

T h e m e

Theme International Holdings Limited

(Incorporated in Bermuda with limited liability) (Stock Code: 990)

2019

INTERIM REPORT

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Corporate Information

DIRECTORS

Executive Directors

Mr. Kang Jian (*Vice Chairman*)

Mr. Jiang Jiang (*Chief Executive Officer*) (*appointed on 29 July 2019*)

Mr. Wu Lei (*Chief Financial Officer*)

Ms. Chen Jing

Mr. Yue Lei (*appointed on 9 July 2019*)

Ms. Wu Aiping (*resigned on 9 July 2019*)

Mr. Hu Yong (*resigned on 29 July 2019*)

Independent Non-Executive Directors

Mr. Chan Chi Ming, Tony

Mr. Wu Shiming

Mr. Liu Song

AUDIT COMMITTEE

Mr. Chan Chi Ming, Tony (*Chairman*)

Mr. Wu Shiming

Mr. Liu Song

REMUNERATION COMMITTEE

Mr. Chan Chi Ming, Tony (*Chairman*)

Mr. Wu Shiming

Mr. Liu Song

NOMINATION COMMITTEE

Mr. Chan Chi Ming, Tony (*Chairman*)

Mr. Wu Shiming

Mr. Liu Song



Corporate Information

AUTHORISED REPRESENTATIVES

Mr. Wu Lei

Ms. Chen Jing

COMPANY SECRETARY

Mr. Ho Yui Pang (*HKICPA, ACS*)

AUDITOR

ZHONGHUI ANDA CPA Limited

Unit 701, Citicorp Centre

18 Whitfield Road

Causeway Bay

Hong Kong

LEGAL ADVISERS ON BERMUDA LAW

Conyers Dill & Pearman

29th Floor, One Exchange Square

8 Connaught Place

Central, Hong Kong

LEGAL ADVISERS ON HONG KONG LAW

Li & Partners

22/F, World Wide House

Central, Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Corporate Information

HEAD OFFICE & PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3401-03, 34/F., China Merchants Tower, Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Chiyu Banking Corporation Limited
Industrial Bank Co. Ltd.
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited
ING Bank N.V.
ABN AMRO BANK N.V.
Industrial and Commercial Bank of China Limited
Shanghai Pudong Development Bank Company Limited

PRINCIPAL SHARE REGISTRAR IN BERMUDA

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

BRANCH SHARE REGISTRAR & TRANSFER AGENT IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

990

WEBSITE

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Condensed Consolidated Financial Statements

The board (the “**Board**”) of directors (the “**Directors**”) of Theme International Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2019 together with the comparative figures for the corresponding period in 2018.

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) |
| Revenue | 4 | 2,528,757 | 1,794,883 |
| Cost of sales | | (2,363,512) | (1,723,785) |
| Gross profit | | 165,245 | 71,098 |
| Other income, gain and loss | | (11,050) | (18,659) |
| Selling and distribution expenses | | (2,784) | (2,571) |
| Administrative expenses | | (34,254) | (24,324) |
| Profit from operations | | 117,157 | 25,544 |
| Finance costs | 5(a) | (6,793) | (2,661) |
| Profit before taxation | 5 | 110,364 | 22,883 |
| Income tax | 6 | (22,091) | (5,091) |
| Profit for the period | | 88,273 | 17,792 |
| Attributable to: | | | |
| – Owners of the Company | | 67,331 | 16,453 |
| – Non-controlling interests | | 20,942 | 1,339 |
| | | 88,273 | 17,792 |
| Other comprehensive (loss)/income: | | | |
| – Item that may be reclassified to profit or loss: | | | |
| Exchange differences on translating foreign operations | | (221) | 145 |
| Other comprehensive (loss)/income for the period, net of tax | | (221) | 145 |
| Total comprehensive income for the period | | 88,052 | 17,937 |
| Attributable to: | | | |
| – Owners of the Company | | 67,110 | 16,598 |
| – Non-controlling interests | | 20,942 | 1,339 |
| | | 88,052 | 17,937 |
| | | | (restated) |
| Earnings per share | | | |
| Basic and diluted | 7 | HK0.80 cents | HK0.20 cents |

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Financial Position

As at 30 June 2019

| | Notes | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|---|-------|--|--|
| Non-current assets | | | |
| Property, plant and equipment | 9 | 2,510 | 2,896 |
| Right-of-use assets | | 1,913 | — |
| Investment in an associate | 10 | — | 39,707 |
| | | <u>4,423</u> | <u>42,603</u> |
| Current assets | | | |
| Inventories | 11 | 1,672,457 | 365,724 |
| Loan to customers | 12 | 15,000 | 15,000 |
| Trade and bills receivables and interest receivables | 13 | 366,521 | 595,030 |
| Accounts receivables | 14 | 894,406 | 434,415 |
| Financial assets at fair value through profit or loss | 15 | 1,433 | 1,446 |
| Prepayments, deposits and other receivables | 16 | 245,661 | 76,445 |
| Cash and bank balances | 17 | 993,632 | 286,407 |
| | | <u>4,189,110</u> | <u>1,774,467</u> |
| Current liabilities | | | |
| Trade and bills payables | 18 | 652,469 | 349,815 |
| Trust receipt loans | 19 | 495,425 | 225,670 |
| Accounts payables | 20 | 1,111,014 | 415,306 |
| Contract liabilities | | 673,728 | 31,491 |
| Accruals and other payables | | 21,640 | 53,246 |
| Lease liabilities | | 1,798 | — |
| Current tax payable | | 30,348 | 16,380 |
| | | <u>2,986,422</u> | <u>1,091,908</u> |
| Net current assets | | <u>1,202,688</u> | <u>682,559</u> |
| Net assets | | <u>1,207,111</u> | <u>725,162</u> |
| Capital and reserves | | | |
| Share capital | 21 | 29,604 | 19,736 |
| Reserves | | 1,111,826 | 660,687 |
| Equity attributable to owners of the Company | | <u>1,141,430</u> | <u>680,423</u> |
| Non-controlling interests | | 65,681 | 44,739 |
| Total equity | | <u>1,207,111</u> | <u>725,162</u> |

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

| | Attributable to owners of the Company | | | | | | | Total equity |
|---|---------------------------------------|-----------------------|-----------------|--------------------------------------|--|------------------|---------------------------|------------------|
| | Share capital | Share premium account | Capital reserve | Foreign currency translation reserve | (Accumulated losses)/ Retained profits | Total | Non-controlling interests | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2018 (audited) | 19,736 | 690,231 | — | (5,168) | (87,367) | 617,432 | — | 617,432 |
| Total comprehensive income for the period | — | — | — | 145 | 16,453 | 16,598 | 1,339 | 17,937 |
| Capital contribution received from non-controlling interests | — | — | — | — | — | — | 42,160 | 42,160 |
| Disposal of interests in subsidiaries without loss of control (note 23) | — | — | 2,665 | — | — | 2,665 | (2,665) | — |
| At 30 June 2018 (unaudited) | <u>19,736</u> | <u>690,231</u> | <u>2,665</u> | <u>(5,023)</u> | <u>(70,914)</u> | <u>636,695</u> | <u>40,834</u> | <u>677,529</u> |
| At 1 January 2019 (audited) | 19,736 | 690,231 | 2,665 | (6,735) | (25,474) | 680,423 | 44,739 | 725,162 |
| Total comprehensive income for the period | — | — | — | (221) | 67,331 | 67,110 | 20,942 | 88,052 |
| Issue of new shares on rights issue (note 21) | 9,868 | 384,029 | — | — | — | 393,897 | — | 393,897 |
| At 30 June 2019 (unaudited) | <u>29,604</u> | <u>1,074,260</u> | <u>2,665</u> | <u>(6,956)</u> | <u>41,857</u> | <u>1,141,430</u> | <u>65,681</u> | <u>1,207,111</u> |

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

| | Notes | Six months ended 30 June | |
|--|-------|---------------------------------|---------------------------------|
| | | 2019 HK\$'000 (unaudited) | 2018 HK\$'000 (unaudited) |
| Operating activities | | | |
| Cash from operations | | 1,919,377 | 1,218,596 |
| Interest received | | 1,565 | 390 |
| Overseas tax paid | | (8,018) | (2,847) |
| Net cash generated from operating activities | | 1,912,924 | 1,216,139 |
| Investing activities | | | |
| Purchase of property, plant and equipment | 9 | (383) | (523) |
| Purchase of financial assets at fair value through profit or loss | | — | (27,300) |
| Proceeds from voluntary liquidation of investment in an associate | | 38,220 | — |
| Net cash generated from/(used in) investing activities | | 37,837 | (27,823) |
| Financing activities | | | |
| Net proceeds from issue of new shares on rights issue | | 393,897 | — |
| Net proceeds from issue of new shares of subsidiaries to non-controlling interests | | — | 42,160 |
| Payment of lease liabilities and finance costs | | (1,790) | — |
| Proceeds from loan from a related party | | — | 43,617 |
| Proceeds from issue of promissory note | | — | 23,595 |
| Repayment of trust receipt loans | | (1,865,875) | (954,266) |
| Interest paid | | (6,758) | (2,194) |
| Net cash used in financing activities | | (1,480,526) | (847,088) |
| Net increase in cash and cash equivalents | | 470,235 | 341,228 |
| Cash and cash equivalents at beginning of the period | | 235,472 | 92,903 |
| Effect of changes in foreign exchange rates | | 14,943 | 5,492 |
| Cash and cash equivalents at end of the period, represented by cash and bank balances | | 720,650 | 439,623 |
| Analysis of cash and cash equivalents | | | |
| Cash and bank balances — General accounts | | 720,650 | 439,623 |

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

1. Basis of Preparation

This unaudited condensed consolidated financial statements of Theme International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

These condensed consolidated 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 condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2018 except as stated below.

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 – land and building, 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 approximately at 8% per month.

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.

Condensed Consolidated Financial Statements

1. Basis of Preparation (Continued)

Leases (Continued)

The Group as lessee (Continued)

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.

The preparation of a condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgments, 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 condensed consolidated financial statements contain 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 financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the audit committee of the Company.

The condensed consolidated financial statements have been prepared on a going concern basis.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which have been measured at fair values, as appropriate.



Condensed Consolidated Financial Statements

2. 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 (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**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 financial statements and amounts reported for the current period and prior years except 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”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.75%.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease”.

Condensed Consolidated Financial Statements

2. Adoption of New and Revised Hong Kong Financial Reporting Standards (Continued)

Adjustments recognised on adoption of HKFRS 16

As a lessee, the Group's leases are mainly rentals of offices. Rental contracts are typically made for fixed periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The right-of-use assets were measured at the amount equal to the lease liability and there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

| Condensed consolidated statement of financial position (extract) | 31 December 2018 | | 1 January 2019 |
|--|--|----------------------|----------------------|
| | As originally presented HK\$'000 | HKFRS 16 HK\$'000 | Restated HK\$'000 |
| Non-current assets | | | |
| Right-of-use assets | — | 3,553 | 3,553 |
| Current liabilities | | | |
| Lease liabilities | — | 3,553 | 3,553 |

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

Condensed Consolidated Financial Statements

3. Fair Value Measurement

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.

(a) Disclosures of level in fair value hierarchy:

| Description | Fair value measurements as at 30 June 2019 using: | | | |
|---|--|------------------------------------|------------------------------------|----------------------------------|
| | Level 1 HK\$'000 (unaudited) | Level 2 HK\$'000 (unaudited) | Level 3 HK\$'000 (unaudited) | Total HK\$'000 (unaudited) |
| Recurring fair value measurements: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Unlisted investment fund in Singapore | — | — | 1,433 | 1,433 |

Condensed Consolidated Financial Statements

3. Fair Value Measurement (Continued)

- (a) Disclosures of level in fair value hierarchy: (Continued)

| Description | Fair value measurements as at 31 December 2018 using: | | | |
|-------------|--|----------------------------------|----------------------------------|--------------------------------|
| | Level 1 HK\$'000 (audited) | Level 2 HK\$'000 (audited) | Level 3 HK\$'000 (audited) | Total HK\$'000 (audited) |
| | | | | |

Recurring fair value measurements:

Financial assets at fair
value through profit
or loss

| | | | |
|---|---|-------|-------|
| — | — | 1,446 | 1,446 |
|---|---|-------|-------|

During the period ended 30 June 2019, there was no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (year ended 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.

- (b) Reconciliation of assets measured at fair value based on level 3:

| | Financial assets at fair value through profit or loss: Unlisted investment fund | |
|---|---|---|
| | 30 June 2019 HK\$'000 (unaudited) | 30 June 2018 HK\$'000 (unaudited) |
| At beginning of period | 1,446 | — |
| Purchases | — | 27,300 |
| Total (loss)/gain recognised in profit or loss* | <u>(13)</u> | <u>665</u> |
| At end of the reporting period | <u>1,433</u> | <u>27,965</u> |
| * Include unrealised (loss)/gain for assets held at end of the reporting period | <u>(13)</u> | <u>665</u> |

Condensed Consolidated Financial Statements

3. Fair Value Measurement (Continued)

- (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2019:

The Directors are responsible for the fair value measurements of assets and liabilities required for financial reporting purpose, including level 3 fair value measurements. The measurement is undertaken at least twice a year.

For level 3 fair value measurements, the key unobservable input currently applied by the Group is:

- risk-adjusted discount rate

Level 3 fair value measurements

| Description | Valuation technique | Unobservable input | Range | Effect on fair value for increase of inputs | Fair value | Fair value |
|--|----------------------|-----------------------------|-------|--|---|---|
| | | | | | as at 30 June 2019 HK\$'000 (unaudited) | as at 31 December 2018 HK\$'000 (audited) |
| Unlisted investment fund classified at fair value through profit or loss | Discounted cash flow | Risk-adjusted discount rate | 10% | The estimated fair value would increase/(decrease) if the risk-adjusted discount factor was lower/(higher) | 1,433 | 1,446 |

Condensed Consolidated Financial Statements

4. Revenue and Segment Information

(a) Revenue

An analysis of the Group's revenue for the period is as follows:

| | Six months ended 30 June | |
|---|---------------------------------|--------------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Revenue from contracts with customers | | |
| Sales from trading of goods | 2,045,459 | 1,387,494 |
| Freight services | 384,619 | 393,212 |
| <i>Less: sales taxes and levies</i> | (890) | (316) |
| Commission fee income | — | 528 |
| Commission income and brokerage fees from the provision of financial services | <u>20,457</u> | <u>5,038</u> |
| | <u>2,449,645</u> | <u>1,785,956</u> |
| Other Revenue | | |
| Gain from derivative trading | 78,564 | 8,927 |
| Interest income from loans to customers | <u>548</u> | <u>—</u> |
| | <u>79,112</u> | <u>8,927</u> |
| | <u>2,528,757</u> | <u>1,794,883</u> |

(b) Segment information

The Group determines its operating segments and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and making strategic decision.

Condensed Consolidated Financial Statements

4. Revenue and Segment Information (Continued)

(b) Segment information (Continued)

During the period ended 30 June 2019, the Group's reportable and operating segments are as follows:

- Distribution and trading business — trading of bulk commodities and related products in Hong Kong, Singapore and the People's Republic of China (the "PRC"); and
- Financial services business — provision of loan financing services, securities and derivatives financial services, market making and margin financing in Hong Kong and Singapore.

Segment information and results:

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

For the six months ended 30 June 2019 (unaudited)

| | Distribution and trading HK\$'000 | Financial services HK\$'000 | Total HK\$'000 |
|---|---|-----------------------------------|-------------------|
| Revenue | <u>2,429,188</u> | <u>99,569</u> | <u>2,528,757</u> |
| Segment profit | <u>83,637</u> | <u>38,923</u> | 122,560 |
| Finance costs | <u>(6,758)</u> | <u>—</u> | (6,758) |
| Unallocated other income, gain and loss | | | 1,238 |
| Corporate expenses and other finance costs | | | <u>(6,676)</u> |
| Profit before taxation | | | <u>110,364</u> |

Condensed Consolidated Financial Statements

4. Revenue and Segment Information (Continued)

(b) Segment information (Continued)

Segment information and results: (Continued)

For the six months ended 30 June 2018 (unaudited)

| | Distribution and trading HK\$'000 | Financial services HK\$'000 | Total HK\$'000 |
|--|---|-----------------------------------|-------------------|
| Revenue | 1,780,918 | 13,965 | 1,794,883 |
| Segment profit/(loss) | 34,990 | (4,096) | 30,894 |
| Finance costs | (2,194) | (467) | (2,661) |
| Unallocated other income, gain and loss | | | 397 |
| Corporate expenses | | | (5,747) |
| Profit before taxation | | | 22,883 |

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of, certain other income, certain other gains and losses, finance costs and taxation. This is the measure reporting to the executive directors for the purposes of resource allocation and making strategic decision.

Segment assets and liabilities:

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

As at 30 June 2019 (unaudited)

| | Distribution and trading HK\$'000 | Financial services HK\$'000 | Total HK\$'000 |
|---------------------|---|-----------------------------------|-------------------|
| Segment assets | 2,822,133 | 1,330,530 | 4,152,663 |
| Segment liabilities | 1,329,515 | 1,125,946 | 2,455,461 |

Condensed Consolidated Financial Statements

4. Revenue and Segment Information (Continued)

(b) Segment information (Continued)

Segment assets and liabilities: (Continued)

As at 31 December 2018 (audited)

| | Distribution and trading HK\$'000 | Financial services HK\$'000 | Total HK\$'000 |
|---------------------|---|-----------------------------------|-------------------|
| Segment assets | 1,153,553 | 612,291 | 1,765,844 |
| Segment liabilities | 385,300 | 459,212 | 844,512 |

Geographical information:

Disaggregation of revenue from contracts with customers:

| Segments | Six months ended 30 June 2019 | | | Six months ended 30 June 2018 | | |
|--|--|--|----------------------------------|--|--|----------------------------------|
| | Distribution and trading HK\$'000 (unaudited) | Financial services HK\$'000 (unaudited) | Total HK\$'000 (unaudited) | Distribution and trading HK\$'000 (unaudited) | Financial services HK\$'000 (unaudited) | Total HK\$'000 (unaudited) |
| Geographical markets | | | | | | |
| Hong Kong | – | 12,985 | 12,985 | – | 4,078 | 4,078 |
| Singapore | 1,224,051 | 7,472 | 1,231,523 | 1,454,327 | 960 | 1,455,287 |
| The PRC | 1,205,137 | – | 1,205,137 | 326,591 | – | 326,591 |
| Revenue from contracts with customers | 2,429,188 | 20,457 | 2,449,645 | 1,780,918 | 5,038 | 1,785,956 |
| Major products/service | | | | | | |
| Trading of bulk commodities | 2,429,188 | – | 2,429,188 | 1,780,918 | – | 1,780,918 |
| Commission income and brokerage fees | – | 20,457 | 20,457 | – | 5,038 | 5,038 |
| Total | 2,429,188 | 20,457 | 2,449,645 | 1,780,918 | 5,038 | 1,785,956 |
| Timing of revenue recognition | | | | | | |
| At a point in time | 2,429,188 | 20,457 | 2,449,645 | 1,780,918 | 5,038 | 1,785,956 |

Condensed Consolidated Financial Statements

5. Profit before Taxation

Six months ended 30 June
2019 2018
HK\$'000 HK\$'000
(unaudited) (unaudited)

Profit before taxation has been arrived at after charging/(crediting):

| | | | |
|-----|--|----------------|--------|
| (a) | Finance costs | | |
| | Bills discounting interest expenses and interest expenses on trust receipt loans | 6,758 | 2,194 |
| | Interest expenses on promissory notes | — | 467 |
| | Lease liabilities | 35 | — |
| | | 6,793 | 2,661 |
| (b) | Other items | | |
| | Interest income on bank deposits | (1,565) | (390) |
| | Depreciation | | |
| | — property, plant and equipment | 769 | 695 |
| | — right-of-uses assets | 1,640 | — |
| | Exchange loss, net | 18,149 | 19,722 |
| | Operating lease rentals in respect of rented premises | — | 1,820 |
| | Directors' remuneration (note a) | 4,842 | 5,025 |
| | Consultancy fees | 413 | 952 |
| | Other staff costs (note b) | 17,485 | 11,755 |

Notes:

- (a) Directors' remuneration include fees, remunerations, bonuses and retirement benefits scheme contributions paid or payable to directors of the Company.
- (b) Other staff costs (excluding directors' remuneration) include salaries, bonuses, allowances and retirement benefits scheme contributions paid or payable to other employees of the Group.

Condensed Consolidated Financial Statements

6. Income Tax

| | Six months ended 30 June | |
|--|--------------------------|--------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Current tax — Hong Kong Profits Tax | | |
| Provision for the period | — | — |
| Current tax — PRC Corporate Income Tax | | |
| Provision for the period | 5,520 | — |
| Current tax — Singapore Corporate Income Tax | | |
| Provision for the period | 16,571 | 5,036 |
| Under-provision for prior year | — | 55 |
| | <u>22,091</u> | <u>5,091</u> |

No Hong Kong Profits Tax was provided for the period ended 30 June 2019 and 2018 as the Company and its subsidiaries have no assessable profit arising from Hong Kong during the periods ended 30 June 2019 and 2018.

The income tax provision in respect of operations in the PRC is calculated at 25% on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

Singapore Corporate Income Tax is provided using the Singapore standard rate of income tax of 17% or the concession rate of 10% for the periods ended 30 June 2019 and 2018. With the Global Trader Programme (“GTP”) incentive awarded to Bright Point Trading Pte. Ltd., a wholly-owned subsidiary of the Company, by the Inland Revenue Authority of Singapore with effect from 1 January 2017, certain qualified income generated during the periods ended 30 June 2019 and 2018 from the distribution and trading business of the Group has been charged at a tax concessionary rate of 10%. Any other income not qualified for the GTP incentive has been charged at the standard rate of 17% during the periods ended 30 June 2019 and 2018.

Condensed Consolidated Financial Statements

7. Earnings per Share

(a) Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company was based on the profit for the period attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the period, as adjusted to reflect the rights issue during the corresponding period as further detailed in note 21.

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Profit: | | |
| Profit for the period attributable to owners of the Company for the purpose of basic earnings per share | 67,331 | 16,453 |
| | '000 | '000 |
| | | (restated) |
| Number of shares: | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share (note) | 8,467,390 | 8,117,651 |

Note: On 13 June 2019, the Company announced the completion of a rights issue of 3,947,114,877 rights shares at HK\$0.10 per rights share. As the Company's share market price immediately before the exercise of rights was higher than the rights subscription price, this gave rise to a bonus element in the rights issue to existing shareholders. Therefore earnings per share is calculated as if the bonus element (but not the total rights issue) arose proportionately at the start of the earliest period for which earnings per share is presented in accordance with the requirements under HKAS 33.

(b) Diluted earnings per share

There is no instrument with potential dilutive shares issued by the Company during the periods ended 30 June 2019 and 2018. Therefore the basic and diluted earnings per share for the respective periods are equal.

Condensed Consolidated Financial Statements

8. Interim Dividend

No dividends were paid, declared or proposed during the periods ended 30 June 2019 and 2018. The directors do not recommend the payment of an interim dividend in respect of the period ended 30 June 2019 (2018: Nil).

9. Movements in Property, Plant and Equipment

During the six months ended 30 June 2019, there was an addition of approximately HK\$383,000 to the Group's property, plant and equipment (six months ended 30 June 2018: HK\$523,000). No property, plant and equipment were disposed of during the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

10. In May 2019, the Group passed a special resolution with the shareholder of the associate company, an independent third party, to voluntarily liquidate the associate company, in which the Company held 49% equity interest. Upon completion of the liquidation, it ceased to be an associate of the Company.

11. Inventories

| | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|----------------|--|--|
| Finished goods | 1,672,457 | 365,724 |

12. Loan to Customers

| | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|--------------------------|--|--|
| Loan to customers | 20,390 | 20,390 |
| Provision for impairment | (5,390) | (5,390) |
| | 15,000 | 15,000 |

Condensed Consolidated Financial Statements

12. Loan to Customers (Continued)

Movements in the provision for impairment of loan to customers are as follows:

| | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|---|--|--|
| At 1 January, 31 December 2018, 1 January 2019 (audited) and 30 June 2019 (unaudited) | 5,390 | 5,390 |

The fixed-rate loans to customers of HK\$20,390,000 (31 December 2018: HK\$20,039,000) as at the end of reporting period under the Group's loan financing services operation represent loan advances to two (31 December 2018: two) independent third parties which are secured by personal guarantee. The interest rates for the loans to customers were ranging from 8% to 12% (31 December 2018: 8% to 12%) per annum.

The loans made available to customers depend on management's assessment of credit risk on the customers by evaluation on background check and repayment abilities. The Group determines the allowance of impaired debts based on the evaluation of collectability and aging analysis of accounts and on the management's judgment, including assessment of change of credit quality and the past collection history of each customer. At the end of reporting period, one the loans had been past due and no collection was probable despite the series of chasing actions conducted by the Group. Accordingly, an allowance had been made for estimated irrecoverable loan of HK\$5,390,000 since the year ended 31 December 2017.

13. Trade and Bills Receivables and Interest Receivables

| | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|--------------------------------------|--|--|
| Trade and bills receivables | 369,840 | 598,349 |
| Allowance for bad and doubtful debts | (3,319) | (3,319) |
| | 366,521 | 595,030 |

Condensed Consolidated Financial Statements

13. Trade and Bills Receivables and Interest Receivables (Continued)

Trade and bills receivables as at the end of reporting period mainly represent receivables from trading customers and relevant bills issuing banks in relation to the sale of commodities. The majority of the Group's sales are on letter of credit or document against payment or cash on delivery. The remaining sales are with average credit period of 5 to 90 days (31 December 2018: 5 to 90 days).

The aging analysis of trade and bills receivables and interest receivables, based on the invoice or bills due date or interest due date, and net of impairment allowance, is as follows:

| | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|-------------------------------|--|--|
| Not yet due or within 90 days | 366,346 | 594,746 |
| 91-180 days | 175 | 284 |
| | 366,521 | 595,030 |

The Group has policy of providing allowance for bad and doubtful debts which is based on the evaluation of collectability and aging analysis of accounts and on management's judgment including credit worthiness and past collection history of each debtor.

In determining the recoverability of the trade and bills receivables and interest receivables, the Group considers any changes in the credit quality of the trade and bills receivables and interest receivables from the date credit was initially granted up to the end of the reporting period. Save as the interest receivables due from the loan to a customer as mentioned on note 12 to the condensed consolidated financial statements and an allowance for bad and doubtful debt for a specific unsecured trade receivable with an approximate balance of HK\$3,319,000, the Directors consider that no additional allowance for bad and doubtful debts is required.

Condensed Consolidated Financial Statements

14. Accounts Receivables

| | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|--|--|--|
| Arising from the business of dealing in futures contracts: | | |
| – Brokers and dealers | | |
| – representing customer balances | 891,158 | 415,984 |
| – representing house balances | 2,333 | 18,191 |
| | 893,491 | 434,175 |
| Arising from financial services provided: | | |
| – Customers | 915 | 240 |
| | 894,406 | 434,415 |

Accounts receivables from brokers and dealers are all current and repayable on demand. No aging analysis is disclosed as in the opinion of Directors, the aging analysis does not give additional value in view of the nature of broking business.

The Group has a policy for determining the allowance for impairment based on the evaluation of collectability and management's judgment, including the creditworthiness, collateral and past collection history of the counter-parties.

15. Financial Assets at Fair Value through Profit or Loss

| | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|---------------------------------------|--|--|
| Unlisted investment fund in Singapore | 1,433 | 1,446 |

Changes in fair values of financial assets at fair value through profit or loss are recorded in other income, gain and loss for the loss of approximately HK\$13,000 (30 June 2018: gain of approximately HK\$665,000).

Condensed Consolidated Financial Statements

16. Prepayments, Deposits and Other Receivables

| | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|--------------------------------|--|--|
| Trade deposits and prepayments | 76,243 | 25,057 |
| Deposit and other receivables | 169,418 | 51,388 |
| | 245,661 | 76,445 |

17. Cash and Bank Balances

| | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|---------------------------------|--|--|
| Cash at bank | | |
| – General accounts | 720,618 | 235,435 |
| – Trust and segregated accounts | 272,982 | 50,935 |
| Cash in hand | 32 | 37 |
| | 993,632 | 286,407 |

The Group maintains segregated trust accounts with licensed financial institutions and approved bank incorporated outside Hong Kong to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as bank trust account balances under the current assets section of the statement of financial position and recognised the corresponding accounts payable to respective clients on the ground that it is liable for any loss or misappropriation of the client's monies. The Group is not permitted to use the clients' monies to settle its own obligations.

Condensed Consolidated Financial Statements

18. Trade and Bills Payables

| | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|--------------------------|--|--|
| Trade and bills payables | <u>652,469</u> | <u>349,815</u> |

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

| | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|----------------|--|--|
| Within 90 days | 650,054 | 344,753 |
| 91–180 days | 410 | 1,280 |
| Over 1 year | <u>2,005</u> | <u>3,782</u> |
| | <u>652,469</u> | <u>349,815</u> |

19. Trust Receipt Loans

| | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|-------------------------------|--|--|
| Trust receipt loans – secured | <u>495,425</u> | <u>225,670</u> |

The maturity of trust receipt loans is as follows:

| | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|--------------------------------------|--|--|
| Repayable on demand or within 1 year | <u>495,425</u> | <u>225,670</u> |

Condensed Consolidated Financial Statements

19. Trust Receipt Loans (Continued)

Trust receipt loans at 30 June 2019 are secured by:

- (i) guarantee by the beneficial owner of the Group; and
- (ii) deed of charge and assignment.

The average effective interest rate per annum is as follows:

| | 30 June 2019 (unaudited) | 31 December 2018 (audited) |
|---------------------|---|----------------------------------|
| Trust receipt loans | 3.75% | 3.61% |

The trust receipt loans are denominated in US\$ and their carrying values approximate their fair values.

20. Accounts Payables

| | 30 June 2019 HK\$'000 (unaudited) | 31 December 2018 HK\$'000 (audited) |
|---|--|--|
| Arising from the business of dealing in futures contracts | 1,111,014 | 415,306 |

Accounts payables arising from business of dealing in futures contracts are margin deposits received from clients for their trading of these contracts. The required margin deposits are repayable upon the closure of the corresponding futures contracts position. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand.

Condensed Consolidated Financial Statements

21. Share Capital

| | Note | Number of ordinary shares of HK\$0.0025 each '000 | HK\$'000 |
|--|------|--|----------|
| Authorised: | | | |
| At 1 January 2018 (audited), 31 December 2018 (audited) and 30 June 2019 (unaudited) | | 200,000,000 | 500,000 |
| Issued and fully paid: | | | |
| At 1 January 2018 (audited) and 31 December 2018 (audited) | | 7,894,230 | 19,736 |
| Issue of new shares on rights issue | (i) | 3,947,115 | 9,868 |
| At 30 June 2019 (unaudited) | | 11,841,345 | 29,604 |

Note:

- (i) During the period ended 30 June 2019, a total 3,947,114,877 new ordinary shares of par value of HK\$0.0025 each of the Company were issued under a rights issue at HK\$0.10 per rights share with an aggregate consideration of approximately HK\$394,711,000, of which approximately HK\$9,868,000 was credited to share capital and the remaining balance of approximately HK\$384,029,000 (net of issuing expenses of approximately HK\$814,000) was credited to the share premium account. The rights issue was completed on 13 June 2019. Details of the rights issue are disclosed in the Company's announcements dated 3 May 2019 and 12 June 2019 and the Company's prospectus dated 21 May 2019.

Condensed Consolidated Financial Statements

22. Equity-settled share-based expense

The share option scheme of the Company (the “**2009 Scheme**”) was adopted by the Company on 29 December 2009.

The purpose of the 2009 Scheme is to encourage the eligible participants to perform their best in achieving the goals of the Group and at the same time allow the participants to enjoy the results of the Company attained through their efforts and contributions and to provide the participants with incentives and help the Company in retaining its existing employees and recruiting additional employees. A stronger business relationship will accordingly be established by the Group with the participants. Eligible participants of the 2009 Scheme include any employee, business associates and trustee.

The 2009 Scheme shall be valid and effective for a period of 10 years commencing from the date of approval of the 2009 Scheme.

The total number of shares which may be issued upon exercise of all options which may be granted under the 2009 Scheme shall not exceed 10% of the total number of shares in issue on 9 May 2016 when the share option limit was refreshed at the annual general meeting. The maximum number of shares issuable under share options to each eligible participant in the 2009 Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at anytime. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Any grant of option to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors. In addition, any share options granted to a substantial shareholder of the Company or an independent non-executive director or any of their respective associates in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

Condensed Consolidated Financial Statements

22. Equity-settled share-based expense (Continued)

The offer of a grant of share options may be accepted within 21 days from the date of the offer. The share option may be exercised at any time during the option period, which is determinable by the Company's Board of Directors and will not exceed 10 years from the date of grant of the options.

The exercise price of the share options is determinable by the Company's Board of Directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of the share options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share option was granted, exercised, lapsed or cancelled under the 2009 Scheme during the periods ended 30 June 2019 and 2018. There were no share options outstanding as at 31 December 2017, 30 June 2018, 31 December 2018 and 30 June 2019.

Apart from the 2009 Scheme, during the periods ended 30 June 2019 and 30 June 2018, no rights were granted to the Directors, chief executives of the Company, or any of their spouses or children under 18 years of age to subscribe for equity or debt securities of the Company.



Condensed Consolidated Financial Statements

23. Transactions with non-controlling interests

On 4 January 2018, the Company has entered into a shareholders agreement with four independent parties to establish an one stop platform for the provision of derivatives financial services to customers in Asia Pacific. According to the shareholders' agreement, the then wholly-owned subsidiary of the Group, BPI Financial Group Limited issued 99,999,999 new shares to subscribers to increase its issued share capital from 1 share of HK\$1 each to 100,000,000 shares where the Company and the four independent parties subscribed for 74,999,999 new shares and 25,000,000 new shares at an issuance price of HK\$1 each respectively. As a result of the new share placement, the Company's interest in BPI Financial Group Limited has decreased from 100% to 75% on 4 January 2018.

Having obtained approval from the Securities and Futures Commission of Hong Kong, the Company transferred its entire interest in Bright Point International Futures Limited, a company holding a licence granted by the Securities and Futures Commission to carry out type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong to provide futures contract brokerage services, to BPI Financial Group Limited on 29 June 2018 at a consideration of HK\$50,000,000. As a result of the transfer, the Company's effective interest in Bright Point International Futures Limited has decreased from 100% to 75% and the transfer was deemed as a disposal of 25% interest in Bright Point International Futures Limited to the non-controlling shareholders of BPI Financial Group Limited.

| | Six months ended 30 June 2018 HK\$'000 (unaudited) |
|---|--|
| Consideration received from non-controlling interests | 25,000 |
| Carrying amount of non-controlling interests increase | 22,335 |
| | <hr/> |
| Gain on deemed disposal with equity | 2,665 |
| | <hr/> |

There were no transactions with non-controlling interests in the period ended 30 June 2019.

Condensed Consolidated Financial Statements

24. Related Party Transactions

Except for the related party transactions disclosed elsewhere in the financial statements, the Group has the following material transactions with its related parties as defined in HKAS 24 and/or connected person as defined in the Listing Rules during the period:

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Key management compensation | | |
| Salaries, allowances and other benefits in kind | 3,100 | 2,222 |
| Bonuses | 1,659 | 2,737 |
| Retirement benefits scheme contributions | 83 | 66 |
| | 4,842 | 5,025 |

Balances with related parties

| | 30 June | 31 December |
|---|--------------------|-------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (audited) |
| Accounts receivable from related party owned by the ultimate controlling shareholder of the Company | 324 | 239 |
| Accounts payable to related party owned by the ultimate controlling shareholder of the Company | 330,815 | 51,776 |
| Accounts payable to non-controlling shareholder of subsidiaries | 83,100 | 68,409 |
| Trade receivables from an associate | — | 430,244 |
| Trade payables to an associate | — | 126,338 |

Condensed Consolidated Financial Statements

24. Related Party Transactions (Continued)

Balances with related parties (Continued)

As at 30 June 2019, the Group had accounts receivable from related parties and accounts payable due to related parties which was arising from the Group's ordinary course of commodities and futures broking and derivatives dealing. Accounts receivable/payable from/to related parties are set at the same terms as those normally offered to third party clients.

Other transactions with related parties

| | Six months ended 30 June 2019 HK\$'000 (unaudited) | 2018 HK\$'000 (unaudited) |
|---|---|---------------------------------|
| Brokerage and commission fee income from related party owned by the ultimate controlling shareholder of the Company | 3,376 | 2,904 |
| Brokerage and commission fee income from non-controlling shareholder of subsidiaries | <u>5,548</u> | <u>1,561</u> |

Brokerage income and commission fee was received from related companies in the ordinary course of the Group's business of commodities and futures broking and derivatives dealing. It is inclusive of the brokerage and commission fees paid to the Group's service suppliers, which are the direct members of Singapore Stock Exchange, Nasdaq Futures, ICE Futures US, New York Mercantile Exchange and London Metal Exchange. Commission rates are set at the same level as those normally offered to third party clients.

25. Events after the Reporting Period

On 16 August 2019, Bright Point Trading Pte. Ltd. (as tenant), a direct wholly-owned subsidiary of the Company, entered into a 3-year tenancy agreement with Prosperity Steel United Singapore Pte. Ltd. ("PSU") (as landlord) for the leasing of a premise for a term of three years at the consideration of approximately S\$1,328,954 (equivalent to HK\$7,508,590). Also, on the same day, BPI Trading (SG) Pte. Ltd. (as tenant), an indirect non-wholly owned subsidiary of the Company, entered into a tenancy agreement with PSU (as landlord) for the leasing of a premise for a term of three years at the consideration of approximately S\$1,455,521 (equivalent to HK\$8,223,694).

Condensed Consolidated Financial Statements

25. Events after the Reporting Period (Continued)

PSU is wholly-owned by Mr. You Zhenhua, a controlling shareholder and therefore is a connected person of the Company. As such, the transactions contemplated by the tenancy agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement dated 16 August 2019.

Save as that, the Directors are not aware of any other significant events requiring disclosure that have taken place subsequent to 30 June 2019 and up to the date of this interim report.

26. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year presentation. The changes represented:

- (i) the reclassification of certain selling and distribution expenses into the cost of sales as presented in the 30 June 2018 condensed consolidated statement of profit or loss and other comprehensive income; and
- (ii) the movement in trust receipt loans as presented in the 30 June 2018 condensed consolidated statement of cash flows.

The new reclassifications are consistent to the presentation in the 31 December 2018 audited financial statements and considered to provide a more appropriate presentation of the nature of transactions and have no effect on the reported financial position and results of the Group.

27. Approval of Condensed Consolidated Financial Statements

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 August 2019.



Management Discussion and Analysis

Theme International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in (i) trading of bulk commodities and related products in Hong Kong, Singapore and the PRC; and (ii) provision of loan financing services, securities and derivatives financial services, market making and margin financing in Hong Kong and Singapore.

Financial and Business Review

Revenue, profit for the period and basic earnings per share of the Group for the six months period ended 30 June 2019 and 2018 are summarised as follows:

| | Revenue | | Profit for the period | | Basic earnings per share | |
|-----------------|------------------|------------------|-----------------------|---------------|--------------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | | (restated) |
| From operations | <u>2,528,757</u> | <u>1,794,883</u> | <u>88,273</u> | <u>17,792</u> | <u>HK0.80 cents</u> | <u>HK0.20 cents</u> |

The Group recorded a total revenue of approximately HK\$2,528,757,000 (2018: approximately HK\$1,794,883,000) for the six months period ended 30 June 2019 (the “**Interim Period**”) representing an increase of approximately 40.9% over the six months period ended 30 June 2018 (the “**Corresponding Period**”). Further analysis of the Group’s revenue in the Interim Period and Corresponding Period is as follows:

| | Six months ended 30 June | | | |
|--------------------------|--------------------------|-------------------------------|---------------------|-------------------------------|
| | 2019 | | 2018 | |
| | Revenue HK\$'000 | Sales Volume Tonnes ('000) | Revenue HK\$'000 | Sales Volume Tonnes ('000) |
| Distribution and trading | | | | |
| – Iron Ore | <u>2,429,188</u> | <u>3,574</u> | <u>1,780,918</u> | <u>4,072</u> |
| Financial services | <u>99,569</u> | | <u>13,965</u> | |
| | <u>2,528,757</u> | | <u>1,794,883</u> | |

Product

Distribution and trading

| | | | | |
|--------------------|------------------|--------------|------------------|--------------|
| – Iron Ore | <u>2,429,188</u> | <u>3,574</u> | <u>1,780,918</u> | <u>4,072</u> |
| Financial services | <u>99,569</u> | | <u>13,965</u> | |
| | <u>2,528,757</u> | | <u>1,794,883</u> | |

Management Discussion and Analysis

The distribution and trading business contributed to the majority of the Group's revenue in the Interim Period. Although the volume of iron ore traded in the Interim Period decreased from approximately 4,072,000 tonnes in the Corresponding Period to approximately 3,574,000 tonnes, it was offset by the sharp increase in the iron ore price in the Interim Period. Platts Iron Ore Fines 62% Fe Index has risen by 63% from USD72.35 per tonne on 2nd January 2019 to USD117.95 per tonne on 28th June 2019. Therefore, revenue from iron ore trading increased from approximately HK\$1,780,918,000 in the Corresponding Period to approximately HK\$2,429,188,000 in the Interim Period.

The increase in price was mainly due to the disruptions in iron ore supply and the continuous strong demand from the PRC. On the supply side, in January 2019 a fatal dam spill accident happened in Vale's mines in Brazil, leaving more than 300 people dead or missing and polluting waterways. Vale is the largest iron ore producer in the world and this accident significantly affected its iron ore productions in 2019 and created many social and political aftermaths. Additionally, there were also a few cyclones in Australia early this year, which disrupted the operations of the miners in Australia. On the demand side, the demand for iron ore remained strong, according to the PRC custom statistic, it has imported 1,064 million tonnes of iron ore in 2018, surpassing 1,000 million tonnes for the third consecutive year. The PRC is the largest iron ore importer in the world.

During the Interim Period, the Group recorded revenue from the provision of financial services totaling HK\$99,569,000 (2018: HK\$13,965,000). The rise in revenue was mainly attributable to the continuous expansion and development of the financial services business segment. Such segment was still in the development stage in the Corresponding Period.

Gross profit of the Group increased from approximately HK\$71,098,000 in the Corresponding Period to approximately HK\$165,245,000 in the Interim Period, which was primarily attributable to the strong performance of the commodity trading business and the financial service business aforementioned.



Management Discussion and Analysis

Other loss of approximately HK\$11,050,000 (2018: approximately HK\$18,659,000) was incurred during the Interim Period, mainly due to the exchange loss arising from the depreciation of Renminbi (“RMB”). Cargoes sold by Shanghai trading desk were denominated in RMB.

Selling and distribution expenses of approximately HK\$2,784,000 (2018: approximately HK\$2,571,000) was incurred during the Interim Period.

The administrative expenses have increased from approximately HK\$24,324,000 in the Corresponding Period to approximately HK\$34,254,000 in the Interim Period. The increase was mainly due to the expansion of the Group’s commodity trading and financial service segment. More people are hired, which led to the increase in staff costs.

Income tax expense increased from approximately HK\$5,091,000 in the Corresponding Period to approximately HK\$22,091,000 in the Interim Period, in line with the improved performance of the Group.

The profit for the Interim Period was approximately HK\$88,273,000, when compared with profit for the Interim Period of the Company totaling HK\$17,792,000 in the Corresponding Period. The significant increase in net profit for the Interim Period was primarily attributable to (i) the rise in profit from the Group’s distribution and trading segment in the Interim Period, as a result of the sharp increase in iron ore price; and (ii) the continuous expansion and development of the financial services business segment. Such segment was still in the development stage in the Corresponding Period.

The profit for the Interim Period attributable to owners of the Company was approximately HK\$67,331,000, when compared with profit for the Interim Period attributable to owners of the Company totaling HK\$16,453,000 in the Corresponding Period.

The Group recorded a basic earning per share of approximately HK0.80 cents in the Interim Period as compared to a basic earning per share of approximately HK0.20 cents (restated) in the Corresponding Period.

Management Discussion and Analysis

Future Prospects

The Group will focus on the continuous development of the financial services business and the distribution and trading business in the second half of 2019.

(i) Financial services business

The Company is extending the scope of its principal activities to include the provision of a wide range of financial services, including securities and derivatives financial services (including access to global market), provision of futures and derivatives products, provision of market making services for global exchanges, provision of margin financing and money lending business in Hong Kong and Singapore.

— Money Lending

The Group carried out money lending business in Hong Kong through Asia Develop Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company, which has a money lenders licence in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). Target customers include corporate customers in Hong Kong, with target loans denominated in Hong Kong dollars and for a period of one year in general but could be extended to mutual agreement. The loans are usually secured by collaterals or backed by guarantee.

— Securities, Futures Contracts and Derivatives Dealing

As announced in the Company's announcement on 24 July 2017, the Securities and Futures Commission of Hong Kong has granted to the Group licences to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).



Management Discussion and Analysis

The derivatives arm of the Group has commenced its operations to establish a financial services platform in derivatives facilitating international trade in commodities with combined access to both physical and derivatives market. Besides the Type 2 licence, the Group has exemption from Monetary Authority of Singapore licensing in Singapore to offer inter-dealer broking services in Singapore and global markets.

Over the last decade, the financial services space has changed structurally creating opportunities for both existing participants and new entrants. Capitalising on the opportunities and filling the void created as a result of receding participation from traditional financial market participants, the Group aims to deliver a range of products and services to better serve commodity market participants.

Combining the strengths stemming from powerful suite of products and services and experienced and proven management team, the Group is positioned to deliver strong financial results and return to its stakeholders.

The Group's product and service portfolio is deliberately designed to be broad and diversified. This benefits the Group in two key ways — (i) to offer an end to end coverage to its global clientele and (ii) to weather proof the business and manage varying seasonal cycles which strengthens its revenue streams and therefore the firm's financials over the long run.

Its business lines comprise (1) global clearing services, (2) inter-dealer broking in over-the-counter markets, (3) structured trade finance, (4) China access products and (5) market making in iron ore derivative market. The Group's aspiration is to extend its five pillars of business across all key asset classes comprising of commodities, foreign exchange and interest rates as part of its product roadmap.

The Board considers that entering into the new businesses will provide good business opportunities to the Group and will diversify its business scope with a view to achieve better returns to the Company and its shareholders.

Management Discussion and Analysis

(ii) Distribution and Trading

In the past two years, the PRC government has placed more emphasis on the structural reform of the supply side of the steel industry, to increase the quality and efficiency of the supply system. This led to higher profitability of the steel mills in the PRC. In order to maximise their production output, they demanded for more higher quality iron ore imports from overseas. In addition, the property sector in the PRC is growing and the demand for construction materials has been increasing continuously in the PRC.

According to the PRC custom statistics, imports of iron ore reached 1,064 million tonnes in 2018, surpassing 1,000 million tonnes for the third consecutive year. The Group believes that there will still be strong demand for iron ore and there is a huge potential for iron ore trading in the PRC, which provides a good opportunity for the Group to further expand in this aspect.

Fund Raising Activities

2019 Rights Issue (“2019 Rights Issue”)

On 3 May 2019, the Company announced a rights issue of 3,947,114,877 rights shares at HK\$0.10 per rights share on the basis of 1 rights share for every 2 existing shares held by its shareholders. The results of the 2019 Rights Issue were confirmed on 12 June 2019 and 3,947,114,877 rights shares were allotted and issued on 13 June 2019. The rights shares are ranked pari passu in all respects with the then existing shares. The gross proceeds from the 2019 Rights Issue was approximately HK\$394,711,000, excluding the issue costs of shares of approximately HK\$814,000.

The entire net proceeds from 2019 Rights Issue are to be applied to further develop the distribution and trading business of the Group. Details of the 2019 Rights Issue are set out in the announcements of the Company dated 3 May 2019 and 12 June 2019, the prospectus of the Company dated 21 May 2019 and in the “Use of Proceeds” section below.



Management Discussion and Analysis

Use of Proceeds

The Company has conducted the following equity fund raising activities during the Interim Period and subsequently after 30 June 2019:

| Date of announcement and prospectus | Fund raising activity | Net proceeds raised (approximately) | Proposed use of the net proceeds | Actual use of the net proceeds |
|--|---|-------------------------------------|--|--------------------------------|
| 3 May 2019, 21 May 2019 and 12 June 2019 | Subscription of new shares under rights issue | HK\$394 million | Settlement of the payment for the five iron ore shipment contracts totaling approximately HK\$476 million due in July 2019 | Used as intended |

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the Interim Period and the period immediately prior to the date of this interim report.

Interim Dividends

The directors do not recommend the payment of an interim dividend in respect of the period ended 30 June 2019 (2018: Nil).

Events after the Reporting Period

On 16 August 2019, Bright Point Trading Pte. Ltd. (as tenant), a direct wholly-owned subsidiary of the Company, entered into a 3-year tenancy agreement with Prosperity Steel United Singapore Pte. Ltd. ("PSU") (as landlord) for the leasing of a premise for a term of three years at the consideration of approximately S\$1,328,954 (equivalent to HK\$7,508,590). Also, on the same day, BPI Trading (SG) Pte. Ltd. (as tenant), an indirect non-wholly owned subsidiary of the Company, entered into a tenancy agreement with PSU (as landlord) for the leasing of a premise for a term of three years at the consideration of approximately S\$1,455,521 (equivalent to HK\$8,223,694).

Management Discussion and Analysis

PSU is wholly-owned by Mr. You Zhenhua, a controlling shareholder and therefore is a connected person of the Company. As such, the transactions contemplated by the tenancy agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement dated 16 August 2019.

Save as that, the Directors are not aware of any other significant events requiring disclosure that have taken place subsequent to 30 June 2019 and up to the date of this interim report.

Charges On Assets

As at 30 June 2019, none of the Group's assets was charged or subject to encumbrance.

Contingent Liabilities

As at 30 June 2019, the Group had no material contingent liabilities.

Material Acquisitions and Disposals

During the period ended 30 June 2019, there is no material acquisition or disposal of subsidiaries, associates and joint ventures.

Share Capital

Details of movements in the share capital of the Company during the period ended 30 June 2019 are set out in note 21 to the condensed consolidated financial statements.

Equity Linked Agreements

Other than the share-based compensation as disclosed in note 22 to the condensed consolidated financial statements, no equity linked agreements were entered into by the Company during the period ended 30 June 2019 or subsisted at the end of the period.

Reserves

Details of the movements in reserves of the Group during the period are set out in the condensed consolidated statement of changes in equity on page 7 of this interim report.



Management Discussion and Analysis

Principal Risks and Uncertainties

Commodities price risk

The Group's revenue and profit for the period were affected by fluctuations in the commodities price as our goods are sold at the market prices and such fluctuation is beyond our control. The considerable fluctuation of commodities price would lead to the Group's instability in operating results, especially in the event of a significant drop in commodities price which would have an adverse impact to the Group's operating results.

Exposure to fluctuation in exchange rates

The Group conducts its distribution and trading business in United States Dollars ("US\$") and Renminbi ("RMB"). Foreign currency exposure to US\$ is minimal, as the Hong Kong Dollars ("HK\$") is pegged to the US\$. The Group is exposed to fluctuation of transactions denominated in RMB. The Group monitors its exposure to foreign currency exchange risk on an ongoing basis.

Counterparty credit and performance risk

The Group continuously monitors the credit quality of our counterparties and seeks to reduce the risk of customer non-performance by requiring credit support from creditworthy financial institutions including making extensive use of credit enhancement products, such as letter of credit.

Interest rate risk

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its assets and liabilities and cash flows. Floating rate debt which is predominantly used to fund fast turning working capital is primarily based on US\$ LIBOR plus an appropriate premium. Accordingly, prevailing market interest rates are continuously factored into transactional pricing and terms.

Management Discussion and Analysis

Legal, regulatory and compliance risk

Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss including fines, penalties, judgments, damages and/or settlements, or loss to reputation the Group may suffer as a result of our failure to comply with laws, regulations, rules, related self-regulatory organisation standards and codes of conduct applicable to our business activities. This risk also includes contractual and commercial risk such as the risk that a counterparty's performance obligations will be unenforceable. In today's environment of rapid and possibly transformational regulatory change, the Group also view regulatory change as a component of legal, regulatory and compliance risk.

The financial services industry is subject to extensive regulation, which is undergoing major changes that will impact our business.

The Group oversees potential compliance risks, such as insider dealing, money laundering, on a regular basis. With the support of external professional advisers where appropriate, the Group monitors whether and the extent to which additional regulatory requirements apply as a result of the growth or expansion of our operations in financial services business.

Like other major financial services firms, the Group is subject to extensive regulations, which significantly affect the way the Group do business and can restrict the scope of our existing businesses and limit our ability to expand our product offerings and pursue certain investments. The Group is and will continue to be subject to a more complex regulatory framework, and will incur costs to comply with new requirements as well as to monitor for compliance in the future.

Liquidity and Financial Resources

The Group's net current assets have improved to approximately HK\$1,202,688,000 (31 December 2018: approximately HK\$682,559,000), and net assets to approximately HK\$1,207,111,000 (31 December 2018: approximately HK\$725,162,000) respectively as at 30 June 2019. As at 30 June 2019, there were total loans and other borrowings of approximately HK\$495,425,000 outstanding (31 December 2018: approximately HK\$225,670,000).

Management Discussion and Analysis

As at 30 June 2019, the current ratio (as defined as current assets divided by current liabilities) was approximately 1.40 (31 December 2018: approximately 1.63) and the gearing ratio (as defined as loans and other borrowings divided by net assets) was approximately 0.41 (31 December 2018: 0.31).

As at 30 June 2019, the Group had an undrawn banking letter of credit limit totalling US\$117,797,000, equivalent to approximately HK\$918,816,600 (31 December 2018: US\$268,453,000, equivalent to approximately HK\$2,093,933,000).

Capital Expenditure/Commitments

The total capital expenditure of the Group for the Interim Period was approximately HK\$383,000 (2018: HK\$523,000) for addition of furniture, fixtures and other equipment. There was no addition of leasehold improvement for the Interim Period (2018: Nil).

The Group had no material capital commitments as at 30 June 2019.

Future Plan for Material Investments or Capital Assets

As at 30 June 2019, the Group does not have any other plan for material investments or capital assets.

Human Resources

As at 30 June 2019, the Group had 60 employees in total, consisting of 8 employees in Hong Kong, 33 employees in Singapore and 19 employees in the PRC. The remuneration committee of the Company and the Directors reviewed remuneration policies regularly. The structure of the remuneration packages would take into account the level and composition of pay and the general market conditions in the respective countries and businesses. Other than the competitive remuneration package offered to the employees, share options may also be granted to selected employees based on the Group's performance.

By Order of the Board

Kang Jian

Executive Director & Vice Chairman

Hong Kong, 28 August 2019

Other Information

Compliance with Corporate Governance Code

Save and except for Code Provisions E.1.2 and A.2.1 as detailed below, the Company has complied with all the Code Provisions and to a certain extent of the recommended best practices set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules throughout the period for the six months ended 30 June 2019.

Under Code Provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting. Since the resignation of the chairman of the Company on 1 April 2016, the role of chairman has been vacant. Throughout the period ended 30 June 2019, the position of chairman has been temporarily acted by Mr. Kang Jian, the vice chairman of the Company to fill the casual vacancy. Mr. Kang Jian has attended the annual general meeting held on 28 June 2019.

Under Code Provision A.2.1 of the CG Code, the role of chairman and chief executive officer (“CEO”) should be separated and should not be performed by the same individual. Since the resignation of the chairman of the Company on 1 April 2016, the role of chairman has been vacant. Throughout the period ended 30 June 2019, Kang Jian, the vice-chairman and CEO of the Company, have temporarily handled the dual roles of CEO and chairman. Given the then corporate structure, the roles of chairman and CEO are temporarily handled by Mr. Kang Jian as the Board has not identified a suitable candidate to be appointed as chairman. However, before any suitable candidates have been appointed as chairman, the Board considers that it is appropriate and in the best interests of the Company to maintain the current arrangement as all major decisions are made in consultation with the Board members and the senior management of the Company.

The Board believes that Mr. Kang Jian is able to maintain the continuity of the Company’s policies and the stability of the Company’s operations. The effectiveness of the corporate planning and implementation of corporate strategies and decisions will not be affected. The Board would segregate the roles of the chairman and CEO when a suitable candidate is appointed as chairman.



Other Information

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. The Company has made specific enquiries with all directors of the Company and each of them confirmed that they have complied with the Model Code during the six months period ended 30 June 2019.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the six months period ended 30 June 2019, the Company has not redeemed any of its securities. Neither the Company nor any of its subsidiaries has purchased nor sold any of the Company’s securities during the six months period ended 30 June 2019.

Audit Committee

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Stock Exchange. The Audit Committee comprises three independent non-executive directors, Mr. Chan Chi Ming, Tony, Mr. Wu Shiming and Mr. Liu Song. The primary duties of the Audit Committee are to review the Company’s annual and interim results and to review and supervise the Company’s financial reporting and internal control procedures.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed the internal controls and financial reporting matters, including review of the unaudited interim financial results of the Group for the six months ended 30 June 2019.

Other Information

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2019, none of the Directors and the chief executives of the Company or any of their spouses or children under eighteen years of age had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which are required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Discloseable Interests and Short Positions of Persons other than Directors and Chief Executives

As at 30 June 2019, so far as known to the Directors or the chief executives of the Company, the following person was the shareholder (other than the Directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who was recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange.

| Name of substantial shareholder | Capacity and nature of interest | Number of ordinary shares held | Approximate percentage of the Company's issued share capital (note 2) |
|---------------------------------|---------------------------------------|--------------------------------|--|
| Mr. You Zhenhua (note 1) | Beneficial Owner | 3,840,000 | 0.03% |
| | Interests of a controlled corporation | 8,218,407,176 (note 1) | 69.40% |

Other Information

Notes:

1. These shares are held by Wide Bridge Limited (“Wide Bridge”). Mr. You indirectly holds 100% interest in Wide Bridge. According to SFO, Mr. You is deemed to be interested in the shares held by Wide Bridge.
2. Based on the number of 11,841,344,631 shares of the Company in issue as at 30 June 2019.

Save as disclosed above, the Company has not been notified of any other persons who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 30 June 2019.

Director’s Rights To Acquire Securities

Save as disclosed in the section headed “Share Option Scheme” below, at no time during the period was the Company or the Company’s subsidiaries or holding company or a subsidiary of the Company’s holding company a party to arrangements whose objects are, or one of whose objects is, to enable directors or chief executives of the Company or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities (or warrants or debentures, if applicable) of the Company or had exercised any such rights.

Share Option Scheme

Under the share option scheme of the Company adopted on 29 December 2009 (“**2009 Scheme**”), the Board of the Company may, at its discretion, grant options to certain directors, employees of the Group and other eligible participants to subscribe for shares of the Company. The purpose of the 2009 Scheme is to enable the Company to grant options to selected participants as incentives for their contributions to the Group.

No share options were granted during the period ended 30 June 2019 and 2018 under the 2009 Scheme. There were no outstanding share options as at 30 June 2019.

Other Information

Changes to Information in Respect of Directors Pursuant to Rule 13.51B(1) of the Listing Rules

In the six months ended 30 June 2019 and up to the date of this report, pursuant to Rule 13.51B(1) of the Listing Rules, the changes in monthly salaries for the following directors of the Company under their respective service contracts are set out below:

| Name of director | Previous monthly salary HK\$ | Revised monthly salary HK\$ | Effective date |
|------------------|------------------------------------|-----------------------------------|----------------|
| Mr. Kang Jian | 100,000 | 120,000 | 1 May 2019 |
| Mr. Wu Lei | 90,000 | 110,000 | 1 May 2019 |
| Ms. Chen Jing | 110,000 | 120,000 | 1 May 2019 |

The changes in the information of the directors are as follows:

| | | |
|-------------------------|---|---|
| Mr. Chan Chi Ming, Tony | — | resigned as executive director of Good Fellow Healthcare Holdings Limited (previously known as Hua Xia Healthcare Holdings Limited) (stock code: 8143) with effect from 22 January 2019 |
| Mr. Wu Shiming | — | resigned as an independent non-executive director of China Putian Food Holding Limited (stock code: 1699) with effect from 5 July 2019 |
| Ms. Wu Aiping | — | resigned as executive director of the Company with effect from 9 July 2019 |
| Mr. Yue Lei | — | appointed as executive director of the Company with effect from 9 July 2019 |
| Mr. Hu Yong | — | resigned as executive director of the Company with effect from 29 July 2019 |
| Mr. Kang Jian | — | ceased to be the chief executive officer (“CEO”) of the Company and remained as executive Director and the vice-chairman of the Company with effect from 29 July 2019 |
| Mr. Jiang Jiang | — | appointed as executive director and CEO of the Company with effect from 29 July 2019 |

Other than the information disclosed above, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.