2019
INTERIM REPORT

力世紀有限公司
WE SOLUTIONS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0860)

INDEPENDENT REVIEW REPORT

To the board of directors of WE Solutions Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 26, which comprises the condensed consolidated statement of financial position of WE Solutions Limited (the "Company") and its subsidiaries as at 31 March 2019 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTER

We draw attention to the fact that the comparative condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 31 March 2018 and the relevant explanatory notes disclosed in the unaudited condensed consolidated interim financial statements have not been reviewed in accordance with HKSRE 2410.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
28 May 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 31 MARCH 2019

	Notes	For the six months ended 31 March 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
REVENUE	5	**281,128**	344,123
Cost of sales		**(194,100)**	(235,441)
Gross profit		**87,028**	108,682
Other income and gains, net	5	**107,319**	5,758
Selling and distribution expenses		**(24,474)**	(29,924)
General and administrative expenses		**(73,930)**	(117,378)
Research and development costs		**(5,353)**	(80,191)
Other expenses, net		**(114,131)**	(27,969)
Finance costs	6	**(1,325)**	(2,018)
Share of losses of associates		**(8,896)**	(181)
LOSS BEFORE TAX	7	**(33,762)**	(143,221)
Income tax credit/(expense)	8	**8,111**	(4,130)
LOSS FOR THE PERIOD		**(25,651)**	(147,351)
Attributable to:			
Owners of the Company		**(12,497)**	(147,221)
Non-controlling interests		**(13,154)**	(130)
		(25,651)	(147,351)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic		**HK(0.20) cent**	HK(2.54) cents
Diluted		**HK(2.29) cents**	HK(2.54) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 MARCH 2019

	For the six months ended 31 March	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(25,651)**	(147,351)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**45,438**	22,449
Reclassification adjustment for a foreign operation disposed of during the period	**–**	(41)
	45,438	22,408
Share of other comprehensive loss of an associate	**(48)**	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**45,390**	22,408
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**19,739**	(124,943)
Attributable to:		
Owners of the Company	**30,806**	(124,712)
Non-controlling interests	**(11,067)**	(231)
	19,739	(124,943)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 MARCH 2019

	Notes	31 March 2019 HK$'000 (Unaudited)	30 September 2018 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**136,621**	72,151
Investment properties		**410,271**	441,377
Goodwill		**1,519,093**	1,485,093
Other intangible assets		**32,216**	39,471
Interests in associates		**18,660**	25,884
Financial assets at fair value through profit or loss		**1,170,946**	780,488
Loans receivable	11	**–**	2,049
Deferred tax assets		**3,417**	–
Deposits		**8,716**	63,817
Total non-current assets		**3,299,940**	2,910,330
CURRENT ASSETS			
Inventories		**230,461**	220,973
Accounts receivable	12	**29,992**	55,616
Loans receivable	11	**811,770**	946,871
Prepayments, deposits and other receivables		**94,234**	33,813
Financial assets at fair value through profit or loss		**2,664**	3,547
Tax recoverable		**–**	445
Cash and cash equivalents		**264,035**	326,221
Total current assets		**1,433,156**	1,587,486
CURRENT LIABILITIES			
Accounts payable	13	**150,397**	112,413
Other payables and accruals		**160,658**	177,093
Interest-bearing bank borrowings		**75,868**	39,846
Tax payable		**1,632**	725
Total current liabilities		**388,555**	330,077
NET CURRENT ASSETS		**1,044,601**	1,257,409
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,344,541**	4,167,739

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 MARCH 2019

	Notes	31 March 2019 HK$'000 (Unaudited)	30 September 2018 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**35,405**	34,438
Deferred tax liabilities		**88,225**	98,062
Total non-current liabilities		**123,630**	132,500
Net assets		**4,220,911**	4,035,239
EQUITY			
Equity attributable to owners of the Company			
Issued capital	14	**638,784**	591,788
Reserves		**3,461,559**	3,311,035
		4,100,343	3,902,823
Non-controlling interests		**120,568**	132,416
Total equity		**4,220,911**	4,035,239

Ho King Fung, Eric
Director

Sung Kin Man
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2019

	Attributable to owners of the Company									
	Issued capital HK$'000	Share premium account HK$'000	Exchange fluctuation reserve HK$'000	Reserve funds HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 October 2017	566,194	5,003,622	(12,368)	526	17,635	11	(2,026,102)	3,549,518	846,246	4,395,764
Loss for the period	–	–	–	–	–	–	(147,221)	(147,221)	(130)	(147,351)
Other comprehensive income/(loss) for the period:										
Exchange differences on translation of foreign operations	–	–	22,550	–	–	–	–	22,550	(101)	22,449
Reclassification adjustment for a foreign operation disposed of during the period	–	–	(41)	–	–	–	–	(41)	–	(41)
Total comprehensive loss for the period	–	–	22,509	–	–	–	(147,221)	(124,712)	(231)	(124,943)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(691,926)	(691,926)
Issue of shares	25,090	351,359	–	–	–	–	–	376,449	–	376,449
Dividend paid to a non-controlling shareholder	–	–	–	–	–	–	–	–	(1,513)	(1,513)
Equity-settled share option arrangements	–	–	–	–	57,300	–	–	57,300	–	57,300
At 31 March 2018 (unaudited)	591,284	5,354,981	10,141	526	74,935	11	(2,173,323)	3,858,555	152,576	4,011,131
At 30 September 2018 (audited)	591,788	5,359,641*	(24,198)*	689*	119,559*	11*	(2,144,667)*	3,902,823	132,416	4,035,239
Effect of adoption of HKFRS 9 *(note 3)*	–	–	–	–	–	–	(129,472)	(129,472)	–	(129,472)
At 1 October 2018 (restated)	591,788	5,359,641	(24,198)	689	119,559	11	(2,274,139)	3,773,351	132,416	3,905,767
Loss for the period	–	–	–	–	–	–	(12,497)	(12,497)	(13,154)	(25,651)
Other comprehensive income for the period										
Exchange differences on translation of foreign operations	–	–	43,351	–	–	–	–	43,351	2,087	45,438
Share of other comprehensive loss of an associate	–	–	(48)	–	–	–	–	(48)	–	(48)
Total comprehensive income for the period	–	–	43,303	–	–	–	(12,497)	30,806	(11,067)	19,739
Dividend paid to a non-controlling shareholder	–	–	–	–	–	–	–	–	(781)	(781)
Issue of shares *(note 14)*	46,996	247,628	–	–	–	–	–	294,624	–	294,624
Equity-settled share option arrangements	–	–	–	–	1,562	–	–	1,562	–	1,562
Transfer of share option reserve upon forfeiture of share options	–	–	–	–	(54,328)	–	54,328	–	–	–
At 31 March 2019 (unaudited)	638,784	5,607,269*	19,105*	689*	66,793*	11*	(2,232,308)*	4,100,343	120,568	4,220,911

* These reserve accounts comprise the consolidated reserves of HK$3,461,559,000 (30 September 2018: HK$3,311,035,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2019

	For the six months ended 31 March	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(88,532)**	(29,835)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**227**	12
Deposit paid for acquisitions of an associate	**–**	(5,000)
Disposals of subsidiaries	**–**	609,649
Purchases of items of property, plant and equipment	**(6,705)**	(4,111)
Investments in associates	**(1,962)**	(227)
Increase in financial assets at fair value through profit or loss	**(301,476)**	(469,378)
Net cash flows from/(used in) investing activities	**(309,916)**	130,945
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(1,325)**	(2,018)
New bank borrowings	**74,753**	2,889
Repayment of bank borrowings	**(40,252)**	–
Proceeds from issue of shares	**294,624**	376,449
Dividend paid to a non-controlling shareholder	**(781)**	(1,513)
Net cash flows from financing activities	**327,019**	375,807
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(71,429)**	476,917
Cash and cash equivalents at beginning of period	**326,221**	302,094
Effect of foreign exchange rate changes, net	**9,243**	22,550
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**264,035**	801,561
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**264,035**	801,561

NOTES

FOR THE SIX MONTHS ENDED 31 MARCH 2019

1. CORPORATE INFORMATION

WE Solutions Limited was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Units 301 and 302, Third Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 31 March 2019 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 30 September 2018. The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2018, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective for the first time for the current period's unaudited condensed consolidated interim financial statements.

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*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15 and amendments to HKFRS 15, the adoption of the above new and revised HKFRSs has had no significant financial effect on the Group's unaudited condensed consolidated interim financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) HKFRS 9 *Financial Instruments*

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 October 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the condensed consolidated statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 October 2018 is as follows:

	HKAS 39 measurement			HKFRS 9 measurement	
	Category	Amount HK$'000	ECL HK$'000	Amount HK$'000	Category
Financial assets					
Loans receivable	L&R[1]	948,920	(129,965)	818,955	AC[2]
Accounts receivable	L&R	55,616	(2,924)	52,692	AC
Financial assets included in prepayments, deposits and other receivables	L&R	21,309	–	21,309	AC
Financial assets at fair value through profit or loss	FVPL[3]	784,035	–	784,035	FVPL (mandatory)
Cash and cash equivalents	L&R	326,221	–	326,221	AC
		2,136,101	(132,889)	2,003,212	
Other assets					
Deferred tax assets		–	3,417	3,417	
Financial liabilities					
Accounts payable	AC	112,413	–	112,413	AC
Financial liabilities included in other payables and accruals	AC	60,990	–	60,990	AC
Interest-bearing bank borrowings	AC	74,284	–	74,284	AC
		247,687	–	247,687	

1 L&R: Loans and receivables

2 AC: Financial assets or financial liabilities at amortised cost

3 FVPL: Financial assets at fair value through profit or loss

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) HKFRS 9 *Financial Instruments* *(continued)*

Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9.

	Impairment allowances under HKAS 39 at 30 September 2018	Re-measurement	ECL allowance under HKFRS 9 at 1 October 2018
	HK$'000	HK$'000	HK$'000
Loans receivable	–	129,965	129,965
Accounts receivable	1,140	2,924	4,064
	1,140	132,889	134,029

Impact on accumulated losses

The impact of transition to HKFRS 9 on accumulated losses is as follows:

	Accumulated losses
	HK$'000
Balance as at 30 September 2018 under HKAS 39	(2,144,667)
Recognition of expected credit losses for loans receivable under HKFRS 9	(129,965)
Recognition of expected credit losses for accounts receivable under HKFRS 9	(2,924)
Deferred tax in relation to the above	3,417
Balance as at 1 October 2018 under HKFRS 9	(2,274,139)

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(b) HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 October 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 18 and related interpretations.

Except for the reclassification as set out below, the adoption of HKFRS 15 and amendments of HKFRS 15 has had no significant material financial effect on the Group's unaudited condensed consolidated interim financial statements.

Consideration received from customers in advance

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as other payables. Under HKFRS 15, the amount is classified as contract liabilities which is included in other payables and accruals. Therefore, upon adoption of HKFRS 15, the Group reclassified HK$81,496,000 from other payables to contract liabilities as at 1 October 2018 in relation to the consideration received from customers in advance as at 1 October 2018.

Set out below are the amounts by which each financial statement line item was affected as at 31 March 2019 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on the Group's profit or loss and other comprehensive income, or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

Condensed consolidated statement of financial position as at 31 March 2019:

	Amounts prepared under		
	HKFRS 15	**Previous HKFRS**	**Increase/ (decrease)**
	HK$'000	**HK$'000**	**HK$'000**
Contract liabilities included in other payables and accruals	60,833	–	60,833
Receipts in advance included in other payables and accruals	–	60,833	(60,833)

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

(a) Electric vehicle segment — manufacturing and sales of electric vehicles and related components, and provision of engineering services;

(b) Jewellery products and watches segment — trading, retailing and wholesale of jewellery products and watches;

(c) Property investment segment — investments of properties;

(d) Mining segment — mining of gold resources;

(e) Money lending segment — provision of loan finance; and

(f) Securities investment segment — investments of listed securities.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that bank interest income, finance costs, gain on disposal of subsidiaries, net, impairment of other receivables, equity-settled share-based payment expense and change in fair value of contingent consideration receivable as well as head office and corporate expenses are excluded from such measurement.

4. OPERATING SEGMENT INFORMATION *(continued)*

For the six months ended 31 March 2019 (unaudited)

	Electric vehicle HK$'000	Jewellery products and watches HK$'000	Property investment HK$'000	Mining HK$'000	Money lending HK$'000	Securities investment HK$'000	Total HK$'000
Segment revenue:							
Revenues from external customers/ investments	3,056	222,273	16,370	–	39,429	–	281,128
Segment results	94,995	(6,712)	(41,046)	(7,438)	(21,955)	–	17,844
Reconciliation							
Bank interest income							227
Corporate and other unallocated expenses							(50,508)
Finance costs							(1,325)
Loss before tax							(33,762)

For the six months ended 31 March 2018 (unaudited)

	Electric vehicle HK$'000	Jewellery products and watches HK$'000	Property investment HK$'000	Mining HK$'000	Money lending HK$'000	Securities investment HK$'000	Total HK$'000
Segment revenue:							
Revenues from external customers/ investments	3,692	291,008	16,753	–	32,670	–	344,123
Segment results	(88,496)	21,384	1,946	–	22,798	(641)	(43,009)
Reconciliation							
Bank interest income							12
Corporate and other unallocated expenses							(99,887)
Gain on disposal of subsidiaries, net							1,681
Finance costs							(2,018)
Loss before tax							(143,221)

5. REVENUE, OTHER INCOME AND GAINS, NET

The Group's revenue is disaggregated as follows:

	For the six months ended 31 March	
	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Revenue from contracts with customers		
Sale of jewellery products and watches	**222,273**	291,008
Provision of engineering services	**3,056**	3,692
	225,329	294,700
Revenue from other sources		
Interest income from loan financing	**39,429**	32,670
Rental income from investment properties	**16,370**	16,753
	281,128	344,123

Disaggregated revenue information

For the six months ended 31 March 2019 (unaudited)

Segment	**Electric vehicle** HK$'000	**Jewellery products and watches** HK$'000	**Total** HK$'000
Geographical markets			
Hong Kong	–	68,579	68,579
Mainland China	–	143,684	143,684
Japan	3,056	–	3,056
Taiwan	–	10,010	10,010
	3,056	222,273	225,329

Segment	**Electric vehicle** HK$'000	**Jewellery products and watches** HK$'000	**Total** HK$'000
Timing of revenue recognition			
At a point in time	3,056	222,273	225,329

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

An analysis of the Group's other income and gains, net, is as follows:

	For the six months ended 31 March	
	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Other income		
Bank interest income	**227**	12
Marketing subsidies	**12,714**	–
Repair and maintenance income	**465**	1,534
Others	**2,421**	2,531
	15,827	4,077
Gains, net		
Foreign exchange gains, net	**3,392**	–
Gain on disposal of subsidiaries, net	**–**	1,681
Fair value gains on financial assets at fair value through profit or loss, net	**88,100**	–
	91,492	1,681
	107,319	5,758

6. FINANCE COSTS

	For the six months ended 31 March	
	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Interest on interest-bearing bank borrowings	**1,325**	2,018

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended 31 March	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**182,740**	227,462
Write-down of inventories to net realisable value	**6,394**	–
Depreciation	**3,489**	2,372
Impairment of loans receivable	**49,788**	–
Impairment of other receivables	**14,724**	–
Impairment of other intangible assets	**6,000**	–
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	**(88,100)**	23,121
Fair value losses on investment properties	**41,632**	–

8. INCOME TAX

The Group calculates the income tax expense for each interim period based on the best estimate of the applicable weighted average annual income rate expected for the full financial year. The major components of income tax expense in the condensed consolidated statement of profit or loss are:

	For the six months ended 31 March	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current:		
Hong Kong		
Charge for the period	**2,136**	2,002
Underprovision in prior periods	**1,109**	–
Elsewhere		
Charge for the period	**1,235**	2,128
Overprovision in prior periods	**(476)**	–
Deferred	**(12,115)**	–
Total tax charge/(credit) for the period	**(8,111)**	4,130

9. DIVIDEND

The board of directors of the Company does not recommend the payment of an interim dividend in respect of the six months ended 31 March 2019 (six months ended 31 March 2018: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 6,220,833,963 (six months ended 31 March 2018: 5,802,557,913) in issue during the period.

The calculation of the diluted loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate. The weighted average number of ordinary shares used in the calculation of the diluted loss per share amounts is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	For the six months ended 31 March	
	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**(12,497)**	(147,221)
Effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate	**(129,676)**	–
Loss attributable to ordinary equity holders of the Company, used in the diluted loss per share calculation	**(142,173)**	(147,221)

	Number of shares For the six months ended 31 March	
	2019 (Unaudited)	2018 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**6,220,833,963**	5,802,557,913

11. LOANS RECEIVABLE

	31 March 2019 HK$'000 (Unaudited)	30 September 2018 HK$'000 (Audited)
Loans receivable from money lending business	**991,523**	948,920
Less: Impairment	**(179,753)**	–
	811,770	948,920
Less: Portion classified as non-current assets	**–**	(2,049)
Portion classified as current assets	**811,770**	946,871

The Group seeks to maintain strict control over its outstanding loans receivable so as to minimise credit risk. The granting of loans is subject to approval by the management, whilst overdue balances are reviewed regularly for recoverability.

Loans receivable of the Group bear interest at rates ranging from 5% to 15.6% (30 September 2018: ranging from 5% to 15.6%) per annum. At 31 March 2019, certain loans receivable with aggregate carrying amounts of HK$211,329,000 (30 September 2018: HK$171,056,000) and HK$315,321,000 (30 September 2018: HK$317,600,000) were secured by the pledge of assets and with personal guarantees provided by certain independent third parties, respectively.

The movements in the loss allowance for impairment of loans receivable are as follows:

	31 March 2019 HK$'000 (Unaudited)	30 September 2018 HK$'000 (Audited)
At beginning of period/year	**–**	–
Effect of adoption of HKFRS 9	**129,965**	–
At beginning of period/year (restated)	**129,965**	–
Impairment losses	**49,788**	–
At end of period/year	**179,753**	–

12. ACCOUNTS RECEIVABLE

	31 March 2019 HK$'000 (Unaudited)	30 September 2018 HK$'000 (Audited)
Accounts receivable	**33,187**	56,756
Impairment	**(3,195)**	(1,140)
	29,992	55,616

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance may be required. The credit period is generally one month, extending up to three months or more for certain customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	31 March 2019 HK$'000 (Unaudited)	30 September 2018 HK$'000 (Audited)
Within 30 days	**24,496**	43,801
31 to 60 days	**1,755**	5,626
61 to 90 days	**1,836**	2,321
Over 90 days	**1,905**	3,868
	29,992	55,616

The movements in the loss allowance for impairment of accounts receivable are as follows:

	31 March 2019 HK$'000 (Unaudited)	30 September 2018 HK$'000 (Audited)
At beginning of period/year	**1,140**	715
Effect of adoption of HKFRS 9	**2,924**	–
At beginning period/year (restated)	**4,064**	715
Impairment losses	**–**	469
Amount written off as uncollectible	**(869)**	–
Exchange realignment	**–**	(44)
At end of period/year	**3,195**	1,140

13. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	31 March 2019 HK$'000 (Unaudited)	30 September 2018 HK$'000 (Audited)
Within 30 days	**69,715**	54,404
31 to 60 days	**69,706**	24,031
61 to 90 days	**3,185**	26,748
Over 90 days	**7,791**	7,230
	150,397	112,413

The accounts payable are non-interest-bearing and are normally settled on terms ranging from 30 to 120 days.

14. ISSUED CAPITAL

	31 March 2019 HK$'000 (Unaudited)	30 September 2018 HK$'000 (Audited)
Authorised:		
10,000,000,000 ordinary shares of HK$0.1 each	**1,000,000**	1,000,000
Issued and fully paid:		
6,387,846,562 (30 September 2018: 5,917,885,386) ordinary shares of HK$0.1 each	**638,784**	591,788

A summary of movements in the Company's issued share capital during the period is as follows:

	Number of ordinary shares in issue '000	**Issued capital HK$'000**
At 1 October 2018	5,917,886	591,788
Issue of shares *(notes (a) and (b))*	469,961	46,996
At 31 March 2019	6,387,847	638,784

14. ISSUED CAPITAL *(continued)*

Notes:

(a) On 31 October 2018, 137,360,000 ordinary shares of the Company ("Shares" and each a "Share") of HK$0.1 each were allotted and issued at a subscription price of HK$0.91 per Share to TOM Group Limited ("TOM") (Stock Code: 2383) in exchange for the subscription of 65,240,000 ordinary shares of TOM at a subscription price of HK$1.916 per share of TOM, with the difference in subscription considerations of approximately HK$2,000 being paid by the Group to TOM.

(b) On 19 December 2018, 332,601,176 Shares were allotted and issued at a subscription price of HK$0.51 per Share to certain subscribers for a total cash consideration, before expenses, of approximately HK$169,627,000.

15. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had contingent liabilities not provided for in the unaudited condensed consolidated interim financial statements in respect of certain corporate guarantees given by a subsidiary of the Company (the "Subsidiary") to certain property purchasers who purchased properties from a former investee of the Subsidiary to the extent of HK$53,982,000 (30 September 2018: HK$55,217,000) in connection with certain property transactions and other arrangements of the former investee in prior years.

16. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	31 March 2019 HK$'000 (Unaudited)	30 September 2018 HK$'000 (Audited)
Contracted, but not provided for:		
Capital contributions to an associate	**37,050**	39,000
Subscription for preferred shares of an investment	**–**	136,990
	37,050	175,990

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 March 2019 and 30 September 2018, the carrying amounts of the Group's financial assets and financial liabilities reasonably approximated to their fair values.

Management has assessed that the fair values of cash and cash equivalents, accounts receivable, the current portion of loans receivable and financial assets included in prepayments, deposits and other receivables, financial assets at fair value through profit or loss, accounts payable, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments or the effect of discounting is not material.

The fair values of the non-current portions of financial assets included in prepayments, deposits and other receivables and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the directors, the fair values approximate to their carrying amounts.

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of listed equity investments are based on quoted market prices. The following methods and assumptions were used to estimate the fair values of the Group's other financial instruments.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis:

	Valuation technique	Significant unobservable input	Percentage or ratio	Sensitivity of fair value to the input
Unlisted investments	Recent transaction price	Not applicable ("N/A")	N/A	N/A
	Implied company transaction	Risk-free rate	2.42%	1 percentage point increase in risk-free rate would result in decrease in fair value by HK$6,549,872
		Volatility	48.76%	10% decrease in volatility rate would result in decrease in fair value by HK$6,703,192
Unlisted investment right and option	Scenario analysis	Discount rate	25%	10% decrease in discount rate would result in decrease in fair value by HK$164,000
		Earning multiples	11.7	10% decrease in earnings multiple would result in decrease in fair value by HK$894,000
	Binomial option pricing model	Volatility	54.68%	10% decrease in volatility rate would result in decrease in fair value by HK$2,571,000
		Risk-free rate	2.40%	1 percentage point decrease in risk-free rate would result in decrease in fair value by HK$2,228,000

The following table provides the fair value measurement hierarchy of the Group's financial instruments as at 31 March 2019 and 30 September 2018:

31 March 2019

Financial assets measured at fair value

	Fair value measurement categorised into			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	**103,134**	**–**	**1,070,476**	**1,173,610**

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

30 September 2018

Financial assets measured at fair value

	Fair value measurement categorised into			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	3,547	–	780,488	784,035

The Group did not have financial liabilities measured at fair value as at 31 March 2019 and 30 September 2018.

The movements in fair value measurements within Level 3 during the period are as follow:

	31 March 2019 HK$'000 (Unaudited)	30 September 2018 HK$'000 (Audited)
At beginning of period/year	**780,488**	1
Net gain recognised in profit or loss	**113,512**	81,302
Additions	**176,476**	699,185
At end of period/year	**1,070,476**	780,488

During the six months ended 31 March 2019, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 fair value measurement.

18. RELATED PARTY TRANSACTIONS

In addition to the transactions, arrangements and balances detailed elsewhere in the unaudited condensed consolidated interim financial statements, the Group had the following transactions with related parties during the current and prior periods:

(a) During the period, rentals for certain property in the aggregate of approximately HK$1,470,000 (six months ended 31 March 2018: Nil) were paid or payable by the Group to a company controlled by a director of the Company based on terms as agreed by the relevant parties as set out in a tenancy agreement.

Pursuant to the tenancy agreement, at 31 March 2019, the Group had total future minimum lease payments to the related party under the non-cancelling operating lease of the property of HK$2,940,000 (30 September 2018: HK$2,940,000) and HK$3,185,000 (30 September 2018: HK$4,655,000) falling due within one year and within second to fifth years, respectively.

18. RELATED PARTY TRANSACTIONS *(continued)*

(b) Compensation of key management personnel of the Group

The directors of the Company comprises the key management personnel of the Group. Details of the compensation of the directors of the Company are as follows:

	For the six months ended 31 March	
	2019 **HK$'000** **(Unaudited)**	2018 HK$'000 (Unaudited)
Fees	**404**	235
Other emoluments:		
Salaries, allowances and other benefits	**7,908**	6,210
Equity-settled share option expense	**318**	49,205
Pension scheme contributions	**29**	45
	8,255	55,460
	8,659	55,695

19. EVENTS AFTER THE REPORTING PERIOD

(a) On 8 May 2019, the Company and Great Dawn Investments Limited (an indirect wholly-owned subsidiary of Agile Group Holdings Limited (Stock code: 3383) ("Agile Group"), the "Subscriber") entered into a subscription agreement (the "Subscription Agreement"), pursuant to which the Subscriber agreed to subscribe for, and the Company agreed to allot and issue to the Subscriber, an aggregate of 400,000,000 new shares of the Company at the subscription price of HK$0.51 per share (the "Subscription").

On the same date, the Group and Agile Property Land Co., Ltd. (a wholly-owned subsidiary of Agile Group, "Agile Property") entered into a non-legally binding cooperation framework agreement, pursuant to which the Company and Agile Property are expected to engage in the proposed cooperation (the "Proposed Cooperation") for the production, research and development of new energy vehicle ("NEV")-related technology and products in the People's Republic of China (the "PRC") (the "Project").

The Subscription was completed on 15 May 2019. Further details in relation to the Subscriber and the Proposed Cooperation are set out in the announcement of the Company dated 8 May 2019.

19. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(b) On 16 May 2019, the Group entered into a sale and purchase agreement (the "S&P Agreement") with Ideal Team Ventures Limited (the "Vendor"), pursuant to which the Group conditionally agreed to purchase and the Vendor conditionally agreed to sell 40% of the total issued share capital of Sino Partner Global Limited (the "Target Company"), which and its subsidiaries (the "Target Group") are principally engaged in the design, development, manufacturing and sales of high performance hypercars under the brand "Apollo" worldwide (the "Proposed Acquisition").

The aggregate consideration for the Proposed Acquisition of up to approximately HK$480,000,000 comprises a cash consideration of HK$100,000,000 (which will be funded by the Group's internal resources) and, depending on the financial performance of the Target Group for the three years ending 31 December 2021, up to 730,772,000 shares of an aggregate value of up to approximately HK$380,000,000 (the "Consideration Shares") to be issued and allotted to the Vendor.

Pursuant to the S&P Agreement, the Company agreed to lend to the Target Company a shareholder's loan in an aggregate amount of HK$200,000,000 (the "Shareholder's Loan") after completion of the Proposed Acquisition and before the issue and allotment of the Consideration Shares (if any).

The completion of the Proposed Acquisition is conditional upon fulfillment of several conditions including, among other things, the shareholders of the Company having approved the specific mandate for the issue of the Consideration Shares at an extraordinary general meeting of the Company to be held.

Further details in relation to, inter alia, the Proposed Acquisition and the proposed provision of the Shareholder's Loan are set out in the announcement of the Company dated 16 May 2019.

20. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

21. APPROVAL OF THE FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the board of directors of the Company on 28 May 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The automotive industry has been undergoing rapid changes. The conventional automotive industry is now in direct and indirect competition with outsourced technology solutions providers across industry sectors, such as software, hardware, semiconductors, telecom as well as a considerable number of start-up companies focusing on technology solutions. Strategic partnerships between automakers and technology solutions providers have been on the rise to take advantages of diversification, technological advances and specialization of skills. During the first half of 2019, there had been constant disruptions to conventional automaker market by global autonomous solutions providers such as Google Waymo and Intel.

With branding becoming the key ingredient of success, brand management has become the key focus of large corporations. Outsourcing has become a global trend in many industries, while the focuses are also on brand building, improving efficiency and cost saving policies and shortening the consumer purchase cycle. Industries such as fashion, accessories, jewellery, cosmetics, consumer electronic products, etc., have long moved towards this model. This market phenomenon also emerged in the automotive industry, with an increasing number of automotive companies outsourcing various functions including the design, research and development, computer-aided design engineering, manufacturing and assembly of cars to full-service vehicle suppliers ("FSV(s)"). With various FSVs developing a specific part and their diverse method of producing niche manufacturing processes, automotive companies can produce high-tech and good quality vehicles in an economy of scale. The global automotive industry will also be moving towards a similar direction, especially where it is expected that electric vehicles ("EV(s)") will eventually become the mainstream product in the automotive market, having less parts (an average of 15,000 parts as compared with average of 38,000 parts of internal combustion engine ("ICE") vehicles) and more electronic/technology/software-based onboard functions. This indicates that the business model of spending huge capital and significant time on research and development for just one particular vehicle model is becoming obsolete.

Original equipment manufacturers ("OEM(s)") in the PRC still rely heavily on "in-house" research and development, and the manufacturing and assembly of vehicles. Only manufacturers who are willing to enter into joint ventures with foreign car makers reap the benefits of access to more advanced technologies which are not seen or used elsewhere in the PRC. In the past, some OEMs in the PRC spent a huge amount of capital to outsource the whole car making process, from initial design to manufacturing prototypes, to FSVs in other countries.

On the other hand, the global sales of EVs have continued to experience strong growth, with EV sales out of total vehicle sales in terms of percentage increasing in major markets, such as the PRC, Europe and North America. From January to December 2018, the sales volume of NEVs in the PRC reached 1,256,000 units, representing an increase of approximately 61.7% year-on-year. According to the International Energy Agency, approximately 56% of the global plug-in EV sales (including battery electric vehicles and plug-in hybrid electric vehicles) in 2018 were in the PRC, making it the largest EV market in the world. Bloomberg New Energy Finance estimates that the global annual EV sales units will increase from approximately 1.1 million in 2017 to approximately 11 million in 2025, and further increase to approximately 30 million in 2030, while the PRC will maintain its share of the global EV sales at more than 50% from now to 2025 and continue to lead the global EV transition. These statistics indicate significant room for further growth in both the global and the PRC's EV markets.

The rapid growth of EV ownership underpins the growth potential of charging facilities in the PRC. According to data from the China Electric Vehicle Charging Infrastructure Promotion Alliance, as of March 2019, there were 383,571 public chargers in the PRC. In the next few years, the construction of charging piles will continue to accelerate to support the development of NEVs in the fields of public transport, logistics operators and private car owners. Despite the rising number of charging piles in the PRC, the growth of charging piles is still lagging behind that of NEV, which implies a huge gap of unmet demand. Charging facilities in the PRC have been increasing steadily, and the growth is expected to accelerate with PRC governmental support. The "EV charging infrastructure development guidelines (2015–2020)" released by the PRC government states that the country aims to build approximately 12,000 centralized charging stations and approximately 4.8 million decentralized charging piles before 2020.

These challenges in the industry have given the Group a competitive advantage over other players in the market as the Group re-brands itself to become the first and foremost NEV solutions provider to provide first-tier specialised and outsourced services in the PRC, Southeast Asia, and across Europe and America.

BUSINESS REVIEW

Towards the end of 2018, the Group embarked on expanding its business through a series of ground-breaking and innovative initiatives, which are taking place in 2019. The Group has also strengthened its shareholder base, integrated the domestic and overseas resources, and strived to strengthen its position in the industry.

As the PRC government is committed to battling climate change, there are now more stringent requirements for people applying ICE licence plates in cities like Shanghai and Beijing; whereas support and incentives for the EV's OEMs are tightening and will eventually be phased out by 2020. With the rapid development of the EV industry both in the PRC and the rest of the world, the group grasped the opportunity to realign its focus, not only in the EV market but also in other areas of future mobility, which places the Group at the forefront of advanced technology to achieve its goal of being a market leader in the industry. This was achieved by demonstrating its capabilities in re-building itself as a NEV solutions provider, the first and foremost with such a scale to provide a "One-Stop-Shop" service to all OEMs in the PRC and the rest of the world.

During the six months ended 31 March 2019 (the "Reviewing Period") and subsequent thereto, the Group had a number of milestone investments and acquisitions and explored potential business partnerships to further progress its comprehensive EV value chain strategy.

Further Investment in EV Power

In addition to a number of ordinary shares and preferred shares ("EV Power Preferred Shares") of EV Power Holding Limited ("EV Power") acquired by the Group in March, April and August 2018, the Group further acquired 60,615,566 EV Power Preferred Shares in aggregate in October 2018 and February 2019. EV Power and its subsidiaries are principally engaged in the provision of EV charging solutions and standards in Hong Kong and the PRC. The investment in EV Power represents an opportunity to contribute to sustainable growth for the Group and to continue its business strategy of becoming a leading investor in the EV industry in the PRC. The investment in EV Power has the potential to create substantial synergies with the Company's EV manufacturing and engineering service provided by the Group. As at the date of this report, the Group holds approximately 37.96% interest in the issued share capital of EV Power.

Strategic Partnership with Agile Group

On 8 May 2019, the Group and Agile Property entered into a non-legally binding cooperation framework agreement, pursuant to which the Company and Agile Property are expected to engage in the Proposed Cooperation for the production, research and development of NEV-related technology and products in the PRC. Leveraging on the Group's expertise on the NEV-related supply chain as well as Agile Property's network and experience in the property market in the PRC, the parties are expected to utilize their expertise and resources to support the Project and to successfully implement the Project. Further details in relation to, inter alia, the Proposed Cooperation are set out in the announcement of the Company dated 8 May 2019.

Proposed Acquisition of 40% of Apollo, an European Hypercar Manufacturer

On 16 May 2019, the Group entered into the S&P Agreement with the Vendor, pursuant to which the Group conditionally agreed to purchase and the Vendor conditionally agreed to sell 40% of the total issued share capital of the Target Company. The Target Group is principally engaged in the design, development, manufacturing and sales of high performance hypercars under the brand "Apollo" worldwide. The Proposed Acquisition provides an opportunity for the Group to strengthen its strategy of becoming a world leading solutions provider in NEV and generally in the automotive industry, and to create substantial synergies with the Group's other investments in the automobile business.

The completion of the Proposed Acquisition is conditional upon fulfillment of several conditions including, among other things, the shareholders of the Company approving the specific mandate for the issue of ordinary shares ("Share(s)") in the share capital of the Company (as part of the consideration) at an extraordinary general meeting of the Company to be held. Further details in relation to, inter alia, the Proposed Acquisition are set out in the announcement of the Company dated 16 May 2019.

PROSPECTS AND OUTLOOK

More than a year after various acquisitions and strategic initiatives, the board (the "Board") of directors (the "Director(s)") believes the Group has not only successfully diversified into providing EV solutions and services, but also a global NEV full solutions provider across the globe. Since the Group has been benefitting from the steady development of the economy in the PRC, the gradual increase of public awareness of environmental protection, as well as the growing demand for EVs, we aim to make more contributions to the EV industry and environmental protection in the future. The Group believes that its domestic and overseas investments and acquisitions will have significant synergistic and complementary effects.

The NEV industry in the PRC, which is supported by the PRC government and increasing its environmental awareness, has a promising outlook. The Group has strong support from the shareholders of the Company and is backed by numerous commercial investments. By leveraging the rising trend of growing sale and demand of NEVs in the PRC, the Group strives to continuously seek opportunities to build a comprehensive EV value chain and to become a world leading integrated EV technology solutions provider.

During the Reviewing Period, the Group experienced average performance in the other business segments. As the challenging economic conditions in the PRC and Hong Kong are expected to last a while, the Group will adopt stringent cost control measures, employ appropriate strategies to further diversify its source of income and actively explore new business opportunities to cope with the existing market environment.

In the second half of 2019, the Group will be heavily engaged in "re-branding" and various aspects of the future mobility solutions' market. The Group will also aim to complete a number of new milestone investments and acquisitions that will bring a considerable revenue surge into the Group. Furthermore, the Group will keep exploring potential business partnerships to further progress its comprehensive future mobility strategy.

FINANCIAL REVIEW

For the six months ended 31 March 2019, the revenue of the Group decreased by 18.3% to approximately HK$281.1 million as compared to approximately HK$344.1 million in the corresponding period of last year. The revenue comprised of sales of jewellery products and watches of approximately HK$222.3 million (six months ended 31 March 2018: HK$291.0 million), provision of engineering services of approximately HK$3.1 million (six months ended 31 March 2018: HK$3.7 million), interest income from loan financing of approximately HK$39.4 million (six months ended 31 March 2018: HK$32.7 million) and rental income from investment properties of approximately HK$16.4 million (six months ended 31 March 2018: HK$16.8 million). During the Reviewing Period, the Group experienced a decrease in sales from the jewellery and watch segment as the retail market condition remained challenging.

The Group's gross profit amounted to approximately HK$87.0 million for the Reviewing Period as compared to approximately HK$108.7 million for the corresponding period of last year. The decrease in gross profit was mainly attributable to the lackluster performance in the jewellery and watch business in the Reviewing Period. The gross profit margin slightly decreased to 31.0% for the Reviewing Period (six months ended 31 March 2018: 31.6%).

Other income and gains, net increased to approximately HK$107.3 million (six months ended 31 March 2018: HK$5.8 million) mainly due to fair value gains recorded on financial assets at fair value through profit or loss.

General and administrative expenses decreased by 37.0% to approximately HK$73.9 million (six months ended 31 March 2018: HK$117.4 million) as less share-based payment expense was recorded in Reviewing Period.

Research and development costs decreased to approximately HK$5.4 million (six months ended 31 March 2018: HK$80.2 million) as the Group strategically re-allocated resources to more promising projects during the Reviewing Period.

Other expenses increased to approximately HK$114.1 million (six months ended 31 March 2018: HK$28.0 million) mainly due to impairment of loans receivable and changes in fair value of investment properties.

Overall, the loss attributable to shareholders of the Company for the Reviewing Period was reduced to approximately HK$12.5 million, as compared to approximately HK$147.2 million for the corresponding period of last year due to the reasons as explained above.

Liquidity, Financial Resources and Gearing

As at 31 March 2019, the Group's non-current financial assets at fair value through profit or loss amounted to approximately HK$1,170.9 million (30 September 2018: HK$780.5 million). The increase was mainly attributable to (i) acquisition of EV Power Preferred Shares amounting to approximately HK$176.5 million; (ii) acquisition of ordinary shares of TOM amounting to approximately HK$125.0 million; and (iii) fair value gains, net on certain financial assets at fair value through profit or loss with an aggregate amount of approximately HK$88.9 million during the Reviewing Period.

As at 31 March 2019, the cash and cash equivalents of the Group amounted to approximately HK$264.0 million (30 September 2018: HK$326.2 million), which were mainly denominated in HK$, Renminbi ("RMB") and Japanese Yen.

The total current assets and total current liabilities of the Group at 31 March 2019 were approximately HK$1,433.2 million and HK$388.6 million, respectively (30 September 2018: total current assets of HK$1,587.5 million and total current liabilities of HK$330.1 million). The Group's net current assets at 31 March 2019 comprised of inventories of approximately HK$230.5 million (30 September 2018: HK$221.0 million), accounts receivable, prepayments, deposits and other receivables of approximately HK$124.2 million (30 September 2018: HK$89.4 million), loans receivable of approximately HK$811.8 million (30 September 2018: HK$946.9 million) and financial assets at fair value through profit or loss of approximately HK$2.7 million (30 September 2018: HK$3.5 million).

The Group's inventory turnover, accounts receivable turnover and accounts payable turnover periods were 212 days, 28 days and 124 days respectively. The turnover ratios were consistent and complied with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the Reviewing Period, the Group financed its operations and investment activities through a combination of (i) equity financing; (ii) operating cash inflows; and (iii) interest-bearing bank borrowings. As at 31 March 2019, equity attributable to owners of the Company amounted to approximately HK$4,100.3 million (30 September 2018: HK$3,902.8 million).

The Group's total interest-bearing bank borrowings as at 31 March 2019 amounted to approximately HK$111.3 million (30 September 2018: HK$74.3 million) were mainly in RMB and Japanese Yen. The interest-bearing bank borrowings were mainly used for working capital purpose and all of which are at commercial lending variable interest rates. The maturity profile is spread over a period, with approximately HK$75.9 million repayable within one year or on demand, approximately HK$14.2 million within the second to third years and approximately HK$21.2 million beyond five years.

The Group monitors capital on the basis of the gearing ratio. As at 31 March 2019, the gearing ratio was approximately 2.6% (30 September 2018: 1.8%). This ratio is calculated as total interest-bearing bank borrowings divided by total equity.

Contingent Liabilities

Details of contingent liabilities of the Group are set out in note 15 to the unaudited condensed consolidated interim financial statements in this report.

Pledge of Assets

As at 31 March 2019, the Group's freehold land and buildings with an aggregate net carrying amount of approximately HK$34,698,000 were pledged to secure long term bank loan to the Group with a principal amount of approximately HK$21,243,000.

Capital Management

The Group's objectives when managing capital are to ensure that members of the Group will be able to continue as a going concern while maximizing the return to shareholders of the Company through the optimization of its debt and equity ratio. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Company will balance its overall capital structure through the payment of dividends and new share issues as it sees fit and appropriate.

During the six months ended 31 March 2019, the Group had not entered into any contract to hedge its financial interests.

Foreign Exchange Exposure

The Group's sales and purchases during the six months ended 31 March 2019 were mostly denominated in HK$, RMB and United States dollars. The Group was exposed to certain foreign currency exchange risks, but it does not anticipate future currency exchange rates fluctuations to cause material operational difficulties or liquidity problems. However, the Group continuously monitors its foreign exchange position and, when necessary, will hedge foreign exchange exposure arising from contractual commitments in sourcing products from overseas suppliers.

Events after the Reporting Period

Events after the Reporting Period of the Group are set out in note 19 to the unaudited condensed consolidated interim financial statements in this report.

Material Acquisitions or Disposals

Save as disclosed in this report, there was no other material acquisition or disposal of subsidiaries, associates or joint ventures by the Group for the six months ended 31 March 2019.

Issue for Cash of Equity Securities of the Company

A summary of the issue for cash of equity securities by the Company during the Reviewing Period is set out below:

Date of announcement	12 October 2018	7 December 2018
Date of completion	31 October 2018	19 December 2018
Name of subscriber(s)	TOM	There were no less than six subscribers and they were independent professional, institutional and/or corporate investors
Number of Shares issued	137,360,000	332,601,176
Class of Shares issued	Ordinary shares	Ordinary shares
Issue price per Share	HK$0.91	HK$0.51
Net price per Share	HK$0.909	HK$0.51
Aggregate nominal value of Share issued	HK$13,736,000.00	HK$33,260,117.60
Closing price per Share on the date on which the terms of the issue were fixed	HK$0.78 (as at 12 October 2018)	HK$0.49 (as at 6 December 2018)
Gross proceeds	Approximately HK$125 million	Approximately HK$170 million
Net proceeds	Approximately HK$125 million	Approximately HK$169 million

Intended use of proceeds	The Company intended to use the net proceeds to set off against the consideration for the subscription by the Company of 65,240,000 ordinary shares of HK$0.10 each in the share capital of TOM	The Company intended to use the net proceeds for the following purposes: (1) approximately 90%, representing approximately HK$152 million, would be used for future potential acquisition or investment in EV-related businesses or technologies; and (2) approximately 10%, representing approximately HK$17 million, would be used for general working capital
Actual use of proceeds	Fully utilized as intended	(1) approximately 62%, representing approximately HK$105 million, had been utilized for investment in EV-related businesses or technologies; and (2) approximately 10%, representing approximately HK$17 million, had been utilized for general working capital

Reasons for the issue	The Board considered that the issue of Shares would create synergy and potential collaboration between TOM and the Company. TOM and its subsidiaries have a deep and solid presence in the PRC for years, its business and network cover both cities and rural areas, which could potentially open up opportunities for expanding the Group's network base in the PRC and penetrating of its EV charging business	The Board was of the view that the issue of Shares would provide a good opportunity to raise additional funds to finance future investment opportunities to further cement its foothold in the EV industry
Amount of proceeds not yet utilized as at the date of this report and expected timeline of use	N/A	The remaining proceeds of approximately HK$47 million (representing approximately 28% of the net proceeds) are expected to be fully utilized on or before 30 September 2019 for the intended purpose as previously disclosed

Save as disclosed above, there was no other issue for cash of equity securities of the Company for the six months ended 31 March 2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, there was no specific plan for material investments or capital assets as at 31 March 2019.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Directors	Capacity and nature of interest	Number of ordinary shares held	Number of share options held (Note 1)	Total interests	Percentage of interest (Note 2)
Mr. Ho King Fung, Eric *(Chairman)*	Personal	1,000,000	20,000,000	21,000,000	0.33%
Mr. Zhang Jinbing	Corporate and Personal	3,960,000	1,488,000	5,448,000	0.09%
Mr. Tam Ping Kuen, Daniel	Personal	960,000	1,488,000	2,448,000	0.04%

Notes:

1. Details of share options held by the Directors are shown in the section "Share Option Scheme" below.

2. Based on 6,387,846,562 shares of the Company in issue as at 31 March 2019.

3. All the interests disclosed above represent long positions in the ordinary shares of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section "Share Option Scheme" below, at no time during the six months ended 31 March 2019 was the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the six months ended 31 March 2019 and up to the date of this report, none of the Directors and directors of the Company's subsidiaries or their respective associates had any interests in any businesses, apart from the Group's business, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

SHARE OPTION SCHEME

The existing share option scheme (the "Share Option Scheme") was adopted by the Company on 1 March 2013, the purpose of which is to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants, advisors and shareholders of the Group and to promote the success of the business of the Group.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, after which period no further options may be granted under the Share Option Scheme but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto.

Eligible participants under the Share Option Scheme include, among others, employees, directors, customers, advisors, shareholders, consultant, suppliers or service providers of the Group.

Details of the Share Option Scheme are as follows:

(a) The maximum number of ordinary shares issuable upon exercise of the share options (the "Share Options") which may be granted under the Share Option Scheme and any other share option scheme of the Group (if any) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company. Any further grant of Share Options in excess of this limit is subject to shareholders' approval in a general meeting;

(b) The exercise period of the Share Options granted is determinable by the Board, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the Share Options or other expiry date(s) stipulated in the Share Option Scheme, whichever is the earlier;

(c) The offer of a grant of Share Options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1.00 by the grantee; and

(d) The exercise price of the Share Options is determinable by the Board but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer; or (iii) the nominal value of the Company's shares on the date of the offer.

Details of the movement of the Share Options during the six months ended 31 March 2019 under the Share Option Scheme are as follows:

		Number of share options							
	Date of Grant	As at 1 October 2018	Granted during the Reviewing Period	Lapsed/ Cancelled during the Reviewing Period	Exercised during the Reviewing Period	As at 31 March 2019	Vesting and exercise period	Exercise price per share HK$	Closing price per share immediately before date of grant HK$
Directors and Chief Executive									
Mr. Ho King Fung, Eric	6 April 2017	20,000,000	–	–	–	20,000,000	Note 1	0.85	0.84
Mr. Ho Chi Kit (Note 7)	9 October 2017	50,000,000	–	(50,000,000)	–	–	Note 2	1.635	1.63
Mr. Zhang Jinbing	19 July 2016	1,488,000	–	–	–	1,488,000	Note 3	0.65	0.65
Mr. Tam Ping Kuen Daniel	19 July 2016	1,488,000	–	–	–	1,488,000	Note 3	0.65	0.65
Others									
Substantial shareholder	13 March 2018	50,000,000	–	–	–	50,000,000	Note 5	1.782	1.71
Employees	19 July 2016	11,973,204	–	–	–	11,973,204	Note 3	0.65	0.65
	6 April 2017	5,000,000	–	(5,000,000)	–	–	Note 1	0.85	0.84
	16 October 2017	4,000,000	–	(4,000,000)	–	–	Note 4	1.688	1.68
	3 April 2018	1,700,000	–	–	–	1,700,000	Note 6	1.776	1.72
Total		145,649,204	–	(59,000,000)	–	86,649,204			

Notes:

1. From 6 April 2017 to 5 April 2027.

2. From 9 October 2017 to 8 October 2027.

3. Subject to the rules of the Share Option Scheme, the Share Options are exercisable in the following manner for a period from the date of the acceptance of the Share Options to 10 years from the date of grant:

Percentage of the Options that are vested and exercisable	Period for the exercise of the relevant Options
20%	From 19 July 2017 to 18 July 2026
Additional 20% (i.e. up to 40% in total)	From 19 July 2018 to 18 July 2026
Additional 20% (i.e. up to 60% in total)	From 19 July 2019 to 18 July 2026
Additional 20% (i.e. up to 80% in total)	From 19 July 2020 to 18 July 2026
Additional 20% (i.e. up to 100% in total)	From 19 July 2021 to 18 July 2026

4. From 16 October 2018 to 15 October 2027.

5. From 13 March 2018 to 12 March 2028.

6. From 3 April 2018 to 2 April 2028.

7. Mr. Ho Chi Kit resigned as a Director and the chief executive officer of the Company with effect from 1 February 2019.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES

As at 31 March 2019, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Capacity and nature of interest	Number of shares held	Percentage of shares in issue (Note 1)
Ruby Charm Investment Limited	Beneficial owner	1,680,920,474 (Note 2)	26.31%
Mr. Ho King Man Justin	Beneficial owner and interest in a controlled corporation	1,730,920,474 (Note 3)	27.10%
Mr. Li Ka Shing	Interest in controlled corporations	488,090,100 (Note 4)	7.64%
Vivaldi International Limited	Beneficial owner	339,016,929 (Note 5)	5.31%
Ms. Chau Hoi Shuen Solina Holly	Interest in controlled corporations	339,016,929 (Note 5)	5.31%

Notes:

1. Based on 6,387,846,562 shares of the Company in issue as at 31 March 2019.

2. Ruby Charm Investment Limited is a private company directly wholly-owned by Mr. Ho King Man Justin.

3. Among 1,730,920,474 shares, (i) 1,680,920,474 shares are owned by Ruby Charm Investment Limited (see also note 2 above); and (ii) 50,000,000 shares represent the Share Options granted to the Mr. Ho King Man Justin on 13 March 2018 pursuant to the terms of the Share Option Scheme, which entitle him to subscribe for shares of the Company.

4. Among 488,090,100 shares, (i) 311,619,512 shares are owned through Ocean Dynasty Investments Limited, a private company indirectly wholly-owned by Mr. Li Ka Shing; and (ii) 176,470,588 shares are owned by Goldrank Limited, a company wholly-owned by Li Ka Shing (Overseas) Foundation ("LKSOF"). By virtue of the terms of the constituent documents of LKSOF, Mr. Li Ka Shing is regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSOF.

5. Vivaldi International Limited is a private company directly wholly-owned by Ms. Chau Hoi Shuen Solina Holly.

6. All the interests stated above represent long positions in the ordinary shares of the Company.

EMPLOYEES AND EMPLOYMENT POLICIES

As at 31 March 2019, the Group had 245 employees (30 September 2018: 240). The related employees' costs for the Reviewing Period (including director's remuneration) amounted to approximately HK$36.0 million (six months ended 31 March 2018: HK$78.8 million). In addition to basic salary, employees are entitled to other benefits including social insurance contribution, employee provident fund schemes and share option scheme of the Company. The remuneration of employees was in line with market trend and with reference to the market rate and the performance of individual employees, which are regularly reviewed each year.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the six months ended 31 March 2019.

CORPORATE GOVERNANCE

During the six months ended 31 March 2019, the Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "Code") as stated in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors confirmed that they have fully complied with the Model Code during the six months ended 31 March 2019.

AUDIT COMMITTEE

The Company has established the audit committee (the "Audit Committee") with written terms of reference in compliance with the Code.

As at the date of this report, the Audit Committee consists of the following members, all being independent non-executive Directors:

Mr. Teoh Chun Ming *(Chairman)*
Mr. Tam Ping Kuen, Daniel
Mr. Peter Edward Jackson

The primary responsibilities of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial controls, internal control and risk management systems, to review and monitor the effectiveness of the audit process and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed and discussed the interim results of the Group for the six months ended 31 March 2019 and this report.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended 31 March 2019 (six months ended 31 March 2018: Nil).

CHANGES IN DIRECTORS' INFORMATION

Set out below are changes in information of Directors pursuant to Rule 13.51B(1) of the Listing Rules:

Name of Directors	Details of change
Mr. Peter Edward Jackson	Appointed as a member of each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee of the Board with effect from 17 December 2018
Mr. Teoh Chun Ming	Appointed as the chairman of the Remuneration Committee of the Board with effect from 17 December 2018

APPRECIATION

On behalf of the Board, I would like to express our appreciation to all our management and staff members for their ongoing contribution and hard work. We would also like to thank our shareholders for their continuing support.

On behalf of the Board
WE Solutions Limited
Ho King Fung, Eric
Chairman

Hong Kong, 28 May 2019