



CIL HOLDINGS LIMITED

華建控股有限公司

(Incorporated in Bermuda with limited liability)

Stock code : 00479

INTERIM REPORT
2018/19

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CORPORATE INFORMATION

DIRECTORS

Mr. Ke Jun Xiang

(Chairman & Chief Executive Officer)

Mr. Wilson Wong *(Deputy Chairman)*

Ms. Lo Yuen Chung

Mr. Fu Daoding

Mr. Chow Yeung Tuen, Richard*

Mr. Li Chung Kai, Philip*

Mr. Kwok Yam Sheung**

Mr. Chan Siu Kay**

Mr. Choi Chin Yu**

* Non-executive Director

** Independent Non-executive Director

SHARE REGISTERS

Bermuda

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Hong Kong

Tricor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

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COMPANY SECRETARY

Mr. Chiu King Hoi, Anthony

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

DBS Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

Industrial Bank Co. Ltd.

AUDITORS

Graham H. Y. Chan & Co.

Certified Public Accountants (Practising)

Rooms 3719-26, 37/F

Sun Hung Kai Centre

30 Harbour Road

Wanchai, Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Workshop 607, 6/F,

Sun Cheong Industrial Building,

1 Cheung Shun Street

Kowloon, Hong Kong

STOCK CODE

00479

COMPANY WEBSITE

www.cil479.com.hk

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2018

The board of directors (the "Board") of CIL Holdings Limited (the "Company") hereby presents the unaudited consolidated results of the Company and its subsidiaries (herein collectively referred to as the "Group") for the six months ended 31 December 2018 as follows:

		For the six months ended 31 December 2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
	Note		
Revenue:	3		
Sales of goods		65,711	41,478
Interest income from money lending operations		1,483	1,483
Income from concert performance		-	11,016
		<hr/>	<hr/>
Total revenue		67,194	53,977
Cost of sales	8	(65,250)	(49,747)
		<hr/>	<hr/>
Gross profit		1,944	4,230
Other income	4	3,151	3,094
Other gains	5	3,972	-
Fair value losses on investments at fair value through profit or loss, net	8	(14,437)	(332)
Staff costs	6	(9,833)	(14,395)
Depreciation	8	(2,037)	(2,241)
Operating lease expenses	8	(2,458)	(2,467)
Other expenses		(7,271)	(9,887)
Finance costs	7	(5,809)	(5,194)
		<hr/>	<hr/>
Loss before taxation	8	(32,778)	(27,192)
Income tax expenses	9	(29)	-
		<hr/>	<hr/>
Loss for the period from continuing operations		(32,807)	(27,192)
Discontinued operation:			
Loss for the period from discontinued operation		(368)	(735)
		<hr/>	<hr/>
Loss for the period		(33,175)	(27,927)
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2018

	For the six months ended 31 December 2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
<i>Note</i>		
Other comprehensive loss for the period		
Items may be classified subsequently to profit or loss:		
Exchange differences arising from translation to operations outside Hong Kong	<u>(77)</u>	–
Total comprehensive loss for the period	<u>(33,252)</u>	<u>(27,927)</u>
Loss for the period attributable to owners of the Company:		
– continuing operations	(32,446)	(26,525)
– discontinuing operation	<u>(368)</u>	<u>(735)</u>
	<u>(32,814)</u>	<u>(27,260)</u>
Loss for the period attributable to non-controlling interests:		
– continuing operations	<u>(361)</u>	<u>(667)</u>
Total comprehensive loss for the period attributable to Owners of the Company:		
– continuing operations	(32,523)	(26,525)
– discontinuing operation	<u>(368)</u>	<u>(735)</u>
	<u>(32,891)</u>	<u>(27,260)</u>
Total comprehensive loss for the period attributable to non-controlling interests:		
– continuing operations	<u>(361)</u>	<u>(667)</u>
Loss per share for loss attributable to owners of the Company:		
– Basic and diluted:	10	
– continuing operations (in HK cents)	(0.75)	(0.73)
– discontinuing operation (in HK cents)	<u>(0.01)</u>	<u>(0.02)</u>
	<u>(0.76)</u>	<u>(0.75)</u>

Details of interim dividend payable to owners of the Company are set out in note 12.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

		As at	
	31 December		30 June
	2018		2018
	(unaudited)		(audited)
Note	HK\$'000		HK\$'000
Non-current assets			
		9,395	11,451
Property, plant and equipment			
Intangible assets	13	2,000	7,321
Loans receivable	14	-	18,759
Deposit	15	-	20,000
		11,395	57,531
Current assets			
		768	59
Inventories			
Loans receivable	14	32,621	15,247
Prepayments, deposits, interest and other receivables	15	49,119	15,993
Trade receivables	16	44,098	9,597
Investments at fair value through profit or loss	17	18,985	65,967
Tax recoverable		115	34
Pledged fixed deposit		-	900
Bank balances and cash		2,232	8,574
		147,938	116,371
Current liabilities			
		45,448	8,457
Trade payables	18		
Accruals, deposits received and other payables	19	8,767	12,568
Tax payable		71	71
Borrowings, due within one year	20	62,801	75,664
		117,087	96,760
Net current assets		30,851	19,611
Total assets less current liabilities		42,246	77,142

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

		As at	
		31 December	30 June
		2018	2018
		(unaudited)	(audited)
<i>Note</i>		HK\$'000	<i>HK\$'000</i>
Non-current liabilities			
	Borrowings, due after one year	20	<u>20,234</u>
			<u>20,868</u>
Net assets			
		<u>22,012</u>	<u>56,274</u>
Capital and reserves			
	Issued capital	21	43,351
	Reserves		<u>(20,095)</u>
			<u>13,806</u>
Equity attributable to owners of the Company			
		<u>23,256</u>	57,157
	Non-controlling interests		<u>(1,244)</u>
			<u>(883)</u>
Total equity			
		<u>22,012</u>	<u>56,274</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018

	Attributable to owners of the Company								
	Issued capital	Share premium	Capital reserve	Share-based payment reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30 June 2017 and 1 July 2017 (audited)	36,151	375,223	(100)	10,271	-	(307,400)	114,145	310	114,455
Loss for the period	-	-	-	-	-	(27,260)	(27,260)	(667)	(27,927)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(27,260)	(27,260)	(667)	(27,927)
At 31 December 2017 (unaudited)	<u>36,151</u>	<u>375,223</u>	<u>(100)</u>	<u>10,271</u>	<u>-</u>	<u>(334,660)</u>	<u>86,885</u>	<u>(367)</u>	<u>86,528</u>
At 30 June 2018 and 1 July 2018 (audited)	43,351	437,143	(100)	9,584	(48)	(432,773)	57,157	(883)	56,274
Impact of adopting HKFRS 9	-	-	-	-	-	(1,010)	(1,010)	-	(1,010)
Loss for the period	-	-	-	-	-	(32,814)	(32,814)	(361)	(33,175)
Other comprehensive loss for the period	-	-	-	-	(77)	-	(77)	-	(77)
Total comprehensive loss for the period	-	-	-	-	(77)	(32,814)	(32,891)	(361)	(33,252)
At 31 December 2018 (unaudited)	<u>43,351</u>	<u>437,143</u>	<u>(100)</u>	<u>9,584</u>	<u>(125)</u>	<u>(466,597)</u>	<u>23,256</u>	<u>(1,244)</u>	<u>22,012</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2018

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	5,011	(18,789)
Net cash generated from investing activities	6,595	8,180
Net cash (used in)/generated from financing activities	(17,871)	2,218
Net decrease in cash and cash equivalents	(6,265)	(8,391)
8 Cash and cash equivalents at 1 July	8,574	17,559
Effect of foreign exchange rate changes	(77)	–
Cash and cash equivalents at 31 December	<u>2,232</u>	<u>9,168</u>
Represented by:		
Bank balances and cash	<u>2,232</u>	<u>9,168</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

1. CORPORATE INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The principal activity of the Company is investment holding and the subsidiaries of the Company are principally involving in distribution of server storage, multi-media and communication products, money lending, investments in securities, distribution of rice cooker and household electrical appliances, business of entertainment and trading of commodity.

2. BASIS OF PREPARATION AND ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The unaudited condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of financial position for the six months ended 31 December 2018 (collectively, the "Interim Financial Statements") are presented in Hong Kong dollars ("HK\$" or "HKD"), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand except otherwise indicated.

The Interim Financial Statements have been approved for issue by the Board on 28 February 2019 and are prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The accounting policies and methods of computation used in the preparation of Interim Financial Statements are consistent with those adopted in the Group's annual financial statements for the year ended 30 June 2018, except for the adoption of the following new and revised Hong Kong HKFRSs, HKAS and amendments (hereinafter collectively referred to as the "new and revised HKFRSs") which are effective for the financial year beginning on or after 1 July 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

2. BASIS OF PREPARATION AND ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Except for HKFRS 9, adoption of the above amendments to HKASs and HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in the Interim Financial Statements.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 July 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 July 2018.

The following table summarises the impact of transition to HKFRS 9 on accumulated losses and reserves at 1 July 2018.

HK\$’000

Accumulated losses

Recognition of additional loss provision on loan receivables	1,010
Net increase in accumulated losses at 1 July 2018	<u>1,010</u>

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amount received and receivable for goods sold, interest income from money lending operations and income from concert performance.

An analysis of revenue is as follows:

	For the six months ended 31 December	
	2018 (unaudited) HK\$’000	2017 (unaudited) HK\$’000
Sales of goods	65,711	41,478
Interest income from money lending operations	1,483	1,483
Concert ticket sales	–	8,791
Sponsorship income for concert	–	2,225
	<u>67,194</u>	<u>53,977</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the chief operating decision maker ("CODM"). The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments.

The Group has six reportable operating segments and details are as follows:

- (i) distribution of server storage, multi-media and communication products in Hong Kong;
- (ii) distribution of rice cooker and household electrical appliances in the People's Republic of China (the "PRC");
- (iii) money lending segment engages primarily in money lending operations in Hong Kong;
- (iv) investments in securities segment engages primarily in the purchase and sale of securities and the holding of equity investments primarily for dividend income and capital appreciation;
- (v) entertainment segment engages primarily in organisation of concerts in Hong Kong and Macau; and
- (vi) trading of commodity in PRC.

During the period ended 31 December 2018, the Group commenced a new business of trading of commodity. No corresponding segment information was disclosed for prior period ended 31 December 2017.

During the period ended 31 December 2018, the Group had disposed the distribution rights in sports car and therefore, the Group's distribution of sports car segment is classified as discontinued operation.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment revenue represents the revenue generated by each operating segment. Segment results represent the profit earned by each operating segment without allocation of central administration expenses (unallocated corporate expenses), interest income, unallocated finance costs, and income tax expenses. This is the measure reported to CODM for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

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

- all assets are allocated to reportable segments other than unallocated corporate assets; and
- all liabilities are allocated to reportable segments other than current tax liabilities and unallocated corporate liabilities.

Segment revenue and results

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

	Segment revenue		Segment results	
	For the six months ended 31 December		For the six months ended 31 December	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations:				
Distribution of:				
- server storage, multi-media and communication products	10,538	41,478	(1,846)	(4,944)
- rice cooker and household electrical appliances	4,520	-	(53)	-
Trading of commodity	50,653	-	150	-
Money lending	1,483	1,483	1,870	1,011
Investment in securities	-	-	(16,193)	(2,795)
Entertainment	-	11,016	174	200
	<u>67,194</u>	<u>53,977</u>	<u>(15,898)</u>	<u>(6,528)</u>
Total segment revenue/results from continuing operations	67,194	53,977	(15,898)	(6,528)
Discontinued operation:				
Distribution of sports car	-	-	(368)	(735)
	<u>-</u>	<u>-</u>	<u>(368)</u>	<u>(735)</u>
Total segment revenue/results from continuing and discontinued operations	<u>67,194</u>	<u>53,977</u>	<u>(16,266)</u>	<u>(7,263)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Reconciliation of segment results to consolidated loss before taxation

	For the six months ended 31 December 2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Total segment results	(16,266)	(7,263)
Interest income	2,235	3,036
Other gains	3,729	–
Unallocated finance costs	(4,731)	(3,916)
Unallocated depreciation	(2,011)	(1,955)
Unallocated staff costs	(8,514)	(10,880)
Unallocated corporate expenses	(7,588)	(6,949)
	<u>(33,146)</u>	<u>(27,927)</u>
Consolidated loss before tax	<u>(33,146)</u>	<u>(27,927)</u>

Segment assets and liabilities

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

	31 December 2018 (unaudited) HK\$'000	30 June 2018 (audited) HK\$'000
Segment assets		
Distribution of:		
– server storage, multi-media and communication products	5,258	13,179
– rice cooker and household electrical appliances	22,776	23,664
– sports car	–	9,392
Trading of commodity	42,891	–
Money lending	17,610	18,845
Investment in securities	29,010	71,162
Entertainment	252	58
	<u>117,797</u>	<u>136,300</u>
Total segment assets	117,797	136,300
Tax recoverable	115	34
Unallocated corporate assets	41,421	37,568
	<u>159,333</u>	<u>173,902</u>
Total assets	<u>159,333</u>	<u>173,902</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

	31 December 2018 (unaudited) HK\$'000	30 June 2018 (audited) HK\$'000
Segment liabilities		
Distribution of:		
– server storage, multi-media and communication products	10,325	15,937
– rice cooker and household electrical appliances	14	1,458
– sports car	–	10
Trading of commodity	40,214	–
Money lending	12	36
Investment in securities	9,580	26,974
Entertainment	70	10
	<hr/>	<hr/>
Total segment liabilities	60,215	44,425
Tax payable	71	71
Unallocated corporate liabilities	77,035	73,132
	<hr/>	<hr/>
Total liabilities	137,321	117,628

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

	Depreciation and amortisation		Fair value losses on investments of fair value through profit or loss, net				Finance costs		Capital expenditures	
	For the six months ended 31 December		For the six months ended 31 December				For the six months ended 31 December		For the six months ended 31 December	
	2018	2017	2018	2017	2018	2017	2018	2017		
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Continued operations:										
Distribution of:										
- server storage, multi-media and communication products	26	275	-	-	344	340	-	6		
- rice cooker and household electrical appliances	-	-	-	-	-	-	-	-		
Money lending	-	11	-	-	-	-	-	-		
Investment in securities	-	-	14,437	(332)	734	938	-	-		
Unallocated	2,011	1,955	-	-	4,731	3,916	8	45		
	2,037	2,241	14,437	(332)	5,809	5,194	8	51		
Discontinued operation:										
Distribution of sport car	368	735	-	-	-	-	-	-		
Total	2,405	2,976	14,437	(332)	5,809	5,194	8	51		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from each of the following single external customers for the six months ended 31 December 2018 and 2017 accounted for more than 10% of the total revenue of the Group are as follows:

	For the six months ended 31 December	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Customer A	N/A*	18,115
Customer B	N/A*	2,865
Customer C	N/A*	13,025
Customer D	40,377	–
Customer E	10,275	–
Customer F	8,172	–
	<u>8,172</u>	<u>–</u>

* The corresponding revenue did not contribute over 10% of the total revenue of the Group from continuing and discontinued operations for that period.

Sales to the above customers are included in the segment of distribution of server storage, multi-media and communication products, and trading of commodity.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in Hong Kong and other parts of the PRC. Most of the segments are carried in Hong Kong and other parts of the PRC. The geographical location of customers is based on the location of the customers, irrespective of the origin of the goods or service. The geographical location of the non-current assets other than loans receivable is based on the physical location of the asset, in the case of property, plant and equipment and intangible assets, and the location of the operation to which they are allocated, in the case of deposit. The Group's revenue by geographical location of the customers and information about its non-current assets by geographical location of the assets are set out below:

	Revenue from external Customers from continuing and discontinued operations for the six months ended 31 December		Non-current assets (note) as at	
	2018	2017	31 December 2018	30 June 2018
	(unaudited)	(unaudited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong and other parts of the PRC (place of domicile)	67,194	48,876	11,395	38,772
Elsewhere	-	5,101	-	-
	<u>67,194</u>	<u>53,977</u>	<u>11,395</u>	<u>38,772</u>

Note: Non-current assets exclude loans receivable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

4. OTHER INCOME

	For the six months ended 31 December	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest income derived from:		
– bank deposits	12	64
– other loan receivable	2,223	2,972
	2,235	3,036
Others	916	58
	3,151	3,094

5. OTHER GAINS

	For the six months ended 31 December	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Gains arising from written back of:		
– other receivable	250	–
– provision for impairment loss on other receivable	3,000	–
– provision for impairment loss on intangible asset	547	–
Gain on disposal of property, plant and equipment	175	–
	3,972	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

6. STAFF COSTS

	For the six months ended 31 December	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Directors' emoluments	6,194	7,339
Other staff costs:		
Salaries, commission, bonus and other benefits	3,552	6,946
Retirement benefits scheme contributions	87	110
	<hr/>	<hr/>
Total staff costs including directors' emoluments	9,833	14,395
	<hr/> <hr/>	<hr/> <hr/>

7. FINANCE COSTS

	For the six months ended 31 December	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on other bank loans, bills and overdrafts	-	192
Discounting charge on factoring loans	76	146
Margin loan interest expenses	734	939
Other loan interest expenses	4,333	3,252
Bond interest expenses	666	665
	<hr/>	<hr/>
	5,809	5,194
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

8. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

Loss for the period from continuing operations has been arrived at after charging the following:

	For the six months ended 31 December	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Fair value losses on investments at fair value through profit or loss:		
– realised losses, net	10,328	189
– unrealised losses from investments at fair value through profit or loss, net	4,109	143
	14,437	332
Cost of sales:		
– cost of inventories recognised as expenses in cost of sales	14,765	40,543
– cost of services recognised as expenses in cost of sales	50,485	–
– cost of services rendered for concerts	–	9,204
	65,250	49,747
Depreciation	2,037	2,241
Operating lease rentals in respect of land and buildings	2,458	2,467
Auditors' remuneration in respect of non-audit services	311	412
Legal, professional and consultancy expenses	992	643

9. INCOME TAX EXPENSES

Hong Kong profits tax was calculated at 16.5% of the estimated assessable profits in Hong Kong for the six months ended 31 December 2018. No provision for Hong Kong profits tax was made for the six months ended 31 December 2017 as the Group did not have assessable profits in Hong Kong for the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

10. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 31 December 2018 is based on the Group's total comprehensive loss attributable to owners of the Company of approximately HK\$32,891,000 (2017: HK\$27,260,000) and on 4,335,145,846 (2017: 3,615,145,846) shares in issue during the period.

Basic and diluted loss per share for the both periods ended 31 December 2018 and 2017 were the same as the outstanding share options of the Company have no diluted effect due to the fact that the average market price of ordinary shares during that periods did not exceed the exercise price of the share options.

11. DISCONTINUED OPERATION

On 26 September 2018, the Group and a purchaser entered into a transfer agreement, pursuant to which the Group agreed to dispose and transfer its distribution rights in sports car to a purchaser at a consideration of approximately HK\$5,500,000. Accordingly, the results of distribution of sports car segment together with the comparative figures have been re-presented as loss for the period from discontinued operation in the consolidated statement of profit or loss and other comprehensive income. Details are set out below.

	For the six months ended 31 December	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue	-	-
Cost of goods sold	-	-
	<hr/>	<hr/>
Gross profit	-	-
Amortisation	(368)	(735)
Other operating expenses	-	-
	<hr/>	<hr/>
Loss before taxation	(368)	(735)
Income tax expenses	-	-
	<hr/>	<hr/>
Loss for the period from discontinued operation, attributable to owners of the Company	<u>(368)</u>	<u>(735)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

12. INTERIM DIVIDENDS

No interim dividend was paid or proposed for the six months ended 31 December 2018 (2017: nil), nor has any dividend been proposed since the end of the reporting period.

13. INTANGIBLE ASSETS

	Distribution rights in sports car <i>HK\$'000</i> <i>(note (i))</i>	Money lender licence <i>HK\$'000</i> <i>(note (ii))</i>	Total <i>HK\$'000</i>
Cost			
At 30 June 2018 and 1 July 2018 (audited)	25,000	2,000	27,000
Disposal	<u>(25,000)</u>	<u>–</u>	<u>(25,000)</u>
At 31 December 2018 (unaudited)	<u>–</u>	<u>2,000</u>	<u>2,000</u>
Accumulated amortisation and impairment			
At 1 July 2017 (audited)	14,100	–	14,100
Charge for the year	1,470	–	1,470
Impairment loss for the year	<u>4,109</u>	<u>–</u>	<u>4,109</u>
At 30 June 2018 and 1 July 2018 (audited)	19,679	–	19,679
Charge for the period	368	–	368
Eliminated upon disposal	<u>(20,047)</u>	<u>–</u>	<u>(20,047)</u>
At 31 December 2018 (unaudited)	<u>–</u>	<u>–</u>	<u>–</u>
Carrying amount			
At 31 December 2018 (unaudited)	<u>–</u>	<u>2,000</u>	<u>2,000</u>
At 30 June 2018 (audited)	<u>5,321</u>	<u>2,000</u>	<u>7,321</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

13. INTANGIBLE ASSETS (Continued)

Note:

- (i) On 5 November 2014, the Company signed a distribution agreement with a supplier, pursuant to which, the Company was appointed as an authorised distributor and granted the rights of distribution, marketing and service of sports car "Gumpert Apollo" for 10 years at a consideration of HK\$25,000,000. The distribution rights have finite useful lives and are amortised on a straight-line basis over 10 years. On 26 September 2018, the Group and a purchaser entered into a transfer agreement, pursuant to which the Group agreed to dispose and transfer its distribution rights in sports car to a purchaser at a consideration of approximately HK\$5,500,000.
- (ii) Money lender licence (the "Licence") is treated as having an indefinite useful life as, in the opinion of the directors of the Company, the Group expected that the money lending business could contribute net cash inflows to the Group indefinitely after acquiring the Licence. Accordingly, the Licence would not be amortised but would be tested for impairment annually and whenever there is an indication that it may be impaired.

14. LOANS RECEIVABLE

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		As at	
		31 December	30 June
		2018	2018
		(unaudited)	(audited)
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Loans receivable arising from			
money lending business	(a)	24,605	24,247
Other loan receivable	(b)	18,026	18,759
Less: Loss allowance		(10,010)	(9,000)
		32,621	34,006
Less: amount classified as			
current assets		(32,621)	(15,247)
Amount classified as non-current assets		-	18,759

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

14. LOANS RECEIVABLE (Continued)

Note:

- (a) The loans receivable arising from the money lending business of the Group carry fixed contractual interest rate ranging from 15% to 25% (30 June 2018: 15% to 20%) per annum. Effective interest rates of these loans receivable ranged from 16% to 25% (30 June 2018: 16% to 26%) per annum. The granting of these loans has been approved and monitored by the Company's executive directors in charge of the Group's money lending business. Overdue balances are reviewed regularly by senior management. As at 31 December 2018 and 30 June 2018, the Group did not hold any collateral or any credit enhancements over these loans receivable.

As at 31 December 2018, loans receivable arising from the money lending business of the Group amounted to approximately HK\$15,137,000 (30 June 2018: HK\$15,125,000) were neither past due nor impaired and related to a number of borrowers for whom there was no recent history of default, or the default had been rectified during the period/year.

- (b) Pursuant to a loan agreement entered between the Company and 廣州市水立坊公共浴室有限公司 ("ShuiLiFang") on 26 September 2014, the Company agreed to grant a loan in the principal amount of RMB21,000,000 ("ShuiLiFang Loan"). As at 31 December 2018, the outstanding balance of approximately RMB15,661,000 (30 June 2018: RMB15,661,000) was equivalent to approximately HK\$18,026,000 (30 June 2018: HK\$18,759,000). ShuiLiFang loan carries fixed interest rate of 25% per annum with original tenure of 5 years to 25 September 2019. Interest on the outstanding principal is payable half yearly. ShuiLiFang Loan is secured by a corporate guarantee granted by an independent third party and personal guarantees executed by individual shareholders of ShuiLiFang. There is no collateral or other credit enhancement over the balance.

The aggregate outstanding balance of ShuiLiFang Loan and its interest receivable at 31 December 2018 and 30 June 2018 is as follows:

	As at	
	31 December	30 June
	2018	2018
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Loan receivable	18,026	18,759
Interest receivable	3,469	1,246
	21,495	20,005

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

15. PREPAYMENTS, DEPOSITS, INTEREST AND OTHER RECEIVABLES

		As at	
		31 December	30 June
		2018	2018
		(unaudited)	(audited)
<i>Note</i>		HK\$'000	HK\$'000
		1,914	2,475
Rental deposits			
Deposit paid to secure an agency agreement	(a)	20,000	20,000
Purchase deposits		4,293	5,583
Refundable deposit previously paid for proposed acquisition	(b)	3,000	5,000
Other loan interest receivable (note 14(b))		3,469	1,246
Expenses recoverable	(c)	-	4,635
Proceeds receivable from disposal of trading securities		10,000	5,161
Proceeds receivable from disposal of intangible asset		5,500	-
Others		2,943	1,528
		51,119	45,628
Less: loss allowance	(b)(c)	(2,000)	(9,635)
		49,119	35,993
Less: amounts classified as current assets		(49,119)	(15,993)
Amounts classified as non-current assets		-	20,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

**15. PREPAYMENTS, DEPOSITS, INTEREST AND OTHER RECEIVABLES
(Continued)**

Movement in the loss allowance:

	As at	
	31 December	30 June
	2018	2018
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Balance at beginning of the period/year	9,635	–
Loss allowance recognised during the period/year	–	9,635
Write-back of loss allowance loss recognised in prior year	(7,635)	–
	2,000	9,635

Note:

- (a) As at 31 December 2018, the amount represented a deposit of HK\$20,000,000 (30 June 2018: HK\$20,000,000) which was placed by the Company to secure an agency agreement entered into between the Company and a supplier on 18 November 2013 for an initial term of 3 years commencing from the date of signing of the agency agreement, which was extended for another 3 years by the first supplemental agreement dated 16 November 2016 with other terms unchanged. Pursuant to the agency agreement and the second supplemental agreement, the Company or its subsidiaries were allowed by a supplier to distribute the supplier's rice cookers and household electrical appliances in the regions including the PRC, Southeast Asia, the Middle East, Africa and South America. The security deposit could be refunded in full without interest to the Company after the termination of the agency agreement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

15. PREPAYMENTS, DEPOSITS, INTEREST AND OTHER RECEIVABLES (Continued)

Note: (Continued)

- (b) On 20 November 2017, the Company and a vendor entered into a memorandum of understanding ("MOU"), which has been supplemented by several supplemental MOUs, pursuant to which the Company intended to acquire the entire share capital of a target company which is involved in hotel operation in the PRC, for the consideration of RMB100,000,000 and the Company agreed to pay the vendor an initial refundable deposit of HK\$5,000,000 within five business days from the date of MOU. On 31 May 2018, the Company and the vendor entered into a termination agreement to terminate the MOU and its supplemental MOUs and the initial refundable deposit of HK\$5,000,000 was agreed to refund to the Company 60 days after the date of termination agreement without interest.

Impairment loss for the deposit had been provided in full as at 30 June 2018. On 1 November 2018, the Company and the vendor reached a settlement agreement pursuant to which the vendor agrees to pay a sum of HK\$3,000,000 to the Company and the Company will waive the outstanding amount against the vendor. Considering the recoverability of the amount, HK\$3,000,000 of the impairment loss was written back for the period ended 31 December 2018. The Group does not hold any collateral over the balance.

- (c) Pursuant to an agreement for concert performance entered between the Group and an agent (the "Agent"), the Group is entitled to receive a portion of production costs from the Agent. The receivable amount was HK\$4,635,000 and impairment loss had been made in full as at as at 30 June 2018. On 12 December 2018, the Group and the Agent entered into a Settlement Deed ("Settlement Deed") and agreed to fully and finally settle all matters arising out of and in connection with the High Court Action in accordance with the terms and conditions. In view of the recoverability, impairment loss provided previously was reversed for the period ended 31 December 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

16. TRADE RECEIVABLES

	As at	
	31 December	30 June
	2018	2018
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Trade receivables	44,098	9,597

The Group's trading terms with its customers are mainly on open account terms, except for new customers, where payment in advance is normally required. Certain trade receivables were transferred to a financial institution under a non-recourse factoring agreement. The credit period is generally for a period of up to 105 days (30 June 2018: 105 days). The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. Overdue balances are regularly reviewed by senior management. Trade receivables are non-interest-bearing and their carrying amounts approximate to their fair values.

The following is an ageing analysis of trade receivables, based on invoice date, at the end of the reporting period:

	As at	
	31 December	30 June
	2018	2018
	(unaudited)	(audited)
	HK\$'000	HK\$'000
0 – 30 days	40,378	7,848
31 – 60 days	850	1,723
Over 60 days	2,870	26
	44,098	9,597

Most of the trade receivables are neither past due nor impaired and have good repayment history in prior years. Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$1,224,000 (30 June 2018: HK\$38,000) which were past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

16. TRADE RECEIVABLES (Continued)

An ageing analysis of trade receivables which were past due but not impaired, based on past due date, is as follows:

	As at	
	31 December	30 June
	2018	2018
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Less than 1 month past due	1,224	38
1 to 3 months past due	-	-
	<u>1,224</u>	<u>38</u>

The trade receivables that were past due but not impaired related to customers that have good track records with the Group. 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 still considered fully recoverable. A substantial amount of which has been received after the end of the reporting period.

At 31 December 2018, trade receivables with an aggregate carrying amount of HK\$6,000 (30 June 2018: HK\$2,784,000) had been charged to secure the general banking facilities of the Company.

17. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	31 December	30 June
	2018	2018
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Held-for-trading equity investments at fair value, listed in Hong Kong	<u>18,985</u>	<u>65,967</u>

As at 31 December 2018 and 30 June 2018, the listed equity investments were held for trading and were classified as financial assets at fair value through profit or loss. The fair values of the listed equity investments listed in Hong Kong were determined by quoted bid prices in an active market. The financial performance of investments at fair value through profit or loss are set out in note 8 above.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

17. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

	Number of shares held as at		Percentage of shareholding as at		Fair value as at		Percentage to the Group's total assets as at	
	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
			%	%	HK\$'000	HK\$'000	%	%
Sparkle Roll Group Limited (stock code: 970)	-	109,900,000	-	2.224	-	42,312	-	24.3
LT Commercial Real Estate Limited (stock code: 112)	-	2,056,000	-	0.607	-	9,108	-	5.2
Yi Hua Holdings Limited (stock code: 2213)	-	157,000	-	0.016	-	154	-	0.1
Hong Wei (Asia) Holdings Company Limited (stock code: 8191)	-	14,128,000	-	1.697	-	4,309	-	2.5
China Polymetallic Mining Limited (stock code: 2133)	-	4,827,000	-	0.135	-	463	-	0.3
China Gas Holdings Limited (stock code: 384)	-	108,000	-	0.002	-	3,407	-	2.0
CCT Land Holdings Limited (stock code: 261)	1,144,480,000	601,360,000	0.085	0.448	11,445	6,014	7.2	3.5
Others					7,540	200		
					18,985	65,967		

At 31 December 2018, the Group's listed equity investments with aggregate carrying amount of HK\$18,985,000 (30 June 2018: HK\$65,967,000) were pledged to securities brokerage firms to secure the margin financing facilities granted to the Group. Details are set out in note 23.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

18. TRADE PAYABLES

All of the trade payables are expected to be settled within one year. An ageing analysis, based on invoice date, is as follows:

	As at	
	31 December	30 June
	2018	2018
	(unaudited)	(audited)
	HK\$'000	HK\$'000
0 – 30 days	42,355	8,429
31 – 60 days	917	–
Over 60 days	2,176	28
	45,448	8,457

19. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	As at	
	31 December	30 June
	2018	2018
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Staff costs payable	2,552	2,102
Due to a director	359	–
Payables for the purchase of trading securities	–	6,707
Deferred revenue	–	1,436
Interest payable	2,700	–
Others	3,156	2,323
	8,767	12,568

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

20. BORROWINGS

		As at	
		31 December	30 June
		2018	2018
		(unaudited)	(audited)
	<i>Note</i>	HK\$'000	HK\$'000
Bank borrowings:			
Factoring loans, secured	(a)	3	2,511
Margin loans, secured	(b)	9,580	20,251
Other loans	(c)	53,218	52,902
Bonds, unsecured	(d)	20,234	20,868
		83,035	96,532
Less: amount classified as current liabilities		(62,801)	(75,664)
Amount classified as non-current liabilities		20,234	20,868
Analysed as:			
Secured and guaranteed		4,438	6,946
Secured but unguaranteed		28,680	39,351
Unsecured but guaranteed		29,683	29,367
Unsecured and unguaranteed		20,234	20,868
		83,035	96,532

All the bank borrowings, margin loan payable and other loans are repayable either on demand or within a period of not exceeding one year. The bonds, based on the maturity terms, are repayable:

		As at	
		31 December	30 June
		2018	2018
		(unaudited)	(audited)
		HK\$'000	HK\$'000
More than one year but not exceeding five years		20,234	20,868

Except for the bank borrowings which were denominated in USD, all other borrowings were denominated in HKD at 31 December 2018 and 30 June 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

20. BORROWINGS (Continued)

Note:

(a) Bank borrowings, secured

Factoring loans are variable-rate borrowings which carry interest at 1% below standard bill rates quoted by bank. As at 31 December 2018, the factoring loans carried effective interest rate of 5.19% (30 June 2018: 4.8%) per annum, and were secured by trade receivables amounting to approximately HK\$6,000 (30 June 2018: HK\$2,784,000) (note 16). In addition, all bank borrowings are also secured by a corporate guarantee executed by the Company. As at 30 June 2018, they were also secured by a fixed deposit placed by the Company.

(b) Margin loans, secured

Margin loans are variable-rate borrowings with effective interest rates ranging from 7.3% to 8.3% (30 June 2018: 7.3% to 8.3%) and are secured by the Group's listed equity investments with aggregate carrying amounts of approximately HK\$18,985,000 (30 June 2018: HK\$56,859,000).

(c) Other loans

As at 31 December 2018, other loans of approximately HK\$19,100,000 (30 June 2018: HK\$19,100,000) were fixed-rate borrowings with effective interest rates of 19.3% (30 June 2018: 20%) per annum and had original terms of 12 months (30 June 2018: 6 months). They were secured by 417,380,000 shares of the Company, of which 324,380,000 shares were held by Mr. Ke Jun Xiang, the Chairman and executive director of the Company, and 93,000,000 shares were held by Mr. Wilson Wong, the Deputy Chairman and executive director of the Company.

As at 31 December 2018, other loans of approximately HK\$29,683,000 (30 June 2018: HK\$29,367,000) were fixed-rate borrowings with effective interest rates ranging from 15.3% to 20.9% (30 June 2018: 15.4% to 21.5%) per annum and had original terms of 12 months (30 June 2018: 12 months). They were secured by personal guarantees executed by Mr. Ke Jun Xiang.

As at 31 December 2018, other loans of approximately HK\$4,435,000 (30 June 2018: HK\$4,435,000) were fixed-rate borrowings with effective interest rates of 12% (30 June 2018: 12%) per annum and had no fixed date of repayment. They were secured by the Group's yacht and corporate guarantee executed by a subsidiary of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

20. BORROWINGS (Continued)

Note: (Continued)

(d) Bonds, unsecured

Details of bonds are as follows:

	Maturity year	Principal HK\$'000	As at	
			31 December 2018 (unaudited) HK\$'000	30 June 2018 (audited) HK\$'000
7-year 7% coupon straight bonds	2021	10,000	10,202	10,546
8-year 6% coupon straight bonds	2022	10,000	10,032	10,322
		<u>20,000</u>	<u>20,234</u>	<u>20,868</u>

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21. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each		Nominal value	
	31 December 2018 (unaudited) '000	30 June 2018 (audited) '000	31 December 2018 (unaudited) HK\$'000	30 June 2018 (audited) HK\$'000
Authorised	<u>60,000,000</u>	<u>60,000,000</u>	<u>600,000</u>	<u>600,000</u>
Issued and fully paid:				
At beginning of period/year	4,335,146	3,615,146	43,351	36,151
Issue of new shares for cash (note)	<u>-</u>	<u>720,000</u>	<u>-</u>	<u>7,200</u>
At end of period/year	<u>4,335,146</u>	<u>4,335,146</u>	<u>43,351</u>	<u>43,351</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

21. SHARE CAPITAL (Continued)

Note:

During the period ended 31 December 2018, the Company had not issued any shares.

On 22 December 2017 (after trading hours), the Company and a placing agent entered into a placing agreement to place, on a best effort basis, up to 720,000,000 placing shares of HK\$0.10 per placing share. On 12 January 2018, a total of 720,000,000 placing shares was successfully placed and completed. Share issued expenses amounting to approximately HK\$2,880,000 had been credited against share premium account. The new shares rank pari passu with the existing shares in all respect.

22. OPERATING LEASE COMMITMENTS

Minimum lease payments paid under operating leases in respect of land and buildings excluding director's quarter during the period amounted to approximately HK\$2,458,000 (2017: HK\$883,000).

At the end of the reporting period, the Group had commitments for future minimum lease under non-cancellable operating leases in respect of land and buildings including director's quarter which fall due as follows:

	As at	
	31 December	30 June
	2018	2018
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Not later than one year	2,103	4,080
Later than one year and not later than five years	856	720
	2,959	4,800

Operating lease payment represents rentals payable by the Group for certain of its office premises and director's quarter with remaining lease terms of between 5 to 24 months (30 June 2018: 3 to 24 months) and rentals are fixed throughout the lease periods. The Group does not have an option to purchase the leased assets at the expiry of the lease periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

23. PLEDGE OF ASSETS

As at 31 December 2018, the banking facilities of the Group were secured by the fixed charge over trade receivables of the Group with an aggregate carrying amount of HK\$6,000 (30 June 2018: HK\$2,784,000) and a corporate guarantee executed by the Company. As at 30 June 2018, they were also secured by a fixed deposit of the Company amounting to approximately HK\$900,000.

As at 31 December 2018, the Group's margin loans were secured by the Group's listed equity investments with aggregate carrying amount of approximately HK\$18,985,000 (30 June 2018: HK\$56,859,000).

As at 31 December 2018, the Group's other loans amounting to approximately HK\$4,435,000 (30 June 2018: HK\$4,435,000) were secured by the Group's yacht with carrying amount of approximately HK\$4,356,000 (30 June 2018: 5,445,000) and corporate guarantee executed by a subsidiary of the Company.

24. MATERIAL TRANSACTIONS WITH RELATED PARTIES AND CONNECTED PERSONS

(a) Key management personnel remuneration

The remuneration of key management personnel of the Group during the period was as follows:

	For the six months ended 31 December	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Short term employee benefits	7,620	8,827
Post-employment benefits	62	62
	7,682	8,889

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

24. MATERIAL TRANSACTIONS WITH RELATED PARTIES AND CONNECTED PERSONS (Continued)

(b) Transactions with directors of the Company

During the period, the Group entered into the following material transactions with directors of the Company:

	For the six months ended 31 December	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Advancement from Ms. Lo Yuen Chung*	493	–
Repayment to Ms. Lo Yuen Chung	(134)	–
Outstanding principal amount of the Group's other loans which are secured by:		
– personal guarantees executed by		
Mr. Ke Jun Xiang	30,000	20,000
– the Company's shares held by Mr. Ke Jun Xiang and Mr. Wilson Wong	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

* Amount due to Ms. Lo Yuen Chung was interest-free, unsecured and had no fixed terms of repayment

(c) Applicability of the Listing Rules relating to connected person transactions

The transactions set out in note (b) above are exempted connected transactions as they are conducted on terms favourable than normal commercial terms, and advancement, loans or guarantees are not secured by the assets of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

25. EVENT AFTER THE END OF THE REPORTING PERIOD

The Company entered into a lease agreement with a lessor on 14 January 2019, pursuant to which the lessor has conditionally agreed to lease to the Company and the Company has conditionally agreed to lease properties from the lessor through an indirect wholly-owned subsidiary of the Company. The transaction contemplated under the lease agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and the shareholders' approval requirements under the Listing Rules. Details are set out in the Company's announcements dated 14 January 2019 and 1 February 2019 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results

Comparing to the corresponding period of last financial year, the Group's total consolidated revenue increased by 24.49% to approximately HK\$67,194,000 during the six months ended 31 December 2018 (2017: HK\$53,977,000).

The overall increase was mainly due to commencement of a new business in trading of commodity in the period which contributed approximately HK\$50,653,000, or 75.38% to the total. Revenue from the Group's core business of distribution of server storage, multi-media and communication products had shrunk to approximately HK\$10,538,000 (2017: HK\$41,478,000) and accounted for only 15.68% (2017: 76.84%) of the total revenue.

Sales of goods also included approximately HK\$4,520,000, or 6.73% of the total revenue from distribution of rice cookers and household electrical appliances (2017: Nil).

Income generated from money lending operation amounted to approximately HK\$1,483,000 (2017: HK\$1,483,000) and accounted for 2.21% (2017: 2.75%) of the total revenue.

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During the period, there was no revenue from the business in entertainment.

Owing to the persistent rise in cost of sales, the Group recorded an overall gross profit of approximately HK\$1,944,000 as compared to approximately HK\$4,230,000 in the corresponding period of last year, representing a decrease of 54.04% as the gross profit ratio had declined to 2.89% (2017: 7.84%).

The Group earned other income of approximately HK\$3,151,000 (2017: HK\$3,094,000) which mainly comprised interest income deriving from bank deposits and other loan receivable as well as dividend income from held-for-trading investments.

For the period, there were gains of approximately HK\$3,972,000 (2017: Nil) arising from written back of provisions and profit on disposal of property, plant and equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group continued to engage in investment in listed securities in Hong Kong. A net loss of approximately HK\$14,437,000 was recorded due to the volatility of the stock market (2017: HK\$332,000).

Staff costs for the period decreased to approximately HK\$9,833,000 (2017: HK\$14,395,000). Other expenses amounted to approximately HK\$7,271,000 (2017: HK\$9,887,000). Finance costs, incurred for interest expenses on bank borrowings, margin loan, bonds and other loans, was approximately HK\$5,809,000 (2017: HK\$5,194,000).

As a result of drop in operation performance, the Group recorded a total comprehensive loss attributable to owners of the Company of approximately HK\$32,891,000 for the six months ended 31 December 2018 (2017: HK\$27,260,000). Basic and diluted loss per share for the period was 0.76 HK cents (2017: 0.75 HK cents).

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Business review

Distribution of server storage, multi-media and communication products

During the reporting period, competition in the market was intensive and product demand from customers continued to be weak. The tough market condition has posed hard impact on our business. A segment loss of approximately HK\$1,846,000 (2017: HK\$4,944,000) was recorded for the period as a result of sustained thin profit margin.

Despite of the challenges facing us, we strive to reshape our business strategy to overcome the adverse situation and to provide our customers with the best quality of products and services.

Distribution of rick cookers and household electrical appliances

The Company continued to distribute products of this segment in the PRC during the reporting period and incurred a small loss of approximately HK\$53,000 (2017: Nil) in segment results. We are still in the course of identifying a suitable business partner for the distribution business in other regions. The management will monitor the project closely and revise our business strategy to meet the latest market condition when required.

MANAGEMENT DISCUSSION AND ANALYSIS

Money lending

The Group's segment of money lending business has gained approximately HK\$1,870,000 (2017: HK\$1,011,000) during the reporting period. The Group believes that there is a constant demand in the market and is confident that it will continue to contribute positively to the Group's overall results. As the business is capital-driven in nature, the Group will constantly assess the level of resources to be allocated to this business segment with reference to the availability of capital.

Investment in securities

Due to the relatively volatile market condition, the Group suffered a segment loss of approximately HK\$16,193,000 (2017: HK\$2,795,000) in investment of local listed securities.

As the source of finance for this segment is from the idle funds available from time to time, the Group has reduced the portfolio size in the reporting period gradually so as to redeploy financial resources for meeting other operational requirements.

Entertainment

A miscellaneous small gain of approximately HK\$174,000 was gained for this segment (2017: HK\$200,000). Despite that the Group did not organise any musical live show during the reporting period. We are still active in soliciting with various artists and business partners in media production to secure production opportunities.

Trading of commodity

The Group has commenced the business in trading of commodity and recorded a profit of approximately HK\$150,000 in this segment during the reporting period. As this business arena is new to us, we will allocate our financial resources on a prudent basis. Currently, our tradable commodity is confined to industrial metals and may expand to other categories when more experience is obtained from the operation.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and capital resources

As at 31 December 2018, the Group had net assets of approximately HK\$22,012,000 (30 June 2018: HK\$56,274,000), comprising total assets of approximately HK\$159,333,000 (30 June 2018: HK\$173,902,000) and total liabilities of approximately HK\$137,321,000 (30 June 2018: HK\$117,628,000).

Total assets included total non-current assets of approximately HK\$11,395,000 (30 June 2018: HK\$57,531,000) and total current assets of approximately HK\$147,938,000 (30 June 2018: HK\$116,371,000).

Other than depreciation and amortisation charge for the period, decrease in total non-current assets was mainly due to (i) elimination of unamortised distribution rights in sports car of approximately HK\$4,953,000 upon disposal of the business (note 13(i)) and (ii) ShuiLiFang Loan of approximately HK\$18,026,000 (30 June 2018: HK\$18,759,000) (note 14(b)) and the deposit of approximately HK\$20,000,000 (30 June 2018: HK\$20,000,000) for securing an agency agreement (note 15(a)), classified as non-current assets as at last year end, were transferred to current assets in the reporting period as both of them are due for repayment in the current financial year.

In addition to the factor of ShuiLiFang Loan and the deposit for securing an agency agreement, growth in total current assets was also caused by increase of trade receivables to approximately HK\$44,098,000 (30 June 2018: HK\$9,597,000). Meanwhile, balances of the following items had dropped: (i) investments at fair value through profit or loss decreased to approximately HK\$18,985,000 (30 June 2018: HK\$65,967,000) and total amount of pledged fixed deposit as well as bank balances and cash reduced to approximately HK\$2,232,000 (30 June 2018: HK\$9,474,000).

Total liabilities as at 31 December 2018 was approximately HK\$137,321,000 (30 June 2018: HK\$117,628,000), comprising non-current liabilities of approximately HK\$20,234,000 (30 June 2018: HK\$20,868,000) and current liabilities of approximately HK\$117,087,000 (30 June 2018: HK\$96,760,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Non-current liabilities represented wholly by outstanding bonds and current liabilities. Current liabilities mainly consisted of accruals, deposits received and other payables of approximately HK\$8,767,000 (30 June 2018: HK\$12,568,000), bank borrowings of approximately HK\$3,000 (30 June 2018: HK\$2,511,000), margin loans payable of approximately HK\$9,580,000 (30 June 2018: HK\$20,251,000) and other loans payable of approximately HK\$53,218,000 (30 June 2018: HK\$52,902,000). The main factor leading to overall expansion of current liabilities was rise in trade payables to approximately HK\$45,448,000 (30 June 2018: HK\$8,457,000).

Due to the funds used up in the current operating activities and also additional financial resource was needed to support the new business, total cash resources of the Group consisting only of bank balances and cash had diminished to approximately HK\$2,232,000 (30 June 2018: HK\$9,474,000, including pledged fixed deposit of approximately HK\$900,000) and were denominated in HKD, USD and RMB.

The current ratio, representing by current assets divided by current liabilities, rose slightly to 1.26 (30 June 2018: 1.20).

As at 31 December 2018, the aggregate amount of bank borrowings, margin loan payable and other loans of approximately HK\$62,801,000 (30 June 2018: HK\$75,664,000) were denominated in HKD and USD. They were subject to interest at prevailing commercial lending rates. Together with the outstanding bonds of approximately HK\$20,234,000 (30 June 2018: HK\$20,868,000), which were denominated in HKD, total borrowings amounted to approximately HK\$83,035,000 (30 June 2018: HK\$96,532,000). The gearing ratio, measuring as the total borrowings over total equity of approximately HK\$22,012,000 (30 June 2018: HK\$56,274,000), rose to 3.77 (30 June 2018: 1.72).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is exercising strict budgetary control on its financial resources. In addition, Mr. Ke Jun Xiang, the Chairman and executive director of the Company, commits to provide funding of not less than HK\$30,000,000 to the Company pursuant to a letter of undertaking. Having taken into consideration of the Group's financial performance, working capital, liquidity position and available facilities from financial institutions, the directors of the Company are of the opinion that the Group would be able to meet in full its financial obligations as they fall due for the foreseeable future.

Outlook

Looking forward, our Group will continue to devote the best efforts in keeping the development of our existing businesses on a steady pace. Meanwhile, we are actively looking for new investment and growth opportunities through a strategy of business diversification.

44 The Company entered into a lease agreement with a lessor on 14 January 2019, pursuant to which the lessor has conditionally agreed to lease to the Company and the Company has conditionally agreed to lease properties located in Huadu District of Guangzhou (the "Properties") from the lessor through an indirect wholly-owned subsidiary of the Company. We consider that entering into of the lease agreement could: (a) potentially offer the Company an additional retail spaces to create long term value and further increase the performance of its existing business by making and managing the Properties fit for its sales and marketing purpose and (b) generate a stable cash flow to finance working capital of the Group's existing operations. We are optimistic about the future development under the lease agreement and have confidence that it will bring steady improvement to our financial and trading prospects. The transaction contemplated under the lease agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is now pending for independent shareholders' approval in a special general meeting.

As there is growing importance to the development of the Guangdong-Hong Kong-Macau Greater Bay Area, we expect a lot of business opportunities in the region will be opened up and feel confident of our growth and development in the near future.

MANAGEMENT DISCUSSION AND ANALYSIS

Treasury policies

The Group's monetary assets and transactions are principally denominated in HKD, RMB and USD. The management considers that the Group's exposure to USD does not give rise to significant currency risk on the ground that HKD is pegged to USD. The Group exposes to currency risk that are denominated in RMB and currently does not have any hedging policy against RMB. However, the management is monitoring the Group's currency risk exposure closely and will consider hedging significant currency risk exposure should the need arise.

As at 31 December 2018, the Group's bank borrowings were based on floating interest rates which are still at a relatively low level because the banks in Hong Kong have sufficient capital and strong liquidity. Although the Group does not have any hedging measures against such interest rate risks, we will continue to closely monitor the risks arising from such interest rate movements. When interest rate rises, hedging instruments will be used in due course against the interest rate risks caused by HKD-denominated borrowings which are based on floating interest rates.

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Commitments

Except for operating lease commitments in respect of land and buildings amounting to approximately HK\$2,959,000, the Group had no other commitment as at 31 December 2018 (30 June 2018: HK\$4,800,000).

Material acquisitions and disposals

The Group had no material acquisitions and disposals of subsidiaries during the six month ended 31 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and remuneration policy

The Group had 27 employees as at 31 December 2018 (30 June 2018: 32). They were remunerated according to the prevailing manpower conditions and individual performance. There was no change on the staff policy during the six months ended 31 December 2018. During the period, the staff cost (including directors' remunerations) amounted to approximately HK\$9,833,000 (2017: HK\$14,395,000). The Company may grant share options to directors of the Company, employees of the Group and other eligible participants under the share option scheme adopted and approved in the year 2011. There were 62,000,000 share options outstanding under the share option scheme as at 31 December 2018 (30 June 2018: 74,000,000).

Contingent liabilities

The Group did not have contingent liabilities as at 31 December 2018.

SUPPLEMENTARY INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY

As at 31 December 2018, the interests and short positions of each of the Directors and chief executives of the Company 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 (Chapter 571 of 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 interests and short positions in which they were deemed or taken 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 the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in the shares and underlying shares of the Company

Name of Director	Note	Number of ordinary shares held as at 31 December 2018					Total	Approximate percentage of issued share capital
		Number of underlying shares of the Company	Personal/beneficial interest	Corporate interest	Family interest	Other interest		
Mr. Ke Jun Xiang	1, 3	12,000,000	662,100,000	132,400,000	125,840,000	-	932,340,000	21.51%
Mr. Wilson Wong	3	-	98,000,000	-	-	-	98,000,000	2.26%
Ms. Lo Yuen Chung	2	7,000,000	-	-	-	-	7,000,000	0.16%
Mr. Chow Yeung Tuen, Richard	2	7,000,000	-	-	-	-	7,000,000	0.16%
Mr. Li Chung Kai, Philip	2	5,000,000	-	-	-	-	5,000,000	0.12%
Mr. Kwok Yam Sheung	2	9,000,000	1	-	-	-	9,000,001	0.21%
Mr. Chan Siu Kay	2	9,000,000	-	-	-	-	9,000,000	0.21%

SUPPLEMENTARY INFORMATION

Notes:

1. Mr. Ke Jun Xiang held 12,000,000 underlying ordinary shares of the Company pursuant to share options granted by the Company. In addition to his personal interest of 662,100,000 ordinary shares of the Company, Mr. Ke also wholly owned Trade Honour Limited, Global Work Management Limited and Ample Key Limited, which held 50,900,000, 1,500,000 and 80,000,000 ordinary shares of the Company respectively. His spouse, Ms. Wang Jian Ping, wholly owned State Thrive Limited and Shine Fill Limited, which held 62,920,000 and 62,920,000 ordinary shares of the Company respectively. Accordingly, Mr. Ke was deemed to have total interests in 932,340,000 ordinary shares of the Company.
2. Each of these directors respectively held underlying ordinary shares of the Company pursuant to share options granted by the Company.
3. Mr. Ke has charged 324,380,000 ordinary shares of the Company and Mr. Wilson Wong has charged 93,000,000 ordinary shares of the Company to secure a loan of the Company.

Short position in the shares and underlying shares of the Company

Number of ordinary shares held as at 31 December 2018

Name of Director	Number of underlying shares of the Company	Personal/				Total	Approximate percentage of issued share capital
		beneficial interest	Corporate interest	Family interest	Other interest		
Mr. Ke Jun Xiang (note)	12,000,000	-	-	-	-	12,000,000	0.28%

Note:

A charging order absolute over the share options held in the name of Mr. Ke Jun Xiang to subscribe for 12,000,000 underlying ordinary shares in the Company as a charge for the payment of a judgment debt due from Mr. Ke to an independent third party as the plaintiff had been filed to the Court of First Instance of the High Court of Hong Kong on 21 November 2014.

SUPPLEMENTARY INFORMATION

Save as disclosed herein, as at 31 December 2018, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any 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 the interests and short positions in which they were deemed or taken 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 pursuant to the Model Code.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed under the section "Director's and Chief Executive's Interests, Underlying Shares and Debentures of the Company or Any Specified Undertaking of the Company" above, at no time during the period was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or its specified undertakings or other associated corporation. None of the directors or chief executives of the Company or their spouses or children under 18 years of age, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

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INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2018, substantial shareholders of the Company and other persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

SUPPLEMENTARY INFORMATION

Long position in the shares and underlying shares of the Company

Name of shareholder	Number of ordinary shares held as at 31 December 2018					Total	Approximate percentage of issued share capital
	Number of underlying shares of The Company	Personal/beneficial Interest	Corporate interest	Family interest	Other interests		
Ms. Wang Jian Ping (note)	12,000,000	-	125,840,000	794,500,000	-	932,340,000	21.51%
Han Shuai	-	234,560,000	-	-	-	234,560,000	5.41%
Zhao Xiaohua	-	247,480,000	-	-	-	247,480,000	5.71%

Note:

Ms. Wang Jian Ping wholly owned State Thrive Limited and Shine Fill Limited, which held 62,920,000 and 62,920,000 ordinary shares of the Company respectively. Her spouse, Mr. Ke Jun Xiang, in addition to his personal interest of 662,100,000 ordinary shares of the Company, held 12,000,000 underlying ordinary shares of the Company pursuant to share options granted by the Company and wholly owned Trade Honour Limited, Global Work Management Limited and Ample Key Limited, which held 50,900,000, 1,500,000 and 80,000,000 ordinary shares of the Company respectively. Accordingly, Ms. Wang was deemed to have total interests in 932,340,000 ordinary shares of the Company.

Ms. Wang has pledged the 62,920,000 and 62,920,000 ordinary shares of the Company held by State Thrive Limited and Shine Fill Limited respectively to Ever Asset Limited as security.

Mr. Ke has also charged 324,380,000 ordinary shares of the Company to secure a loan of the Company.

SUPPLEMENTARY INFORMATION

Short position in the shares and underlying shares of the Company

Name of shareholder	Number of ordinary shares held as at 31 December 2018						Approximate percentage of issued share capital
	Number of underlying shares of the Company	Personal/beneficial interest	Corporate interest	Family interest	Other interest	Total	
Ms. Wang Jian Ping (note)	12,000,000	-	-	-	-	12,000,000	0.28%

Note:

A charging order absolute over the share options held in the name of Mr. Ke Jun Xiang, the spouse of Ms. Wang Jian Ping, to subscribe for 12,000,000 underlying ordinary shares in the Company as a charge for the payment of a judgment debt due from Mr. Ke to an independent third party as the plaintiff had been filed to the Court of First Instance of the High Court of Hong Kong on 21 November 2014.

Save as disclosed above, as at 31 December 2018, the Company was not notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted by the Company on 27 June 2011, pursuant to which the Board may grant options to any employees, directors, shareholders, suppliers, customers of the Group and any other person or company who has contributed or may contribute to the development and growth of the Group to subscribe for shares in the Company at any price which is at least the highest of (i) the closing price of the shares of the Company on the date of the grant of the options; (ii) the average closing price of the shares of the Company on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the 5 trading days immediately preceding the date of the grant of the options; and (iii) the nominal value of the shares of the Company.

SUPPLEMENTARY INFORMATION

During the period, no share option granted under the Scheme was exercised. Details of the share options granted under the Scheme and outstanding as at 31 December 2018 are set out below:

Category of participants	Date of grant	Exercise Period	Exercise price	Outstanding balance at 1 July 2018	Granted during the six months ended 31 December 2018	Forfeiture during the six months ended 31 December 2018	Outstanding balance at 31 December 2018
Mr. Ke Jun Xiang	26 July 2011	26 July 2011 to 26 June 2021	HK\$0.52	2,000,000	-	-	2,000,000
	21 December 2012	21 December 2012 to 26 June 2021	HK\$0.25	10,000,000	-	-	10,000,000
Ms. Lo Yuen Chung	21 December 2012	21 December 2012 to 26 June 2021	HK\$0.25	7,000,000	-	-	7,000,000
Mr. Li Chung Kai, Philip	21 December 2012	21 December 2012 to 26 June 2021	HK\$0.25	5,000,000	-	-	5,000,000
Mr. Chow Yeung Tuen, Richard	26 July 2011	26 July 2011 to 26 June 2021	HK\$0.52	2,000,000	-	-	2,000,000
	21 December 2012	21 December 2012 to 26 June 2021	HK\$0.25	5,000,000	-	-	5,000,000
Mr. Kwok Yam Sheung	26 July 2011	26 July 2011 to 26 June 2021	HK\$0.52	2,000,000	-	-	2,000,000
	21 December 2012	21 December 2012 to 26 June 2021	HK\$0.25	7,000,000	-	-	7,000,000
Mr. Chan Siu Kay	26 July 2011	26 July 2011 to 26 June 2021	HK\$0.52	2,000,000	-	-	2,000,000
	21 December 2012	21 December 2012 to 26 June 2021	HK\$0.25	7,000,000	-	-	7,000,000
Employees of the Company	26 July 2011	26 July 2011 to 26 June 2021	HK\$0.52	2,000,000	-	-	2,000,000
	21 December 2012	21 December 2012 to 26 June 2021	HK\$0.25	9,000,000	-	-	9,000,000
Employees of a subsidiary of the Company	26 July 2011	26 July 2011 to 26 June 2021	HK\$0.52	4,000,000	-	(4,000,000)	-
	21 December 2012	21 December 2012 to 26 June 2021	HK\$0.25	10,000,000	-	(8,000,000)	2,000,000
				<u>74,000,000</u>	<u>-</u>	<u>(12,000,000)</u>	<u>62,000,000</u>

SUPPLEMENTARY INFORMATION

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

Neither the Company, nor any subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2018.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda in relation to issues of new shares by the Company.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Company has applied the principles of the Corporate Governance Code (the "CG Code") setting out in Appendix 14 of the Listing Rules therein as its own code on corporate governance practices. In the opinion of the Board of the Company, the Company has complied with the CG Code during the six months ended 31 December 2018, except for the deviation from code provision A.2.1.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. The chairman of the Company has doubled up as CEO since 12 August 2014 due to the resignation of the former CEO from the position. A new CEO will be appointed when a suitable candidate is identified by the Board.

SUPPLEMENTARY INFORMATION

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct for dealing in securities of the Company by the directors of the Company. Having made specific enquiry, all of the directors of the Company confirmed that they had complied with the Model Code throughout the six months ended 31 December 2018. The Model Code also applies to the senior management of the Group.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management regarding the accounting principles and practices adopted by the Group in respect of the Group's unaudited interim consolidated financial statements for the six months ended 31 December 2018 and has discussed internal controls and financial reporting matters including a review of the figures. The committee was established in compliance with Rule 3.21 of the Listing Rules and the membership currently comprises all three existing independent non-executive directors of the Company.

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By Order of the Board

CIL HOLDINGS LIMITED

Ke Jun Xiang

Chairman

Hong Kong, 28 February 2019