



林達控股有限公司
LAMTEX HOLDINGS LTD.

STOCK CODE : 1041



2019
INTERIM REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Tse Ping (*Chairman*)
Mr. Xiao Linjun
(resigned with effect from
23 April 2019)
Mr. Wu Xiaolin
Mr. Pan Xian
(appointed with effect from
23 April 2019)

Non-Executive Directors

Ms. Zang Yanxia
Mr. Liu Zhanqing
Mr. Xiao Shen
(appointed with effect from
23 April 2019)

Independent Non-executive Directors

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

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Investment and Management Committee

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

COMPANY SECRETARY

Mr. Chan Ching

AUDITOR

ZHONGHUI ANDA CPA Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1814-1815, 18/F.
Star House
3 Salisbury Road
Tsim Sha Tsui Kowloon
Hong Kong



PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

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

STOCK CODE

1041

WEBSITE

www.irasia.com/listco/hk/lamtex

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

| | | Six months ended 30 June | |
|-----------------------------------------------------------------------------------|--------------|---------------------------------|--------------------|
| | <i>Notes</i> | 2019 | 2018 |
| | | HK\$'000 | HK\$'000 |
| | | (Unaudited) | (Unaudited) |
| | | | (Restated) |
| Continuing operations | | | |
| Revenue | 5 | 27,245 | 64,932 |
| Cost of inventories sold | | (23,474) | (56,274) |
| Other income | | 208 | 134 |
| Administrative expenses | | (35,453) | (15,961) |
| Finance cost | 6 | (534) | (773) |
| Share-based payment | | - | (13,313) |
| Loss on disposal of property, plant and equipment | | (88) | - |
| Loss on disposal of financial assets at fair value loss through profit or loss | | - | (274) |
| Share of loss of an associate | | (508) | - |
| Loss before tax | | (32,604) | (21,529) |
| Income tax | 7 | (359) | (1,328) |
| Loss from continuing operations | 8 | (32,963) | (22,857) |
| Discontinued operation | | | |
| Profit from discontinued operations | 18 | 8,554 | 16,235 |
| Loss for the period | | (24,409) | (6,622) |
| Attributable to: | | | |
| Owners of the Company | | | |
| Loss from continuing operations | | (32,977) | (22,857) |
| Profit from discontinued operation | | 8,554 | 16,235 |
| Loss attributable to the owners of the Company | | (24,423) | (6,622) |
| Non-controlling interests | | | |
| Profit from continuing operations | | 14 | - |
| | | (24,409) | (6,622) |



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) (Restated) |
| Loss per share | 10 | | |
| From continuing and discontinued operations | | | |
| Basic (cents per share) | | (1.39) | (0.48) |
| Diluted (cents per share) | | N/A | N/A |
| From continuing operations | | | |
| Basic (cents per share) | | (1.87) | (1.64) |
| Diluted (cents per share) | | N/A | N/A |
| From discontinued operations | | | |
| Basic (cents per share) | | 0.48 | 1.16 |
| Diluted (cents per share) | | N/A | N/A |
| Loss for the period | | (24,409) | (6,622) |
| Other comprehensive income/(expense): | | | |
| <i>Items that may be reclassified to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations | | 3,736 | (818) |
| Total comprehensive loss for the period | | (20,673) | (7,440) |
| Attributable to: | | | |
| Owners of the Company | | (20,687) | (7,440) |
| Non-controlling interests | | 14 | - |
| | | (20,673) | (7,440) |

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 | 11 | 87,605 | 81,607 |
| Right-of-use assets | | 11,311 | – |
| Goodwill | | 5,113 | 2,396 |
| Other assets | | 400 | 400 |
| Investments in associates | | 22,572 | 23,080 |
| | | 127,001 | 107,483 |
| Current assets | | | |
| Inventories | | 13,605 | 13,538 |
| Trade and interest receivables | 12 | 10,332 | 43,034 |
| Loans receivables | 13 | – | 372,850 |
| Prepayments, deposits and other receivables | | 73,350 | 36,047 |
| Financial assets at fair value through profit or loss | | 36,416 | 32,613 |
| Bank balances held on behalf of clients | | 9,008 | 14,088 |
| Bank and cash balances | | 37,590 | 40,248 |
| | | 180,301 | 552,418 |
| Assets of disposal group held for sale | 18 | 397,459 | – |
| | | 577,760 | 552,418 |
| Current liabilities | | | |
| Trade payables | 14 | 13,638 | 31,387 |
| Other payables and accruals | | 8,204 | 11,924 |
| Borrowing | | 4,798 | 5,032 |
| Bonds | 16 | 49,000 | – |
| Lease liability | | 4,536 | – |
| Tax payable | | 2,069 | 3,309 |
| | | 82,245 | 51,652 |
| Liabilities of disposal group held for sale | 18 | 18,099 | – |
| | | 100,344 | 51,652 |



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

| | <i>Notes</i> | At 30 June 2019 HK\$'000 (Unaudited) | At 31 December 2018 HK\$'000 (Audited) |
|----------------------------------------------|--------------|-------------------------------------------------------------|---------------------------------------------------------------|
| Net current assets | | 477,416 | 500,766 |
| Total assets less current liabilities | | 604,417 | 608,249 |
| Non-current liabilities | | | |
| Lease liability | | 6,807 | - |
| Deferred tax liabilities | | 254 | 254 |
| | | 7,061 | 254 |
| NET ASSETS | | 597,356 | 607,995 |
| Capital and reserves | | | |
| Share capital | 15 | 68,719 | 67,497 |
| Reserves | | 528,620 | 540,498 |
| | | 597,339 | 607,995 |
| Non-controlling interest | | 17 | - |
| TOTAL EQUITY | | 597,356 | 607,995 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

| | Attributable to equity holders of the Company | | | | | | | | |
|-------------------------------------------------------------|-----------------------------------------------|---------------|-----------------|-------------|-------------|------------------|-------------|---------------------------|----------|
| | Share capital | Share premium | Capital reserve | Share-based | Foreign | Retained profits | Total | Non-controlling interests | Total |
| | | | | payment | currency | | | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | reserve | reserve | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | |
| At 1 January 2018 (audited) | 45,580 | 350,846 | 4,289 | 3,452 | (487) | 70,612 | 474,292 | - | 474,292 |
| Total comprehensive loss for the period | - | - | - | - | (818) | (6,622) | (7,440) | - | (7,440) |
| Share-based payments | - | - | - | 13,313 | - | - | 13,313 | - | 13,313 |
| Issue of ordinary shares upon placing of shares | 6,630 | 63,906 | - | - | - | - | 70,536 | - | 70,536 |
| Issue of ordinary shares on conversion of convertible bonds | 15,287 | 96,713 | - | - | - | - | 112,000 | - | 112,000 |
| At 30 June 2018 (unaudited) | 67,497 | 511,465 | 4,289 | 16,765 | (1,305) | 63,990 | 662,701 | - | 662,701 |
| At 1 January 2019 (audited) | 67,497 | 511,465 | 4,289 | 16,630 | (2,793) | 10,907 | 607,995 | - | 607,995 |
| Total comprehensive income/(loss) for the period | - | - | - | - | 3,736 | (24,423) | (20,687) | 14 | (20,673) |
| Capital contributed by non-controlling interest | - | - | - | - | - | - | - | 3 | 3 |
| Issue of consideration shares | 1,222 | 8,809 | - | - | - | - | 10,031 | - | 10,031 |
| At 30 June 2019 (unaudited) | 68,719 | 520,274 | 4,289 | 16,630 | 943 | (13,516) | 597,339 | 17 | 597,356 |



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 | (51,230) | (71,454) |
| Cash flows from investing activities | | |
| Investment in an associate | - | (30,000) |
| Purchase of property, plant and equipment | (2,470) | (448) |
| Purchase of investment properties | - | (86) |
| Acquisition of a subsidiary | 1,275 | - |
| Proceeds from disposal of property, plant and equipment | 849 | - |
| Repayment of lease liability | (3,134) | - |
| Net cash used in investing activities | (3,480) | (30,534) |
| Cash flows from financing activities | | |
| Net proceeds from the issue of shares on placements | - | 70,536 |
| Capital contributed by non-controlling interest | 3 | - |
| Proceeds from the issue of bonds | 49,000 | - |
| Interests paid | (257) | (773) |
| Net cash generated from financing activities | 48,746 | 69,763 |
| Net decrease in cash and cash equivalents | (5,964) | (32,225) |
| Cash and cash equivalents at beginning of the period | 40,248 | 63,791 |
| Effect of foreign exchange rate changes | 3,579 | (2,632) |
| Cash and cash equivalents at end of the period | 37,863 | 28,934 |
| Analysis of cash and cash equivalents | | |
| Bank and cash balances | 37,863 | 28,934 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL INFORMATION

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

The principal activities of the Group are securities trading and investment, trading and manufacturing of electronic products, securities brokerage and provision of securities margin finance and hotel operation. Loan financing services will be discontinued after period ended.

2. BASIS OF PREPARATION

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

These unaudited condensed financial statements should be read in conjunction with the 2018 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2018 except as stated below.





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. BASIS OF PREPARATION *(continued)*

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rate are as follows:

| | |
|-------------------|---------|
| Land and building | 20%–66% |
|-------------------|---------|

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

Non-current assets held for sale and discontinued operations

Non-current assets or disposal group are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets or disposal group are available for immediate sale in their present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. BASIS OF PREPARATION *(continued)*

Non-current assets held for sale and discontinued operations *(continued)*

Non-current assets or disposal group classified as held for sale are measured at the lower of the assets' or disposal group's previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss and other comprehensive income, which comprises:

- The post-tax profit or loss of the discontinued operation; and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the "HKAS") and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current and prior periods excepted as stated below.

HKFRS 16 "Leases"

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under HKAS 17 "Leases."

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under transitional provisions in the standard. The reclassifications and the adjustments arising from the adoption of HKFRS 16 are therefore recognised in the opening balance sheet on 1 January 2019 as follows:

| | 1 January 2019 HK\$'000 |
|---------------------------------|----------------------------------------|
| Increase in right-of-use assets | 5,295 |
| Increase in lease liabilities | (5,295) |

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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

HKFRS 16 "Leases" (continued)

The reconciliation of operating lease commitment to lease liabilities as at 1 January 2019 is set out below:

| | <i>HK\$'000</i> |
|-------------------------------------------------------------------------------------------|-----------------|
| Operating lease commitment to lease liabilities as at 1 January 2019 is set out below: | |
| Operating lease commitment at 31 December 2018 | 5,750 |
| Commitment relating to leases are low-value assets | (4) |
| Discounting | (451) |
| <hr/> | |
| Lease liability as at 1 January 2019 | 5,295 |
| <hr/> | |
| Analysed as: | |
| Current | 3,360 |
| Non-current | 1,935 |
| <hr/> | |
| | 5,295 |
| <hr/> | |

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





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

4. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

4. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy at 30 June 2019:

| Description | Fair value measurements as at 30 June 2019 using: | | | | Total 2019 HK\$'000 (Unaudited) |
|-------------------------------------------------------|------------------------------------------------------|-------------------------|-------------------------|--|------------------------------------------|
| | Level 1 | Level 2 | Level 3 | | |
| | HK\$'000 (Unaudited) | HK\$'000 (Unaudited) | HK\$'000 (Unaudited) | | |
| Recurring fair value measurements: | | | | | |
| Financial assets at fair value through profit or loss | | | | | |
| Listed securities in Hong Kong | 35,150 | - | - | | 35,150 |
| Listed securities outside Hong Kong | 1,266 | - | - | | 1,266 |
| Total recurring fair value measurements | 36,416 | - | - | | 36,416 |

| Description | Fair value measurements as at 31 December 2018 using: | | | | Total 2018 HK\$'000 (Audited) |
|-------------------------------------------------------|----------------------------------------------------------|-----------------------|-----------------------|--|----------------------------------------|
| | Level 1 | Level 2 | Level 3 | | |
| | HK\$'000 (Audited) | HK\$'000 (Audited) | HK\$'000 (Audited) | | |
| Recurring fair value measurements: | | | | | |
| Financial assets at fair value through profit or loss | | | | | |
| Listed securities in Hong Kong | 32,613 | - | - | | 32,613 |

During the period, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (31 December 2018: nil). The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

5. REVENUE AND SEGMENT INFORMATION

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

- (i) Securities trading and investment — purchase and sale of securities and securities investment
- (ii) Securities brokerage and provision of securities margin finance
- (iii) Trading and manufacturing of electronic products
- (iv) Hotel operation

The operation of loan financing services which is provision of funds and financial services to third parties will be discontinued after period ended. The segment information reported does not included any amount for the discontinued operations.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

5. REVENUE AND SEGMENT INFORMATION (continued)

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

| | Securities trading and investment <i>HK\$'000</i> (Unaudited) | Securities brokerage and provision of securities margin finance <i>HK\$'000</i> (Unaudited) | Trading and manufacturing of electronic products <i>HK\$'000</i> (Unaudited) | Hotel operations <i>HK\$'000</i> (Unaudited) | All other segment <i>HK\$'000</i> (Unaudited) | Total <i>HK\$'000</i> (Unaudited) |
|--------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------|-----------------------------------------|
| Six months ended 30 June 2019 | | | | | | |
| Segment revenue | | | | | | |
| Revenue from external customers | 3,802 | 669 | 20,857 | 1,723 | 194 | 27,245 |
| Segment result | 3,803 | (3,483) | (10,170) | (942) | (524) | (11,316) |
| As at 30 June 2019 | | | | | | |
| Segment assets | 36,416 | 19,420 | 35,378 | 89,006 | 12,773 | 192,993 |
| Segment liabilities | - | 11,344 | 16,865 | 6,520 | 2,282 | 37,011 |

| | Securities trading and investment <i>HK\$'000</i> | Securities brokerage and provision of securities margin finance <i>HK\$'000</i> | Trading and manufacturing of electronic products <i>HK\$'000</i> | All other segment <i>HK\$'000</i> | Total <i>HK\$'000</i> | |
|---------------------------------------------|------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------|--------------------------|---------|
| Six months ended 30 June 2018 | | | | | | |
| Segment revenue | | | | | | |
| Revenue from external customers (unaudited) | | (5,302) | 1,244 | 67,565 | 1,425 | 64,932 |
| Segment result (unaudited) | | (5,576) | (3,104) | 6,693 | 854 | (1,133) |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

5. REVENUE AND SEGMENT INFORMATION (continued)

| | Securities trading and investment | Securities brokerage and provision of securities margin finance | Hotel operation | Trading and manufacturing of electronic products | Total |
|-----------------------------------------|-----------------------------------|-----------------------------------------------------------------|-----------------|--------------------------------------------------|----------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| As at 31 December 2018 (Audited) | | | | | |
| Segment assets | 32,613 | 32,629 | 80,331 | 49,136 | 194,709 |
| Segment liabilities | - | 20,283 | 6,414 | 18,933 | 45,630 |

Reconciliations of segment profit or loss:

| | Six months ended 30 June | |
|-----------------------------------|---------------------------------|--------------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Total loss of reportable segments | (11,316) | (1,133) |
| Unallocated corporate income | 271 | - |
| Unallocated corporate expenses | (21,559) | (20,396) |
| Consolidated loss before tax | (32,604) | (21,529) |

Disaggregation of revenue from contract customers

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

6. FINANCE COSTS

| | Six months ended 30 June | |
|----------------------------------|--------------------------|-------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Interest on convertible bonds | - | 773 |
| Lease interest | 562 | - |
| Bond interest | 257 | - |
| | 819 | 773 |
| Representing: | | |
| Continuing operations | 534 | 773 |
| Discontinued operation (Note 18) | 285 | - |
| | 819 | 773 |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

7. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|----------------------------------|--------------------------|-------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Current tax: | | |
| — Hong Kong Profits Tax | 2,619 | 4,642 |
| Representing: | | |
| Continuing operations | 359 | 1,328 |
| Discontinued operation (Note 18) | 2,260 | 3,314 |
| | 2,619 | 4,642 |

Hong Kong Profits Tax has been provided at a rate of 16.5% (six months ended 30 June 2018: 16.5%) on the estimated assessable profits for the six months ended 30 June 2019.

The People's Republic of China Corporate Income Tax has been provided at a rate of 25% (six months ended 30 June 2018: 25%) on the estimated assessable profits for the six months ended 30 June 2019 for the subsidiaries operating in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

8. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging:

| | Six months ended 30 June | |
|--------------------------------------------------|---------------------------------|--------------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Cost of inventories sold | 23,474 | 56,274 |
| Directors' emoluments | | |
| — Salaries, bonus and allowances | 3,656 | 1,652 |
| — Share-based payment | - | 2,479 |
| | 3,656 | 4,131 |
| Staff costs (including directors' remuneration): | | |
| — Salaries, bonus and allowances | 10,939 | 6,648 |
| — Share-based payment | - | 13,313 |
| — Retirement benefits scheme contributions | 443 | 326 |
| | 11,382 | 20,287 |
| Depreciation of property, plant and equipment | 1,416 | 1,110 |

9. INTERIM DIVIDEND

The Board do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (Six months ended 30 June 2018: nil).





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

10. LOSS PER SHARE

Basic loss per share

From continuing and discontinued operations

The calculation of basic loss per share attributable to equity holders of the Company is based on the loss for the period attributable to equity holders of the Company of approximately HK\$24,423,000 (loss for the six months ended 30 June 2018: approximately HK\$6,622,000) and the weighted average number of 1,759,263,018 (six months ended 30 June 2018: 1,391,363,143) ordinary shares in issue during the period.

From continuing operations

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the loss for the period from continuing operations attributable to owners of the Company of approximately HK\$32,977,000 (six months ended 30 June 2018: HK\$22,857,000) and the denominator used is the same as that detailed above for basic loss per share.

From discontinued operations

The calculation of basic loss per share attributable to equity holders of the Company is based on the profit for the period attributable to equity holders of the Company of approximately HK\$8,554,000 (profit for the six months ended 30 June 2018: approximately HK\$16,235,000) and the denominator used is the same as that detailed above for basic loss per share.

Diluted loss per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the period ended 30 June 2019 and 2018.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, property, plant and equipment of approximately HK\$2,470,000 was acquired by the Group (six months ended 30 June 2018: HK\$448,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

12. TRADE AND INTEREST RECEIVABLES

| | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Audited) |
|------------------------------------|------------------------------------------------------|----------------------------------------------|
| Trade receivables | | |
| Cash clients | 714 | 4,253 |
| Margin clients | 1,412 | 3,408 |
| Clearing houses | 1,301 | 302 |
| Trade receivables — trading | 7,397 | 29,499 |
| Interest receivables | 18,394 | 6,064 |
| Less: allowance for doubtful debts | (2,682) | (492) |
| | 26,536 | 43,034 |
| Representing: | | |
| Continuing operations | 10,332 | 43,034 |
| Discontinued operation (Note 18) | 16,204 | - |
| | 26,536 | 43,034 |

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

12. TRADE AND INTEREST RECEIVABLES (continued)

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

| | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Audited) |
|---------------|------------------------------------------------------|----------------------------------------------|
| 0 to 30 days | 7,041 | 29,499 |
| 31 to 60 days | 285 | - |
| 61 to 90 days | - | - |
| Over 90 days | 71 | - |
| | 7,397 | 29,499 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

13. LOANS RECEIVABLES

| | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Audited) |
|----------------------------------|------------------------------------------------------|----------------------------------------------|
| Loans receivables | 373,350 | 372,850 |
| Less: Allowance of provision | (6,500) | - |
| | 366,850 | 372,850 |
| Representing: | | |
| Continuing operations | - | 372,850 |
| Discontinued operation (Note 18) | 366,850 | - |
| | 366,850 | 372,850 |

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

| | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Audited) |
|---------------|------------------------------------------------------|----------------------------------------------|
| 0 to 30 days | 119,500 | 22,500 |
| 31 to 60 days | 105,850 | 44,000 |
| 61 to 90 days | 122,000 | 8,000 |
| Over 91 days | 19,500 | 298,350 |
| | 366,850 | 372,850 |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

13. LOANS RECEIVABLES (continued)

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

14. TRADE PAYABLES

| | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Audited) |
|-----------------|------------------------------------------------------------------------|----------------------------------------------|
| Cash clients | 6,634 | 10,580 |
| Margin clients | 2,231 | 3,975 |
| Clearing houses | 927 | 5,175 |
| Trade payables | 3,846 | 11,657 |
| | 13,638 | 31,387 |

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

14. TRADE PAYABLES (continued)

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

| | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Audited) |
|-------------|------------------------------------------------------|----------------------------------------------|
| 0-30 days | 3,846 | 7,525 |
| 31-90 days | - | 3,562 |
| 91-180 days | - | 570 |
| | 3,846 | 11,657 |

15. SHARE CAPITAL

| | Number of ordinary shares (<i>'000</i>) | Amount US\$'000 | Amount HK\$'000 |
|--------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------|----------------------------|
| Authorised: | | | |
| At 31 December 2018, 1 January 2019 and 30 June 2019 (US\$0.005 each) | 20,000,000 | 100,000 | 775,000 |
| Issued and fully paid: | | | |
| At 31 December 2018 (US\$0.005 each) | 1,737,959 | 8,690 | 67,497 |
| Issue of consideration shares | 31,350 | 157 | 1,222 |
| At 30 June 2019 | 1,769,309 | 8,847 | 68,719 |





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

15. SHARE CAPITAL *(continued)*

On 28 February 2019, 31,349,764 ordinary shares of the Company of US\$0.005 each were issued at HK\$0.32 per share of approximately HK\$10,031,000, for the consideration of the acquisition of 100% issued shares of JMC Investments Limited. Approximately HK\$1,222,000 was credited to share capital and the remaining balance of approximately HK\$8,809,000 was credited to share premium account.

16. BONDS

The bonds are unsecured, bearing interest of 4% per annum payable every six months from the date of issue and repayable in one year after the date of issue.

17. ACQUISITION OF A SUBSIDIARY

On 28 February 2019, the Group completed the acquisition of 100% of the issued share capital of JMC Investments Limited for US\$850,000 (equivalent approximately to HK\$6,672,000) by the issue 31,349,764 at consideration shares. JMC Investments Limited was engaged in hotel operation during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

17. ACQUISITION OF A SUBSIDIARY (continued)

The fair value of the identifiable assets and liabilities of JMC Investments Limited acquired as at its date of acquisition is as follows:

| Net assets acquired: | <i>HK\$'000</i> |
|-------------------------------|-----------------|
| Property, plant and equipment | 6,152 |
| Trade receivables | 2 |
| Inventories | 9 |
| Bank and cash balances | 1,275 |
| Other payables | (124) |
| | <hr/> |
| | 7,314 |
| Goodwill | 2,717 |
| | <hr/> |
| Consideration | 10,031 |
| | <hr/> |
| Satisfied by: | |
| Issue of consideration shares | 10,031 |

The goodwill arising on the acquisition of JMC Investments Limited is attributable future operating synergies from the combination.

The fair value of the consideration share is based on the closing price on the issue date.

JMC Investments contributed loss of approximately HK\$121,000 to the Group for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2019, total Group revenue from continuing operations for the period would have been HK\$27,277,000, and loss for the period would have been HK\$24,469,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2019, nor is intended to be a projection of future results.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

18. DISCONTINUED OPERATION

Pursuant to an agreement dated 9 July 2019 entered into between a subsidiary of the Company, Prominent Fortune Investments Limited and an independent third party, to dispose of 100% interest in a subsidiary, New Winning Finance Company Limited, for a total cash consideration of HK\$50,000,000.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of these operations as held for sale.

At 30 June 2019 and 30 June 2018, cumulative income or expense attributable to owners of the Company recognised in other comprehensive income relating to the disposal group classified as held for sale amounted to approximately HK\$8,554,000 and HK\$16,235,000.

| Profit from discontinued operations: | Notes | 2019 HK\$'000 | 2018 HK\$'000 |
|---------------------------------------------|-------|--------------------------|------------------|
| Revenue | | 22,563 | 20,292 |
| Other income | | 15 | 2 |
| Administrative expenses | | (11,479) | (745) |
| Finance cost | 6 | (285) | - |
| Profit before tax | | 10,814 | 19,549 |
| Income tax | 7 | (2,260) | (3,314) |
| Profit from discontinued operations | | 8,554 | 16,235 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

18. DISCONTINUED OPERATION (continued)

The major classes of assets and liabilities comprising the disposal group classified as held for sale at 30 June 2019 are as follows:

| | Notes | 2019 HK\$'000 |
|-----------------------------------------------------|-------|------------------|
| Assets of disposal group held for sale: | | |
| Right-of-use assets | | 12,951 |
| Interest receivables | 12 | 16,204 |
| Prepayments and deposit | | 1,181 |
| Loans receivables | 13 | 366,850 |
| Bank balances and cash | | 273 |
| | | <hr/> |
| | | 397,459 |
| Liabilities of disposal group held for sale: | | |
| Other payables and accrued charges | | (8,633) |
| Lease liability | | (5,489) |
| Tax payable | | (3,977) |
| | | <hr/> |
| | | (18,099) |

19. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (31 December 2018: nil).





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

20. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, and the remuneration paid to the key management personnel, (i.e. the directors of the Company) as disclosed in note 8 to the condensed consolidated financial statements, the Group had no other transactions and balances with its related parties during the period ended 30 June 2019 (six months ended 30 June 2018: Nil).

21. EVENTS AFTER THE REPORTING PERIOD

On 9 July 2019, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount of HK\$80,878,680.

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 22 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

SEGMENTAL RESULTS

Securities trading and investment business

The revenue generated from the operation in securities trading and investment for the reporting period was approximately HK\$3.80 million (six months ended 30 June 2018: negative revenue of approximately HK\$5.30 million) and its segmental result reflected a gain of approximately HK\$3.80 million (six months ended 30 June 2018: loss of approximately HK\$5.58 million).

Information on the Group's financial assets at fair value through profit or loss which amounted to approximately HK\$36.42 million as at 30 June 2019 as below:

| Name of stock/ (Stock Code) | Principal business | Number of shares held as at 30 June 2019 | Investment cost (HK\$ million) | Market value as at 30 June 2019 (HK\$ million) | Percentage to net assets value of the Group as at 30 June 2019 |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|--------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------|
| Jete Power (8133) | The Group is principally engaged in the manufacturing of metal casting parts and components in the PRC | 140,060,000 | 22.31 | 5.18 | 0.87% |
| Goldway EDU (8160) | The Group is principally engaged in the provision of tutoring services in Hong Kong. The Group provides private tutoring services including primary and secondary tutoring services under the trade name of "Logic Tutorial Centre". | 6,000,000 | 3.51 | 2.73 | 0.46% |



MANAGEMENT DISCUSSION AND ANALYSIS

| Name of stock/ (Stock Code) | Principal business | Number of shares held as at 30 June 2019 | Investment cost (HK\$ million) | Market value as at 30 June 2019 (HK\$ million) | Percentage to net assets value of the Group as at 30 June 2019 |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|--------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------|
| Millennial Lithium Corp | The Company is focused on the development of its flagship lithium brine project, Pastos Grandes, situated in the province of Salta in the Lithium Triangle of Argentina. Lithium producers in the Triangle include SQM, Albemarle, Livent Corp. and Orocobre. | 134,157 | 2.91 | 1.27 | 0.21% |
| XI'AN HAITIANTIAN Holdings Co Ltd (8227) | Sales of information system and sales of agricultural products identified by CODM | 7,002,000 | 15.12 | 27.24 | 4.56% |

Information on the performance of the Group's financial assets during the six months ended 30 June 2019 as below:

| Name of stock/(Stock Code) | Fair value changes for the six months ended 30 June 2019 (HK\$ million) | Gain/(Loss) on disposal for the six months ended 30 June 2019 (HK\$ million) | Dividend received for the six months ended 30 June 2019 (HK\$ million) |
|----------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Xi'an Haitiantian Holdings Co., Ltd (8227) | 5.11 | N/A | Nil |
| Jete Power (8133) | (0.84) | N/A | Nil |
| Goldway EDU (8160) | (0.87) | N/A | Nil |
| Millennial Lithium Corp (Canadian traded stock) | 0.40 | N/A | Nil |

MANAGEMENT DISCUSSION AND ANALYSIS

Loan financing services business — Discontinued operation

Approximately HK\$22.56 million was generated from the Group's loan financing services business for the reporting period (six months ended 30 June 2018: approximately HK\$20.92 million) and its segmental result recorded a profit of approximately HK\$10.81 million (six months ended 30 June 2018: profit of approximately HK\$19.55 million). The business was undergoing a disposal procedures per the announcement dated 9 July 2019. For details, please refer to Note 18 of Notes to the Condensed Consolidated Financial Statement.

Securities brokerage and provision of securities margin finance business

Approximately HK\$0.67 million was generated from the Group's stock broking business for the reporting period (six months ended 30 June 2018: approximately HK\$1.24 million) and its segmental result suffered a loss of approximately HK\$3.48 million (six months ended 30 June 2018: loss of approximately HK\$3.10 million). The business further trimmed down due to the market competition and the weakening macro-economic environment and certain business plan not on track.

Trading and manufacturing of electronic products business

Approximately HK\$20.86 million was generated from the Group's trading and manufacturing of electronic products business for the reporting period (six months ended 30 June 2018: HK\$67.57 million) and its segmental result recorded a loss of approximately HK\$10.17 million (six months ended 30 June 2018: profit of approximately HK\$6.69 million). The business downturn was mainly due to the escalating Sino-US trade war during the first half of 2019 that directly and indirectly led to loss of market competition and loss of orders; exchange loss; lower gross margin to attract new and potential customers; new products launch delayed; and extra handling charges for sales. In addition, overall overheads also increased which also contributed to the loss.





MANAGEMENT DISCUSSION AND ANALYSIS

Hotel operation business

Approximately HK\$1.72 million was generated from the Group's hotel operation business for the reporting period (six months ended 30 June 2018: Nil) and its segmental result recorded a loss of approximately HK\$0.94 million (six months ended 30 June 2018: Nil). This was a newly setup business by the end of 2018.

Other Income

The Group's other income for the reporting period was slightly increased to approximately HK\$0.21 million from approximately HK\$0.14 million for the corresponding period in 2018.

Cost of inventories sold

Cost of inventories sold decreased to approximately HK\$23.47 million (six months ended 30 June 2018: HK\$56.27 million). The decrease was mainly due to the drop in revenue in the trading and manufacturing of electronic products segment which was caused by the deteriorating Sino-US trade war.

Administrative Expenses

The Group's administrative expenses for the reporting period was increased to approximately HK\$35.45 million from approximately HK\$15.96 million in the corresponding period in 2018 which was attributable to the increase in staff costs, rental, exchange loss and other general expenses.

Share based payment

None was recorded as share-based payments of the Group for the reporting period regarding the share option scheme granted during the reporting period (30 June 2018: HK\$13.31 million).

Finance Costs

The Group's finance costs for the reporting period was reduced to HK\$0.53 million from HK\$0.77 million in the corresponding period in 2018. This costs incurred were mainly lease interest and bond interest.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the Period and Loss Per Share

The Group's loss attributable to owners of the Company for the reporting period was approximately HK\$24.42 million (six months ended 30 June 2018: loss of approximately HK\$6.62 million). It was mainly caused by (i) impairment of loan receivables of approximately HK\$6.50 million during 2019 Interim; (ii) impairment loss of interest receivables of approximately HK\$2.20 million during 2019 Interim; (iii) amortization of right-of-use assets of approximately HK\$3.70 million during 2019 Interim; (iv) share of loss of an associate of approximately HK\$0.50 million during 2019 Interim and (v) increase in overall overheads and exchange loss of approximately HK\$6.90 million.

Basic loss per share of the Group was HK\$1.39 per share for the six months ended 30 June 2019 (six months ended 30 June 2018: basic loss per share HK0.48 cents).

BUSINESS REVIEW

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

On 29 March 2019, New Winning (an indirect wholly-owned subsidiary of the Company), as tenant, entered into the Tenancy Agreement with Wealth Billion (as landlord) in respect of the Twenty Eight Floor Premises for a term commencing from 1 April 2019 and expiring on 31 December 2021. Wealth Billion is owned an executive director and a non-executive director of the Company respectively hence a connected person of the Company. As such, the entering into of the Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement dated 29 March 2019.





MANAGEMENT DISCUSSION AND ANALYSIS

The entering into of the Tenancy Agreement will enable the Group to lease a prime location in one of the commercial districts in Hong Kong with convenient access to different districts. Moreover, the amounts payable under the Tenancy Agreement are relatively lower than those in other commercial districts in Hong Kong which will enable the Group to lower its costs.

On 1 April 2019, the board of directors (“the Board”) of the Company announced that as certain conditions precedent were not fulfilled or waived on 31 March 2019 and that the Subscribers and the Company have not agreed on any further extension of the Long Stop Date, the Subscription Agreements have lapsed and become null and void and both the Company and the Subscribers have been released from all obligations under the Subscription Agreements with references made to the followings:

1. Announcement of the Company dated 2 September 2018 in relation to the Subscription Agreements entered into between the Company and the Subscribers, pursuant to which the Company has conditionally agreed to issue and the Subscribers have conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount of HK\$648 million; and
2. Announcement of the Company dated 31 December 2018 in relation to Supplemental Agreements entered into between the Company and the Subscribers in respect of, inter alia, the extension of the Long Stop Date of the Subscription Agreements and amendment of conditions precedent.

MANAGEMENT DISCUSSION AND ANALYSIS

On 1 April 2019, the Board announced that as certain conditions precedent were not fulfilled by 31 March 2019 and the Company and Consultant have not agreed on any further extension of the latest time for fulfilment of the conditions precedent, the Subscription Agreement has lapsed and become null and void and the parties have been released from all obligations thereunder, save for the liabilities for any antecedent breaches thereof with references made to the followings:

1. Announcement of the Company dated 2 September 2018 in relation to, inter alia, the entering into of the: (i) Consultancy Agreement, pursuant to which the Consultant shall, among others, (i) provide financing services and assist the Company to identify suitable investors for financing of not less than HK\$500,000,000, for a term of six (6) months; and (ii) provide consultancy services on acquisition and merger; and (ii) Subscription Agreement, in relation to the issue of Warrants;
2. Supplemental announcement of the Company dated 7 September 2018 in relation to further disclosure of the information regarding the proposed issue of unlisted warrants; and
3. Announcement of the Company dated 31 December 2018 in relation to the entering of an extension letter (the "Extension Letter"), pursuant to which the parties have agreed to the extension of the latest time for fulfilment of the conditions precedent.

On 14 May 2019, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has agreed to procure Placees who (and their ultimate beneficial owners, if applicable) are not connected persons of the Company to subscribe for the Bonds in an aggregate principal amount of up to HK\$50,000,000 within the Placing Period. The net proceeds of the Placing from the issue of the Bonds will be utilized for financing any future investment opportunities as the Company may identify from time to time and general working capital of the Group.





MANAGEMENT DISCUSSION AND ANALYSIS

The placing was completed on 29 May 2019 with an aggregate principal amount of HK\$49 million.

On 20 June 2019, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has agreed to procure Placees who (and their ultimate beneficial owners, if applicable) are not connected persons of the Company to subscribe for the Bonds in an aggregate principal amount of up to HK\$100,000,000 within the Placing Period. The net proceeds of the Placing from the issue of the Bonds will be utilized for financing any future investment opportunities as the Company may identify from time to time and to enhance the working capital base of the Group for the continued development opportunity of the Group, and such additional funds will also facilitate effective and timely investment in any potential investment when such opportunities arise.

The placing was partially completed on 15 July 2019 with an aggregate principal amount of HK\$43 million.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The Company has conducted the following fund raising activities during the period ended 30 June 2019 and subsequent to end of the reporting period up to the date of this report:

| Date of announcement | Fund raising activity | Net proceeds raised | Intended use of net proceeds | Actual use of net proceeds |
|----------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 14 May 2019 | Placing of Bonds in an aggregate principal amount of up to HK\$50 million | Approximately HK\$48.51 million | Approximately HK\$48.51 million for the development of new business and general working capital use | Approximately HK\$20 million was mainly utilised on MOU deposit for cultural tourism investment; approximately HK\$13.59 million used for capital injection on supply chain business; and approximately HK\$13 million was used in operating expenses of the Group. The rest of the balance not utilised yet. |
| 20 June 2019 | Placing of Bonds in an aggregate principal amount of up to HK\$100 million | Approximately HK\$43 million (partially completed on 15 July 2019) | The net proceeds will use for financing any future investment opportunities as the Company may identify from time to time and to enhance the working capital base of the Group for the continued development opportunity of the Group | Approximately HK\$12 million was utilised for general working capital. The rest of balance not utilised yet. |





MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

Looking forward to the second half of 2019, the China-US trade frictions intensified the risk factors affecting the pace of global economic recovery and the financial markets has been experiencing huge volatilities amid rising protectionism. With the increasing political unrest in Hong Kong, the local economy is facing increasingly downward pressure in 2019, but extending economic integration with the Mainland China that will continue to support the economic performance ahead.

For the rest of 2019 to 2021, the Group will aim to provide a greater and convenient platform to serve the customers in terms of supply chain; fintech; securities; insurance; funds investment services in Hong Kong and Greater China regions.

The Group's objectives are:

1. To expand/grow the Group's existing core business sectors.
2. To explore and develop new businesses in related to Cultural Tourism & Elderly Care Service; Fintech & Securities and Supply Chain sectors.
3. Target the company market value to HK\$600m by end of year 2020.

In response to the objectives set above, the Group have been in the course of redefining and expanding the business portfolio since 2017 as the management were of the view that the future business prospects of the loan financing activities carried out by the Group would not be as profitable as before given the declining economic situation worldwide.

The Group planned to further develop and expand the Trading and Manufacturing Business. The Group has since then cooperated with different parties in the Trading and Manufacturing Business and had recorded a segment profit in 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has been able to secure more and more purchase orders from its customers including retailer and/or distributor in Hong Kong such as City Super Limited and Toyeast Limited for its Trading and Manufacturing Business for distribution in the local market and the Southeast Asia region from April 2019. Some of those purchase orders include Dreamcast wireless charging pads, Sega wireless chargers, Batman and Superman and Doraemon figures. The Company is also expected to launch more and more of its own brand design products with its design houses and there are currently at least HK\$2,500,000 own brand design products to be launched in the 4th quarter 2019. It is expected that gross profit and segmental profit will be resulted from the Trading and Manufacturing Business for the two years ended 31 December 2019 and 31 December 2020.

In the meantime, the Company has also started to expand into different business sectors (besides the Trading and Manufacturing Business) with an aim to diversify and also expand its business portfolio in order to bring valuable return to its shareholders. One of the main focus is to invest in medical health care and cultural tourism sectors through funds. In accordance with the development plan and strategy of the Group, the following steps were taken by the Company:

1. On 29 May 2019, the Company completed the placing of bonds in aggregate principal amount of HK\$50,000,000. Approximately HK\$20 million was mainly utilised as a deposit for cultural tourism investment;
2. On 7 July 2019, the Company announced that it intended to dispose of its entire issued share capital held in New Winning Finance Company Limited at a consideration of HK\$50,000,000. It is intended that approximately HK\$30 million of the net proceeds raised shall be used for establishing an investment fund which shall primarily invests in cultural tourism and medical health care sectors;



MANAGEMENT DISCUSSION AND ANALYSIS

3. On 7 July 2019, the Company entered into a subscription agreement with China United Capital Limited pursuant to which the Company has agreed to issue 353,800,000 convertible shares in return for a principal amount of HK\$80,878,680;
4. On 30 July 2019, the Company entered into a memorandum of understanding with Shanghai JZ Equity Investment Fund Management Partnership (L.P.)* (上海吉喆股權投資基金管理合夥企業 (有限合夥)) ("SJZ") in relation to a possible investment by the Company in SJZ. SJZ has established several sub-funds in the medical health care and cultural tourism sector and it is the current understanding between the Company and China United Capital Limited to utilize the proceeds from (3) above to invest in SJZ.

SJZ is a fund established by CITIC group and the expected fund size will increase to RMB10 billion in the coming three years. The fund currently has a fund pool of RMB3 billion and also already made investment in the cultural tourism sector.

The Company also wishes to further submit that the funds for its investment in the SJZ is expected to be injected in the 4th quarter of 2019. For the Company's investment in the medical health sector, the Company is currently under negotiation with CITIC Merchant for investing in a property investment fund with a particular focus on the medical health sector in Japan. Such fund is expected to be launched in the 4th quarter of 2019.

For the funds mentioned above, the Company will be mainly acting as a general partner to these funds and receive a fixed management fee of approximately 2% per annum.

As evidenced above, the Directors are of the view that the development plan and strategy of the Group to invest in funds should be in the right direction as the Company has been able to cooperate with new parties which have shown confidence and interest in supporting the Company in this direction, whether by way of subscription of shares or by way of forming collective and common interests in potential targets.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will strive to sustain its business growth, the management will continue to run the business in a prudent manner through enhancing risk control to cope with the possible economic fluctuations.

Capitalising on Hong Kong's role as a leading financial center for fund raising and asset management, the increasing connectivity of stock and bond with the Mainland China as well as fast-paced development of financial technology as new growth drivers, the Group is prepared to take an active part in new business opportunities in financial services and will also actively explore the possibility of developing assets management and related services.

It is our intention to increase our presence in the financial market in Hong Kong and Mainland China by either organic growth or working with respectable partners in order to bring steady and greater returns for the shareholders.

SUBSEQUENT EVENTS

Major Transaction Disposal of the Entire Issued Share Capital in New Winning

On 9 July 2019, after trading hours, Prominent Fortune Investments Limited ("Vendor") (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the China Poly Asset Management Limited ("Purchaser"), pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, being the entire issued share capital in New Winning (an indirect wholly-owned subsidiary of the Company), at a consideration of HK\$50,000,000. Upon Completion, the Company will cease to have any shareholding interest in New Winning, and the financial results of New Winning will no longer be consolidated into the consolidated financial statements of the Group.





MANAGEMENT DISCUSSION AND ANALYSIS

The Group issues unsecured loans to individual and institutional borrowers in Hong Kong and the PRC through New Winning, being the major operating arm of the loan financing services business of the Group. Upon Completion, the Group shall cease its operations of the loan financing services business. The management considered that the recent unstable relationship between the United States and the PRC, the economic and political instabilities in Hong Kong, and the tightening regulatory environment of loan financing industry shall continue to impose uncertainties on the development of the Group's loan financing services business in the near future. In addition, market competition has been growing rapidly with the total number of licensed money lenders in Hong Kong having increased at a cumulative annual growth rate of approximately 13.3% during the five years ended 31 December 2018. Accordingly, considering the nature of the loan portfolio of the Group's loan financing services business, which consist solely of unsecured loans, and the current market conditions, the management are of the view that provision of loan financing services may be subject to a relatively high degree of risk in generating a return comparable with its investment activities. On the other hand, the Purchaser is beneficially owned by an investor with previous investment experience in the PRC. The management are of the view that the consideration and interest income on the Loan contemplated under the Disposal would provide the Group with relatively lower-risk cash for its investments in the future including the Lamtex Opportunity Fund SPC, an investment fund expected to be launched in August 2019 under the securities brokerage business segment of the Group. The management considered that the terms of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and its Shareholders as a whole. For details, please refer to the announcement dated 9 July 2019.

Proposed Issue of Convertible Bonds

On 9 July 2019, the Company entered into the Subscription Agreement with China United Capital Limited ("Subscriber"), pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount of HK\$80,878,680.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company intends to use the net proceeds from the issue of Convertible Bonds for financing the investment of a new fund that will be established in the second half of 2019 in the cultural tourism and medical health care sectors. The Board (including the independent non-executive Directors) considers that the terms and conditions of the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. For details, please refer to the announcement dated 9 July 2019.

Memorandum of Understanding in Relation to a Possible Investment in Fund

On 30 July 2019, the Company entered into a memorandum of understanding (the "MOU") with Shanghai JZ Equity Investment Fund Management Partnership (L.P.)* (上海吉喆股權投資基金管理合夥企業 (有限合夥)) (the "Target Company") in relation to a possible investment by the Company in the Target Company. The current intention of the amount of investment to be made by the Company will not be less than HK\$80 million, subject to the formalization of the formal agreement.

The Target Company is a limited partnership fund set up in 2012 in the People's Republic of China. It is a general partner to a fund portfolio which invests in, amongst others, the medical health sector and cultural tourism projects in the People's Republic of China and is responsible for overseeing and managing such fund. Details please refer to the announcement dated 30 July 2019.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group's bank balances and cash was approximately HK\$37.59 million (31 December 2018: approximately HK\$40.25 million), representing a decrease of 6.60%.

As at 30 June 2019, the current ratio (current assets/current liabilities) was 5.76 times (31 December 2018: 10.69 times) and the net current assets amounted to approximately HK\$477.42 million (31 December 2018: approximately HK\$500.77 million).





MANAGEMENT DISCUSSION AND ANALYSIS

SHARE OPTION

On 20 December 2016, the Company has granted share options under its share option scheme (the “Share Option Scheme”) adopted on 25 May 2012 to certain eligible grantees which, subject to acceptance by the grantees, will enable the grantees to subscribe for an aggregate of 58,120,000 ordinary shares of the Company of US\$0.005 each in the share capital of the Company as stated in the announcement of the Company dated 20 December 2016. As at 30 June 2019, there were 22,830,000 options outstanding in relation to the grant of share options on 20 December 2016 under the Share Option Scheme.

On 8 May 2018, the Company has granted the options under the Share Option Scheme adopted on 25 May 2012 to certain eligible grantees, which, subject to acceptance by the grantees, will enable the grantees to subscribe for an aggregate of 98,800,000 ordinary shares of the Company of US\$0.005 each in the share capital of the Company as stated in the announcement of the Company dated 8 May 2018. As at 30 June 2019, there were 97,800,000 options outstanding in relation to the grant of share options on 8 May 2018 under the Share Option Scheme.

CAPITAL STRUCTURE

During the period, the allotment and issue of consideration shares for the acquisition of the entire share capital of JMC Investment Limited in February increased the number of issued shares by 31,349,764. Therefore as at 30 June 2019, the number of the Company’s issued shares was increased to 1,769,308,799 shares.

As at 30 June 2019, the Group’s gearing ratio calculated on the basis of bonds and other borrowings was HK\$53.79 million and total equity of approximately HK\$597.36 million which resulted at 9.00% (31 December 2018: Nil).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

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

ADDITIONAL INFORMATION

INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend in respect of the six months ended 30 June 2019 (six months ended 30 June 2018: Nil). Accordingly, no closure of register of members of the Company is proposed.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2019, apart from the details as follows, none of the Directors and chief executive has any other interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Long positions in the shares and underlying shares

Ordinary shares of US\$0.005 each of the Company

| Name of shareholder | Capacity | Number of ordinary shares held <i>(Note 4)</i> | Approximate percentage of the issued share capital of the Company <i>(Note 1)</i> |
|-------------------------------|----------------------------------------------------|---------------------------------------------------|--------------------------------------------------------------------------------------|
| Tse Ping | Interest of controlled corporation <i>(Note 2)</i> | 512,982,456 | 28.99% |
| Wu Xiaolin | Beneficial owner <i>(Note 3)</i> | 21,700,000 | 1.23% |
| Loke Yu alias Loke Hoi Lam | Beneficial owner <i>(Note 3)</i> | 1,410,000 | 0.08% |
| Tse Long | Beneficial owner <i>(Note 3)</i> | 1,410,000 | 0.08% |
| Zeng Zhaolin | Beneficial owner <i>(Note 3)</i> | 1,410,000 | 0.08% |
| Liu Zhanqing | Beneficial owner <i>(Note 3)</i> | 1,000,000 | 0.06% |
| Wong Man Keung | Beneficial owner <i>(Note 3)</i> | 13,400,000 | 0.76% |



Notes:

1. The percentages were calculated based on the Company's issued share capital 1,769,308,799 shares as at 30 June 2019.
2. The 512,982,456 shares are held by, One Belt One Road Financial Limited, which is wholly owned by Mr. Tse Ping, an executive director of the Company.
3. Among which the respective interests in share arise from the share options granted to the respective directors.
4. The letters "L" and "S" denote long position and short position in the shares of the Company respectively.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders, other than a Director or chief executive of the Company, had notified the Company of relevant interests and short positions in the shares or underlying shares or debentures of the Company which would have to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO in the issued share capital of the Company:

Long positions in the shares and underlying shares

Ordinary shares of US\$0.005 each of the Company

| Name of shareholder | Capacity | Number of ordinary shares held <i>(Note 4)</i> | Approximate percentage of the issued share capital of the Company <i>(Note 1)</i> |
|-------------------------------------|------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| Tse Ping | Interest of a controlled corporation <i>(Note 2)</i> | 512,982,456 (L) | 28.99% |
| One Belt One Road Financial Limited | Beneficial owner <i>(Note 2)</i> | 512,982,456 (L) | 28.99% |
| GCL-Poly Energy Holdings Limited | Beneficial owner <i>(Note 3)</i> | 299,498,421 (L) | 16.93% |

ADDITIONAL INFORMATION

Notes:

1. The percentages were calculated based on the Company's issued share capital 1,769,308,799 shares as at 30 June 2019.
2. The 512,982,456 shares were held by One Belt One Road Financial Limited, which was wholly owned by Mr. Tse Ping, an executive director of the Company.
3. The 299,498,421 shares were held by GCL-Poly Energy Holdings Limited, which was listed on the Main Board of the Stock Exchange (Stock Code: 3800).
4. The letters "L" and "S" denote long position and short position in the shares of the Company respectively.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the share capital of the Company as at 30 June 2019.

DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in Directors' information since the date of the Annual Report 2018 are set out below:

- (i) Mr. Xiao Linjun has resigned as an executive director of the Company with effect from 23 April 2019;
- (ii) Mr. Pan Xian has been appointed as an executive director of the Company with effect from 23 April 2019; and
- (iii) Mr. Xiao Shen has been appointed as a non-executive director of the Company with effect from 23 April 2019.



COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND LISTING RULES

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

- (i) Code Provision A.6.7 which stipulates that independent non-executive directors and non-executive directors should attend general meetings. Due to other important business engagements at the relevant time, not all non-executive directors and independent non-executive directors attended the Company’s annual general meeting on 31 May 2019; and
- (ii) Code Provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. Due to other important business engagements at the relevant time, the Chairman did not attend the Company’s annual general meeting on 31 May 2019.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2019.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

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

The Audit Committee meets regularly with the Company’s senior management and the Company’s auditors to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management.

ADDITIONAL INFORMATION

The Audit Committee has reviewed the Group's financial statements for the six months ended 30 June 2019 and discussed the financial related matters with management and external auditor.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2019, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any listed securities of the Company.

PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This report will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/lamtex. The interim report of the Company for the six months ended 30 June 2019 will be despatched to the Shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 22 August 2019

