the year	-	-	-	-	-	(46,416)	(46,416)	(2,833)	(49,249)
Disposal of a subsidiary	-	-	-	-	-	-	-	(7,201)	(7,201)
Exchange difference arising from translation of financial statements of foreign operations	-	-	-	489	-	-	489	-	489
Release of translation reserve upon disposal of subsidiaries	-	-	-	(793)	-	-	(793)	-	(793)
Total comprehensive expense for the year	-	-	-	(304)	-	(46,416)	(46,720)	(10,034)	(56,754)
Cancellation of paid-up capital (Note 18)	(220,576)	-	220,576	-	-	-	-	-	-
Reduction of share premium and transfer to contributed surplus (Note 18)	-	(313,576)	313,576	-	-	-	-	-	-
At 30 June 2019 (Audited) and 1 July 2019	1,108	-	534,152	(85)	30	(435,313)	99,892	(13,040)	86,852
Loss for the period	-	-	-	-	-	(26,979)	(26,979)	(2,182)	(29,161)
Exchange difference arising from translation of financial statements of foreign operations	-	-	-	(273)	-	-	(273)	-	(273)
Release of translation reserve upon disposal of subsidiaries	-	-	-	435	-	-	435	-	435
Total comprehensive income/(expenses) for the period	-	-	-	162	-	(26,979)	(26,817)	(2,182)	(28,999)
At 31 December 2019 (Unaudited)	1,108	-	534,152	77	30	(462,292)	73,075	(15,222)	57,853

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2019

	Six months ended	
	31 December	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	<u>(15,761)</u>	<u>(13,821)</u>
Investing activities		
Net cash inflow from disposal of subsidiaries	<u>574</u>	<u>279</u>
Net cash generated from investing activities	<u>574</u>	<u>279</u>
Financing activities		
Proceeds from issuance of corporate bonds	37,676	77,710
Expenses on issuance of corporate bonds	(8,572)	(10,754)
Interest paid	(7,168)	(6,360)
Repayment of finance leases	(11)	(369)
Repayment of promissory notes	–	(1,900)
Repayment of corporate bonds	(8,490)	(45,140)
Repayment of lease liabilities	<u>(2,442)</u>	<u>–</u>
Net cash generated from financing activities	<u>10,993</u>	<u>13,187</u>
Net decrease in cash and cash equivalents	(4,194)	(355)
Effect of change in foreign exchange rate	107	(1)
Cash and cash equivalents at 1 July	<u>11,540</u>	<u>10,436</u>
Cash and cash equivalents at 31 December, represented by bank balances and cash	<u><u>7,453</u></u>	<u><u>10,080</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kirin Group Holdings Limited (the “Company”) is a company incorporated in Bermuda with limited liability and its shares are listed on GEM of the Stock Exchange.

The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Unit 3109, 31/F, 118 Connaught Road West, West District, Hong Kong. The Company acts as an investment holding company and the Group is principally engaged in the provision of money lending services, insurance brokerage services, and assets management and securities brokerage services in Hong Kong.

The condensed consolidated interim financial information is presented in Hong Kong Dollar (“HK\$”), unless otherwise stated.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the six months ended 31 December 2019 (“Interim Financial Statements”) have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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

The accounting policies and methods of computation applied in preparation of the Interim Financial Statements are consistent with those applied in preparing the Group’s annual consolidated financial statements for the year ended 30 June 2019, except as described below.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are effective for the Group’s financial year beginning 1 July 2019:

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

Other than the impact of HKFRS 16 Leases, as state below, the above new and revised HKFRSs have no significant financial effect on the unaudited condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in the unaudited condensed consolidated interim financial statements.

Applies HKFRS 16C8(b)(ii) transition (lease-by-lease basis)

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

3. REVENUE AND SEGMENT INFORMATION

Information are reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reporting segments of the Group. The Group is principally engaged in provision of insurance brokerage services, assets management and securities brokerage services, and money lending services Hong Kong. Specifically, the Group's reportable segments same as the operating segments under HKFRS 8 are as follows:

- (a) Insurance brokerage and related services;
- (b) Assets management and securities brokerage services; and
- (c) Money lending services.

During the six months ended 31 December 2019, the operation of sales of livestocks was discontinued upon the disposal of a subsidiary, Cyber Leader Holdings Limited ("Cyber Leader"). The segment information does not include any amounts for the discontinued operations, the details of which are set out in notes 7(b) and 19(b).

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

For the six months ended 31 December (Unaudited)

	2019				2018 (Restated)			
	Assets			Total	Assets			Total
	Insurance brokerage and related services	management and securities brokerage services	Money lending services		Insurance brokerage and related services	management and securities brokerage services	Money lending services	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue	19,943	5	7,715	27,663	30,096	4,395	9,763	44,254
Segment (loss)/profit	(8,720)	(52)	5,578	(3,194)	(7,095)	2,439	9,124	4,468
Unallocated corporate expenses				(8,785)				(13,232)
Share of profit of an associate				-				395
Finance costs				(15,891)				(13,265)
Loss before taxation				(27,870)				(21,634)

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

For the three months ended 31 December (Unaudited)

	2019				2018 (Restated)			
	Assets			Total	Assets			Total
	Insurance brokerage and related services HK\$'000	management and securities brokerage services HK\$'000	Money lending services HK\$'000		Insurance brokerage and related services HK\$'000	management and securities brokerage services HK\$'000	Money lending services HK\$'000	
Revenue	6,077	5	3,296	9,378	15,117	4,206	4,935	24,258
Segment (loss)/profit	(4,648)	38	1,162	(3,448)	(222)	3,333	4,811	7,922
Unallocated corporate expenses				(2,336)				(1,163)
Share of profit of an associate				-				82
Finance costs				(7,760)				(5,730)
(Loss)/Profit before taxation				(13,544)				1,111

Segment (loss)/profit represents the loss incurred for or profit earned by each segment without allocation of central administration costs, directors' salaries, finance costs, income tax expenses, share of profit of an associate and other income. This is the measure reported to the board of directors, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance.

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	31/12/2019 (Unaudited)				30/06/2019 (Audited and restated)			
	Assets			Total	Assets			Total
Insurance brokerage and related services	management and securities brokerage services	Money lending services	HK\$'000		Insurance brokerage and related services	management and securities brokerage services	Money lending services	
ASSETS								
Segment assets	<u>14,784</u>	<u>127</u>	<u>271,142</u>	<u>286,053</u>	<u>14,671</u>	<u>62</u>	<u>325,443</u>	<u>340,176</u>
Unallocated corporate assets				<u>89,277</u>				<u>26,420</u>
Consolidated total assets				<u><u>375,330</u></u>				<u><u>366,596</u></u>
LIABILITIES								
Segment liabilities	<u>38,385</u>	<u>1,589</u>	<u>1,058</u>	<u>41,032</u>	<u>32,357</u>	<u>2,777</u>	<u>1,058</u>	<u>36,192</u>
Unallocated corporate liabilities				<u>276,445</u>				<u>243,552</u>
Consolidated total liabilities				<u><u>317,477</u></u>				<u><u>279,744</u></u>

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

- All assets are allocated to operating segments other than certain plant and equipment, interest in an associate, certain other receivables, consideration receivable and bank balances and cash as these assets are managed on a group basis.
- All liabilities are allocated to operating segments other than certain other payables and corporate bonds as these liabilities are managed on a group basis.

4. FINANCE COSTS

Continuing operations

	Three months ended		Six months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
Interest on corporate bonds	2,793	3,436	7,168	6,310
Interest on borrowings	–	25	–	25
Interest on lease liabilities	214	–	214	–
Imputed interest on corporate bonds (Note 17)	4,753	2,261	8,509	6,905
Finance charges	–	8	–	25
	<u>7,760</u>	<u>5,730</u>	<u>15,891</u>	<u>13,265</u>

5. TAXATION

Continuing operations

	Three months ended		Six months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax	<u>(191)</u>	<u>(164)</u>	<u>(758)</u>	<u>(164)</u>

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

6. PROFIT/(LOSS) FOR THE PERIOD

Continuing operations

	Three months ended		Six months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period from continuing operations have been arrived at after charging (crediting):				
Staff costs (including directors' remuneration):				
– Salaries, wages and other benefits	4,371	5,559	8,677	10,337
– Retirement benefits scheme contribution	167	219	345	387
Amortisation	–	31	–	62
Depreciation of plant and equipment	–	124	3	251
Depreciation of right-of-use assets	2,302	–	2,302	–

7. DISCONTINUED OPERATIONS

- (a) On 27 December 2018, Philippines Dragon Limited (“Philippines Dragon”), a direct wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interests in its subsidiary, Red Rabbit International Technology Inc. (“Red Rabbit”), a company incorporated in the Philippines which was principally engaged in the provision of information technology services (“Information Technology”). The disposal was completed on 31 December 2018 and the business of Information Technology was passed to the purchaser. Its results are presented in these condensed consolidated interim financial statements as discontinued operations.

The results of the business of Information Technology for the period from 1 July 2018 to 31 December 2018, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	1/7/2018– 31/12/2018
	<i>HK\$'000</i>
	(Audited)
Revenue	5,967
Cost of sales	(1,200)
Distribution costs	(75)
Administrative and other expenses	(1,445)
	<hr/>
Profit before taxation from discontinued operation	3,247
Taxation	(298)
	<hr/>
Profit after taxation from discontinued operation	2,949
Gain on disposal of a subsidiary after taxation (<i>Note 19(a)</i>)	7,320
	<hr/>
Profit for the period from discontinued operation	10,269
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7. DISCONTINUED OPERATIONS (CONTINUED)

(a) (Continued)

**1/7/2018–
31/12/2018**
HK\$'000
(Audited)

Profit for the period from discontinued operation include the following:

Amortization	760
Depreciation	383
	<u> </u>

Other comprehensive income for the period from discontinued operations

Exchange differences on translation of discontinued operations	748
	<u> </u>

The cash flows of the discontinued operation are as follows:

Net cash outflow from operating activities	<u> </u> (196)
Total cash outflow	<u> </u> (196)

The carrying amounts of assets and liabilities of Information Technology at the date of disposal are set out in note 19(a).

7. DISCONTINUED OPERATIONS (CONTINUED)

- (b) On 16 September 2019, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 100% equity interests in its subsidiary, Cyber Leader, which carried out all of the Group's sales of livestock business. The disposal was completed on 16 September 2019 and the business of sales of livestock was passed to the purchaser. Its results are presented in these unaudited condensed consolidated interim financial statements as discontinued operations.

Loss for the period from the discontinued operations is analysed as follows:

	1/7/2019– 31/8/2019 <i>HK\$'000</i> (Unaudited)	1/7/2018– 31/12/2018 <i>HK\$'000</i> (Unaudited and restated)
Loss for the period	(102)	(308)
Loss on disposal of Cyber Leader (<i>Note 19(b)</i>)	(431)	–
	<u>(533)</u>	<u>(308)</u>

The results of the business of sales of livestock for the period from 1 July 2019 to 31 August 2019, which have been included in the unaudited condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	1/7/2019– 31/8/2019 <i>HK\$'000</i> (Unaudited)	1/7/2018– 31/12/2018 <i>HK\$'000</i> (Unaudited and restated)
Administrative and other expenses	(102)	(308)
Loss for the period from the discontinued operations	<u>(102)</u>	<u>(308)</u>

8. INTERIM DIVIDEND

No dividend was paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the six months ended 31 December 2019 (six months ended 31 December 2018: HK\$Nil).

9. EARNINGS/(LOSS) PER SHARE

Continuing and discontinued operations

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

	Three months ended		Six months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
(Loss)/profit for the period attributable to the owners of the Company	<u>(12,490)</u>	<u>7,857</u>	<u>(26,979)</u>	<u>(7,973)</u>
	'000	'000	'000	'000

Number of shares

Weighted average number of ordinary shares for the purpose of basic loss per share	<u>221,684</u>	<u>221,684</u>	<u>221,684</u>	<u>221,684</u>
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The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no dilutive potential ordinary shares outstanding during the six months ended 31 December 2019 (2018: Nil).

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

Continuing and discontinued operations (Continued)

The comparative figures for the basic earnings/(loss) per share for the three months and six months ended 31 December 2019 are restated to take into account of the effect of the share consolidation completed during the period ended 31 December 2019 as if they had been taken place since the beginning of the comparative period.

Continuing operations

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

	Three months ended		Six months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
Profit/(loss) for the period attributable to the owners of the Company	(12,490)	7,857	(26,979)	(7,973)
Less: (profit)/loss for the period from discontinued operation	—	(7,269)	533	(7,756)
(Loss)/profit for the purpose of basic and diluted earnings/(loss) per share from continuing operations	<u>(12,490)</u>	<u>588</u>	<u>(26,446)</u>	<u>(15,729)</u>

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

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

Discontinued operation

Basic and diluted loss per share for the discontinued operation for the six months ended 31 December 2019 is HK\$0.2 cents (31 December 2018: gain of approximately HK\$3.5 cents per share), based on loss of approximately HK\$533,000 for the period attributable to the owners of the Company from the discontinued operation for the period ended 31 December 2019 (31 December 2018: profit of approximately HK\$7,756,000) and the denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

Diluted earnings/(loss) per share was the same as the basic earnings/(loss) per share for both continuing and discontinued operations as there were no potential dilutive ordinary shares outstanding during the six months ended 31 December 2019 and 2018.

10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2019 and 2018, the Group did not acquired certain property, plant and equipment, and depreciation of approximately HK\$3,000 and HK\$251,000 were recognised in six months ended 31 December 2019 and 2018 respectively.

On 16 September 2019, the Group entered into an agreement to dispose of its 100% equity interests in Cyber Leader in which the net book value of property, plant and equipment was approximately HK\$3,621,000.

11. GOODWILL

HK\$'000

Cost

At 30 June 2017, 30 June 2018, 30 June 2019 (Audited) and
31 December 2019 (Unaudited)

39,256

Accumulated impairment losses

At 30 June 2018, and 2019 (Audited) and 31 December 2019 (Unaudited)

36,414

Net book value

At 30 June 2019 (Audited) and at 31 December 2019 (Unaudited)

2,842

The net carrying amount of goodwill was allocated to cash generating unit (“CGU”) as follows:

	31/12/2019	30/6/2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Money lending services	<u>2,842</u>	<u>2,842</u>

12. INTEREST IN AN ASSOCIATE

	31/12/2019	30/6/2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Cost of investment in an unlisted associate	4,700	4,700
Share of post-acquisition profits	2,467	2,467
Disposal of interest in an associate	(4,550)	–
Less: impairment loss	(2,617)	(2,617)
	<u>–</u>	<u>4,550</u>

On 16 September 2019, the Group entered into a sale and purchase agreement with an independent third party to dispose the entire interests in Aritza Holdings Limited (“Aritza”), an immediate holding company of One PR Limited, at a cash consideration of HK\$4,500,000. The disposal was completed on 16 September 2019 on which date the Group ceased to have any interest in an associate, One PR Limited.

Set out below are the particulars of the associate as at 31 December 2019.

Name of Company	Form of entity	Place of incorporation and principal of business	Particulars of issued and paid up capital	Percentage of nominal value of issued capital and held by the Group		Principal activities
				31/12/2019	30/6/2019	
One PR Limited	Limited by shares company	Hong Kong	10,000 ordinary shares	–	40%	Financial marketing and event promotion

The summary financial information in respect of the Group’s interest in an associate which is accounted for using the equity method is set out below:

	30/6/2019
	<i>HK\$'000</i>
	(Audited)
Current assets	<u>7,492</u>
Current liabilities	<u>1,196</u>

12. INTEREST IN AN ASSOCIATE (CONTINUED)

	1/7/2018 to 31/12/2018 <i>HK\$'000</i> (Unaudited)
Revenue	<u>1,000</u>
Profit and other comprehensive income for the period	<u>989</u>
Total comprehensive income	<u>989</u>
Group's share of profit and other comprehensive income of an associate for the period	<u>395</u>

There was no dividend received from the associate during the six months ended 31 December 2019 (year ended 30 June 2019: HK\$Nil).

13. LOAN RECEIVABLES

	31/12/2019 <i>HK\$'000</i> (Unaudited)	30/6/2019 <i>HK\$'000</i> (Audited)
Unsecured, fixed rate loan receivables	273,270	311,308
<i>Less:</i> Allowance for impairment – Individually assessed	<u>(18,518)</u>	<u>(18,518)</u>
	<u>254,752</u>	<u>292,790</u>

13. LOAN RECEIVABLES (CONTINUED)

The following table shows the movement in allowances for credit losses that has been recognised for loan receivables.

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 July 2018 – As restated	5,216	–	8,500	13,716
– Transfer to Lifetime ECL	(5,216)	5,216	–	–
– Impairment losses recognised	–	4,774	–	4,774
New financial assets originated or purchased	<u>28</u>	<u>–</u>	<u>–</u>	<u>28</u>
At 30 June 2019 (Audited) and 31 December 2019 (Unaudited)	<u><u>28</u></u>	<u><u>9,990</u></u>	<u><u>8,500</u></u>	<u><u>18,518</u></u>

The majority of loan receivables carried at 6%–12% (30 June 2019: 6%–12%) interest rate per annum.

A maturity profile of the loans receivable as at the end of the reporting period, based on the remaining contractual maturity date is as follows:

	31/12/2019 HK\$'000 (Unaudited)	30/6/2019 HK\$'000 (Audited)
Due within 3 months	171,496	20,225
Due after 3 months but within 6 months	83,256	35,257
Due after 6 months but within 12 months	<u>–</u>	<u>237,308</u>
Total	<u><u>254,752</u></u>	<u><u>292,790</u></u>

Included in the carrying amount of loans receivables as at 31 December 2019 is accumulated impairment losses of approximately HK\$18,518,000 (30 June 2019: HK\$18,518,000).

14. TRADE AND OTHER RECEIVABLES

	31/12/2019 <i>HK\$'000</i> (Unaudited)	30/6/2019 <i>HK\$'000</i> (Audited)
Trade receivables	10,241	13,477
Interest receivables	13,542	31,095
<i>Less: Allowance for impairment</i>	<i>(2,244)</i>	<i>(2,244)</i>
	<u>21,539</u>	<u>42,328</u>
Other receivables	<u>80,556</u>	<u>545</u>
Prepayments, rental and other deposits	<u>2,165</u>	<u>2,177</u>
	<u><u>104,260</u></u>	<u><u>45,050</u></u>

As at 31 December 2019, the Group has paid the refundable deposits of HK\$70,200,000 to certain third parties for securing the overseas broadcasting rights of films and episodes.

The Group allows an average credit period normally 90 days (30 June 2019: 90 days) to its trade customers. The following is an ageing analysis of trade and interest receivables (net of allowance for doubtful debt) presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition date.

	31/12/2019 <i>HK\$'000</i> (Unaudited)	30/6/2019 <i>HK\$'000</i> (Audited)
0 to 3 months	10,591	12,266
4 to 6 months	6,075	3,316
7 to 12 months	4,873	4,567
Over 1 year	–	22,179
	<u>21,539</u>	<u>42,328</u>

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table shows the movement in allowances for credit losses that has been recognised for trade receivables under simplified approach.

	Lifetime ECL (credit-impaired) <i>HK\$'000</i>
At 30 June 2018 under HKAS 39 and 1 July 2018 under HKFRS 9	956
– Impairment losses recognised	<u>3</u>
At 30 June 2019 (Audited) and 31 December 2019 (Unaudited)	<u><u>959</u></u>

As at 31 December 2019, the Group's trade receivables are determined individually whether they are impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. At 31 December 2019, trade receivables of approximately HK\$959,000 (30 June 2019: HK\$959,000) were impaired.

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table shows the movement in allowances for credit losses that has been recognised for interest receivables under simplified approach.

	12m ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 July 2018 – As restated	284	–	163	447
– Transfer to Lifetime ECL	(284)	284	–	–
– Impairment losses recognised	–	837	–	837
New financial assets originated or purchased	1	–	–	1
	<u>1</u>	<u>–</u>	<u>–</u>	<u>1</u>
At 30 June 2019 (Audited) and 31 December 2019 (Unaudited)	<u>1</u>	<u>1,121</u>	<u>163</u>	<u>1,285</u>

As at 31 December 2019, included in the Group's trade receivables and interest receivables are balances with aggregate carrying amount of approximately HK\$10,948,000 (30 June 2019: HK\$30,062,000) which are past due as at the reporting date. Out of the past due balances approximately HK\$4,873,000 (30 June 2019: HK\$26,746,000) has been past due 90 days or more and is not considered as in default based on historical experience.

15. CASH AND CASH EQUIVALENTS

	31/12/2019 <i>HK\$'000</i> (Unaudited)	30/6/2019 <i>HK\$'000</i> (Audited)
Cash and bank balances and cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<u>7,453</u>	<u>11,540</u>

Included in the cash and bank balances is an amount of approximately HK\$1,582,000 (30 June 2019: HK\$2,773,000) which arose from segregated bank balances representing money deposited by clients in the course of its insurance brokerage and securities brokerage businesses. The Group has recognised the corresponding accounts payable to respective clients.

16. TRADE AND OTHER PAYABLES

	31/12/2019 <i>HK\$'000</i> (Unaudited)	30/6/2019 <i>HK\$'000</i> (Audited)
Trade payables	27,189	36,361
Other payables and accruals	28,788	16,253
Interest payable	<u>10,470</u>	<u>8,064</u>
	<u>66,447</u>	<u>60,678</u>

The ageing analysis of trade payables presented based on the invoice date at the end of the reporting period is as follow:

	31/12/2019 <i>HK\$'000</i> (Unaudited)	30/6/2019 <i>HK\$'000</i> (Audited)
Within 1 year	26,345	35,079
Over 1 year	<u>844</u>	<u>1,282</u>
	<u>27,189</u>	<u>36,361</u>

The average credit period on purchases of goods is normally 90 days (30 June 2019: 90 days). The Group has financial risk management policies in place to ensure that all trade payables are settled within the credit timeframe.

17. CORPORATE BONDS

During the six months ended 31 December 2019, the Company issued 1 year to 2 years corporate bonds with aggregate principal amounts of approximately HK\$37,676,000 to certain independent third parties. The direct expenses in relation to the issuance of such bonds were approximately HK\$8,572,000. These corporate bonds carried interest at fixed rates of 2.4% to 17% per annum with interest payable monthly or semi-annually in arrears. These corporate bonds are unsecured. The effective interest rates of these corporate bonds are ranging from 2.4% to 36% per annum.

During the year ended 30 June 2019, the Company issued 1 month to 24 months corporate bonds with aggregate principal amounts of HK\$120,789,000 to certain independent third parties, net of direct expenses of approximately HK\$17,661,000. These corporate bonds carried at fixed rates of 3% to 17% per annum with interest payable monthly or semi-annually in arrears. These corporate bonds are unsecured. The effective interest rates of these corporate bonds are ranging from 2.36% to 36% per annum.

	31/12/2019 <i>HK\$'000</i> (Unaudited)	30/6/2019 <i>HK\$'000</i> (Audited)
Beginning of the period	217,983	164,782
Proceeds from issuance of corporate bonds	37,676	120,789
Transaction costs for corporate bonds issuance	(8,572)	(17,661)
Imputed interest (<i>Note 4</i>)	8,509	17,619
Principal repaid	<u>(8,490)</u>	<u>(67,546)</u>
End of the period	<u>247,106</u>	<u>217,983</u>
Carrying amount repayable:		
Within one year	229,410	201,156
After one year but within five years	17,696	9,470
Over five years	<u>–</u>	<u>7,357</u>
	247,106	217,983
<i>Less:</i> Amount shown under current liabilities	<u>(229,410)</u>	<u>(201,156)</u>
Amount shown under non-current liabilities	<u>17,696</u>	<u>16,827</u>

18. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 30 June 2018 (Audited) (ordinary shares of HK\$0.05)	10,000,000	500,000
Increase in authorised share capital (<i>Note (a)</i>)	<u>90,000,000</u>	<u>–</u>
At 31 December 2018 (Unaudited) and at 30 June 2019 (Audited) (ordinary shares of HK\$0.005)	<u>100,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 30 June 2018 (Audited) (ordinary shares of HK\$0.05)	4,433,685	221,684
Cancellation of paid-up capital (<i>Note (b)</i>)	<u>(4,212,001)</u>	<u>(220,576)</u>
At 30 June 2019 (Audited) and 31 December 2019 (Unaudited) (ordinary shares of HK\$0.005)	<u>221,684</u>	<u>1,108</u>

(a) Change in authorised share capital

Pursuant to an ordinary resolution passed at a special general meeting of the Company on 7 August 2018, the authorised share capital of the Company of HK\$500,000,000 comprising 10,000,000,000 old shares of HK\$0.05 each had been changed to HK\$500,000,000 divided into 100,000,000,000 new shares of HK\$0.005 each. Details of which are set out in the announcement and circular of the Company dated 26 June 2018 and 17 July 2018 respectively.

18. SHARE CAPITAL (CONTINUED)

(b) Capital reorganisation

Pursuant to an ordinary resolution passed at the special general meeting of the Company on 7 August 2018, the shareholders of the Company approved the capital reorganisation of the Company whereby every 20 issued and unissued shares of HK\$0.05 were consolidated into 1 consolidated share of HK\$1. Immediately upon the share consolidation became effective, the issued share capital of the Company was reduced by cancelling the paid up capital of the Company to the extent of HK\$0.995 on each of the then issued consolidated shares such that the par value of each issued consolidated share was reduced from HK\$1 to HK\$0.005.

- (c) The contributed surplus of the Company represents the credit arising from a capital reduction of the Company and the contributed surplus will be used to offset accumulated losses of the Company. Any credit standing in the contributed surplus account of the Company will be used in any manner permitted by laws of Bermuda and the bye-laws of the Company.
- (d) A reduction of HK\$313,576,412 standing to the credit of the share premium account of the Company and the transfer such amount to the contributed surplus account was approved by the shareholders at the special general meeting on 7 August 2018.

19. DISPOSAL OF SUBSIDIARIES

- (a) On 27 December 2018, Philippines Dragon entered into an agreement to dispose of the entire equity interests in Red Rabbit which was principally engaged in the Group's information technology services business at a cash consideration of HK\$3,800,000. The disposal was completed on 31 December 2018.

The assets and liabilities of Red Rabbit at the date of disposal were as follows:

	Total <i>HK\$'000</i> (Audited)
Intangible assets	2,660
Trade and other receivables	6,339
Amounts due with group companies	12,433
Bank balances and cash	21
Trade and other payables	(3,260)
Tax payable	(1,115)
Deferred tax liability	(171)
	<hr/>
Net assets disposal of	16,907
Non-controlling interests	(7,201)
Exchange reserve release upon disposal	(793)
Amounts due with the Group assigned and waived	(12,433)
Gain on disposal of subsidiaries (<i>Note 7(a)</i>)	7,320
	<hr/>
Total consideration	3,800
	<hr/> <hr/>
Satisfied by cash	300
Consideration receivable	3,500
	<hr/>
	3,800
	<hr/> <hr/>
Net cash inflow arising from disposal:	
Cash consideration	300
<i>Less:</i> Bank balances and Cash disposed of	(21)
	<hr/>
	279
	<hr/> <hr/>

19. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(a) (Continued)

The consideration receivables settled in cash by the purchaser subsequent to 30 June 2019.

The cash flows of the discontinued operation of Red Rabbit during the six months ended 31 December 2018 are set out in note 7(a).

- (b) On 16 September 2019, the Group entered into an agreement to dispose of its 100% equity interests in Cyber Leader which carried out all of the Group's sales of livestocks business at a cash consideration of HK\$100,000. The disposal was completed on 16 September 2019.

The assets and liabilities of Cyber Leader at the date of disposal were as follows:

	Total
	<i>HK\$'000</i>
	(Unaudited)
Plant and equipments	3,621
Prepaid lease payment	2,320
Bank balances and cash	26
Other payables	(5,871)
	<hr/>
Net assets disposal of	96
Exchange reserve release upon disposal	435
Loss on disposal of a subsidiary (<i>Note 7(b)</i>)	(431)
	<hr/>
Total consideration	100
	<hr/> <hr/>
Satisfied by cash	50
Consideration receivable	50
	<hr/>
	100
	<hr/> <hr/>

The consideration receivables settled in cash by the purchasers subsequently during the six months ended 31 December 2019.

19. DISPOSAL OF SUBSIDIARIES (CONTINUED)

- (c) On 16 September 2019, the Group entered into an agreement to dispose of its 100% equity interests in Aritza at a cash consideration of HK\$4,500,000. The disposal was completed on 16 September 2019.

The assets and liabilities of Aritza at the date of disposal were as follows:

	Total <i>HK\$'000</i> (Unaudited)
Interests in an associate	4,550
Other payables	(17)
	<hr/>
Net assets disposal of	4,533
Loss on disposal of a subsidiary	(33)
	<hr/>
Total consideration	4,500
	<hr/> <hr/>
Satisfied by cash	500
Consideration receivable	4,000
	<hr/>
	4,500
	<hr/> <hr/>

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

21. RELATED PARTIES TRANSACTIONS

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the six months ended 31 December 2019 and 2018 is as follows:

	Six months ended	
	31/12/2019	31/12/2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Salaries and other benefits in kind	981	1,442
Retirement benefits scheme contributions	18	18
	<u>999</u>	<u>1,460</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is an investment holding company and the Group is principally engaged in the provision of (a) insurance brokerage and related services; (b) asset management and securities brokerage services; and (c) money lending services in Hong Kong during the six months ended 31 December 2019.

Business Review

Insurance brokerage and related services

The turnover of insurance brokerage and related services decreased by 34% to approximately HK\$19,943,000. The decrease in turnover was mainly due to (i) keen competition from the competitors in the industry; (ii) the worsened local economy as a result of political unrest in Hong Kong, less customers are willing to purchase insurance and financial products since June 2019.

The Company will continue to explore overseas markets including but not limited to Japan, Philippines and Thailand for the geographical expansion of its business.

Asset management and securities brokerage services

In view of the limited financial resources of the Group and the recent unfavourable economical and political environment in Hong Kong, the Company will not allocate any resources into the asset management business. This segment did not generate any revenue for the six months ended 31 December 2019.

As the capital market has slowed down in placing activities within the period under review, securities brokerage business recorded HK\$5,000 revenue and segment loss of approximately HK\$52,000.

Money lending services

The money lending services of the Company recorded a revenue of approximately HK\$7,715,000 which represents a decrease of approximately 21% from the corresponding period in 2018. As the loan receivables as at 31 December 2019 decreased approximately 13% as compared to 30 June 2019, hence, the interest income decreased accordingly.

The Company will continue with its marketing campaign so as to achieve a bigger market share in the money lending industry notwithstanding the unfavourable market conditions.

Financial Review

For the six months ended 31 December 2019, the Group's turnover was approximately HK\$27,663,000, representing a decrease of approximately HK\$16,591,000 or 37.5% as compared with the same period in the previous year (31 December 2018: approximately HK\$44,254,000). The decrease was mainly due to the decrease in turnover of the segments of insurance brokerage and securities brokerage which were affected by the unfavourable market environment.

Distribution costs for the six months ended 31 December 2019 was approximately HK\$459,000, representing a decrease of HK\$7,729,000 as compared with approximately HK\$8,188,000 for the six months ended 31 December 2018. The decrease was mainly due to the decrease in selling, distribution and marketing promotion expenses incurred for the business of insurance brokerage services.

Administrative and other expenses for the six months ended 31 December 2019 was approximately HK\$21,482,000, representing an increase of approximately HK\$4,131,000 as compared with the same period in the previous year (31 December 2018: approximately HK\$17,351,000). The increase was mainly due to the increase in legal and professional fees, travelling and entertainment expenses.

The finance costs represented interest on corporate bonds and interest on lease liabilities.

The Group recorded a loss before taxation of approximately HK\$27,870,000 for the six months ended 31 December 2019, representing an increase of 28.8% as compared with the same period in the previous year (31 December 2018: loss approximately HK\$21,634,000).

Prospects

The Group is principally engaged in the provision of (i) insurance brokerage services; (ii) money lending services; and (iii) assets management and securities brokerage services in Hong Kong during the six months ended 31 December 2019.

Hong Kong's economy is expected to enter into a negative economic growth cycle which arises from the Sino-US trade disputes and the political unrest in Hong Kong since June 2019. In addition, with the outbreak of the coronavirus (COVID-19) in Hong Kong since early 2020, the Group expects that Hong Kong's economy will further deteriorate and worsen. As the Group's principal business activities are geographically focused in Hong Kong, these unfavourable conditions would inevitably bring negative impacts to the Group's business. Hence, the Group expects the growth of the Group will lose its momentum. In view of the difficulties facing ahead, the management of the Group will strive to look for new business and investment opportunities in order to migrate its geographical risks and diversify its business risks.

Liquidity and Financial Resources

Cash and bank balances as at 31 December 2019 was approximately HK\$7,453,000 (30 June 2019: approximately HK\$11,540,000). At 31 December 2019, the Group's current ratio was 1.24 (30 June 2019: 1.34), based on the current assets of approximately HK\$370,465,000 and current liabilities of approximately HK\$299,244,000. The gearing ratio was approximately 5.49 as at 31 December 2019. (30 June 2019: 3.22). The gearing ratio is calculated as total liabilities divided by total equity.

Capital Structure

Details of the capital structure of the Company are set out in note 18 to the condensed consolidated interim financial statements.

Capital Commitments

As at 31 December 2019, the Group did not have any capital commitments.

Contingent Liabilities

As at 31 December 2019, the Directors are not aware of any material contingent liabilities.

Employees and Remuneration Policies

At 31 December 2019, the Group had 42 (31 December 2018: 44) full-time employees. Staff costs amounted to approximately HK\$10,725,000 for the six months ended 31 December 2019 (31 December 2018: approximately HK\$10,724,000). The Group's remuneration policy remained the same as detailed in the Company's 2019 annual report.

DIVIDEND

The directors do not recommend the payment of any dividend for the six months ended 31 December 2019 (31 December 2018: HK\$Nil).

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference, for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls.

The Audit Committee currently comprises of all the independent non-executive Directors, namely, Mr. Ng Chi Ho, Dennis (as chairman), Ms. Chan Sin Wa, Carrie, and Mr. Chung Shu Kun, Christopher.

The unaudited financial results for the six months ended 31 December 2019 have been reviewed by the Audit Committee, who was of the opinion that the preparation of such financial results had complied with the applicable accounting standards and requirements and adequate disclosure had been made.

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

DISCLOSURE OF INTERESTS

A. Directors’ and chief executives’ interests or short positions in the shares, underlying shares or debentures of the company or any associated corporations

As at 31 December 2019, save as disclosed below, none of the directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong (the “SFO”)), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Long position in the ordinary shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Wang Hongtao	Beneficial owner	315,000 (Long position)	0.13%
Mr. Zhou Wenjun ("Mr. Zhou") (note 1)	Interest of spouse	4,320,000 (Long position)	1.82%

Note 1: These 4,320,000 Shares are beneficially owned by Ms. Wang Guo Feng ("Ms. Wang"), being the spouse of Mr. Zhou. Mr. Zhou is therefore deemed to be interested in 4,320,000 Shares held by Ms. Wang under the SFO.

Save as disclosed above, as at 31 December 2019, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

B. Substantial Shareholders' interests and short positions in the Shares, debentures and underlying shares of the Company

As at 31 December 2019, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who had an interest or short position in the securities of the Company that were required to be entered in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO.

Directors' and chief executives' rights to acquire shares or debt securities

Save as disclosed above and the "Share Option Scheme" mentioned below, as at 31 December 2019, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") pursuant to a resolution passed by the shareholders on 5 November 2010. Under the Scheme, the board of Directors may grant share options to the eligible persons to subscribe for such number of shares during such period of time as the board of Directors may determine.

As at 31 December 2019, none of the board of Directors, employees and other eligible persons of the Company on its subsidiaries were granted options to subscribe for the shares of the Company.

MAJOR EVENTS DURING THE REPORTING PERIOD

On 16 September 2019, the Company and an independent third party (the "Purchaser") entered into a sale and purchase agreement pursuant to which the Company has agreed to sell and the purchaser has agreed to acquire the entire 100% equity interests in Cyber Leader, a wholly-owned subsidiary that carried out the Group's sales of livestock business at a cash consideration of HK\$100,000. The disposal was completed on 16 September 2019.

On 16 September 2019, the Company and an independent third party entered into a sale and purchase agreement to dispose of its 100% equity interests in Aritza at a cash consideration of HK\$4,500,000. The disposal was completed on 16 September 2019.

The Company and China Rich Securities Limited (the “Placing Agent”) entered into a placing agreement and a supplemental placing agreement on 4 June 2019 and 30 October 2019 respectively, pursuant to which the Placing Agent has conditional agreed, on a best effort basis, to procure subscriptions for 2% coupon convertible bonds up to the principal amount of HK\$171,000,000 due on the third anniversary of the first issue date (the “Placing”), entitling the holders thereof the rights to convert 427,500,000 conversion shares of HK\$0.005 each in the share capital of the Company at an initial conversion price of HK\$0.4 (subject to adjustment). For further details, please refer to the announcements of the Company dated 4 June 2019 and 30 October 2019.

EVENTS AFTER THE REPORTING PERIOD

The Placing was subsequently completed on 20 January 2020 and the gross proceeds from the Placing is HK\$6,060,000. Details of which are set out in the announcements of the Company dated 4 June 2019, 30 October 2019 and 20 January 2020 respectively.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at 31 December 2019, none of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group during the period.

COMPLIANCE WITH CODE OF BEST PRACTICE

The board of Directors (the “Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders’ value. The corporate governance principles of the Company emphasis a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions of the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 15 to the GEM Listing Rules.

The Code provision A4.1 provides that non-executive Directors should be appointed for specific term, subject to re-election. The Company has deviated from the provision as the non-executive Directors and all independent non-executive Directors are not appointed for specific term. They are, however, subject to retirement by rotation and re-election. The reason for the deviation is that the Company does not believe that arbitrary limits on term of non-executive directorship are appropriate given that the Directors ought to be committed to representing the long time interest of the Company's shareholders. The Company believes that the retirement and the re-election requirements of non-executive Directors and independent non-executive Directors have given the Company's shareholders the right to approve continuation of the independent non-executive Directors' offices.

Save as disclosed above, the Company has met all applicable code provisions as set out in the CG code during the six months ended 31 December 2019.

ADOPTED CODE FOR 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 (the "Standard Dealings") set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and all the Directors confirmed that they have complied with the Standard Dealings during the six months ended 31 December 2019.

By order of the Board
Kirin Group Holdings Limited
Chow Yik
Chairman

Hong Kong, 14 February 2019

As at the date of this report, the Board comprises Mr. Chow Yik, Mr. Wang Hongtao, Mr. Wang Jinhan and Mr. Zhou Wenjun as the executive directors; Mr. Ng Chi Ho, Dennis, Ms. Chan Sin Wa, Carrie, Mr. Chung Shu Kun, Christopher and Mr. Wang Rongqian as the independent non-executive directors.

This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days after its posting and on the website of the Company at <http://www.tricom.com.hk/web/service/08109>.