中国金控 CFIH

China Finance Investment Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code : 875)

INTERIM REPORT
2019

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Ms. DIAO Hong *(retired on 14 June 2019)*
Ms. DIAO Jing
Mr. LIN Yupa *(appointed on 18 April 2019)*

Non-executive director

Mr. LIN Yuhao *(Chairman)*

Independent non-executive directors

Mr. LI Shaohua
Ms. ZHU Rouxiang
Ms. LI Yang

AUDIT COMMITTEE

Ms. LI Yang *(Committee Chairlady)*
Mr. LI Shaohua
Ms. ZHU Rouxiang

REMUNERATION COMMITTEE

Ms. ZHU Rouxiang *(Committee Chairlady)*
Ms. DIAO Jing
Mr. LI Shaohua
Ms. LI Yang

NOMINATION COMMITTEE

Ms. ZHU Rouxiang *(Committee Chairlady)*
Ms. DIAO Hong *(retired on 14 June 2019)*
Mr. LIN Yuhao
Mr. LI Shaohua
Ms. LI Yang

CORPORATE GOVERNANCE COMMITTEE

Ms. LI Yang *(Committee Chairlady)*
Mr. LI Shaohua
Ms. ZHU Rouxiang

AUTHORISED REPRESENTATIVES

Ms. DIAO Jing
Mr. LIN Yuhao

COMPANY SECRETARY

Mr. AU YEUNG Ming Yin, Gordon
(appointed on 10 May 2019)
Ms. YEUNG Man Wah
(resigned on 10 May 2019)

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1510, 15/F
Ocean Centre
Harbour City
5 Canton Road
Tsim Sha Tsui
Kowloon, Hong Kong

AUDITOR

World Link CPA Limited

LEGAL ADVISOR

P.C. Woo & Co. (as to Hong Kong laws)

PRINCIPAL SHARE REGISTRAR

Estera Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 875

CORPORATE WEBSITE

http://www.cfih.hk

INVESTOR RELATIONS

Email: ir@cfih.hk

The board (the "Board") of directors (the "Directors") of China Finance Investment Holdings Limited (the "Company"), is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2019 (the "Reporting Period").

The Group is principally engaged in (i) growing and trading of agricultural produce ("Agricultural Business"); (ii) provision of money lending services ("Money Lending Business"); and (iii) internet finance business ("Internet Finance Business") during the Reporting Period.

FINANCIAL REVIEW

Results of Continuing Operations

During the Reporting Period, the Group's revenue generated from continuing operations amounted to approximately HK$182.7 million, representing an increase of approximately HK$141.6 million or 344.4% from approximately HK$41.1 million for the six months ended 30 June 2018 (the "Corresponding Period"). Such increase was contributed by the significant increase in revenue generated from the Agricultural Business of approximately HK$146.8 million.

Gross profit of the Group during the Reporting Period was approximately HK$8.7 million, representing a decrease of approximately HK$8.1 million or 48.2% as compared to approximately HK$16.8 million for the Corresponding Period, and the gross profit margin was 4.8% (30 June 2018: 40.9%). Please refer to the paragraph headed "Business Review" in this section for further details on the reasons of the increase in turnover and decrease in gross profit of the Group.

The Group recorded other gains in the net amount of approximately HK$2.3 million during the Reporting Period, representing a decrease of approximately HK$1.3 million or 36.1% as compared to approximately HK$3.6 million for the Corresponding Period. Such decrease was mainly attributable to the decrease of government grants and no reversal of loss impairment of trade receivables during the Reporting Period compared with the Corresponding Period.

Selling and distribution expenses decreased by approximately HK$12.8 million or 92.1% to approximately HK$1.1 million (30 June 2018: approximately HK$13.9 million). This decrease was mainly attributable to the decrease of the salaries, transportation and packaging costs of the agricultural produce as a result of the change of strategies of the Agricultural Business.

Administrative expenses decreased by approximately HK$8.5 million or 40.5% to approximately HK$12.5 million (30 June 2018: approximately HK$21.0 million). Such improvement was mainly attributable to the decrease in staff costs (including directors' remuneration).

Other operating expenses was approximately HK$2.2 million as compared with approximately HK$13.1 million in the Corresponding Period. This significant decrease in operating expenses was mainly attributable to less depreciation of Renminbi during the Reporting Period resulting in an exchange loss, no impairment loss for trade receivables and no impairment loss for loan receivables during the Reporting Period as compared to the Corresponding Period.

The net loss of the Group for the Reporting Period was approximately HK$20.9 million as compared to a net loss of approximately HK$34.4 million for the Corresponding Period. Such decrease in loss for the Reporting Period was mainly due to a significant decrease in administrative expenses and other operating expenses as explained above.

Results of Discontinued Operations

In 2017, having considered that there is no clear potential for material improvement on the performance of the securities brokerage services ("Securities Brokerage Business") under the operation scale, the Group believed that the disposal of the Securities Brokerage Business represented a good opportunity for the Group to improve its overall returns and would provide a greater value to the shareholders of the Company by focusing its resources on other business segments.

As such, on 25 May 2017, the Group entered into a sale and purchase agreement (the "Agreement") with an independent third party, pursuant to which the Group has conditionally agreed to sell the Securities Brokerage Business at the consideration of net asset value of the Securities Brokerage Business as at the date of the Agreement plus HK$12 million.

On 20 October 2017, the Group entered into a supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 3 months to a date falling on the expiration of 9 months from the date of the Agreement.

On 22 February 2018, the Group entered into a second supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 2 months to a date falling on the expiration of 11 months from the date of the Agreement.

On 24 April 2018, the Group entered into a third supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 12 months from the date of the Agreement.

On 25 May 2018, the Group entered into a fourth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 2 months to a date falling on the expiration of 14 months from the date of the Agreement.

On 24 July 2018, the Group entered into a fifth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 2 months to a date falling on the expiration of 16 months from the date of the Agreement.

On 24 September 2018, the Group entered into a sixth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 2 months to a date falling on the expiration of 18 months from the date of the Agreement.

On 23 November 2018, the Group entered into a seventh supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 19 months from the date of the Agreement.

On 24 December 2018, the Group entered into an eighth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 2 months to a date falling on the expiration of 21 months from the date of the Agreement.

On 25 February 2019, the Group entered into a ninth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 22 months from the date of the Agreement.

On 25 March 2019, the Group entered into a tenth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 23 months from the date of the Agreement.

On 25 April 2019, the Group entered into a eleventh supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 24 months from the date of the Agreement.

On 24 May 2019, the Group entered into a twelfth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 25 months from the date of the Agreement.

On 24 June 2019, the Group entered into a thirteenth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 26 months from the date of the Agreement.

Further details of the above were made in the announcements of the Company dated 25 May 2017, 31 May 2017, 20 October 2017, 22 February 2018, 24 April 2018, 25 May 2018, 24 July 2018, 24 September 2018, 23 November 2018, 24 December 2018, 25 February 2019, 25 March 2019, 25 April 2019, 24 May 2019 and 24 June 2019.

During the Reporting Period, the Securities Brokerage Business generated a revenue and a net loss of approximately HK$0.68 million (30 June 2018: approximately HK$7.2 million) and approximately HK$4.4 million (30 June 2018: net profit approximately HK$2.3 million) respectively. As at 30 June 2019, the Company is expected to record a gain on disposal in the amount of approximately HK$11.8 million.

Investment in Internet Finance Business in Mainland China

The Group owns 25% of equity interest in Shenzhen Qianhai Gelin Internet Financial Services Company Limited* (the "GLQH"), which is engaged in internet finance business in Mainland China.

During the Reporting Period, the revenue under Internet Finance Business amounted to approximately HK$0.1 million (30 June 2018: approximately HK$2.2 million) and the net loss was approximately HK$1.9 million (30 June 2018: net profit approximately HK$5.9 million).

On 19 December 2018, Office of the Leading Group for the Special Remediation of Internet Finance Risks* (互聯網金融風險專項整治工作領導小組辦公室) and Office of the Leading Group for the Special Remediation of P2P Internet Lending Risks* (P2P網貸風險專項整治工作領導小組辦公室) of mainland China jointly issued "Remediation Officer Letter 2018 No. 175" regarding "Opinions in Categorized Actions and Risk Prevention of Internet Lending Organizations"* (關於做好網貸機構分類處置和風險防範工作的意見) ("Letter No. 175"). In Letter No. 175, the two offices represent the People's Bank of China and China Banking and Insurance Regulatory Commission to further clarify the actions in risk prevention for categorized P2P internet lending companies in internet finance industry. On 1 March 2019, Shenzhen Internet Finance Association issued a notice for consultation of guidelines for exit of internet finance industry by categorized P2P internet lending companies. The Group is still assessing the potentials or impacts and risks for GLQH and working with GLQH to utilise their existing resources for other business development in the future.

* *For identification purpose only*

BUSINESS REVIEW

Agricultural Business

Due to (i) fierce competition in the agricultural market and the general decreasing trend in average selling price of vegetables; (ii) the increase in production costs (including but not limited to labour and rental costs); and (iii) the worsening soil condition of certain farmlands, profitability of the Group's Agricultural Business has been affected. To place viability as its top priority, the Group decisively adjusted its strategies by minimising inventory level, promoting sales at competitive prices and increasing liquidity. As a result, during the Reporting Period, the turnover of the Agricultural Business segment increased by approximately 699.0% to approximately HK$167.8 million from approximately HK$21.0 million for the Corresponding Period. Given the margin squeeze, the rise in turnover co-existed with the decrease in gross profit margin. During the Reporting Period, the Agricultural Business segment recorded a gross loss of approximately HK$6.1 million (30 June 2018: gross loss of approximately HK$3.3 million).

In the second quarter of 2018, the management decided to focus on new agricultural products with high potential for development. On 9 July 2018, the Group signed a framework cooperation agreement with Guangdong Academy of Agricultural Sciences* (廣東省農業科學院作物研究所), pursuant to the framework cooperation agreement, the Company will collaborate with Guangdong Academy of Agricultural Sciences* (廣東省農業科學院作物研究所) to conduct the research and development of growing medicinal value crop such as Dendrobium officinale Kimura et Migo* (鐵皮石斛).

After years of cultivation, soil quality has been seriously declined because of the previous cultivation methods and the use of chemical fertilisers, which prevent lands from regenerating. Therefore, in April 2018, the management engaged sub-contractors to apply a more conservative and eco-friendly method for cultivation. The management believed that conservative cultivation will be a sustainable way of minimising the deadline of soil quality which can take minimal changes to the soil's natural condition and improving the soil's productivity that minimises the cost in the long run. The soil improvement started in May 2018 and completed in July 2018.

In late 2018, the Group started consolidating agricultural products from various labourhood farms and agricultural companies to process, package and sell to customers. In 2019, the Group also entered into long term co-operation agreements with certain agricultural companies in other provinces in Mainland China for broadening the agricultural bases and sourcing/subcontracting of the agricultural produce of the Group. Such changes of strategies would squeeze the gross profit margin of the Group.

Looking ahead, the Group will continue to control the costs, utilise the existing resources and collaborate with research institutes in Mainland China to further strengthen the agricultural products with high potential for development, or through acquisitions when opportunities arise.

Money Lending Business

Given increasingly stringent conventional bank lending requirements, licensed and non-bank money lenders provide another alternative for potential borrowers to obtain efficient and flexible liquidity solutions. This has driven an increase in demand for loan services in the money lending business, and creates a huge potential for the Group to further expand its Money Lending Business segment.

Following the completion of the acquisition of Shenzhen Taihengfeng Technology Company Limited and its subsidiaries (the "Taihengfeng Group") in November 2016, the Group expanded into the micro finance business sector in Shenzhen through the provision of personal loans and corporate loans services. The Taihengfeng Group has generated significant segment profits and contributed to the stability of the overall results of the Group during the Reporting Period.

During the Reporting Period, loan interest income and gross profit under the Money Lending Business amounted to approximately HK$14.9 million (30 June 2018: approximately HK$20.1 million) and HK$14.9 million (30 June 2018: approximately 20.1 million) respectively. The reason for the decrease in loan interest income and gross profit was a results of the Group switching its internal resources to Agricultural business. Outstanding loan principal and interest receivables amounted to approximately HK$184.3 million (31 December 2018: approximately HK$257.6 million). The average interest rate charged on the loans is 12.5% per annum. No material default event occurred as at 30 June 2019 and no provision of impairment loss for loan receivables was considered by the Group during the Reporting Period (31 December 2018: HK$35.5 million).

To further strengthen the development of Money Lending Business in future, the Group may consider obtaining bank loans or other financing opportunities by prudent credit control procedures and strategies to balance between business growth and risk management.

LIQUIDITY AND FINANCIAL RESOURCES

Except for equity fund raising from the Company as detailed in below section headed "Capital Structure and Gearing Ratio", the Group mainly finances its business operations with internally generated cash flows and general banking facilities.

As at 30 June 2019, the Group had bank balances and cash of approximately HK$1.3 million (31 December 2018: approximately HK$4.8 million) and mainly denominated in HK$ and RMB. Such decrease was mainly attributable to continue losses for the past few years. The Group's quick ratio (measured by total current assets less inventories, biological assets, deposits and prepayments divided by total current liabilities) was approximately 1.32 times (31 December 2018: 1.42 times).

As at 30 June 2019, the total borrowings of the Group, which comprised of convertible bonds, bonds, promissory notes, bank and other borrowings and finance lease payables, amounted to approximately HK$163.9 million of which, approximately HK$16.0 million were secured by certain buildings, plant and machineries and motor vehicles of the Group. As at 31 December 2018, the total borrowings of the Group amounted to HK$189.9 million of which, approximately HK$16.0 million were secured by certain buildings, plant and machineries and motor vehicles of the Group. The borrowings in the amount of approximately HK$133.0 million (31 December 2018: approximately HK$162.5 million) were repayable within one year and HK$30.9 million were repayable with no fixed repayment terms. The borrowings were denominated in HK$ and RMB.

As at 30 June 2019, the Group had capital expenditure commitments of approximately HK$0.8 million (31 December 2018: approximately HK$0.8 million) which comprised of acquisition of properties, plants and equipments. The Group had commitments for future minimum lease payments under non-cancellable operating leases of approximately HK$71.6 million (31 December 2018: approximately HK$67.0 million). Operating lease payments represent rental payable by the Group for office premises and farmland. Leases are negotiated for fixed terms ranging from 1 to 26 years.

The Group will continue to adopt a positive but prudent approach in managing its financial resources. Should other opportunities arise requiring additional funding, management also believes that the Group is in a good position to obtain financing on favorable terms.

TREASURY POLICY

The Group maintains a conservative approach on foreign exchange exposure management and ensures that its exposure to fluctuations in foreign exchange rates is minimised. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposures during the six months ended 30 June 2019. The Group will continue to monitor its foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The profile of the Group's external borrowings as at 30 June 2019 was as follows:

(1) 41.56% were in Hong Kong dollars and 58.44% were in Renminbi;

(2) 9.71% were bank loans, 24.84% were convertible bond loan, 34.78% were loan from Directors, 26.07% were bond loans and loan from others were 4.60%;

(3) 81.10% were repayable within 1 year and 18.90% with no fixed repayment terms;

(4) 64.48% were in fixed rate and 35.52% were interest free;

(5) 9.80% were secured by certain buildings, plant and machineries and motor vehicles of the Group and 90.20% were unsecured loans.

The Group's policy is to maintain a significant portion of its debt at fixed interest rates. Interest rate risk is managed by secured fixed rate borrowings.

CAPITAL STRUCTURE AND GEARING RATIO

The Group and the Company manage its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group reviews the capital structure on a regular basis. As a part of this review, the Group monitors capital on the basis of net debt to adjusted equity ratio, the ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "adjusted equity", as shown in the consolidated statement of financial position, plus net debt. The Group considers the cost of capital and the risks associated with issued share capital. To maintain or adjust the capital structure, the Group may adjust the ratio through dividend payments, issuing new shares, raising new debt financing or selling assets to reduce existing debts.

On 23 January 2018, the Company entered into a subscription agreement with Hui Jia Investments Limited ("Hui Jia") pursuant to which the Company has conditionally agreed to issue and Hui Jia has conditionally agreed to subscribe for the convertible bonds in the principal amount of HK$40 million with conversion price of HK$0.04 per conversion share (adjusted from HK$0.04 to HK$0.4 per conversion share as a result of the capital reorganisation effected on 25 June 2018) under the general mandate granted to the Directors by the shareholders at the annual general meeting held on 16 June 2017 ("Conversion Bond A"). The conversion price of HK$0.04 per conversion share (before capital reorganisation) represents a premium of approximately 17.65% to the closing price of HK$0.034 per share as quoted on the Stock Exchange on 23 January 2018. The net conversation price was HK$0.039 per conversion share (before capital reorganisation). All the conditions set out in the subscription agreement have been fulfilled subsequently and the subscription was completed on 7 February 2018 in accordance with the terms and conditions of the subscription agreement. The Convertible Bond A bears interest at the rate of 5% per annum and would mature on the date falling on the first anniversary of the date of issue. The gross and net proceeds from the subscription were HK$40.0 million and approximately HK$39.9 million respectively, that (i) approximately HK$13.0 million for repayment of debts; (ii) approximately HK$23.0 million for agricultural produce segment's operation, including approximately HK$15.9 million for settlement of accounts payables, approximately HK$4.8 million for farmland rental and approximately HK$2.3 million for staff costs; and (iii) approximately HK$3.0 million used for the operating expenses of the Group. No conversion rights of the convertible bonds have been exercised by Hui Jia and the convertible bonds matured on 7 February 2019. The Company has been negotiating with Hui Jia about the repayment of the Convertible Bond A upon its expiry. On 20 February 2019, the Company received a repayment demand letter from Hui Jia, requesting the Company to repay the outstanding principal amount and the interest accrued in a total sum of approximately HK$42.0 million and if such amount is not repaid within 7 days of the repayment demand letter, Hui Jia would institute legal proceedings against the Company without further notice. On 26 June 2019, the Company repaid HK$3.0 million principal amount of Convertible Bond A to Hui Jia. The Group is still negotiating with Hui Jia regarding the outstanding principal amount and the interest accrued in a total sum of approximately HK$40.7 million. There has been no material update on the above on this matter as at date of this report and further announcement will be made as and when appropriate. The reason for the subscription was the market conditions at the time, the Directors considered that subscription of the convertible bonds was good opportunity to raise funds for the Company for repayment of its debts and other payables.

On 18 July 2018, the Company entered into subscription agreements with five subscribers, namely Mr. Chen Xiangzhuan, Mr. Han Xuebing, Ms. Hu Chenxi, Mr. Wu Xianwei and Mr. Zhang Junta (collectively the "July 2018 Subscribers"), pursuant to which the Company has conditionally agreed to issue and the July 2018 Subscribers have conditionally agreed to subscribe for the convertible bonds in the principal amount of HK$39.5 million with conversion price of HK$0.091 per conversion share (adjusted from HK$0.091 to HK$1.82 per conversion share as a result of the Capital Reorganisation (as defined below) effected on 25 April 2019) under the special mandate approved by the shareholders of the Company at the special general meeting on 24 January 2019. The conversion price of HK$0.091 per conversion share (before Capital Reorganisation) represents a premium of approximately 3.41% to the closing price of HK$0.088 per share as quoted on the Stock Exchange on 18 July 2018. The net conversion price was HK$0.0905 per conversion share (before Capital Reorganisation). All the conditions set out in the subscription agreements have been fulfilled and the subscriptions were completed on 14 February 2019 in accordance with the terms and conditions of the subscription agreements. The convertible bonds bear interest at the rate of 5% per annum and would mature on the date falling on the first anniversary of the date of issue. The gross and net proceeds from the subscription were approximately HK$39.5 million and HK$39.3 million respectively, which were used for repayment of the Group's overdue debts owed to several individual creditors arising from borrowings to discharge operating expenses of the Group's Agricultural Business. On 4 June 2019, the Company respectively issued and allotted 4,340,659 ordinary shares of HK$0.01 to each of the July 2018 Subscribers (a total of 21,703,295 shares) upon exercise of conversion rights with the conversion price of HK$1.82 per conversion share (after Capital Reorganisation) in respect of an aggregate principal amount of HK$39.5 million of the convertible bonds issued by the Company on 14 February 2019. The reason for the subscription was the market conditions at the time, the Directors considered that subscription of the convertible bonds was a good opportunity to raise funds for the Company.

On 4 March 2019, the Company entered into subscription agreements with four subscribers, namely Ms. Zhang Lizi, Mr. Zeng Yingxiang, Mr. Luo Yingling and Mr. Zhang Huifeng (collectively the "March 2019 Subscribers"), pursuant to which the Company has conditionally agreed to issue and the March 2019 Subscribers has conditionally agreed to subscribe for the convertible bonds in the principal amount of approximately HK$18.6 million with conversion price of HK$0.083 per conversion share (adjusted from HK$0.083 to HK$1.66 per conversion share as a result of the Capital Reorganisation effected on 25 April 2019) under the general mandate granted to the directors by the shareholders at the annual general meeting held on 15 June 2018. The conversion price of HK$0.083 per conversion share (before Capital Reorganisation) represents a premium of approximately 5.06% to the closing price of HK$0.079 per share as quoted on the Stock Exchange on 4 March 2019. The net conversion price was HK$0.082 per conversion share (before Capital Reorganisation). All the conditions set out in the subscription agreements have been fulfilled subsequently and the subscription was completed on 25 March 2019 in accordance with the terms and conditions of the subscription agreements. The convertible bonds bear interest at the rate of 5% per annum and would mature on the date falling on the first anniversary of the date of issue. The gross and net proceeds from the subscription of approximately HK$18.6 million and HK$18.5 million respectively were used for repayment of debts. On 29 May 2019, the Company respectively issued and allotted 2,800,000 ordinary shares of HK$0.01 to each of the March 2019 Subscribers (a total of 11,200,000 shares) upon exercise of conversion rights with the conversion price of HK$1.66 per conversion share (after Capital Reorganisation) in respect of an aggregate principal amount of approximately HK$18.6 million of the convertible bonds issued by the Company on 25 March 2019. The reason for the subscription was the market conditions at the time, the Directors considered that subscription of the convertible bonds was a good opportunity to raise funds for the Company for repayment of its debts.

As at 30 June 2019, the net proceeds from the two tranches of convertible bonds issued during the Reporting Period had been utilized as follows:

Date of announcement	Net proceeds raised	Intended use of net proceeds	Actual use of proceeds
18 July 2018 (completed on 14 February 2019)	Approximately HK$39,300,000	Approximately HK$39,300,000 to be utilized for repayment overdue debts	Approximately HK$39,300,000 was utilized for repayment overdue debts
4 March 2019 (completed on 25 March 2019)	Approximately HK$18,500,000	Approximately HK$18,500,000 to be utilized for repayment of debts	Approximately HK$18,500,000 was utilized for repayment of debts

In the light of the above, during the Reporting Period, the Company issued and allotted a total number of 32,903,295 shares of HK$0.01 each with aggregate nominal value of HK$329,033, resulting in a total number of 94,521,681 issued shares as at 30 June 2019.

On 18 March 2019, the Company proposed to reorganise the capital of the Company (the "Capital Reorganisation") through (i) a reduction in the par value of each issued share from HK$0.01 to HK$0.0005 by cancelling paid up capital to the extent of HK$0.0095 on each issued share and round down of the total number of consolidated shares in the issued share capital of the Company (the "Capital Reduction"); and (ii) consolidation of the reduced shares on the basis that every 20 issued reduced shares of HK$0.0005 each will be consolidated into one consolidated share of HK$0.01 each (the "Share Consolidation"), which were duly passed in the special general meeting held by the Company on 24 April 2019. Following the fulfillment of all the conditions for the implementation of the Capital Reorganisation, the Capital Reorganisation became effective on 25 April 2019 upon which the number of issued shares of the Company was 1,232,367,732 shares of HK$0.01 each consolidated into 61,618,386 of HK$0.01 each. Details of the Capital Reorganisation were set out in the Company's announcements dated 18 March 2019, 29 March 2019 and 24 April 2019, the next day disclosure return dated 25 April 2019 and the Company's circular dated 29 March 2019.

As at 30 June 2019, the net debt to adjusted equity ratio was 0.44 (31 December 2018: 0.51). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's gearing ratio as at 30 June 2019 was 0.8 (31 December 2018: 1.04), which was measured as total debt to total shareholders' equity.

Mr. Lin Yuhao, a non-executive Director of the Company, has advanced an unsecured interest-free loan to the Group, the balance due to Mr. Lin Yuhao as at 30 June 2019 was approximately HK$14,322,000. Mr. Lin Yupa, an executive Director of the Company, has advanced an unsecured interest-free loan to the Group, the balance due to Mr. Lin Yupa as at 30 June 2019 was approximately HK$15,445,000.

SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not have any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Except the disclosure under section headed "Results of Discontinued Operations", the Group did not have material acquisition or disposals of subsidiaries and associated companies during the six months ended 30 June 2019.

CHARGES ON GROUP'S ASSETS

As at 30 June 2019, certain buildings, plant and machinery and motor vehicles were pledged to secure bank loan and finance lease of the Group of approximately HK$16.0 million (31 December 2018: approximately HK$16.0 million).

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs costs in Hong Kong dollars and Renminbi. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2019, the Group had a total of 73 (31 December 2018: 73) full time employees in Hong Kong and Mainland China. Total staff costs (including directors' remuneration and excluding the staff costs from discontinued operations) for the Reporting Period amounted to HK$9.2 million (six months ended 30 June 2018: HK$15.1 million). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package, staff benefits offered by the Group to its employees include contribution to discretionary bonus, the mandatory provident fund scheme in Hong Kong and the central provident fund scheme in Mainland China. The Company has adopted a share option scheme on 6 June 2013 (the "Scheme"). Pursuant to the Scheme, the Board may, at its discretion, grant options to eligible employees, executive and non-executive Directors (including independent non-executive Directors) of the Group.

PROSPECTS

The Group will seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new lines of business with growth potential. The Group will pursue diversification in its business and income streams by exploring opportunities with exciting prospects which could complement or create potential synergies to its existing core operations.

To diversify its income streams and counter balance the cyclical nature of the Group's Agricultural Business, the Company has been actively developing its business blueprint in the realm of financial business since 2015.

In order to expand the agricultural business, in late 2018, the Group started consolidating agricultural products from various labourhood farms and agricultural companies to process, package and sell to customers. In 2019, the Group also entered into long term co-operation agreements with certain agricultural companies in other provinces in Mainland China for broadening the agricultural bases and sourcing/subcontracting of the agricultural produce of the Group.

In 2018, the US-China trade war has begun, it is expected the trade war between the US and China will continue. It may impact the economy of China and the business of the Group as well.

Apart from the aforesaid investments, the Group will also consider other related profitable businesses which could boost profitability in the future including but not limited to financial and agricultural sector in Mainland China and Hong Kong.

INTERIM DIVIDEND

No dividend was paid, declared or proposed during the Reporting Period. The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	**Six months ended 30 June** **2019** **HK$'000** **(Unaudited)**	2018 HK$'000 (Unaudited)
Continuing operations			
Revenue	4	**182,652**	41,098
Cost of sales and services rendered		**(173,918)**	(24,255)
Gross profit		**8,734**	16,843
Other gains	5	**2,270**	3,598
Loss arising from change in fair value less costs to sell of biological assets		**–**	(288)
Selling and distribution expenses		**(1,138)**	(13,859)
Administrative expenses		**(12,541)**	(20,982)
Other operating expenses	6	**(2,190)**	(13,146)
Share of profit of an associate		**–**	1,474
Finance costs	7	**(10,354)**	(7,695)
Loss before taxation	8	**(15,219)**	(34,055)
Income tax expense	9	**(1,268)**	(2,665)
Loss from continuing operations		**(16,487)**	(36,720)
Discontinued operations			
(Loss)/Profit from discontinued operations, net of tax	10	**(4,408)**	2,322
Loss for the period		**(20,895)**	(34,398)
(Loss) attributable to:			
Owners of the Company		**(20,893)**	(34,398)
Non-controlling interest		**(2)**	–
		(20,895)	(34,398)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(2,916)**	1,387
Loss and total comprehensive income for the period		**(23,811)**	(33,011)

	Notes	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
(Loss) attributable to owners of the Company			
– from continuing operations		**(16,485)**	(36,720)
– from discontinued operations		**(4,408)**	2,322
		(20,893)	(34,398)
Total comprehensive loss attributable to:			
Owners of the Company		**(23,809)**	(33,011)
Non-controlling interest		**(2)**	–
		(23,811)	(33,011)
Total comprehensive loss attributable to owners of the Company:			
– from continuing operations		**(19,401)**	(35,333)
– from discontinued operations		**(4,408)**	2,322
		(23,809)	(33,011)
Loss per share			
Basic (HK cents)	11		(Restated)
– continuing operations		**(24.64)**	(70.63)
– discontinued operations		**(6.59)**	4.47
		(31.23)	(66.16)
Diluted (HK cents)	11		
– continuing operations		**(24.64)**	(70.63)
– discontinued operations		**(6.59)**	4.47
		(31.23)	(66.16)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	**46,342**	47,299
Goodwill		**15,777**	15,777
Right-of-use assets	2	**37,174**	–
Investment in an associate	14	**–**	–
		99,293	63,076
Current assets			
Inventories		**21,249**	12,880
Trade and other receivables	15	**237,049**	94,346
Loan receivables	16	**184,294**	257,621
Bank balances and cash		**1,290**	4,834
		443,882	369,681
Assets associated with disposal group held for sale	10	**23,717**	21,273
		467,599	390,954
Current liabilities			
Trade and other payables	17	**113,996**	54,560
Convertible bonds	18	**40,725**	41,577
Bonds	19	**42,743**	40,975
Bank and other borrowings	21	**53,070**	79,822
Finance lease payables		**160**	171
Lease liabilities	2	**8,496**	–
Promissory notes	20	**27,250**	–
Deferred income		**1,079**	1,081
Tax payables		**11,673**	10,455
		299,192	228,641
Liabilities associated with disposal group held for sale	10	**16,522**	11,410
		315,714	240,051
Net current assets		**151,885**	150,903
Total assets less current liabilities		**251,178**	213,979

	Notes	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Capital and reserves			
Share capital	22	**976**	12,354
Reserves		**202,424**	169,971
Equity attributable to owners of the Company		**203,400**	182,325
Non-controlling interest		**569**	–
Total equity		**203,969**	182,325
Non-current liabilities			
Promissory notes	20	**–**	27,250
Finance lease payables		**–**	73
Lease liabilities	2	**43,426**	–
Deferred income		**3,783**	4,331
		47,209	31,654
		251,178	213,979

The notes on pages 22 to 61 form part of this interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

		Attributable to equity shareholders									
	Notes	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds equity reserve HK$'000	Foreign currency translation reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
At 1 January 2018 as previously reported (Audited)		102,991	781,664	61,432	–	6,784	214,419	(835,278)	332,012	–	332,012
Impact of change in accounting policies on adoption of HKFRS 9	2	–	–	–	–	–	–	(28,967)	(28,967)	–	(28,967)
At 1 January 2018 (Audited)		102,991	781,664	61,432	–	6,784	214,419	(864,245)	303,045	–	303,045
Loss and total comprehensive income for the period		–	–	–	–	1,387	–	(34,398)	(33,011)	–	(33,011)
Issue of convertible bonds		–	–	–	2,127	–	–	–	2,127	–	2,127
Conversion of convertible bonds to ordinary shares		9,217	11,944	–	(700)	–	–	–	20,461	–	20,461
Lapse of share options		–	–	–	–	–	(50,027)	50,027	–	–	–
Reduction in the par value of each issued Shares from HK$0.01 to HK$0.001; and consolidation of the Reduced Shares of every ten (10) issued Reduced Shares of HK$0.001 each into one (1) consolidated Share of HK$0.01 each		(100,960)	(793,608)	894,568	–	–	–	–	–	–	–
Change in equity for the period		(91,743)	(781,664)	894,568	1,427	1,387	(50,027)	15,629	(10,423)	–	(10,423)
At 30 June 2018 (Unaudited)		11,248	–	956,000	1,427	8,171	164,392	(848,616)	292,622	–	292,622
At 1 January 2019 (Audited)		12,354	806,341	64,086	1,427	8,147	135,169	(845,199)	182,325	–	182,325
Impact of change in accounting policies on adoption of HKFRS 16		–	–	–	–	–	–	(14,705)	(14,705)	–	(14,705)
At 1 January 2019 (Audited)		12,354	806,341	64,086	1,427	8,147	135,169	(859,904)	167,620	–	167,620
Loss and other comprehensive income for the period		–	–	–	–	(2,916)	–	(20,893)	(23,809)	(2)	(23,811)
Issue of convertible bonds		–	–	–	3,393	–	–	–	3,393	–	3,393
Conversion of convertible bonds to ordinary shares		329	59,260	–	(3,393)	–	–	–	56,196	–	56,196
Lapse of share options		–	–	–	–	–	(1,394)	1,394	–	–	–
Reduction in the par value of each issued Shares from HK$0.01 to HK$0.0005; and consolidation of the Reduced Shares of every twenty (20) issued Reduced Shares of HK$0.0005 each into one (1) consolidated Share of HK$0.01 each	22	(11,707)	–	11,707	–	–	–	–	–	–	–
Setting off accumulated loss		–	–	(11,707)	–	–	–	11,707	–	–	–
Incorporation of subsidiary		–	–	–	–	–	–	–	–	571	571
Change in equity for the period		(11,378)	59,260	–	–	(2,916)	(1,394)	(7,792)	35,780	569	36,349
At 30 June 2019 (Unaudited)		976	865,601	64,086	1,427	5,231	133,775	(867,696)	203,400	569	203,969

The notes on pages 22 to 61 form part of this interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(26,368)**	(93,907)
Net cash used in investing activities	**(2,515)**	(16,181)
Net cash generated from financing activities	**26,693**	97,143
Net decrease in cash and cash equivalents	**(2,190)**	(12,945)
Cash and cash equivalents at the beginning of the period	**12,410**	16,380
Effect of foreign exchange rate changes	**(3,757)**	5,428
Cash and cash equivalents at the end of the period	**6,463**	8,863
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**1,290**	626
Cash and cash equivalents included in disposal group held for sale	**5,173**	8,237
	6,463	8,863

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), as well as 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").

The preparation of an unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This unaudited condensed consolidated interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual consolidated financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2 CHANGE IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the 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 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, HKFRS 16 Leases that require restatement of previous financial statements. As required by HKAS 34, the nature and effect of these changes are disclosed below.

Other than as further explained below, the directors do not anticipate that the application of the new HKFRSs above will have a material effect on the Group's consolidated financial statements and the disclosures.

2 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, HK (IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK (SIC)-Int 15 Operating Leases-Incentives and HK (SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single lessee accounting model.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK (IFRIC)-Int 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("leases of low-value assets"). The transition effects arising from the adoption of HKFRS 16 are presented below.

2 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 Leases (Continued)

The following tables analyse the impact, net of tax, of transition to HKFRS 16 on the statement of financial position of the Group.

	1 January 2019 HK$'000
Right-of-use assets	
Closing balance under HKAS17 at 31 December 2018	–
– Recognition of right-of-use assets under HKFRS 16	**33,491**
Opening balance under HKFRS 16 at 1 January 2019	**33,491**
Lease liabilities	
Closing balance under HKAS17 at 31 December 2018	–
– Recognition of lease liabilities under HKFRS 16	**48,196**
Opening balance under HKFRS 16 at 1 January 2019	**48,196**
Accumulated losses	
Closing balance under HKAS17 at 31 December 2018	**(845,199)**
– Recognition of right-of-use assets under HKFRS 16	**33,491**
– Recognition of lease liabilities under HKFRS 16	**(48,196)**
Opening balance under HKFRS 16 at 1 January 2019	**(859,904)**

2 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

Consolidated statement of financial position

	31 December 2018 HK$'000	Adoption of HKFRS 16 HK$'000	1 January 2019 HK$'000
Assets			
Property, plant and equipment	47,299	–	47,299
Goodwill	15,777	–	15,777
Investment in an associate	–	–	–
Right-of-use assets	–	30,280	30,280
Inventories	12,880	–	12,880
Trade and other receivables	94,346	–	94,346
Loan receivables	257,621	–	257,621
Bank balances and cash	4,834	–	4,834
Assets associated with disposal group held for sale	21,273	3,211	24,484
	454,030	33,491	487,521
Liabilities			
Trade and other payables	54,560	–	54,560
Lease liabilities	–	44,972	44,972
Convertible bonds	41,577	–	41,577
Bonds	40,975	–	40,975
Bank and other borrowings	79,822	–	79,822
Finance lease payables	244	–	244
Deferred income	5,412	–	5,412
Tax payables	10,455	–	10,455
Promissory notes	27,250	–	27,250
Liabilities associated with disposal group held for sale	11,410	3,224	14,634
	271,705	48,196	319,901
Net assets	182,325	(14,705)	167,620
Capital and reserves			
Share capital	12,354	–	12,354
Share premium	806,341	–	806,341
Contributed surplus	64,086	–	64,086
Convertible bonds equity reserve	1,427	–	1,427
Foreign currency translation reserve	8,147	–	8,147
Share option reserve	135,169	–	135,169
Accumulated losses	(845,199)	(14,705)	(859,904)
Total equity	182,325	(14,705)	167,620

2 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of land and buildings. Before the adoption of HKFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other assets and other liabilities, respectively.

Upon adoption of HKFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal to the lease assets and liabilities recognised under HKAS 17). The requirements of HKFRS 16 were applied to these leases from 1 January 2019.

Leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equals to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

Leases previously classified as operating leases (Continued)

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term lease recognition exemption to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of approximately HK$33,491,000 were recognised and presented separately in the consolidated statement of financial position.
- Additional lease liabilities of approximately HK$48,196,000 were recognised.
- The net effect of these adjustments had been adjusted to accumulated losses in the amount of approximately HK$14,705,000.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	HK$'000
Operating lease commitments as at 31 December 2018	67,040
Incremental borrowing rate as at 1 January 2019	10%
Discounted operating lease commitments and lease liabilities as at 1 January 2019	48,196

2 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of HKFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period during which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification (i.e. a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered as low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

Summary of new accounting policies (Continued)

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease the assets for additional terms of two to three years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is beyond its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

Amounts recognised in the consolidated statement of financial position and profit or loss

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Continuing operations		**Discontinued operations**	
	Right-of-use assets HK$'000	**Lease liabilities** HK$'000	**Right-of-use assets** HK$'000	**Lease liabilities** HK$'000
At 1 January 2019	30,280	44,972	3,211	3,224
Addition	11,421	11,421	–	–
Depreciation	(4,527)	–	(876)	–
Interest expenses	–	2,479	–	144
Accrued interest	–	(5,042)	–	–
Payments	–	(1,908)	–	(1,008)
At 30 June 2019	37,174	51,922	2,335	2,360

3 SEGMENT INFORMATION

The accounting policies of the operating segments are the same as those described in the 2018 annual financial statements.

Operating segment information

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

(i) the "Agricultural produce" segment engages in cultivating and trading of agricultural produce;

(ii) the "Money lending" segment engages in money lending services; and

(iii) the "Securities broking" segment engages in securities brokerage services in securities traded in Hong Kong.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segments performance for the period is set out below:

(i) Information about profit or loss

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Continuing operations				Discontinued operations	
	Agricultural produce HK$'000	Money lending HK$'000	Unallocated HK$'000	Sub-total HK$'000	Securities broking HK$'000	Total HK$'000
For the six months ended 30 June 2019 (Unaudited)						
Revenue						
Point in time	167,781	14,871	–	182,652	679	183,331
Over time	–	–	–	–	–	–
Reportable segment revenue	167,781	14,871	–	182,652	679	183,331
Elimination of inter-segment revenue	–	–	–	–	–	–
Consolidated revenue	167,781	14,871	–	182,652	679	183,331
Loss						
Reportable segment (loss)/profit (adjusted (LBITDA)/EBITDA)	(7,713)	12,593	–	4,880	(4,265)	615
Depreciation	(3,234)	(52)	(347)	(3,633)	–	(3,633)
Finance costs	(4,689)	–	(5,665)	(10,354)	(143)	(10,497)
Gain on disposal of a subsidiary	–	–	–	–	–	–
Government grants	782	–	–	782	–	782
Interest income	6	3	11	20	–	20
Reversal of impairment on other receivables	673	–	–	673	–	673
Unallocated head office and corporate income	–	–	1	1	–	1
Unallocated head office and corporate expenses	–	–	(7,588)	(7,588)	–	(7,588)
Consolidated (loss)/profit before taxation	(14,175)	12,544	(13,588)	(15,219)	(4,408)	(19,627)

3 SEGMENT INFORMATION (CONTINUED)

(i) Information about profit or loss (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Continuing operations				Discontinued operations	
	Agricultural produce HK$'000	Money lending HK$'000	Unallocated HK$'000	Sub-total HK$'000	Securities broking HK$'000	Total HK$'000
For the six months ended 30 June 2018 (Unaudited)						
Revenue						
Point in time	20,983	20,115	–	41,098	7,212	48,310
Over time	–	–	–	–	–	–
Reportable segment revenue	20,983	20,115	–	41,098	7,212	48,310
Elimination of inter-segment revenue	–	–	–	–	–	–
Consolidated revenue	20,983	20,115	–	41,098	7,212	48,310
Loss						
Reportable segment (loss)/profit (adjusted (LBITDA)/EBITDA)	(20,032)	16,145	–	(3,887)	2,886	(1,001)
Depreciation	(3,291)	(59)	(1,638)	(4,988)	(564)	(5,552)
Finance costs	(4,490)	–	(3,205)	(7,695)	–	(7,695)
Gain on disposal of a subsidiary	–	–	100	100	–	100
Government grants	1,758	–	–	1,758	–	1,758
Loss allowance for loan receivables	–	(4,578)	–	(4,578)	–	(4,578)
Loss allowance for trade receivables	(1,485)	–	–	(1,485)	–	(1,485)
Interest income	2	1	15	18	–	18
Share of profit of an associate	–	–	1,474	1,474	–	1,474
Reversal of loss allowance for other receivables	1,159	–	–	1,159	–	1,159
Reversal of loss allowance for trade receivables	256	–	–	256	–	256
Reversal of written down of inventories	60	–	–	60	–	60
Unallocated head office and corporate income	–	–	66	66	–	66
Unallocated head office and corporate expenses	–	–	(16,313)	(16,313)	–	(16,313)
Consolidated (loss)/profit before taxation	(26,063)	11,509	(19,501)	(34,055)	2,322	(31,733)

The measure used for reporting segment (loss)/profit is "adjusted (LBITDA)/EBITDA" i.e. "adjusted (loss)/earnings before interest, taxes, depreciation and amortisation, loss allowance on property, plant and equipment, inventories", where "interest" is regarded as not including interest income from money lending business. To arrive at adjusted (LBITDA)/EBITDA the Group's loss are further adjusted for items not specifically attributed to individual segments, such as share of profit/(loss) of associates, directors' and auditors' remuneration and other head office or corporate administration costs.

3 SEGMENT INFORMATION (CONTINUED)

(ii) Reconciliations of reportable segment assets and liabilities

	Continuing operations				Discontinued operations	
	Agricultural produce HK$'000	Money lending HK$'000	Unallocated HK$'000	Sub-total HK$'000	Securities broking HK$'000	Total HK$'000
At 30 June 2019 (Unaudited)						
Assets						
Reportable segment assets	337,173	187,461	–	524,634	23,717	548,351
Goodwill	–	15,777	–	15,777	–	15,777
Unallocated head office and corporate assets	–	–	2,764	2,764	–	2,764
Consolidated total assets	337,173	203,238	2,764	543,175	23,717	566,892
Liabilities						
Reportable segment liabilities	178,117	26,958	–	205,075	16,522	221,597
Convertible bonds	–	–	40,725	40,725	–	40,725
Bonds	–	–	42,743	42,743	–	42,743
Promissory notes	–	–	27,250	27,250	–	27,250
Unallocated head office and corporate liabilities	–	–	30,608	30,608	–	30,608
Consolidated total liabilities	178,117	26,958	141,326	346,401	16,522	362,923
Other segment information						
Capital expenditure*	2,749	–	–	2,749	–	2,749
Income tax expense	–	1,268	–	1,268	–	1,268

* Capital expenditure consists of additions to property, plant and equipment.

3 SEGMENT INFORMATION (CONTINUED)

(ii) Reconciliations of reportable segment assets and liabilities (Continued)

	Continuing operations				Discontinued operations	
	Agricultural produce HK$'000	Money lending HK$'000	Unallocated HK$'000	Sub-total HK$'000	Securities broking HK$'000	Total HK$'000
At 31 December 2018 (Audited)						
Assets						
Reportable segment assets	149,755	262,604	–	412,359	21,273	433,632
Goodwill	–	15,777	–	15,777	–	15,777
Unallocated head office and corporate assets	–	–	4,621	4,621	–	4,621
Consolidated total assets	149,755	278,381	4,621	432,757	21,273	454,030
Liabilities						
Reportable segment liabilities	110,889	12,725	–	123,614	11,410	135,024
Convertible bonds	–	–	41,577	41,577	–	41,577
Bonds	–	–	40,975	40,975	–	40,975
Promissory notes	–	–	27,250	27,250	–	27,250
Unallocated head office and corporate liabilities	–	–	26,879	26,879	–	26,879
Consolidated total liabilities	110,889	12,725	136,681	260,295	11,410	271,705
Other segment information						
Capital expenditure*	15,896	190	–	16,086	29	16,115
Income tax expense	–	4,849	17	4,866	–	4,866

* Capital expenditure consists of additions to property, plant and equipment.

3 SEGMENT INFORMATION (CONTINUED)

(iii) Geographical information

Information about the Group's revenue from external customers is presented based on the geographical location as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Revenue		
– Hong Kong	**2,052**	47
– Mainland China	**180,600**	41,051
	182,652	41,098

Non-current assets of the Group are presented based on the geographical location as follows:

	At 30 June	At 31 December
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Continuing operations		
Non-current assets		
– Hong Kong	**2,754**	81
– Mainland China	**96,539**	62,995
	99,293	63,076

Non-current assets of the Group include property, plant and equipment, goodwill, investment in an associate and other non-current assets.

4 REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Continuing operations		
Sale of agricultural produce	**167,781**	20,983
Money lending interest income	**14,871**	20,115
	182,652	41,098

5 OTHER GAINS

	Six months ended 30 June	
	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Continuing operations		
Amortisation of government grants	**782**	1,758
Bank interest income	**9**	4
Other interest income	**11**	14
Gain on disposal of a subsidiary	**–**	100
Rental income	**127**	109
Reversal of impairment of trade receivables	**–**	256
Reversal of impairment of other receivables	**673**	1,159
Reversal of impairment of inventories	**–**	60
Sundry income	**668**	138
	2,270	3,598

6 OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Foreign exchange losses, net	**2,131**	7,076
Loss on disposal of property, plant and equipment	**–**	4
Impairment losses of trade and other receivables	**–**	1,485
Impairment losses of loan receivables	**–**	4,578
Others	**59**	3
	2,190	13,146

7 FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Interest expenses on bonds	**1,867**	–
Imputed interest expenses on convertible bonds	**3,793**	1,372
Imputed interest expenses on promissory notes	**–**	1,662
Interest on bank and other borrowings	**2,211**	4,653
Operating lease interest expenses	**2,479**	–
Finance lease charges	**4**	8
	10,354	7,695

8 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2019 **HK$'000** **(Unaudited)**	2018 HK$'000 (Unaudited)
Continuing operations		
Staff costs (including directors' emoluments)		
Salaries and allowances	**5,653**	14,646
Retirement benefit costs	**433**	499
Discretionary bonus	**23**	–
Equity-settled share-based payment	**–**	–
Total staff costs	**6,109**	15,145
Cost of inventories recognised as an expense	**165,538**	22,598
Depreciation:		
– on owned assets	**3,633**	5,111
– on leased assets	**–**	183
Reversal of written off of inventories	**–**	60
Reversal of impairment losses of trade and other receivables	**673**	1,447
Loss arising from fair value change less costs to sell of biological assets	**–**	288
Operating lease depreciation	**4,527**	–
Minimum lease payments under operating leases	**–**	5,601
Equity-settled share-based payment		
Directors	**–**	–
Employees	**–**	–
Total equity-settled share-based payment	**–**	–

9 INCOME TAX EXPENSE

The tax rate applicable to the Group's Hong Kong subsidiaries were 16.5% (30 June 2018: 16.5%) during the six months ended 30 June 2019.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits tax has been provided as the subsidiaries in Hong Kong did not have any assessable profit arising in Hong Kong during the Reporting Period.

PRC enterprise income tax is provided at the rates applicable to the subsidiaries in the People's Republic of China (the "PRC") of the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretations thereof.

According to the PRC tax law and its interpretation rules (the "PRC tax law"), enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption or half reduction of enterprise income tax on profits derived from such business. The Group's PRC subsidiaries engaged in qualifying agricultural business, which includes growing, processing and selling of vegetables, are entitled to full exemption of enterprise income tax.

	Six months ended 30 June	
	2019 **HK$'000** **(Unaudited)**	2018 HK$'000 (Unaudited)
Continuing operations		
Current tax – Enterprise Income Tax in Mainland China		
– Provision for the period	**1,268**	2,884
– Over provision in respect of prior years	**–**	(219)
	1,268	2,665

10 DISCONTINUED OPERATIONS

On 25 May 2017, the Group entered into a sale and purchase agreement ("Agreement") with Ace Jumbo Ventures Limited, an independent third party, pursuant to which the Company has conditionally agreed to sell 100% of the issued share capital of Golden Rich Securities Limited, a wholly owned subsidiary of the Company, at the consideration of net asset value of Golden Rich Securities Limited as at the date of the Agreement plus HK$12,000,000 ("Disposal Arrangement"). Accordingly, all assets and liabilities attributable to Golden Rich Securities Limited and its subsidiary ("Disposal Group") have been classified as a disposal group held for sale and are presented separately in the unaudited condensed consolidated statement of financial position as at 30 June 2019 respectively. The Disposal Group has been presented as discontinued operations in the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2019.

Since 20 October 2017, the Company has entered into several supplemental deeds with Ace Jumbo Ventures Limited to extend the completion date of the Disposal Arrangement to 24 September 2019.

The combined results of the discontinued operations included in the (loss)/profit for the period are set as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue	**679**	7,212
Other gains	**203**	40
Administrative and other operating expenses	**(5,290)**	(4,930)
(Loss)/profit before taxation	**(4,408)**	2,322
Income tax expense	**–**	–
(Loss)/profit after taxation	**(4,408)**	2,322
(Loss)/profit for the period from discontinued operations attributable to owners of the Company	**(4,408)**	2,322

Analysis of expenses of discontinued operations is as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**–**	564

10 DISCONTINUED OPERATIONS (CONTINUED)

Cash flows from discontinued operations

	Six months ended 30 June	
	2019 **HK$'000** **(Unaudited)**	2018 HK$'000 (Unaudited)
Net cash (outflows)/inflows from operating activities	**(2,403)**	2,104
Net cash outflows from investing activities	**–**	–
Net cash (outflows)/inflows for the period	**(2,403)**	2,104

The value of the identifiable assets and liabilities of the Disposal Group are as follows:

	At 30 June 2019 **HK$'000** **(Unaudited)**	At 31 December 2018 HK$'000 (Audited)
Property, plant and equipment	**1,256**	1,256
Intangible asset	**500**	500
Lease assets	**2,335**	–
Other non-current assets	**230**	230
Trade and other receivables	**1,043**	929
Cash held on behalf of brokerage clients *(note)*	**13,180**	10,782
Bank balances and cash	**5,173**	7,576
Total assets classified as held for sale	**23,717**	21,273
Trade and other payables	**14,162**	11,410
Lease liabilities	**2,360**	–
Total liabilities classified as held for sale	**16,522**	11,410

Note: The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as "Cash held on behalf of brokerage clients" under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of brokerage clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

The balance of "Cash held on behalf of brokerage clients" is reclassified to "Assets associated with disposal group held for sales".

11 LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to the owners of the Company of approximately HK$20,893,000 (six months ended 30 June 2018: loss of approximately HK$34,398,000) and the weighted average number of 66,897,883 (six months ended 30 June 2018 restated: 51,989,934) ordinary shares in issue during the period.

The weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share has been adjusted to take into effect of the share reorganisation on 25 April 2019 as set out in note 22 to the unaudited condensed consolidated financial statement as if it had been effective on 1 January 2018.

The computation of diluted loss per share for the six months ended 30 June 2019 and 2018 does not assume the conversion of the Company's preference shares and convertible bonds, and the exercise of the Company's share options since their assumed conversion and exercise are anti-dilutive. Therefore, the basic and diluted loss per share are the same.

From continuing operations

The calculation of basic loss per share is based on the Group's loss for the period attributable to the owners of the Company of approximately HK$16,485,000 (six months ended 30 June 2018: loss of approximately HK$36,720,000) and the weighted average number of 66,897,883 (six months ended 30 June 2018 restated: 51,989,934) ordinary shares in issue during the period.

The computation of diluted loss per share for the six months ended 30 June 2019 and 2018 does not assume the conversion of the Company's preference shares and convertible bonds, and the exercise of the Company's share options since their assumed conversion and exercise are anti-dilutive. Therefore, the basic and diluted loss per share are the same.

From discontinued operations

The calculation of basic loss per share is based on the Group's profit/(loss) attributable to the owners of the Company of approximately HK$4,408,000 (six months ended 30 June 2018: profit of approximately HK$2,322,000) and the weighted average number of 66,897,883 (six months ended 30 June 2018 restated: 51,989,934) ordinary shares in issue during the period.

The computation of diluted earnings/(loss) per share for the six months ended 30 June 2019 and 2018 does not assume the conversion of the Company's preference shares and convertible bonds, and the exercise of the Company's share options since their assumed conversion and exercise are anti-dilutive. Therefore, the basic and diluted earnings/(loss) per share are the same.

12 DIVIDEND

No dividend was paid, declared or proposed during the reporting period. The Directors do not recommend the payment of an interim dividend (six months ended 30 June 2018: Nil).

13 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, additions to the Group's property, plant and equipment including items of leasehold improvement, bearer plants and office equipment with a cost of approximately HK$2,749,000 (six months ended 30 June 2018: approximately HK$19,150,000). No item was disposed of during the six months ended 30 June 2019 (six months ended 30 June 2018: HK$48,600).

14 INVESTMENT IN AN ASSOCIATE

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
At 1 January	–	46,911
Share of post-acquisition profit and other comprehensive income	–	(46,911)
	–	–

Investment in an associate represents investment in unlisted equity securities, details of Group's associate at 30 June 2019 are as follows:

Name	Place of establishment	Registered/ paid up capital	Percentage of ownership interest	Principal activities and place of operation
Shenzhen Qianhai Gelin Internet Financial Services Company Limited*	Mainland China	RMB100,000,000/ RMB100,000,000	Direct 25%	Provision of internet financing service/ Mainland China

The associate is accounted for using the equity method in the unaudited condensed consolidated interim financial statements.

There are no contingent liabilities relating to the Group's interest in the associate.

* *For identification purpose only*

14 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the unaudited condensed consolidated interim financial statements are disclosed below:

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Non-current assets	**436**	532
Current assets	**30,360**	32,142
Total assets	**30,796**	32,674
Current liabilities	**(1,339)**	(881)
Net assets	**29,457**	31,793

	Six months ended 30 June	
	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Revenue	**60**	2,165
(Loss)/Profit for the period	**(1,940)**	5,897
Other comprehensive income for the period		
– Exchange differences on translating foreign operation	**1**	4,720
(Loss)/Profit and total comprehensive income for the period	**(1,939)**	10,617
The Group's share of total comprehensive income of an associate	**–**	2,653

During the six months ended 30 June 2019, the Group has not recognised loss for the period amounting to approximately HK$485,000 (six months ended 30 June 2018: Nil) for the associate. The accumulated losses not recognised were approximately HK$485,000 (six months ended 30 June 2018: Nil).

15 TRADE AND OTHER RECEIVABLES

	Notes	**At 30 June 2019 HK$'000 (Unaudited)**	At 31 December 2018 HK$'000 (Audited)
Trade receivables arising from trading of agricultural produce		**203,248**	51,201
Less: Impairment		**(1,282)**	(1,284)
Total trade receivables	(a)	**201,966**	49,917
Other receivables		**15,248**	15,367
Less: Impairment		**(8,379)**	(9,036)
Total other receivables		**6,869**	6,331
Deposits and prepayments		**56,464**	66,348
Less: Impairment		**(28,250)**	(28,250)
Total deposits and prepayments		**28,214**	38,098
		237,049	94,346

(a) The average credit period on sales of agricultural produce is 60 days. As of the end of the reporting period, the ageing analysis of trade receivables from trading of agricultural produce, based on the invoice date and net impairment losses, is as follows:

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
0 – 60 days	**50**	27,858
61 – 120 days	**39,376**	11,878
Over 120 days	**162,540**	10,181
	201,966	49,917

16 LOAN RECEIVABLES

The Group's loan receivables arose from the money lending business. Loan receivables bear interest at rates range from 7.2% to 17% (31 December 2018: 7.2% to 48%), and with credit periods, mutually agreed between the contracting parties. Each customer has a credit limit. Overdue balances are reviewed regularly and handled closely by senior management.

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Carrying amount receivable based on scheduled repayment dates set out in the loan agreements		
Within one year	**219,812**	293,139
Repayment on demand clause (shown under current assets)	**–**	–
	219,812	293,139
Less: Impairment	**(35,518)**	(35,518)
	184,294	257,621
Less: current portion	**(184,294)**	(257,621)
Non-current portion	**–**	–

The Group's loan receivables, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong and in Mainland China, are denominated in Hong Kong dollars with amount of approximately HK$1,178,000 (31 December 2018: approximately HK$6,916,000) and in Renminbi ("RMB") with amount of approximately HK$218,634,000 (31 December 2018: approximately HK$286,223,000), respectively.

Except for loan receivables of approximately HK$218,651,000 before impairment (31 December 2018: approximately HK$286,241,000) as at 30 June 2019, which are unsecured, interest-bearing and are repayable with fixed terms agreed with customers, all loan receivables are secured by collaterals provided by customers, interest-bearing and are repayable within fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the loan receivables mentioned above.

16 LOAN RECEIVABLES (CONTINUED)

A maturity profile of the loan receivables as at the end of the reporting periods, based on the maturity date, net of loss allowance, is as follows:

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Within 3 months	**74,032**	179,279
3 months to 1 year	**145,780**	113,860
	219,812	293,139
Less: Impairment	**(35,518)**	(35,518)
	184,294	257,621

17 TRADE AND OTHER PAYABLES

	Notes	**At 30 June 2019 HK$'000 (Unaudited)**	At 31 December 2018 HK$'000 (Audited)
Trade payables arising from trading of agricultural produce	(a)	**59,307**	11,096
Accruals and other payables		**54,689**	43,464
		113,996	54,560

(a) Trade payables arising from trading of agricultural produce principally comprise amounts outstanding for trade purchases and have an average credit period of 30 days. The aged analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
0 – 60 days	**41,431**	2,134
61 – 120 days	**10,513**	783
Over 120 days	**7,363**	8,179
	59,307	11,096

18 CONVERTIBLE BONDS

(a) Convertible bonds issued on 7 February 2018 ("CB1")

On 7 February 2018, the Company issued convertible bonds with aggregate principal amount of HK$40,000,000 were issued with conversion price of HK$0.40 (adjusted from HK$0.04 to HK$0.40 per share as a result of the capital reorganisation effective on 25 June 2018) per share to an independent third party.

The CB1 are denominated in Hong Kong dollars and carry an interest rate of 5% per annum. The holder of the CB1 is entitled to convert the CB1 into 1,000,000,000 ordinary shares (adjusted from 1,000,000,000 ordinary shares to 100,000,000 ordinary shares as a result of the capital reorganisation effective on 25 June 2018) of the Company ("Conversion Shares") at initial conversion price of HK$0.04 at any time from the date of issue to 7 February 2019. The Conversion Shares shall rank pari passu in all respects with all other existing shares outstanding at the date of the conversion.

The CB1 contain two components, liability component and equity component. At initial recognition, the fair value of liability of approximately HK$38,505,000 was recognised with the residual value of approximately HK$1,425,000, representing equity component, presented in equity heading "convertible bonds reserve".

Transaction costs relating to the liability component of approximately HK$65,000 are included in the carrying amount of the liability portion.

The effective interest rate of the liability component is 8.89% per annum.

During the reporting period, interest charged on the CB1 of approximately HK$2,148,000 was debited to profit or loss.

The CB1 matured on 7 February 2019 and no conversion rights had been exercised. During the six months ended 30 June 2019, the Company repaid HK$3 million principal amount of CB1 to the holder. The outstanding principal amount and the interest accrued as at 30 June 2019 in a total sum of approximately HK$40.7 million.

18 CONVERTIBLE BONDS (CONTINUED)

(b) Convertible bonds issued on 14 February 2019 ("CB2")

On 14 February 2019, the Company issued convertible bonds with aggregate principal amount of HK$39,500,000 at conversion price of HK$0.091 (adjusted from 0.091 to HK$1.82 per share as a result of the capital reorganisation effective on 25 April 2019) per share to independent third parties.

The CB2 are denominated in Hong Kong Dollars and carry an interest rate of 5% per annum. The holders of the CB2 are entitled to convert the CB2 into 434,065,930 ordinary shares (adjusted from 434,065,930 ordinary shares to 21,703,295 ordinary shares as a result of the capital reorganisation effective on 24 April 2019) of the Company ("Conversion Shares") at initial conversion price of HK$0.091 at any time from the date of issue to 14 February 2020. The Conversion Shares shall rank pari passu in all respects with all other existing shares outstanding at the date of the conversion.

The CB2 contain two components, liability component and equity component. At initial recognition, the fair value of liability of approximately HK$37,156,000 was recognised with the residual value of approximately HK$2,264,000, representing equity component, presented in equity heading "convertible bonds reserve".

Transaction costs relating to the liability component of approximately HK$75,000 are included in the carrying amount of the liability portion.

The effective interest rate of the liability component is 11.4% per annum.

During the reporting period, interest charged on the CB2 of approximately HK$1,279,000 was debited to profit or loss.

On 4 June 2019, CB2 with principal amount of HK$39,500,000 were converted into 21,703,295 ordinary shares of the Company.

18 CONVERTIBLE BONDS (CONTINUED)

(c) Convertible bonds issued on 25 March 2019 ("CB3")

On 25 March 2019, the Company issued convertible bonds with aggregate principal amount of HK$18,592,000 at conversion price of HK$0.083 per share (adjusted from HK$0.083 to HK$1.66 per share as a result of the capital reorganisation effective on 25 April 2019) to independent third parties.

The CB3 are denominated in Hong Kong Dollars and carry an interest rate of 5% per annum. The holders of CB3 are entitled to convert the CB3 into 224,000,000 ordinary shares (adjusted from 224,000,000 to 11,200,000 ordinary shares as a result of the capital reorganisation effective on 25 April 2019) of the Company ("Conversion Shares") at any time from the date of issue to 25 March 2020. The Conversion Shares shall rank pari passu in all respects with all other existing shares outstanding at the date of the conversion.

The CB3 contain two components, liability component and equity component. At initial recognition, the fair value of liability of approximately HK$17,395,000 was recognised with the residual value of approximately HK$1,129,000, representing equity component, presented in equity heading "convertible bonds equity reserve".

Transaction costs relating to the liability component of approximately HK$64,000 are included in the carrying amount of the liability portion.

The effective interest rate of the liability component is 11.81% per annum.

During the reporting period, interest charged on the CB3 of approximately HK$366,000 was debited to profit or loss.

On 29 May 2019, the CB3 with principal amount of HK$18,592,000 were converted into 11,200,000 ordinary shares of the Company.

18 CONVERTIBLE BONDS (CONTINUED)

(c) Convertible bonds issued on 25 March 2019 ("CB3") (Continued)

Movements of the liability component of convertible bonds are set out below:

	CB1 HK$'000	CB2 HK$'000	CB3 HK$'000	Total HK$'000
As at 1 January 2019	41,577	–	–	41,577
Principal amount of CB issued during the reporting period	–	39,500	18,592	58,092
Transaction costs	–	(80)	(68)	(148)
Equity component	–	(2,264)	(1,129)	(3,393)
Liability component at beginning of the reporting period/date of issue	41,577	37,156	17,395	96,128
Repayment during the reporting period	(3,000)	–	–	(3,000)
Imputed interest charged*	2,148	1,279	366	3,793
Converted into ordinary shares of the Company	–	(38,435)	(17,761)	(56,196)
Liability component at 30 June 2019	40,725	–	–	40,725

* Imputed interest for the six months ended 2018: approximately HK$1,372,000

19 BONDS

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
At 1 January	**40,975**	28,204
Issue of bonds	**–**	11,310
Interest expenses	**1,867**	2,794
Exchange realignment	**(99)**	(1,333)
	42,743	40,975

Notes:

(a) On 4 May 2017, the Company issued unsecured bond ("Bond 1") with principal value of RMB13,548,000 (approximately HK$15,538,000) to an independent third party ("Subscriber 1"). The Bond 1 bears interest at 10% per annum and is repayable on 31 December 2017.

On 31 December 2017, principal value of RMB4,500,000 (approximately HK$5,161,000) has been repaid to Subscriber 1.

During the six months ended 30 June 2019, the Company entered into extension agreement with Subscriber 1, to extend the maturity date of Bond 1 from 31 December 2017 to 30 June 2020.

During the six months period ended 30 June 2019, no principal and interest were paid to the Subscriber 1.

(b) On 5 May 2017, the Company issued unsecured bond ("Bond 2") with principal value of RMB13,552,000 (approximately HK$15,543,000) to an independent third party ("Subscriber 2"). The Bond 2 bears interest at 10% per annum and is repayable on 31 December 2017.

During the six months ended 30 June 2019, the Company entered into extension agreement with Subscriber 2, to extend the maturity date of Bond 2 from 31 December 2017 to 30 June 2020.

During the six months period ended 30 June 2019, no principal and interest has been repaid to Subscriber 2.

(c) On 19 October 2018, the Company issued unsecured bond ("Bond 3") with principal value of RMB10,000,000 (approximately HK$11,310,000) to an independent third party ("Subscriber 3"). Bond 3 bears interest at 10% per annum and is repayable on 18 October 2019.

20 PROMISSORY NOTES

On 24 September 2015, the Company issued unsecured promissory notes ("PN") with principal value of HK$100,000,000 to the directors of the Company, namely Mr. Lin Yuhao (HK$99,990,000) and Mr. Lin Yupa (HK$10,000) (appointed on 18 April 2019). The PN bears interest at 3% per annum and matured on 23 September 2018. The fair value of the PN at the date of issuance was approximately HK$73,599,000.

On 31 March 2016, the Company early redeemed the principal amount of HK$75,000,000 by way of issuing 719,696,958 ordinary shares of the Company at the subscription price of HK$0.099 per share and all interest accrued were agreed to be waived. The fair value of the relevant ordinary shares was approximately HK$88,522,000 and the amortised cost of the said promissory note was approximately HK$59,080,000. As such, loss on early redemption of PN of approximately HK$29,442,000 was recognised during the year ended 31 December 2016.

On 23 September 2018, the Company entered two extension agreements with subscribers of PN, to extend the maturity date of PN from 23 September 2018 to 31 January 2020 with interest free during the extension period.

The PN is subsequently measured at amortised cost, using effective interest rate of 14%. As at 30 June 2019, the carrying amount of the PN was approximately HK$27,250,000 (31 December 2018: HK$27,250,000).

As at 30 June 2019, PN payable to Mr. Lin Yuhao was HK$27,239,100 and payable to Mr. Lin Yupa was HK$10,900 respectively.

The movements of PN are as follows:

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
At 1 January	**27,250**	24,770
Imputed interest charged	**–**	2,480
	27,250	27,250

21 BANK AND OTHER BORROWINGS

	Notes	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Bank loans	(a)	**15,913**	15,940
Other loans	(b)	**37,157**	63,882
		53,070	79,822
Secured		**15,913**	15,940
Unsecured		**37,157**	63,882
Carrying amount		**53,070**	79,822
Repayable:			
Within one year		**53,070**	79,822

Notes:

(a) The bank loans amounted to approximately HK$15,913,000 are secured by the Group's leasehold and buildings. The bank loan interest is charged at fixed rate of 9% per annum and repayable with one year.

(b) Other loans amounted to approximately HK$307,000 is unsecured, interest-free and has no fixed term of repayment.

Other loans amounted to approximately HK$15,445,000 from Mr. Lin Yupa, an executive director of the Company, and approximately HK$14,322,000 from Mr. Lin Yuhao, a non-executive director of the Company are unsecured, interest-free and has no fixed term of repayment.

Other loans amounted to approximately HK$7,083,000 are unsecured, interest is charged at fixed rate from 14.4% to 32.85% per annum and repayable within three months to one year.

21 BANK AND OTHER BORROWINGS (CONTINUED)

Movement of the bank and other borrowings are as follows:

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
At 1 January	**79,822**	32,260
Additions	**66,445**	114,791
Interest expenses	**2,211**	13,664
Repayment	**(94,612)**	(76,109)
Exchange realignment	**(796)**	(4,784)
	53,070	79,822

22 SHARE CAPITAL

	Notes	**At 30 June 2019 HK$'000 (Unaudited)**	At 31 December 2018 HK$'000 (Audited)
Authorised:			
150,000,000,000 (31 December 2018: 150,000,000,000) ordinary shares of HK$0.01 each		**1,500,000**	1,500,000
10,000,000,000 (31 December 2018: 10,000,000,000) preference shares of HK$0.01 each		**100,000**	100,000
Issued and fully paid:			
94,521,681 (31 December 2018: 1,232,367,732) ordinary shares of HK$0.01 each		**946**	12,324
3,030,000 (31 December 2018: 3,030,000) preference shares of HK$0.01 each	(a)	**30**	30
Total amount		**976**	12,354

22 SHARE CAPITAL (CONTINUED)

A summary of the transactions during the current period with reference to the movements in the Company's issued ordinary share capital is as follows:

	Notes	**No. of shares**	**Amount** HK$'000
At 31 December 2018 and 1 January 2019 (Audited)		1,232,367,732	12,324
Reduction in the par value of each issued Shares from HK$0.01 to HK$0.0005; and consolidation of the Reduced Shares of every twenty (20) issued Reduced Shares of HK$0.0005 each into one (1) consolidated Share of HK$0.01 each	(b)	(1,170,749,346)	(11,707)
Conversion of CB3 to ordinary shares	(c)	11,200,000	112
Conversion of CB2 to ordinary shares	(d)	21,703,295	217
At 30 June 2019 (Unaudited)		94,521,681	946

Notes:

(a) The preference shares are non-redeemable with par value of HK$0.01 each credited as fully paid up are issued and allotted to vendors as part of the considerations for the acquisitions occurred in Year 2012. According to the terms of the preference share policy, one preference share is eligible to convert into one new ordinary share any time no earlier than one year from the date of issue.

(b) Save as disclosed in the Company's circular dated 1 April 2019 in respect of a proposed capital reorganisation ("Capital Reorganisation") which was approved by the Shareholders of the Company in a special general meeting of the Company on 24 April 2019, the Capital Reorganisation has become effect on 25 April 2019 as details below.

i. Reduction in the par value of each issued Share from HK$0.01 to HK$0.0005 by cancelling paid up capital to the extent of HK$0.0095 on each issued share and round down of the total number of shares in the issued share capital of the Company immediately following the Share Consolidation to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation;

ii. Consolidation of the Reduced Shares on the basis that every 20 issued Reduced Shares of HK$0.0005 each will be consolidated into one Consolidated Share of HK$0.01 each.

(c) On 29 May 2019, convertible bonds with an aggregate principal amount of HK$18,592,000 were converted into 11,200,000 ordinary shares of the Company at a conversion price of HK$1.66 each.

(d) On 4 June 2019, convertible bonds with an aggregate principal amount of HK$39,500,000 were converted into 21,703,295 ordinary shares of the Company at a conversion price of HK$1.82 each.

23 SHARE-BASED PAYMENT TRANSACTIONS

A share option scheme (the "Scheme") was adopted pursuant to a resolution passed at the annual general meeting of the Company held on 6 June 2013 ("Adoption Date") for the primary purpose of providing incentives or rewards to selected participants. Under the Scheme, the Company may grant options to any participant of certain defined categories. Saved as determined by the Directors and provided in the offer of the grant of the relevant option, there is no performance target requirement which must be achieved before the option can be exercised but the participant must remain in the categories upon exercise.

The total number of shares in respect of which options may be granted under the Scheme must not exceed 10% of the shares of the Company in issue as at the Adoption Date. The total number of shares issued and to be issued upon exercise of the options granted to a participant in any 12-month period must not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the individual limit must be subject to shareholders' approval.

The option price is determined by the Board of Directors in its absolute discretion which, in any event, shall be at least the higher of (a) the closing price of the shares on the offer date; (b) the average closing price of the shares for the five business days immediately preceding the offer date; and (c) the nominal amount for the time being of each share.

Details of specific categories of options are as follows:

Date of grant	**Exercise period**	**Exercise price** HK$	*Notes*
3/7/2015	3/7/2015 – 2/7/2025	99	(a)
10/9/2015	10/9/2015 – 9/9/2025	69.8	(b)
22/7/2016	22/7/2016 – 21/7/2026	39.6	(c)
20/9/2017	20/9/2017 – 19/9/2027	7.8	(d)
9/7/2018	9/7/2018 – 8/7/2028	1.804	(e)

Notes:

As a result of the capital reorganisation effective on 25 April 2019 ("Capital Reorganisation"), adjustments were made to the number of ordinary shares to be allotted and issued upon exercise of the subscription rights attaching to all these share options granted under the Share Option Scheme by the decrease of:

(a) 51,729,550 ordinary shares to 2,586,477 ordinary shares and the exercise prices of the options were adjusted from HK$4.95 per ordinary share to HK$99 per ordinary share;

(b) 51,500 ordinary shares to 2,575 ordinary shares and the exercise prices of the options were adjusted from HK$3.49 per ordinary share to HK$69.8 per ordinary share;

23 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Notes: (Continued)

(c) 67,565,476 ordinary shares to 3,378,298 ordinary shares and the exercise prices of the options were adjusted from HK$1.98 per ordinary share to HK$39.6 per ordinary share;

(d) 27,378,000 ordinary shares to 1,368,900 ordinary shares and the exercise prices of the options were adjusted from HK$0.39 per ordinary share to HK$7.8 per ordinary share; and

(e) 112,178,756 ordinary shares to 5,608,937 ordinary shares and the exercise prices of the options were adjusted from HK$0.0902 per ordinary share to HK$1.804 per ordinary share.

The fair value of share options is determined at the date of grant using Binominal Option Pricing Model by an independent valuer and the following assumptions were used to calculate the fair value of share options:

	9 July 2018	20 September 2017	22 July 2016	10 September 2015	3 July 2015
Fair value at measurement date	HK$3,946,770	HK$24,609,958	HK$72,732,958	HK$87,497	HK$135,904,419
Share closing price at grant date	HK$0.089	HK$0.039	HK$0.198	HK$0.325	HK$0.465
Exercise price (before Capital Reorganisation)	HK$0.0902	HK$0.039	HK$0.198	HK$0.349	HK$0.495
Expected volatility (expressed as weighted average volatility used in the modeling under the Binominal Option Price Model)	71%	62%	59%	65%	65%
Option life (expressed as weighted average life used in the modeling under the Binominal Option Price Model)	10 years	10 years	10 years	10 years	10 years
Expected dividends	0%	0%	0%	0%	0%
Risk-free interest rate (based on exchange fund notes)	2.1%	1.5%	1.01%	1.53%	1.87%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

23 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The table below discloses movement of the Company's share options held by the Group's Directors, employees and consultants:

Name of category/ participant	Number of share options				Date of granted	Exercise period	Exercise price (restated) HK$
	At 1 January 2019 (Audited)	Lapsed during the period	Share consolidation during the period	At 30 June 2019 (Unaudited)			
Directors							
In aggregate	1,598,658	–	(1,518,726)	79,932	9/7/2018	9/7/2018 – 8/7/2028	1.804
In aggregate	688,000	–	(653,600)	34,400	22/7/2016	22/7/2016 – 21/7/2026	39.6
In aggregate	18,108,000	–	(17,202,600)	905,400	20/9/2017	20/9/2017 – 19/9/2027	7.8
	20,394,658	**–**	**(19,374,926)**	**1,019,732**			
Employees							
In aggregate	4,360,102	–	(4,142,096)	218,006	3/7/2015	3/7/2015 – 2/7/2025	99
In aggregate	515,000	–	(48,925)	2,575	10/9/2015	10/9/2015 – 9/9/2025	69.8
In aggregate	20,559,976	(1,250,000)	(18,344,477)	965,499	22/7/2016	22/7/2016 – 21/7/2026	39.6
In aggregate	4,820,000	(550,000)	(4,056,500)	213,500	20/9/2017	20/9/2017 – 19/9/2027	7.8
	29,791,578	**(1,800,000)**	**(26,591,998)**	**1,399,580**			
Consultants							
In aggregate	35,572,967	–	(33,794,320)	1,778,647	3/7/2015	3/7/2015 – 2/7/2025	99
	35,572,967	**–**	**(33,794,320)**	**1,778,647**			
Total	**85,759,203**	**(1,800,000)**	**(79,761,244)**	**4,197,959**			

The options outstanding at 30 June 2019 had an exercise price ranging from HK$1.84 to HK$99 (31 December 2018: HK$1.84 to HK$99 (restated)) and a weighted average remaining contractual life of 6.91 years (31 December 2018: 7.35 years).

At the end of the reporting period, the Company has 4,197,959 share options outstanding. There were no share options exercised, 1,800,000 share options (before Capital Reorganisation) were lapsed, and no share options were cancelled during the reporting period.

24 CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL STATEMENTS

At the end of the reporting period, the Group had the following capital commitments for acquisition of property, plant and equipment:

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Capital expenditure contracted for but not provided for	**801**	803

25 MATERIAL RELATED PARTY TRANSACTIONS

The remuneration of key management personnel (only the Directors) of the Group during the current period was as follow:

	At 30 June 2019 HK$'000 (Unaudited)	At 30 June 2018 HK$'000 (Unaudited)
Salaries and other short-term employee benefits	**2,273**	3,297
Contribution to defined contribution retirement scheme plans	**53**	39
Discretionary bonus	**–**	–
	2,326	3,336

26 COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

27 SUBSEQUENT EVENT

On 24 July 2019, the Company offered share options (the "Options"), subject to acceptance of the grantees, to certain eligible persons under the share option scheme of the Company adopted on 6 June 2013, to subscribe for a total of 9,452,158 ordinary shares of HK$0.01 each of the Company. Among the 9,452,158 Options, a total of 2,835,648 Options were granted to the Directors and a total of 6,616,510 Options were granted to other certain employees of the Company and its subsidiaries.

On 24 July 2019 and 23 August 2019, the Group entered into a fourteenth and fifteenth supplemental deeds respectively whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the sales and purchase agreement dated 25 May 2017 ("Agreement") with an independent third party to dispose the security brokerage business for a further 2 month to a date falling on the expiration of 28 months from the date of the Agreement.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 30 June 2019 and up to the date of this financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the interests or short positions of the Directors 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 (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO or as otherwise 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:

Long positions in the shares and underlying shares of the Company:

Name of directors	Capacity	Nature of interest	Number of Shares/ Underlying Shares held After Capital Reorganisation	Percentage of shareholding in class
Diao Jing	Beneficial owner	Ordinary shares	560,332	0.59%
Lin Yuhao	Interest of controlled corporation	Ordinary shares *(Note 1)*	4,315,087	4.57%
	Beneficial owner	Share Options *(Note 2)*	594,732	0.63%
Lin Yupa	Beneficial owner	Share Options *(Note 2)*	425,000	0.45%

Notes:

1. 4,315,087 shares were held by Sino Richest Investment Holdings Limited which is wholly and beneficially owned by Mr. Lin Yuhao, the non-executive Director and Chairman of the Company.

2. These represented the interests in underlying shares in respect of share options granted by the Company, details of which are disclosed in section headed "SHARE OPTION SCHEME" below.

Save as disclosed above, as at 30 June 2019, none of the Directors of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B (1) of the Listing Rules, the change in information of Directors of the Company during the Reporting Period and up to the date of this report are as follows:

Name of directors	Particulars	Effective date
Mr. Lin Yupa	Appointment as executive Director	18 April 2019
Ms. Diao Hong	Retirement as executive Director	14 June 2019

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, other than the interests disclosed above in respect of certain directors of the Company, the Company had not been notified of any 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.

SHARE OPTION SCHEME

On 6 June 2013, the Company adopted a share option scheme (the "Scheme") under which the Board may, at its discretion, grant options to eligible participants under the Scheme. On 25 April 2013, listing approval was granted by the Stock Exchange in respect of the Scheme.

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 14 June 2019, the share option mandate limit was refreshed pursuant to which the Company was authorised to grant share options to subscribe for up to a maximum number of 9,452,168 shares after adjustment of Capital Reorganisation.

Movements of the share options, which were granted under the Scheme, during the six months ended 30 June 2019 are set out below:

	Number of Share Options													
	Outstanding as at 1 January 2019	Granted from 1 January 2019 till 25 April 2019	Exercised from 1 January 2019 till 25 April 2019	Lapsed from 1 January 2019 till 25 April 2019	Outstanding as at 25 April 2019 (before Capital Reorganisation)	Outstanding as 25 April 2019 (After Capital Reorganisation)	Granted from 25 April 2019 till 30 June 2019	Exercised from 25 April 2019 till 30 June 2019	Lapsed from 25 April 2019 till 30 June 2019	Outstanding as 30 June 2019	Date of grant	Exercise period	Exercise price as per grant date (HK$)	Adjusted exercise price (HK$) *(Note 1)*
Directors														
Lin Yuhao	688,000	0	0	0	688,000	34,400	0	0	0	**34,400**	22/7/2016	22/7/2016–21/7/2026	1.98	39.60
	9,608,000	0	0	0	9,608,000	480,400	0	0	0	**480,400**	20/9/2017	20/9/2017–19/9/2027	0.39	7.80
	1,598,658	0	0	0	1,598,658	79,932	0	0	0	**79,932**	9/7/2018	9/7/2018–8/7/2028	0.0902	1.8040
Lin Yupa *(Note 2)*	8,500,000	0	0	0	8,500,000	425,000	0	0	0	**425,000**	20/9/2017	20/9/2017–19/9/2027	0.39	7.80
	20,394,658	0	0	0	20,394,658	1,019,732	0	0	0	**1,019,732**				
Employees														
In aggregate	4,360,102	0	0	0	4,360,102	218,006	0	0	0	**218,006**	3/7/2015	3/7/2015–2/7/2025	4.95	99.00
In aggregate	51,500	0	0	0	51,500	2,575	0	0	0	**2,575**	10/9/2015	10/9/2015–9/9/2025	3.49	69.80
In aggregate	20,559,976	0	0	750,000	19,809,976	990,499	0	0	25,000	**965,499**	22/7/2016	22/7/2016–21/7/2026	1.98	39.60
In aggregate	4,820,000	0	0	550,000	4,270,000	213,500	0	0	0	**213,500**	20/9/2017	20/9/2017–19/9/2027	0.39	7.80
	29,791,578	0	0	1,300,000	28,491,578	1,424,580	0	0	25,000	**1,399,580**				
Consultants														
In aggregate	35,572,967	0	0	0	35,572,967	1,778,647	0	0	0	**1,778,647**	3/7/2015	3/7/2015–2/7/2025	4.95	99.00
	35,572,967	0	0	0	35,572,967	1,778,647	0	0	0	**1,778,647**				
Total	85,759,203	0	0	1,300,000	84,459,203	4,222,959	0	0	25,000	**4,197,959**				

Notes:

1. The number of share options and exercise price have been adjusted accordingly pursuant to the Capital Reorganisation of the Company on 25 April 2019. Details of the adjustments to share options in respect of Capital Reorganisation were set out in the Company's announcement dated 29 March 2019.

2. Mr. Lin Yupa has been appointed as executive Director of the Company on 18 April 2019.

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the Scheme are disclosed in note 23 to the unaudited condensed consolidated interim financial statements and under the section "Share Option Scheme".

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry with the Directors of the Company, all the Directors confirmed that they had complied with the required standards of the said code during the Reporting Period.

CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and the code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). During the Reporting Period, the Company has complied with the Code Provisions and mandatory disclosure requirement as set out in the CG Code, except for the following deviation in respect of which remedial steps for compliance have been taken or considered reasons are given below.

Under the Code Provision A.6.7, independent non-executive Directors and non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to conflicting business schedules, Mr. LI Shaohua, Ms. ZHU Rouxiang and Ms. LI Yang, both being the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 14 June 2019.

The Company periodically reviews its corporate governance practices to ensure they continue to meet the requirements of the CG Code during the Reporting Period.

EVENTS AFTER THE REPORTING DATE

Details of significant events occurring after the reporting date are set out in note 27 to the financial statements in this report.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019. The Audit Committee is of the opinion that such financial information complies with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

As at the date of this report, the Audit Committee comprises all independent non-executive Directors, namely Ms. LI Yang (Committee Chairlady), Mr. LI Shaohua and Ms. ZHU Rouxiang.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express gratitude to our employees for their contribution and dedication to the Group, and our shareholders, customers and business partners for their continuous support.

On behalf of the Board
China Finance Investment Holdings Limited
Lin Yuhao
Chairman

Hong Kong, 26 August 2019