



林達控股有限公司
LAMTEX HOLDINGS LTD.

STOCK CODE : 1041



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CORPORATE INFORMATION

DIRECTORS

Executive Directors:

- Mr. Wen Jialong (*Chairman*)
(resigned with effect from 1 June 2018)
- Mr. Wu Xiaolin
- Mr. Wen Wenfeng
(resigned with effect from 5 February 2018)
- Mr. Fan Kaiye
(appointed with effect from 1 June 2018)

Non-Executive Directors:

- Mr. Lung Chee Ming George
- Mr. Liu Zhanqing

Independent Non-executive Directors:

- Mr. Zeng Zhaolin
- Dr. Loke Yu alias Loke Hoi Lam
- Mr. Tse Long

BOARD COMMITTEES

Audit Committee

- Dr. Loke Yu alias Loke Hoi Lam
(*Chairman*)
- Mr. Zeng Zhaolin
- Mr. Tse Long

Remuneration Committee

- Mr. Zeng Zhaolin (*Chairman*)
- Mr. Tse Long
- Dr. Loke Yu alias Loke Hoi Lam
- Mr. Wen Wenfeng
(resigned with effect from 5 February 2018)
- Mr. Wu Xiaolin
(appointed with effect from 5 February 2018)

Nomination Committee

- Mr. Zeng Zhaolin (*Chairman*)
- Mr. Tse Long
- Dr. Loke Yu alias Loke Hoi Lam
- Mr. Wu Xiaolin

Investment and Management Committee

- Mr. Wen Wenfeng (*Chairman*)
(resigned with effect from 5 February 2018)
- Mr. Wu Xiaolin (*Chairman*)
(appointed with effect from 5 February 2018)
- Mr. Zeng Zhaolin
- Dr. Loke Yu alias Loke Hoi Lam

COMPANY SECRETARY

- Ms. Hui Wai Man, Shirley

AUDITOR

- ZHONGHUI ANDA CPA LIMITED



REGISTERED OFFICE

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PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda)
Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	Six months ended 30 June	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	5	85,224	17,361
Cost of inventories sold		(56,274)	-
Other income		136	215
Administrative expenses		(16,706)	(12,711)
Finance cost	6	(773)	-
Share-based payment		(13,313)	-
Gain on disposal of subsidiaries		-	3,187
Loss on disposal of financial assets at fair value through profit or loss		(274)	-
Fair value loss on convertible bonds	16	-	(901)
(Loss)/profit before tax		(1,980)	7,151
Income tax	7	(4,642)	(1,793)
(Loss)/profit for the period attributable to equity holders of the Company	8	(6,622)	5,358
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(818)	2,402
Exchange differences reclassified to profit or loss upon disposal of subsidiaries		-	1,538



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	Six months ended 30 June	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Other comprehensive (loss)/income for the period, net of tax		(818)	3,940
Total comprehensive (loss)/income for the period attributable to equity holders of the Company		(7,440)	9,298
(Loss)/Earnings per share	10		
Basic (cents per share)		(0.48)	0.63
Diluted (cents per share)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

		At 30 June 2018 <i>HK\$'000</i> (Unaudited)	At 31 December 2017 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment	11	17,395	18,007
Investment properties		85,150	83,300
Intangible asset		1,000	1,000
Goodwill		6,533	6,533
Other assets		400	400
Investments in associates	12	30,000	-
		140,478	109,240
Current assets			
Inventories		18,380	10,572
Trade and interest receivables	13	35,331	41,041
Loans receivables	14	349,850	313,350
Prepayments, deposits and other receivables		31,315	4,441
Financial assets at fair value through profit or loss		93,705	81,208
Bank balances held on behalf of clients		15,223	37,504
Bank and cash balances		28,934	63,791
		572,738	551,907



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

		At 30 June 2018 <i>HK\$'000</i> (Unaudited)	At 31 December 2017 <i>HK\$'000</i> (Audited)
Current liabilities			
Trade payables	15	34,661	54,352
Other payables and accruals		9,422	17,288
Tax payable		6,013	2,796
		50,096	74,436
Net current assets		522,642	477,471
Total assets less current liabilities		662,120	586,711
Non-current liabilities			
Convertible bonds	16	-	112,000
Deferred tax liabilities		419	419
		419	112,419
NET ASSETS		662,701	474,292
Capital and reserves			
Share capital	17	67,497	45,580
Reserves		595,204	428,712
TOTAL EQUITY		662,701	474,292

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to equity holders of the Company						
	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Capital reserve HK\$'000 (Unaudited)	Share-based payment reserve HK\$'000 (Unaudited)	Foreign currency translation reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1 January 2017 (audited)	28,260	267,765	4,289	8,353	(8,709)	41,362	341,320
Total comprehensive income for the period	-	-	-	-	3,940	5,358	9,298
Issue of ordinary shares upon exercise of share options	1,132	11,269	-	(3,999)	-	-	8,402
At 30 June 2017 (unaudited)	29,392	279,034	4,289	4,354	(4,769)	46,720	359,020
At 1 January 2018 (audited)	45,580	350,846	4,289	3,452	(487)	70,612	474,292
Total comprehensive loss for the period	-	-	-	-	(818)	(6,622)	(7,440)
Share-based payments	-	-	-	13,313	-	-	13,313
Issue of ordinary shares upon placing of shares	6,630	63,906	-	-	-	-	70,536
Issue of ordinary shares on conversion of convertible bonds	15,287	96,713	-	-	-	-	112,000
At 30 June 2018 (unaudited)	67,497	511,465	4,289	16,765	(1,305)	63,990	662,701



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Net cash used in operating activities	(71,454)	(189,805)
Cash flows from investing activities		
Investment in an associate	(30,000)	-
Purchase of property, plant and equipment	(448)	(71)
Purchase of investment properties	(86)	-
Net proceeds from disposal of subsidiaries	-	36,186
Net cash (used in)/generated from investing activities	(30,534)	36,115
Cash flows from financing activities		
Net proceeds from the issue of shares on placements	70,536	-
Proceeds from the issue of convertible bonds	-	200,000
Proceeds from issue of shares upon exercise of share options	-	8,402
Interest paid	(773)	-
Net cash generated from financing activities	69,763	208,402
Net (decrease)/increase in cash and cash equivalents	(32,225)	54,712
Cash and cash equivalents at beginning of the period	63,791	41,434
Effect of foreign exchange rate changes	(2,632)	(2,863)
Cash and cash equivalents at end of the period	28,934	93,283
Analysis of cash and cash equivalents		
Bank and cash balances	28,934	93,283

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. GENERAL INFORMATION

Lamtex Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Room 1814-1815, 18/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company’s shares are listed on The Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activities of the Group are securities trading and investment, loan financing services, property investment, trading and manufacturing of electronic products, securities brokerage and provision of securities margin finance.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information (the “Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (the “HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

These unaudited condensed financial statements should be read in conjunction with the 2017 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2017 except as stated below.





2. BASIS OF PREPARATION *(continued)*

(a) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

- financial assets at amortised cost; and
- financial assets at fair value through profit or loss.

(i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. BASIS OF PREPARATION *(continued)*

(a) Financial assets *(continued)*

(ii) *Financial assets at fair value through profit or loss*

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Financial assets at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

(b) Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“lifetime expected credit losses”) for trade and loan receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018



2. BASIS OF PREPARATION *(continued)*

(b) Loss allowances for expected credit losses *(continued)*

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade and loan receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

(c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. BASIS OF PREPARATION *(continued)*

(c) Revenue from contracts with customers *(continued)*

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018



3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2018. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the “HKAS”) and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current and prior periods.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group’s financial assets and financial liabilities are reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

4. FAIR VALUE MEASUREMENTS (continued)

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 30 June 2018:

Description	Fair value measurements as at 30 June 2018 using:			Total
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Listed securities in				
Hong Kong	92,084	-	-	92,084
Listed securities outside				
Hong Kong	1,621	-	-	1,621
Total recurring fair value measurements	93,705	-	-	93,705



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

4. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy at 30 June 2018: (Continued)

Description	Fair value measurements as at 31 December 2017 using:			Total
	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	2017 HK\$'000 (Audited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Listed securities in				
Hong Kong	81,028	-	-	81,028
Financial liabilities at fair value through profit or loss				
Convertible bonds	-	112,000	-	112,000
Total recurring fair value measurements	81,028	112,000	-	193,028

During the period, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (31 December 2017: nil). The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

4. FAIR VALUE MEASUREMENTS (continued)

- (b) Disclosure of valuation techniques and inputs used in fair value measurements at 31 December 2017:
Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value as at 31 December 2017 HK\$'000
Liabilities:			
Convertible bonds	Binomial model	Share price Discount rate Volatility	112,000

5. REVENUE AND SEGMENT INFORMATION

The Group's operation are organised based on five business activities which are also the information regularly reported to chief operating decision maker ("CODM"). The details of operating and reportable segments of the Group are as follows:

- (i) Securities trading and investment – purchase and sale of securities and securities investment
- (ii) Securities brokerage and provision of securities margin finance
- (iii) Property investment – generation of rental income



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018



5. REVENUE AND SEGMENT INFORMATION *(continued)*

- (iv) Loan financing services – provision of funds and financial services to third parties

- (v) Trading and manufacturing of electronic products.

The operation of trading and manufacturing of electronic products were introduced to the Group during the year ended 31 December 2017.

The accounting policies of the reportable and operating segment are the same the Group's accounting policies. Segment result represent profit/(loss) from each segment without allocation of central administrative costs, directors' remuneration, share-based payment and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

The Group's unallocated corporate assets at the end of the reporting period mainly consist of property, plant and equipment, deposits and prepayments and bank balances and cash. The Group's unallocated corporate liabilities at the end of the reporting period consists other payables and accruals, convertible bonds and deferred tax liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

5. REVENUE AND SEGMENT INFORMATION (continued)

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

	Securities trading and investment HK\$'000 (Unaudited)	Securities brokerage and provision of securities margin finance HK\$'000 (Unaudited)	Property investment HK\$'000 (Unaudited)	Loan financing services HK\$'000 (Unaudited)	Trading and manufacturing of electronic products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Six months ended 30 June 2018						
Segment revenue						
Revenue from external customers	(5,302)	1,244	1,425	20,292	67,565	85,224
Intersegment revenue	-	-	-	627	-	627
Segment result	(5,576)	(3,104)	854	19,548	6,693	18,415
As at 30 June 2018						
Segment assets	93,705	29,480	89,138	372,749	42,763	627,835
Segment liabilities	-	21,827	658	6,763	17,606	46,854



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

5. REVENUE AND SEGMENT INFORMATION (continued)

	Securities trading and investment <i>HK\$'000</i>	Securities brokerage and provision of securities margin finance <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Loan financing services <i>HK\$'000</i>	Trading of construction material <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended						
30 June 2017						
Segment revenue						
Revenue from external						
customers (unaudited)	(601)	1,949	1,193	14,820	-	17,361
Segment result (unaudited)	(605)	(1,755)	659	10,865	(55)	9,109
	Securities trading and investment <i>HK\$'000</i>	Securities brokerage and provision of securities margin finance <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Loan financing services <i>HK\$'000</i>	Trading and manufacturing of electronic products <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2017						
(Audited)						
Segment assets	81,208	60,445	86,457	340,963	39,757	608,830
Segment liabilities	-	46,615	439	3,561	20,311	70,926

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

5. REVENUE AND SEGMENT INFORMATION (continued)

Reconciliations of segment profit or loss:

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Total profit of reportable segments	18,415	9,109
Unallocated corporate income	-	215
Fair value loss on convertible bonds	-	(901)
Unallocated corporate expenses	(20,395)	(1,272)
Consolidated (loss)/profit before tax	(1,980)	7,151

Disaggregation of revenue from contract customers

The Group's geographical markets are in Hong Kong and the revenue is recognised at a point in time.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

6. FINANCE COST

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on convertible bonds	773	-

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
- Hong Kong Profits Tax	4,642	1,793

Hong Kong Profits Tax has been provided at a rate of 16.5% (six months ended 30 June 2017: 16.5%) on the estimated assessable profits for the six months ended 30 June 2018.

The People's Republic of China Corporate Income Tax has been provided at a rate of 25% (six months ended 30 June 2017: Nil) on the estimated assessable profits for the six months ended 30 June 2018 for the subsidiaries operating in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

8. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is arrived at after charging:

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	56,274	-
Directors' emoluments		
- Salaries, bonus and allowances	1,652	1,775
- Share-based payment	2,479	-
	4,131	1,775
Staff costs (including directors' remuneration):		
- Salaries, bonus and allowances	6,648	5,250
- Share-based payment	13,313	-
- Retirement benefits scheme contributions	326	170
	20,287	5,420
Depreciation of property, plant and equipment	1,110	756

9. INTERIM DIVIDEND

The Board do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (Six months ended 30 June 2017: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

10. (LOSS)/EARNINGS PER SHARE

Basic (Loss)/earnings per share

The calculation of basic loss per share attributable to equity holders of the Company is based on the loss for the period attributable to equity holders of the Company of approximately HK\$6,622,000 (profit for the six months ended 30 June 2017: approximately HK\$5,358,000) and the weighted average number of 1,391,363,143 (six months ended 30 June 2017: 853,704,429) ordinary shares in issue during the period.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the period ended 30 June 2018 and 2017.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, property, plant and equipment of approximately HK\$448,000 was acquired by the Group (six months ended 30 June 2017: HK\$71,000).

12. INVESTMENTS IN ASSOCIATES

	30 June 2018	31 December 2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Unlisted investment	30,000	-

On 3 April 2018, the Group acquired 35% equity interest in Prince William Sound Hotel Management Limited at cash consideration of HK\$30,000,000. Prince William Sound Hotel Management Limited and its subsidiaries are engaged in hotel operation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

13. TRADE AND INTEREST RECEIVABLES

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Trade receivables		
Cash clients	2,090	4,107
Margin clients	1,352	1,402
Clearing houses	2,562	1,292
Trade receivables – trading	20,401	27,122
Interest receivables	6,005	4,916
Rental receivables	3,413	2,694
Less: allowance for doubtful debts	(492)	(492)
	35,331	41,041

All trade receivable from cash clients and margin clients are not past due at the reporting dates for which the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The settlement terms of trade receivables arising from the business of dealing in securities are two days after trade date. No aging analysis is disclosed as in the opinion of the directors of the Group, the aging analysis does not give additional value in view of the nature of business of the Group.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

13. TRADE AND INTEREST RECEIVABLES (continued)

In relation to trade receivable from trading and manufacturing of electronic products, the general credit terms of the Group granted to its trade customers is aged within 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management. An aging analysis of trade receivables, based on the invoice date, is as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
0 to 30 days	17,775	27,122
31 to 60 days	2,075	-
61 to 90 days	551	-
	20,401	27,122

14. LOANS RECEIVABLES

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Loans receivables	349,850	313,350

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

14. LOANS RECEIVABLES (continued)

The aging analysis of loans receivables, based on the loan agreement date is as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
0 to 30 days	56,000	6,000
31 to 60 days	16,000	41,000
61 to 90 days	13,000	8,000
Over 91 days	264,850	258,350
	349,850	313,350

The fixed-rate loans receivables of approximately HK\$349,850,000 under the Group's loan financing services operation as at 30 June 2018 (31 December 2017: HK\$313,350,000) represent loans advanced to 31 independent third parties (31 December 2017: 28). The interest rates for the loans receivables were ranging from 10% to 14% (31 December 2017: 8% to 14%) per annum.

The loans made available to customers depend on management's assessment of credit risk on the customers by evaluation on background check and repayment abilities. The Group determines the allowance of impaired debts based on the evaluation of collectability and aged analysis of accounts and on the management's judgment, including assessment of change of credit quality and the past collection history of each customer. There are no loans receivables which were past due at the end of reporting period and the Directors consider that no impairment was necessary.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018



15. TRADE PAYABLES

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Cash clients	3,765	9,251
Margin clients	15,883	28,841
Clearing houses	1,534	7,843
Trade payables	13,479	8,417
	34,661	54,352

The payables of margin client and cash client are repayable on demand except where certain trade payables to clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

The aging analysis of the trade payables, based on invoice date is as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
0 to 30 days	5,085	4,489
31 to 90 days	7,786	2,792
91 to 180 days	608	1,136
	13,479	8,417

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

16. CONVERTIBLE BONDS

On 19 January 2017, the convertible bonds with the nominal value of HK\$200,000,000 (the “Convertible Bonds”) were issued to China Force Enterprises Inc., a company incorporated in British Virgin Islands and controlled by Ms. Shen Jing, a substantial shareholder and a former director of the Company, who resigned on 19 April 2017.

The Convertible Bonds is convertible to ordinary shares of the Company at any time between the date of issue of the Convertible Bonds and 18 January 2019 (the “Maturity Date”). The Convertible Bonds will be convertible to maximum 701,754,385 ordinary shares of US\$0.005 each per HK\$0.285 conversion share.

The Company may at any time prior to the Maturity Date and from time to time redeem the Convertible Bonds at 100% of the outstanding principal amount (in whole or in part) in cash by serving at least 30 Business Days’ prior written notice on the bondholder with the total amount proposed to be redeemed from the bondholder specified therein. If the bondholder issues a conversion notice on the same date as the Company issues an early redemption notice, the Company shall have the right to elect whether the early redemption notice or the conversion notice prevails.

If the Convertible Bonds have not been converted, they will be redeemed at par on the Maturity Date. Interest of 2 per cent per annum will be paid quarterly up until the Maturity Date.

All outstanding convertible bonds as at 1 January 2018 were converted to ordinary shares on 3 May 2018.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

16. CONVERTIBLE BONDS (continued)

The movements of the Group's Convertible Bonds during the six months ended 30 June 2018 are as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Balance b/f	112,000	-
Principal value of convertible bonds issued	-	200,000
Convert into the Company's ordinary shares during the period/year	(112,000)	(88,000)
Arrangement fee	-	(901)
Fair value loss on convertible bonds	-	901
Balance c/f	-	112,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

17. SHARE CAPITAL

	Number of ordinary shares (<i>'000</i>)	Amount <i>US\$ '000</i>	Amount <i>HK\$ '000</i>
Authorised:			
At 31 December 2017, 1 January 2018 and 30 June 2018 (US\$0.005 each)	20,000,000	100,000	775,000
Issued and fully paid:			
At 31 December 2017 (US\$0.005 each)	1,174,977	5,875	45,580
Issue of shares on placement	170,000	850	6,630
Issue of shares on conversion of convertible bonds	392,982	1,965	15,287
At 30 June 2018	1,737,959	8,690	67,497

Completion of the share placement took place on 29 March 2018 pursuant to which 170,000,000 placement shares were issued under the placement agreement (the "March Placement") at the placement price of HK\$0.43 per placement share at an aggregate consideration of approximately HK\$70,536,000 (net of issuing expenses of approximately HK\$2,564,000), of which approximately HK\$6,630,000 was credited to share capital and the remaining balance of approximately HK\$63,906,000 was credited to share premium account. Details of the March Placement were set out in the Company's announcement dated 29 March 2018.

During the period ended 30 June 2018, the holder of convertible bonds exercised the conversion right to convert HK\$112,000,000 convertible bonds into 392,982,456 Company's ordinary shares of US\$0.005 each.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018



18. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (31 December 2017: nil).

19. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, and the remuneration paid to the key management personnel, (i.e. the directors of the Company) as disclosed in note 8 to the condensed consolidated financial statements, the Group had no other transactions and balances with its related parties during the period ended 30 June 2018 (six months ended 30 June 2017: Nil).

20. EVENTS AFTER THE REPORTING PERIOD

In July 2018, a wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with JMC Investments Ltd. (Target Company), a company incorporated in Belize with limited liability for the acquisition of the entire issued share capital of the Target Company in which the Target Company is the sole legal and beneficial owner of certain properties.

The Acquisition will further strengthen the Group's position and strength in property investment by enabling the Group to diversify its property investment portfolio and seek subsequent potential buyers or investors. The Acquisition will also help the Group expand its coverage in the South America region.

Details please refer to announcements of the Company dated 25 and 26 July 2018.

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 21 August 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

This represented fair value change on financial assets at fair value through profit or loss, securities brokerage service income, loan interest income, trading and manufacturing of electronic products income and rental income.

SEGMENTAL RESULTS

Securities trading and investment business

The negative revenue generated from the operation in securities trading and investment for the reporting period was approximately HK\$5.30 million (six months ended 30 June 2017: approximately HK\$0.60 million) and its segmental result reflected a loss of approximately HK\$5.58 million (six months ended 30 June 2017: loss of approximately HK\$0.61 million).

Property investment business

Approximately HK\$1.43 million was generated from the Group's property business for the reporting period (six months ended 30 June 2017: approximately HK\$1.19 million) and its segmental result recorded a gain of approximately HK\$0.85 million (six months ended 30 June 2017: gain of approximately HK\$0.66 million).

Loan financing services business

Approximately HK\$20.92 million was generated from the Group's loan financing services business for the reporting period (six months ended 30 June 2017: approximately HK\$14.82 million) and its segmental result recorded a gain of approximately HK\$19.55 million (six months ended 30 June 2017: gain of approximately HK\$10.87 million).

Securities brokerage and provision of securities margin finance business

Approximately HK\$1.24 million was generated from the Group's stock broking business for the reporting period (six months ended 30 June 2017: approximately HK\$1.95 million) and its segmental result suffered a loss of approximately HK\$3.10 million (six months ended 30 June 2017: loss of approximately HK\$1.76 million).



Trading and manufacturing of electronic products

Approximately HK\$67.57 million was generated from the Group's trading and manufacturing of electronic products business for the reporting period (six months ended 30 June 2017: Nil) and its segmental result recorded a gain of approximately HK\$6.69 million (six months ended 30 June 2017: Nil).

Other Income

The Group's other income for the reporting period was reduced to approximately HK\$0.14 million from approximately HK\$0.22 million for the corresponding period in 2017.

Cost of inventories sold

Cost of inventories sold increased by approximately HK\$56.27 million (six months ended 30 June 2017: Nil). The increase was mainly driven by the increase in revenue in the trading and manufacturing of electronic products segment.

Administrative Expenses

The Group's administrative expenses for the reporting period was increased to approximately HK\$16.71 million from approximately HK\$12.71 million in the corresponding period in 2017 which was mainly contributed by staff costs, rental and other general expenses arose from the new subsidiaries joined by the end of 2017.

Share-based payment

Approximately HK\$13.31 million was recorded as share-based payments of the Group for the reporting period regarding the share option scheme granted during the reporting period (30 June 2017: nil).

Finance Costs

The Group's finance costs for the reporting period was increased to HK\$0.77 million from nil in the corresponding period in 2017. This was the interest paid on the convertible bonds.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the Period and Loss Per Share

The Group's loss attributable to owners of the Company for the reporting period was approximately HK\$6.62 million (six months ended 30 June 2017: profit of approximately HK\$5.36 million). It was mainly caused by (i) one-off share-based payment incurred during the period regarding the share option granted in May 2018 amounted to approximately HK\$13.31 million; (ii) increase in administrative expenses including staff costs; rental expenses; depreciation and other expenses of approximately HK\$4 million which mainly caused by newly-joined subsidiaries by end of 2017; (iii) absence of one-off gain on disposal of subsidiaries of approximately HK\$3.19 million compared to period ended 30 June 2017. Basic loss per share of the Group was HK\$0.48 cents per share for the six months ended 30 June 2018 (six months ended 30 June 2017: basic earnings per share HK0.63 cents).

BUSINESS REVIEW

During the period under review, the businesses and operations of the Group were mainly on securities trading and investment business, securities brokerage and provision of securities margin finance business, property investment business, loan financing services business and trading and manufacturing of electronic products.

In March 2018, the Company completed a placement of 170,000,000 new shares with value of HK\$0.43 each with net proceeds of approximately HK\$70.54 million. The March Placement was referred to the announcements dated 8 March 2018 and 29 March 2018 under the General Mandate. After the completion of the 2018 March Placement, the issued share capital of the Company has been further enlarged to 1,344,976,579 shares in total. With the strengthened financial position, the Group will deploy more resources and take appropriate strategy to expand the existing businesses and development of new business. For details, please refer to the announcements of the Company dated 7 March 2018 and 29 March 2018.





MANAGEMENT DISCUSSION AND ANALYSIS

On 3 April 2018, the Group acquired 35% equity interest in Prince William Sound Hotel Management Limited at cash consideration of HK\$30,000,000. Prince William Sound Hotel Management Limited and its subsidiaries are engaged in hotel operation.

In May 2018, 392,982,456 Conversion Shares were issued and allotted to China Force Enterprises Inc. in the principal amount of HK\$112,000,000 at the Conversion Price of HK\$0.285 per Conversion Share pursuant to the terms and conditions of the Convertible Bonds. The Conversion Shares rank *pari passu* with all the existing Shares as at the date of allotment and among themselves in all respects. As a result, China Force Enterprises Inc. has become a substantial Shareholder of the Company and further strengthen the Company's capital. For details, please refer to the announcement of the Company dated 3 May 2018.

In June 2018, the Company entered into the MOU with Guangda Global Capital Management and Mr. Wei (the Vendors), pursuant to which the Company intended to purchase, whether directly or through one of its subsidiaries, and the Vendors intended to sell, 51% of the equity interests of an investment holding company to be established as an offshore company holding 100% of the equity interests of Shenzhen Littlebee (Target Company). The Target Company and Shenzhen Littlebee will be principally engaged in businesses of blockchain technology development and application; development, sales, leasing of computer hardware and software technology; computer system integration; computer and auxiliary equipment sales; database services, database management; computer system analysis and technical services; big data technology development, artificial intelligence technology development, and other related services. The Target Group will form a strategic partnership with Littlebee Technology, a Singapore company whose principal business is the development and application of blockchain technology. For details, please refer to the announcement of the Company dated 1 June 2018.

During the reporting period, the principal businesses continued to develop and grow as planned.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

In the second half of 2018, the global economy is expected to continue to grow slowly. However, the rising trade protectionism will certainly stance challenges to recovery of global economy. At present, the Chinese economy is in an important period of structural adjustment, transformation and upgrade. The government is expected to follow the main principle of “seeking growth while maintaining stability”, maintain the strategic focus while following the main direction of the supply-side structural reform, continuously expand effective demand, strongly rejuvenate the real economy, and prevent and wipe out potential risks. It is believed that China’s macroeconomy will continue to maintain its steady growth in the second half of the year.

The Group will keep on monitoring and analysing government policies and the market trend in an active manner, so as to line up its development and marketing strategies to grasp opportunities.

Moreover, the existing businesses continued to grow and contributing to the group overall performance so the Group will continue to dedicate its efforts to the development of its existing and new businesses and other potential projects with a view to bringing steady and greater returns as well as positive growth for its shareholders.

SUBSEQUENT EVENTS

Share Transaction Acquisition of the Entire Issued Share Capital of JMC Investments Ltd.

In July 2018, a wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with JMC Investments Ltd. (Target Company), a company incorporated in Belize with limited liability for the acquisition of the entire issued share capital of the Target Company in which the Target Company is the sole legal and beneficial owner of the Property.





The Acquisition will further strengthen the Group's position and strength in property investment by enabling the Group to diversify its property investment portfolio and seek subsequent potential buyers or investors. The Acquisition will also help the Group expand its coverage in the South America region.

Details please refer to announcements dated 25 and 26 July 2018.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Group's bank balances and cash was approximately HK\$28.93 million (31 December 2017: approximately HK\$63.79 million), representing a decrease of 54.65%.

As at 30 June 2018, the current ratio (current assets/current liabilities) was 11.43 times (31 December 2017: 7.41 times) and the net current assets amounted to approximately HK\$522.64 million (31 December 2017: approximately HK\$477.47 million).

SHARE OPTION

On 20 December 2016, the Company has granted share options (the "Options") under its share option scheme (the "Share Option Scheme") adopted on 25 May 2012 to certain eligible grantees (the "Grantees"), which, subject to acceptance by the Grantees, will enable the Grantees to subscribe for an aggregate of 58,120,000 ordinary shares of the Company of US\$0.005 each in the share capital of the Company as stated in the announcement of the Company dated 20 December 2016. Among the 58,120,000 Options granted, 29,290,000 Options were exercised and 6,000,000 Options were lapsed. No Option was exercised during the six months ended 30 June 2018 and there were 22,830,000 Options outstanding as at 30 June 2018 under the Share Option Scheme.

On 8 May 2018, the Company has granted the Options under the Share Option Scheme adopted on 25 May 2012 to certain eligible Grantees, which, subject to acceptance by the Grantees, will enable the Grantees to subscribe for an aggregate of 98,800,000 ordinary shares of the Company of US\$0.005 each in the share capital of the Company as stated in the announcement of the Company

MANAGEMENT DISCUSSION AND ANALYSIS

dated 8 May 2018. No Option was exercised and lapsed during the six months ended 30 June 2018 and there were 98,800,000 Options outstanding as at 30 June 2018 under the Share Option Scheme.

CAPITAL STRUCTURE

During the period, the placement exercise in March increased the number of issued shares by 170,000,000. Furthermore, 392,982,456 Conversion Shares were issued and allotted to China Force Enterprises Inc. on 3 May 2018 pursuant to the terms and conditions of the Convertible Bonds. Therefore as at 30 June, 2018, the number of the Company's issued shares was increased to 1,737,959,035 shares.

As at 30 June, 2018, the Group had no outstanding convertible bonds, bank and other borrowings (31 December 2017: HK\$112 million), which resulted in zero gearing ratio (31 December 2017: 23.61%) calculated on the basis of total equity of the Group. As at 30 June 2018, total equity of the Group amounted to approximately HK\$662.70 million (31 December 2017: approximately HK\$474.29 million).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

There has been no significant change in the Group's policy in terms of exchange rate exposure. The Group operates mainly in Hong Kong and the PRC. Most of the transactions are denominated in Hong Kong dollars ("HK\$") and Renminbi ("RMB"). The exchange rate of RMB against HK\$ is relatively stable. Hence, the Group neither anticipates any significant exchange risk exposure nor has a foreign currency hedging policy. However, management of the Group will monitor foreign exposure closely and consider the use of hedging instruments when necessary.



INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend in respect of the six months ended 30 June 2018 (six months ended 30 June 2017: Nil). Accordingly, no closure of register of members of the Company is proposed.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2018, apart from the details as follows, none of the Directors and chief executive has any other interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Long positions in the shares and underlying shares

Ordinary shares of US\$0.005 each of the Company

Name of shareholder	Capacity	Number of ordinary shares held <i>(Note 4)</i>	Approximate percentage of the issued share capital of the Company <i>(Note 1)</i>
Wen Jialong (resigned as an executive director with effect from 1 June 2018)	Interest of spouse <i>(note 2)</i>	392,982,456	22.61%
Wen Wenfeng (resigned as an executive director with effect from 5 February 2018)	Beneficial owner <i>(note 3)</i>	21,700,000	1.25%
Wu Xiaolin	Beneficial owner <i>(note 3)</i>	21,700,000	1.25%
Loke Yu alias Loke Hoi Lam	Beneficial owner <i>(note 3)</i>	1,410,000	0.08%

ADDITIONAL INFORMATION

Name of shareholder	Capacity	Number of ordinary shares held <i>(Note 4)</i>	Approximate percentage of the issued share capital of the Company <i>(Note 1)</i>
Tse Long	Beneficial owner <i>(note 3)</i>	1,410,000	0.08%
Zeng Zhaolin	Beneficial owner <i>(note 3)</i>	1,410,000	0.08%
Lung Chee Ming George	Beneficial owner <i>(note 3)</i>	1,000,000	0.06%
Liu Zhanqing	Beneficial owner <i>(note 3)</i>	1,000,000	0.06%
Wong Man Keung	Beneficial owner <i>(note 3)</i>	13,400,000	0.77%

Notes:

- (1) The percentages were calculated based on the Company's issued share capital 1,737,959,035 shares as at 30 June 2018.
- (2) The 392,982,456 shares are held by, China Force Enterprises Inc., which is wholly owned by Glory Gate International Limited. Glory Gate International Limited is wholly owned by Legit Ability Limited, which in turn is wholly owned by Ms. Shen Jing who is an aunt of Mr. Wu Xiaolin, an executive director of the Company.
- (3) Among which the respective interests in share arise from the share options granted to the respective directors.
- (4) The letters "L" and "S" denote long position and short position in the shares of the Company respectively.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders, other than a Director or chief executive of the Company, had notified the Company of relevant interests and short positions in the shares or underlying



ADDITIONAL INFORMATION

shares or debentures of the Company which would have to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO in the issued share capital of the Company:

Long positions in the shares and underlying shares

Ordinary shares of US\$0.005 each of the Company

Name of shareholder	Capacity	Number of ordinary shares held (Note 4)	Approximate percentage of the issued share capital of the Company (Note 1)
China Force Enterprises Inc.	Beneficial owner (note 2)	392,982,456 (L)	22.61%
Glory Gate International Limited	Interest of a controlled corporation (note 2)	392,982,456 (L)	22.61%
Legit Ability Limited	Interest of a controlled corporation (note 2)	392,982,456 (L)	22.61%
GCL-Poly Energy Holdings Limited	Beneficial owner (note 3)	299,498,421 (L)	17.23%
Chan Chunsui	Beneficial owner	205,081,508 (L)	11.80%

Notes:

- The percentages were calculated based on the Company's issued share capital 1,737,959,035 shares as at 30 June 2018.
- The 392,982,456 shares were held by China Force Enterprises Inc., which was wholly owned by Glory Gate International Limited. Glory Gate International Limited was wholly owned by Legit Ability Limited, which in turn was wholly owned by Ms. Shen Jing who is an aunt of Mr. Wu Xiaolin, an executive director of the Company.
- The 299,498,421 shares were held by GCL-Poly Energy Holdings Limited, which was listed on the Main Board of the Stock Exchange (Stock Code: 3800).
- The letters "L" and "S" denote long position and short position in the shares of the Company respectively.

ADDITIONAL INFORMATION

DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in Directors' information since the date of the Annual Report 2017 are set out below:

- (i) Mr. Wen Wenfeng has resigned as an executive Director and ceased to be a member of the Remuneration Committee and the chairman of the Investment and Management Committee of the Company with effect from 5 February 2018. Mr. Wen Wenfeng remains as other positions of certain subsidiaries of the Company;
- (ii) Mr. Wu Xiaolin has been appointed as a member of the Remuneration Committee and the chairman of the Investment and Management Committee of the Company with effect from 5 February 2018;
- (iii) Mr. Wen Jialong has resigned as the chairman and executive director of the Company with effect from 1 June 2018;
- (iv) Mr. Fan Kaiye has been appointed by the Board as an executive director of the Company with effect from 1 June 2018; and
- (v) Dr. Loke Yu alias Loke Hoi Lam ("Dr. Loke") has been appointed as independent non-executive director of Zhenro Properties Group Limited (Stock code: 6158) with effect from 15 December 2017 and independent non-executive director of TC Orient Lighting Holdings Limited (Stock code: 515) with effect from 6 June 2018. Dr. Loke has resigned as an independent non-executive director of Shenzhou Space Park Group Limited (Stock Code: 692) with effect from 6 August 2018.



COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND LISTING RULES

The Company has complied with the Corporate Governance Code (the “Code”) as contained in Appendix 14 of the Listing Rules, except for deviations from

- (i) Code Provision A.6.7 which stipulates that independent non-executive directors and non-executive directors should attend general meetings. Due to other important business engagements at the relevant time, not all non-executive directors and independent non-executive directors attended the Company’s annual general meeting on 28 May 2018 and special general meeting on 28 April 2018; and
- (ii) Code Provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. Due to other important business engagements at the relevant time, the Chairman did not attend the Company’s annual general meeting on 28 May 2018.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2018.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprise three independent non-executive directors, namely Dr. LOKE Yu alias Loke Hoi Lam, Mr. TSE Long and Mr. ZENG Zhaolin.

ADDITIONAL INFORMATION

The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management. The Audit Committee has reviewed the Group's financial statements for the six months ended 30 June 2018 and discussed the financial related matters with management and external auditor.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any listed securities of the Company.

PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This report will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/lamtex. The interim report of the Company for the six months ended 30 June 2018 will be despatched to the Shareholders and published on the aforesaid websites in due course.

By order of the Board
Lamtex Holdings Limited
Wu Xiaolin
Executive Director

Hong Kong, 21 August 2018

