



OSHIDORI

INTERNATIONAL HOLDINGS LTD

威華達控股有限公司*

(Incorporated in the Bermuda with limited liability)

(Stock Code: 622)

THIS IS OUR NEW BEGINNING



INTERIM REPORT
2019

* For identification purpose only

CONTENTS

	Page(s)
Corporate Information	2
Financial Highlights	3
Management Discussion and Analysis	4
Other Information	12
Report on Review of Interim Financial Information	16
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	17
Condensed Consolidated Statement of Financial Position	18
Condensed Consolidated Statement of Changes in Equity	19
Condensed Consolidated Statement of Cash Flows	21
Notes to the Condensed Consolidated Financial Statements	22

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. SAM Nickolas David Hing Cheong
(Re-designated as Chairman on 28 January 2019)
Mr. CHOW Chi Wah Vincent
Mr. WONG Yat Fai
Ms. WONG Wan Men Margaret
(Appointed on 28 January 2019)

Independent Non-executive Directors

Mr. CHEUNG Wing Ping
Mr. HUNG Cho Sing
Mr. CHAN Hak Kan

AUTHORISED REPRESENTATIVES

Mr. CHOW Chi Wah Vincent
Mr. SAM Nickolas David Hing Cheong

AUDIT COMMITTEE

Mr. CHEUNG Wing Ping (*Chairman*)
Mr. HUNG Cho Sing
Mr. CHAN Hak Kan

NOMINATION COMMITTEE

Mr. CHEUNG Wing Ping (*Chairman*)
Mr. SAM Nickolas David Hing Cheong
Mr. HUNG Cho Sing
Mr. CHAN Hak Kan

REMUNERATION COMMITTEE

Mr. CHEUNG Wing Ping (*Chairman*)
Mr. SAM Nickolas David Hing Cheong
Mr. HUNG Cho Sing
Mr. CHAN Hak Kan

COMPANY SECRETARY

Mr. CHOW Chi Wah Vincent

LEGAL ADVISORS

(As to Bermuda law)
Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

25th Floor, China United Centre
28 Marble Road, North Point
Hong Kong
Telephone : (852) 3198 0622
Facsimile : (852) 2704 2181
Stock Code : 622
Website : <http://www.oshidoriinternational.com/>

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th floor, North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HONG KONG BRANCH SHARE TRANSFER OFFICE

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

AUDITOR

Mazars CPA Limited
Certified Public Accountants
42nd Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

FINANCIAL HIGHLIGHTS

Financial highlights of Oshidori International Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2019

- Revenue is a positive amount of approximately HK\$205.6 million.
- Loss attributable to owners of the Company amounted to approximately HK\$198.7 million.
- Basic loss per share is approximately HK3.42 cents.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in investment holdings, trading and investment in securities, and the provisions of (i) securities brokerage services, (ii) placing and underwriting services, (iii) corporate finance advisory services, (iv) money lending services, (v) investment advisory and asset management services, and (vi) margin financing services.

BUSINESS REVIEW

For the six months ended 30 June 2019, the Group's positive revenue amounted to approximately HK\$205.6 million, compared with the negative revenue of approximately HK\$259.8 million for the same period last year. Loss for the six months ended 30 June 2019 amounted to approximately HK\$198.7 million compared with the loss of approximately HK\$225.3 million for the same period last year. Basic loss per share amounted to HK3.42 cents compared with loss per share of HK6.9 cents for the same period last year. The loss was mainly attributable to net unrealised fair value loss on financial assets at fair value through profit or loss ("FVPL").

Brokerage Services

Brokerage commission income generated from provision of securities brokerage services amounted to approximately HK\$1.1 million for the six months ended 30 June 2019 (six months ended 30 June 2018: approximately HK\$0.4 million).

Interest income generated from provision of margin financing services amounted to approximately HK\$29.1 million for the six months ended 30 June 2019 (six months ended 30 June 2018: approximately HK\$1.5 million).

Money Lending

Interest income from provision of money lending services amounted to approximately HK\$23.2 million for the six months ended 30 June 2019 (six months ended 30 June 2018: approximately HK\$13.1 million).

Corporate Finance

Corporate finance advisory fees increased by approximately 33.3% to approximately HK\$0.4 million as compared to approximately HK\$0.3 million in the same period last year.

Proprietary Trading

The Group engages in proprietary trading of listed securities, unlisted convertible notes and unlisted investment funds, which are classified as financial assets at FVPL. The fair value of the portfolio amounted to approximately HK\$2,249.2 million (31 December 2018: approximately HK\$2,585.4 million), with a net gain on sales of financial assets at FVPL of approximately HK\$103.5 million was recognised, as compared to a net loss of approximately HK\$285.3 million in the same period last year. Dividend income increased by approximately 536.5% to approximately HK\$40.1 million for the six months ended 30 June 2019, when compared to approximately HK\$6.3 million in the same period last year, which was mainly due to more dividends received by the Group from listed securities.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

During the period, the performance of the Group's significant investments held which were classified as financial assets designated at fair value through other comprehensive income ("Designated FVOCI") and financial assets at FVPL, were detailed as follows:

Name of investments	Notes	Percentage of	Percentage of	Net gain (loss)	Net gain (loss)	Dividend	Approximate%	Investment	Market value	Market value
		shareholding as at 30 Jun 2019 %	shareholding as at 31 Dec 2018 %	for the period ended 30 Jun 2019 HK\$'000	for the period ended 30 Jun 2018 HK\$'000	received for the period ended 30 Jun 2019 HK\$'000	to the Group's total assets as at 30 Jun 2019 %		cost 2019 HK\$'000	as at 30 Jun 2019 HK\$'000
Designated FVOCI										
Unlisted shares in overseas										
- Satinu Resources Group Ltd.	1	6.98	10.34	90,730	13,365	-	6.80	500,000	496,813	406,083
- Freewill Holdings Limited	2	7.71	7.71	(36,213)	14,953	-	0.29	209,000	20,996	57,209
- Co-Lead Holdings Limited	3	2.95	2.95	(25,427)	16,263	-	1.17	100,000	85,281	110,708
Listed shares in Hong Kong										
- Shengjing Bank Co., Ltd. (stock code: 2066)	4	12.33	12.33	463,600	(267,900)	-	15.21	1,254,000	1,111,500	647,900
Financial assets at FVPL										
Listed shares in Hong Kong										
- Evergrande Health Industry Group Limited (stock code: 708)	5	1.38	1.38	(218,730)	324,802	-	13.76	513,768	1,005,683	1,224,413
- C C Land Holdings Limited (stock code: 1224)	6	4.79	3.54	(12,753)	1,668	3,560	4.61	355,320	336,480	259,662
- Asia Standard International Group Limited (stock code: 129)	7	3.09	3.09	4,901	(4,493)	-	0.83	68,617	60,448	55,547
- Newton Resources Ltd. (stock code: 1231)	8	2.18	2.18	(870)	(19,090)	-	1.11	57,605	80,914	81,784
- Larry Jewelry International Co. Limited (stock code: 8351)	9	3.55	3.55	(1,800)	(30,216)	-	0.04	15,558	3,215	5,015

The above table lists the investments which principally formed a significant portion of the net assets of the Group. To give details of other investments would result in particulars of excessive length.

MANAGEMENT DISCUSSION AND ANALYSIS

The prospects of the Group's significant investments during the period were detailed as follows:

1. **Satinu Resources Group Ltd. (“Satinu”)**

Satinu and its subsidiaries principally engage in integrated financial services, securities brokerage services, money lending, securities and other direct investments. Given recent merger and acquisition deals of financial related companies by Chinese enterprises and the current low interest rate environment, Satinu has strategic investment value.

2. **Freewill Holdings Limited (“FHL”)**

FHL principally engages in securities trading and investment holding businesses.

3. **Co-Lead Holdings Limited (“Co-Lead”)**

Co-Lead principally engages in securities trading and investment holding businesses. Its investment portfolio consists of listed and unlisted securities.

4. **Shengjing Bank Co., Ltd. (“Shengjing”) (Stock code: 2066)**

Shengjing principally engages in the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services as approved by the China Banking Regulatory Commission.

By implementing a series of development initiatives, Shengjing will adopt a business strategy of “strengthening internal operation and management and building a positive market image externally” to deeply promote strategic transformation, continuously optimize business models and constantly enhance market competitiveness, thus creating a new pattern of healthy, favorable and sustainable development.

5. **Evergrande Health Industry Group Limited (“Evergrande Health”) (Stock code: 708)**

Evergrande Health principally engages in “Internet+” community health management, international hospitals, elderly care and rehabilitation, as well as the investment in high technology new energy vehicle manufacture.

Evergrade Health proactively implements the national strategy of “Healthy China”, continued to initiate the innovative services concept of integrating medical insurance with health management, medical care and elderly care, and built a membership platform. Evergrade Health developed and formulated the first all-rounded and all-aged healthcare service standard in China, and created “Evergrande Elderly Care Valley”. At present, “Evergrande Elderly Care Valley” has taken root in a number of livable cities across China. Evergrande Health also strives to become an industry development business leader in the wave of rapid growth in the global new energy vehicle industry.

6. **CC Land Holdings Limited (“CC Land”) (Stock code: 1224)**

CC Land focuses on property investment and development business.

CC Land will continue to expand its property investments and development mainly in United Kingdom and Australia and take a prudent approach to leverage on its strong portfolio to ensure a steady and strong rental income.

7. **Asia Standard International Group Limited (“Asia Standard”) (Stock code: 129)**

Asia Standard focuses on developing and investing in properties in prime locations in Hong Kong and first-tier cities in the PRC, which is divided into operation sectors including property development, property leasing, hotel and travel, and financial investments.

MANAGEMENT DISCUSSION AND ANALYSIS

Asia Standard has successfully repositioned its tenant mix and improved the rental performance following the upgrading and renovating of its Wanchai headquarters. The retail space segment is also becoming stable after a period of consolidation and the company expects to upkeep its performance in the leasing activities.

8. Newton Resources Ltd (“Newton”) (stock code: 1231)

Newton principally engages in the mining and resources industry and carrying out the trading business of iron ore and the mining business of at the Yanjiazhuang mine.

Looking forward, Newton through its trade team, will continue to develop the trading business focusing on the supply of high grade hematite ore and iron pellet at competitive prices. Newton will also identify and explore new supplies of iron ore and other commodities and evaluate and secure possible long-term business and/or offtake relationships so as to expand and further diversify Newton’s product offerings at competitive prices.

9. Larry Jewelry International Company Limited (“Larry Jewelry”) (stock code: 8351)

Larry Jewelry principally engages in (i) design and sale of a broad range of fine jewelry products in Hong Kong and Singapore; and (ii) sourcing, processing, re-packaging and retailing of Chinese pharmaceutical products, dry seafood, health products and foodstuff in Hong Kong, Macau and the Mainland China.

Larry Jewelry will explore opportunities to broaden the geographic base of customers to markets outside Hong Kong and Singapore and increase its visibility across South East Asian countries. Larry Jewelry also seeks to achieve a diversified customer base through the introduction of new distinctive and unique product designs to more youthful, cosmopolitan audience.

Going forward, the Group expects that the stock markets in Hong Kong and the PRC will remain challenging for the year of 2019, as the economies continue to show signs of slowing down and being dependent on external factors such as Sino-US trade conflicts and Brexit negotiation.

FINANCIAL POSITION

The Group’s certain bank balances are denominated in USD and RMB in amount of approximately HK\$0.8 million and approximately HK\$137.7 million respectively. The Group’s financial services business is not exposed to significant foreign exchange risk as most of the transactions are denominated in HK\$. No financial instruments were used for hedging purposes.

Capital commitments

As at 30 June 2019, the Group had no capital commitments that have not been provided in the Group’s consolidated financial statements.

EVENT AFTER THE REPORTING PERIOD

The Company has no material event after the reporting period.

LITIGATION

(a) Updates on the previous disposal of shares in Shenzhen Fuhuade Electric Power Co., Ltd. (“Fuhuade”)

During the year ended 31 December 2011, the Group disposed of its 100% equity interest in Fuhuade to CNOOC Gas & Power Group (the “Buyer”). The total consideration of the disposal of RMB1,037,642,000 (equivalent to approximately HK\$1,247,166,000) was payable in instalments, the payment of which was subject to finalisation and confirmation of the results of supplemental audit. As at 31 December 2012, the supplemental audit was not yet finalised and the outstanding instalments were not received from the Buyer. In view of this, the Group made a provision for doubtful consideration receivable of HK\$93,132,000 for the year ended 31 December 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2013, the Group was still not able to secure a satisfactory conclusion on the supplemental audit. Under the circumstances, the Board is of the opinion that the timing and eventual outcome of the finalisation of the supplemental audit and hence the settlement of the outstanding instalments cannot be estimated with reasonable certainty. It is determined that the receivable amount should be fully provided for until such time as the eventual outcome can be reliably estimated. Accordingly, the Group fully wrote down the receivable amount of HK\$255,185,000, being the amount of consideration receivable amounting to HK\$358,921,000 as originally stated after deducting estimated other taxes payable arising from the disposal of the subsidiary of HK\$103,736,000, in the profit and loss account for the year ended 31 December 2013.

On 20 December 2017, the Group received a civil judgement (廣東省深圳市中級人民法院民事判決書[2014]深中法涉外初字第59號) in favour of the Group in relation to the litigation on the previous disposal of shares in Fuhuede, pursuant to which the Group is judged to receive approximately RMB85.5 million (equivalent to approximately HK\$102.3 million) together with related interest of approximately RMB28.3 million (equivalent to approximately HK\$34 million) (before tax).

On 13 February 2018, the Group received approximately RMB102.3 million (equivalent to approximately HK\$116.8 million) in this regard.

Apart from the above, the Group is still awaiting a decision from the court in relation to the third installment (廣東省深圳市中級人民法院[2016]粵03民初662號).

(b) Legal Proceeding against Mr. Qin Jun

On 6 May 2016, Win Wind Resources Limited (“Win Wind Resources”), a non-wholly owned subsidiary of the Company, commenced legal proceedings as creditor by filing a bankruptcy petition with the Court of First Instance of Hong Kong, against Mr. Qin Jun as debtor regarding an outstanding loan (and accrued interest) in the approximate sum of HK\$54.99 million pursuant to a loan agreement dated 29 September 2014 made between Win Wind Resources as lender and Mr. Qin Jun as borrower (as supplemented by a supplementary agreement made between the parties dated 29 March 2015). Mr. Qin Jun was declared bankrupt by the Court of First Instance on 27 July 2016. Mr. Qin Jun subsequently filed an application to annul the bankruptcy order, however such application was dismissed by the Court of First Instance at a hearing on 10 April 2017 and costs relating to the application were ordered to be paid by Mr. Qin Jun to Win Wind Resources. On 5 May 2017, Mr. Qin Jun filed a Notice of Appeal with the Court of Appeal to appeal against the judgment made on 10 April 2017 by the Court of First Instance. The appeal was heard before the Court of Appeal on 15 August 2018 and it was dismissed with costs ordered to be paid by Mr. Qin Jun on an indemnity basis. On 12 September 2018, Mr. Qin Jun filed a Notice of Motion in the Court of Appeal for leave to appeal the judgement dated 15 August 2018 in the Court of Final Appeal. The appeal was heard before the Court of Appeal on 16 November 2018 and it was dismissed with costs on an indemnity basis. On 14 December 2018, Mr. Qin Jun filed a Notice of Motion in the Court of Final Appeal for leave to appeal the judgment of the Court of Appeal. The Registrar of the Court of Final Appeal issued a notice to show cause as to why Mr. Qin Jun’s application should not be dismissed by the Appeal Committee, but the decision of the Appeal Committee is still pending as of the date of this interim report and it is not known to us whether or not Mr. Qin Jun has made submissions in respect of the notice. Win Wind Resources has been advised by its legal counsel that the Appeal Committee is likely to dismiss Mr. Qin Jun’s application, as the judgement handed down by the Court of Appeal on 16 November 2018 dismissed Mr. Qin Jun’s appeal with costs on an indemnity basis, reflecting that the only ground of appeal is unarguable.

MANAGEMENT DISCUSSION AND ANALYSIS

(c) **Writs of Summons issued by Allied Weli Development Limited and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the “Liquidators of Allied Weli Development Limited”)**

Enerchine Corporate Finance Limited, Win Wind Capital Limited, Win Wind Investment (Holdings) Limited, Enerchine Nominee Limited and Win Wind Securities Limited, which are all non-wholly owned subsidiaries of the Company, have been named, inter alia, as defendants (together, the “Defendant Parties”) in two separate writ of summons under a legal proceeding in the High Court of Hong Kong (the “Writs”). The plaintiffs under the Writs are Allied Weli Development Limited (in Liquidation) and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the “Liquidators”) of Allied Weli Development Limited. The Liquidators have not served the Writs on the Defendant Parties. On 2 February 2018, the Group, through its legal advisors, requested the Liquidators to (i) serve the Writs of Summons on the Defendant Parties by 20 February 2018 as required under the Rules of the High Court (Order 12, rule 8A) or (ii) to discontinue the Writs against the Defendant Parties. On 15 February 2018, the Group received a letter from Kirkland & Ellis, the legal advisors acting for the Liquidators stating, inter alia, that the Writs were issued on a protective basis and the Liquidators did not intend to serve the Writs on the Defendant Parties at this stage. The letter further stated the Liquidators’ investigations are on-going, and they were not in a position to determine whether to pursue the claims described in the Writs and that the Liquidators may ultimately decide not to pursue a claim against the Defendant Parties at all. The Defendant Parties have been advised by their legal advisor that the validity of one of the writs of summons was extended for 12 months from 9 January 2019 by way of ex parte application by the liquidators while the other writ of summons has now expired.

As the Writs have not been served on the Defendant Parties, accordingly no provision has been made in the consolidated financial statements for the six months ended 30 June 2019. However, the management of the Company considers the Writs are groundless and amount to attempts to adversely affect the reputation and the business operations of the Group.

OVERVIEW

With the deceleration in economic growth momentum as well as the uncertainties from the Sino-US trade conflicts and the Brexit negotiations, the first half of 2019 has proved to be challenging in Hong Kong and A share markets. In addition, the latest economic figures of Hong Kong as of 30 June 2019 showed a decline in real GDP growth, an elevated inflation rate and a negative growth in retail sector, implying more downward pressure to the financial market.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The outlook for the second half of year 2019 will continue to be dependent on external factors like the Sino-US trade conflicts and the Brexit negotiations. The impact of the recent political and social unrest in Hong Kong is also expected to adversely affect the market sentiments of the investing public and the Hong Kong economy as a whole. This further strengthens the Group's intention to explore potential investment opportunities in fintech, lifestyle, real estate and integrated resort projects in other regions. Accordingly, the Group will continue to maintain a balanced approach to asset allocation with appropriate risk and potential reward; and the management will maintain strict oversight of operation costs in view of the volatile business environment.

In addition, the Group's financial services arm will continue to adopt prudent capital management and liquidity risk management to meet the challenges ahead, as well as the increasing regulatory and supervisory requirements.

INTERIM DIVIDEND

The Board has resolved the payment of an interim dividend of HK\$0.005 per share for the six months ended 30 June 2019 (six months ended 30 June 2018: HK\$0.005 per share), amounting to approximately HK\$29.1 million, to the shareholders of the Company whose names appeared on the Company's register of members on 16 September 2019. The interim dividend will be paid on 30 September 2019.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Thursday, 12 September 2019 to Monday, 16 September 2019, both days inclusive, during which period no transfers of shares will be registered. In order to be eligible for the entitlement to the interim dividend, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11 September 2019.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group employed 41 full time employees for its principal activities. The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the six months ended 30 June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2019, all the code provisions set out in the Code on Corporate Governance Practices (“Code”) contained in Appendix 14 of the Listing Rules were complied by the Company, except for the deviation from Code provision A.5.5 (“A.5.5”) which came into effect on 1 January 2019.

A.5.5 provides that where the board proposes a resolution to elect an individual as an independent non-executive director (“INED”) at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting, amongst others, the reasons why the board believes the individual would still be able to devote sufficient time to the board, if the proposed INED will be holding their seventh (or more) listed company directorship.

As set out in the Company’s Circular dated 24 April 2019, pursuant to the retirement and re-election of Mr. Hung Cho Sing, an INED of the Company, details of his directorships at other listed companies were disclosed in the Circular. Mr. Hung was at the time holding seven listed companies directorships. At the date of Mr. Hung’s re-election to the Company, he was also a non-executive of Universe Entertainment and Culture Group Company Limited (“Universe”) (re-designation effective since 1 February 2019). Accordingly, the Company made an announcement on 28 June 2019 stating reasons for the Board’s view that Mr. Hung is able to devote sufficient time to the Board due to his re-designation at Universe as well as his extensive experience and practical knowledge gained from serving as a director for several listed companies. Mr. Hung eventually tendered his resignation as the non-executive director of Universe with effect from 31 July 2019 and he does not hold any position in Universe. Mr. Hung currently holds directorship at six listed companies including the Company and he is able to devote sufficient time to the Board.

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 the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 June 2019, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. As at the date of this announcement, the Audit Committee comprises three independent non-executive directors. Currently, the members of the Audit Committee are Messrs. Cheung Wing Ping, Hung Cho Sing and Chan Hak Kan. The Audit Committee meets regularly with the Company’s senior management and the Company’s auditor to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The interim results of the Group for the six months ended 30 June 2019 had not been audited, but had been reviewed by the Company’s auditor, Mazars CPA Limited and the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
Oshidori International Holdings Limited
Sam Nickolas David Hing Cheong
Chairman

Hong Kong, 28 August 2019

OTHER INFORMATION

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, none of the Directors and chief executives of the Company had, nor were they taken to or deemed to have under (a) divisions 7 to 9 of Part XV of the Securities and Futures Ordinance (the "SFO"), to be notified to the Company and the Stock Exchange; (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

At no time during the six months ended 30 June 2019 were rights to acquire benefits by means of the acquisition of shares in or warrants or debentures of the Company granted to any Director or chief executives of the Company or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries or holding company or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in information on Directors for the six months ended 30 June 2019 and up to the date of this report are set out as below:

1. Mr. Chow Chi Wah Vincent was appointed as an executive director and managing director of Code Agriculture (Holdings) Limited with effect from 25 June 2019;
2. Mr. Chan Hak Kan was appointed as an independent non-executive director of Imagi International Holdings Limited with effect from 10 May 2019;
3. Mr. Hung Cho Sing was re-designated from an executive director to a non-executive director of Universe Entertainment and Culture Group Company Limited with effect from 1 February 2019. He eventually resigned as a non-executive director of Universe Entertainment and Culture Group Company Limited on 31 July 2019; and
4. Mr. Cheung Wing Ping resigned as an independent non-executive director of Freeman FinTech Corporation Limited with effect from 9 September 2019.

OTHER INFORMATION

Rights issue

On 28 March 2018, the Company announced a proposed rights issue on the basis of one rights share for every one share in issue at a subscription price of HK\$0.45 per rights share to raise not less than HK\$1,307.64 million (before expenses) and not more than HK\$1,314.40 million (before expenses) (the "Rights Issue"). Details of the Rights Issue were set out in the announcement of the Company dated 28 March 2018 and the prospectus of the Company dated 28 June 2018. The Rights Issue was completed on 20 July 2018, and the issued share capital of the Company was increased from 2,905,883,141 shares to 5,811,766,282 shares.

Reference is made to the (i) the prospectus of the Company dated 28 June 2018; (ii) the 2018 interim report of the Company published on 19 September 2018; (iii) the announcement of the Company dated 3 January 2019; (iv) the 2018 annual report of the Company published on 24 April 2019; and (v) the supplemental announcement of the Company dated 10 September 2019. The details of the proposed use of proceeds, change in use of proceeds, the actual use of proceeds and the expected timeline for use of proceeds from the Rights Issue up to the date of this report are as follows:

	Proposed use of proceeds from the Rights Issue HK\$'000	Change in use of proceeds from the Rights Issue HK\$'000	Amount utilised HK\$'000	Amount unutilised HK\$'000	Expected amounts to be utilised for the year ending 31 December 2019 HK\$'000
(i) Business development of the Group's financial services					
a) provide additional resources to the Group's money lending business	300,000	-	300,000	-	-
b) provide additional resources to the Group's margin financing business	180,000	-	180,000	-	-
c) conduct marketing activities (Note)	10,000	(8,858)	1,142	-	-
d) hire high caliber professionals (Note)	10,000	(10,000)	-	-	-
	500,000	(18,858)	481,142	-	-
(ii) Repayment of the outstanding principal and interest of the Group's loans due to third parties	325,000	-	325,000	-	-
(iii) Operating expenses	100,000	-	100,000	-	-
(iv) General working capital (Note)	-	18,858	18,858	-	-
(v) Financing investment opportunities	23,418	-	23,418	-	-
(vi) Settlement of the promissory note in relation to the acquisition of Win Wind	320,000	-	220,000	100,000	100,000
Total	1,268,418	-	1,168,418	100,000	100,000

The unutilised net proceeds from the Rights Issue will be applied in accordance with the intended uses as disclosed.

Note:

As disclosed in the Company's announcement dated 3 January 2019, the Board proposed to reallocate certain unutilised amount being approximately HK\$18.86 million (which was initially allocated for conducting marketing activities and hiring high caliber professionals), as general working capital of the Group.

OTHER INFORMATION

SHARE OPTION SCHEMES OF THE COMPANY

- (A) The Company operated a share option scheme adopted by shareholders of the Company on 24 May 2002 (the “2002 Share Option Scheme”). The 2002 Share Option Scheme had a life of 10 years and was terminated at the annual general meeting of the Company held on 17 May 2012.

No further options shall thereafter be offered under the 2002 Share Option Scheme but the options, which had been granted during its life, shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2002 Share Option Scheme shall remain in full force and effect.

As at 30 June 2019 and the date of this report, the Company had no underlying shares comprised in options outstanding under the 2002 Share Option Scheme.

- (B) A new share option scheme was adopted by shareholders of the Company on 17 May 2012 (the “2012 Share Option Scheme”), under which the Board may, of its discretion, offer any employees of the Group or any Directors of the Company or any of its subsidiaries or any eligible participant including, but not limited to any person being invested entity (including independent non-executive directors of the Group or any invested entity) and any suppliers, consultants or advisors who will provide or have provided services to the Group or any invested entity options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years.

The following table discloses movements in the Company’s share options granted under the 2012 Share Option Scheme during the period:

Grant Date	Outstanding at 1.1.2019	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.06.2019
29.3.2019	-	72,000,000	-	-	72,000,000
Total for Other Participants	-	72,000,000	-	-	72,000,000

Notes:

1. The vesting period of the share options is from the date of grant until the commencement date of the exercise period.
2. During the period, no options were exercised or cancelled but 72,000,000 options were granted under the 2012 Share Option Scheme.

Additional information in relation to the Company’s Share Option Schemes are set out in note 21 to the condensed consolidated financial statements.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

The register of the interests and short positions maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder had notified the Company of relevant interests and short positions in the issued shares of the Company as at 30 June 2019:

Long position in shares of the Company

Name of substantial shareholder	Capacity	Number of Issued ordinary shares held	Approximate percentage of the issued share capital of the Company
VMS Investment Group Limited	Beneficial owner (Note)	575,003,000	9.89%

Note: Ms. Mak Siu Hang, Viola holds 100% of the equity interest in VMS Investment Group Limited ("VMS"). Therefore, Ms. Mak Siu Hang, Viola is deemed to be interested in the Shares of the Company which are owned by VMS.

Save as disclosed above, as at 30 June 2019, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**MAZARS CPA LIMITED**
中審眾環(香港)會計師事務所有限公司

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Introduction

We have reviewed the interim financial information set out on pages 17 to 42, which comprises the condensed consolidated statement of financial position of Oshidori International Holdings Limited (*formerly known as Enerchina Holdings Limited*) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

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

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 28 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	Six months ended	
		30 June 2019	30 June 2018
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Re-presented)
Revenue	3	205,642	(259,821)
Other income	4	19,570	40,924
Other gains and losses	5	21,536	59,826
Net unrealised fair value loss on financial assets at fair value through profit or loss ("FVPL")	3	(243,008)	(1,333)
Provision of impairment loss in respect of loan receivables	14(d)	(70,085)	-
Depreciation of property and equipment		(11,864)	(11,035)
Employee benefits expenses		(39,084)	(13,020)
Other expenses		(57,428)	(57,581)
Share of results of associates		(3,574)	(894)
Finance costs	6	(22,653)	(28,912)
Loss before taxation		(200,948)	(271,846)
Income tax credit	7	2,251	46,590
Loss for the period		(198,697)	(225,256)
Other comprehensive income (loss):			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value change on financial assets designated at fair value through other comprehensive income ("Designated FVOCI")		241,556	(404,976)
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Fair value change on financial assets mandatory at fair value through other comprehensive income ("Mandatory FVOCI")		196	-
Exchange differences arising on translation to presentation currency		(5,152)	(7,973)
		(4,956)	(7,973)
Total other comprehensive income (loss) for the period		236,600	(412,949)
Total comprehensive income (loss) for the period		37,903	(638,205)
Loss for the period attributable to:			
Owners of the Company		(198,674)	(200,502)
Non-controlling interests		(23)	(24,754)
		(198,697)	(225,256)
Total comprehensive income (loss) for the period attributable to:			
Owners of the Company		42,903	(566,475)
Non-controlling interests		(5,000)	(71,730)
		37,903	(638,205)
		HK cents	HK cents
Loss per share	9		
Basic		(3.42)	(6.90)
Diluted		(3.42)	(6.90)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

	Note	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Non-current assets			
Property and equipment	10	71,454	78,641
Right-of-use assets	11	8,648	–
Financial assets at fair value through other comprehensive income (“FVOCI”)	12	2,910,445	1,953,087
Interests in associates	13	61,798	5,207
Intangible assets		3,908	3,908
Other deposits		542	4,316
Loan receivables	14	68,860	22,098
Deposit paid for acquisition of property and equipment		201,290	140,000
		3,326,945	2,207,257
Current assets			
Trade, loan and other receivables	14	1,142,329	709,262
Income tax recoverable		2,911	2,757
Promissory note receivable	15	147,062	192,229
Financial assets at FVPL	16	2,249,209	2,585,350
Other investment		–	171,233
Bank balances – trust and segregated accounts		170,910	10,297
Cash and cash equivalents		267,459	1,390,337
		3,979,880	5,061,465
Current liabilities			
Trade and other payables	17	586,346	510,260
Lease liabilities	11	6,594	–
Income tax payable		3,260	1,017
Loan payables		150,855	–
Promissory note payable	18	100,000	193,770
		847,055	705,047
Net current assets		3,132,825	4,356,418
Total assets less current liabilities		6,459,770	6,563,675
Non-current liabilities			
Deferred taxation		57,781	64,257
Lease liabilities	11	2,124	–
		59,905	64,257
NET ASSETS		6,399,865	6,499,418
Capital and reserves			
Share capital	19	290,588	290,588
Reserves		6,103,850	6,123,427
Equity attributable to owners of the Company		6,394,438	6,414,015
Non-controlling interests		5,427	85,403
TOTAL EQUITY		6,399,865	6,499,418

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

Note	Attributable to equity holders of the Company								Non-controlling interests				
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Contribution surplus HK\$'000	Investment revaluation reserve (recycling) HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Share option reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Share of other equity components HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Total HK\$'000	Total HK\$'000
At 1 January 2019 (Audited)	290,588	5,739,250	(78,522)	544	-	(856,748)	-	1,318,903	6,414,015	80,707	4,696	85,403	6,499,418
Loss for the period	-	-	-	-	-	-	-	(198,674)	(198,674)	(23)	-	(23)	(198,697)
Other comprehensive income (loss) <i>Items that will not be reclassified to profit or loss</i>													
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	-	-	-	-	-	(17,195)	-	17,195	-	-	-	-	-
Fair value change on Designated FVOCI	-	-	-	-	-	246,533	-	-	246,533	-	(4,977)	(4,977)	241,556
	-	-	-	-	-	229,338	-	17,195	246,533	-	(4,977)	(4,977)	241,556
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>													
Fair value change on Mandatory FVOCI	-	-	-	-	196	-	-	-	196	-	-	-	196
Exchange differences arising on translation to presentation currency	-	-	(5,152)	-	-	-	-	-	(5,152)	-	-	-	(5,152)
	-	-	(5,152)	-	196	-	-	-	(4,956)	-	-	-	(4,956)
Total other comprehensive income (loss) for the period	-	-	(5,152)	-	196	229,338	-	17,195	241,577	-	(4,977)	(4,977)	236,600
Total comprehensive income (loss) for the period	-	-	(5,152)	-	196	229,338	-	(181,479)	42,903	(23)	(4,977)	(5,000)	37,903
Transactions with owners:													
<i>Contribution and distribution</i>													
Recognition of equity-settled share-based payments	21	-	-	-	-	-	24,720	-	24,720	-	-	-	24,720
Dividend paid	8	-	-	-	-	-	-	(87,176)	(87,176)	-	-	-	(87,176)
Acquisition of non-controlling interests in a subsidiary	20	-	-	-	-	-	-	(24)	(24)	(74,976)	-	(74,976)	(75,000)
Transfer		-	(5,739,250)	-	5,681,836	-	-	57,414	-	-	-	-	-
Total transactions with owners		-	(5,739,250)	-	5,681,836	-	24,720	(29,786)	(62,480)	(74,976)	-	(74,976)	(137,456)
At 30 June 2019 (Unaudited)	290,588	-	(83,674)	5,682,380	196	(627,410)	24,720	1,107,638	6,394,438	5,708	(281)	5,427	6,399,865

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Attributable to equity holders of the Company									Non-controlling interests					
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Contribution surplus HK\$'000	Special reserve HK\$'000	Investment revaluation reserve (recycling) HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Share option reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Share of other equity components HK\$'000	Investment revaluation reserve (recycling) HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Total HK\$'000	Total HK\$'000
At 1 January 2018 (Audited)	145,294	4,619,426	(29,878)	544	383,950	(66,355)	-	14,333	1,015,029	6,082,343	262,399	(5,378)	-	257,021	6,339,364
Impact on initial application of HKFRS 9	-	-	-	-	-	66,355	197,771	-	-	264,126	-	5,378	34,031	39,409	303,535
At 1 January 2018 (Adjusted)	145,294	4,619,426	(29,878)	544	383,950	-	197,771	14,333	1,015,029	6,346,469	262,399	-	34,031	296,430	6,642,899
Loss for the period	-	-	-	-	-	-	-	-	(200,502)	(200,502)	(24,754)	-	-	(24,754)	(225,256)
Other comprehensive loss															
Items that will not be reclassified to profit or loss															
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	-	-	-	-	-	-	(3,397)	-	3,397	-	454	-	(454)	-	-
Fair value change on Designated FVOCI	-	-	-	-	-	-	(358,000)	-	-	(358,000)	-	-	(46,976)	(46,976)	(404,976)
	-	-	-	-	-	-	(361,397)	-	3,397	(358,000)	454	-	(47,430)	(46,976)	(404,976)
Items that are reclassified or may be reclassified subsequently to profit or loss															
Exchange differences arising on translation to presentation currency	-	-	(7,973)	-	-	-	-	-	-	(7,973)	-	-	-	-	(7,973)
Total other comprehensive income (loss) for the period	-	-	(7,973)	-	-	-	(361,397)	-	3,397	(365,973)	454	-	(47,430)	(46,976)	(412,949)
Total comprehensive loss for the period	-	-	(7,973)	-	-	-	(361,397)	-	(197,105)	(566,475)	(24,300)	-	(47,430)	(71,730)	(638,205)
Transactions with owners:															
Contribution and distribution															
Share options lapsed	-	-	-	-	-	-	-	(14,333)	14,333	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(29,059)	(29,059)	-	-	-	-	(29,059)
Total transactions with owners	-	-	-	-	-	-	-	(14,333)	(14,726)	(29,059)	-	-	-	-	(29,059)
At 30 June 2018 (Unaudited)	145,294	4,619,426	(37,851)	544	383,950	-	(163,626)	-	803,198	5,750,935	238,099	-	(13,399)	224,700	5,975,635

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Six months ended	
	Note	30 June 2019 <i>HK\$'000</i> (Unaudited)	30 June 2018 <i>HK\$'000</i> (Unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		(500,836)	255,420
INVESTING ACTIVITIES			
Purchase of structured deposits		–	(237,248)
Redemption of structured deposits		–	263,345
Deposits paid for acquisition of property and equipment		(1,290)	–
Dividend received		40,119	6,286
Interest received		15,527	25,376
Purchase of property and equipment	10	(333)	(160)
Proceeds from disposal of property and equipment		–	25,000
Purchase of Designated FVOCI		(737,368)	(183,984)
Purchases of Mandatory FVOCI		(19,159)	–
Proceeds from disposal of Designated FVOCI		40,604	81,694
Proceeds from disposal of held-to-maturity investments		–	30,255
Redemption of other investments		170,455	–
Proceeds from disposal of an associate		–	124,731
Settlement of promissory note receivable in relation to disposal of an associate		50,000	–
Acquisition of an associate	13	(59,840)	–
Cash outflow arising from acquisition of non-controlling interests in a subsidiary	20	(75,000)	–
Net cash flows from recovery of doubtful consideration receivables		–	121,386
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(576,285)	256,681
FINANCING ACTIVITIES			
Drawdown of loan payables		150,000	110,000
Repayment of loan payables		–	(700,397)
Lease payments	11	(4,480)	–
Dividend paid	8	(87,176)	(29,059)
Settlement of promissory note payable in relation to acquisition of non-controlling interests in a subsidiary	18	(100,000)	–
NET CASH USED IN FINANCING ACTIVITIES		(41,656)	(619,456)
Net decrease in cash and cash equivalents		(1,118,777)	(107,355)
Cash and cash equivalents at beginning of the reporting period		1,390,337	850,229
Effect on exchange rate changes on cash and cash equivalents		(4,101)	(3,514)
Cash and cash equivalents at end of the reporting period, represented by cash and bank balances		267,459	739,360

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. CORPORATE INFORMATION

The Company is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company are disclosed in the corporate information section to the interim report.

The principal activities of the Company and its subsidiaries (together the “Group”) are investment holdings, trading and investment in securities, and the provisions of (i) securities brokerage services, (ii) placing and underwriting services, (iii) corporate finance advisory services, (iv) money lending services, (v) investment advisory and asset management services, and (vi) margin financing services.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated financial statements of the Company for the six months ended 30 June 2019 (the “Interim Financial Statements”) are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on Stock Exchange. These condensed consolidated financial statements should be read in conjunction with the 2018 annual financial statements. The accounting policies adopted in preparing the Interim Financial Statements for the six months ended 30 June 2019 are consistent with those in the preparation of the Group’s annual financial statements for the year ended 31 December 2018, except for the adoption of the new/revised standards of Hong Kong Financial Reporting Standards (“HKFRSs”) which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1 January 2019 as described below.

Adoption of new/revised HKFRSs

Annual Improvements to HKFRSs	2015–2017 Cycle
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Employee benefits
Amendments to HKAS 28	Investments in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRS 3	Definition of Business
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Apart from the impact on adoption of HKFRS 16 as set out below, the adoption of those new and revised HKFRSs has no material impact on the Group’s results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs (Continued)

HKFRS 16 “Leases”

HKFRS 16 significantly changes, among others, the lessee accounting by replacing the dual-model under HKAS 17 *Leases* with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. In subsequent measurement, depreciation (and, if applicable, impairment loss) and interest are recognised on the right-of-use assets and the lease liabilities respectively. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

For leases previously classified as operating leases applying the previous accounting standards in which the Group is the lessee, the Group has applied HKFRS 16 retrospectively in accordance with the transitional provisions therein using the cumulative effect method (i.e. the cumulative effect of initially applying HKFRS 16 is recognised as an adjustment to the opening balance of equity at 1 January 2019). Therefore, the comparative information has not been restated for the effect of HKFRS 16. Besides, lease liabilities are recognised at 1 January 2019 and measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at that date while the corresponding right-of-use assets are measured at the same amount, adjusted by any prepaid or accrued lease payments recognised immediately before 1 January 2019.

The Group has also elected to apply the following practical expedients permitted by HKFRS 16:

- A single discount rate is applied to a portfolio of leases with reasonably similar characteristics;
- The use of hindsight in determining the lease term when the contract contains option to extend or terminate the lease; and
- Initial direct costs are excluded from the measurement of the right-of-use assets at 1 January 2019.

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 by applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)**Adoption of new/revised HKFRSs (Continued)****HKFRS 16 “Leases” (Continued)***Summary of effect of the changes in accounting policies*

The following table summarises the impact of transition to HKFRS 16 as at 1 January 2019:

	31 December 2018 HK\$'000	Effect on adoption of HKFRS 16 HK\$'000	1 January 2019 HK\$'000
Non-current assets			
Right-of-use assets	–	8,874	8,874
Current liabilities			
Lease liabilities	–	7,298	7,298
Non-current liabilities			
Lease liabilities	–	1,576	1,576
	–	8,874	8,874

The Group previously charged the operating leases payments to the statements of profit or loss and other comprehensive income on a straight line basis over the lease term. With the adoption of HKFRS 16, all leases with a term (or, in the case of transition, remaining term) of more than 12 months, unless the underlying asset is of low value, are recognised as right-of-use assets and lease liabilities. Right-of-use assets and lease liabilities of approximately HK\$8,874,000 were recognised on the date of adoption of HKFRS 16 (i.e. 1 January 2019). The adoption has no impact on the Group's retained earnings at 1 January 2019. The operating lease commitment on short-term leases and leases of low-value assets at 1 January 2019 amount to approximately HK\$1,686,000.

The weighted average incremental borrowing rate applied to the lease liabilities recognised at 1 January 2019 is 5.3%.

There is no significant difference between the amount of the operating lease commitments disclosed applying the previous accounting standards at 31 December 2018, discounted using the incremental borrowing rate at 1 January 2019 and the amount of lease liabilities recognised in the condensed statements of financial position at 1 January 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)**Change in presentation**

The management considers it to be more appropriate to present all income from securities trading and investments, including interest and dividend income from investment and realised gain/loss from sales of investments, under revenue in the condensed consolidated statement of profit or loss and other comprehensive income. Comparatives for the six months ended 30 June 2018 have been represented as follows.

	Six months ended 30 June 2019			Six months ended 30 June 2018		
	Before reclassification HK\$'000	Effect of reclassification HK\$'000	As reported HK\$'000	As previously reported HK\$'000	Effect of reclassification HK\$'000	As re-presented HK\$'000
Revenue	53,781	151,861	205,642	15,300	(275,121)	(259,821)
Other income	67,911	(48,341)	19,570	51,089	(10,165)	40,924
Loss on financial assets at FVPL	(139,488)	139,488	-	(286,619)	286,619	-
Net unrealised fair value loss on financial assets at FVPL	-	(243,008)	(243,008)	-	(1,333)	(1,333)

3. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segment 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 performance assessment.

The Group's reportable and operating segments are as follows:

- (a) the provision of securities brokerage and provision of financial, consultancy and corporate financial advisory services ("financial services");
- (b) securities trading and investments; and
- (c) money lending.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

3. REVENUE AND SEGMENT INFORMATION (Continued)**Segment revenue and results**

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

For the six months ended 30 June 2019 (Unaudited)

	Financial services HK\$'000	Securities trading and investments HK\$'000	Money lending HK\$'000	Consolidated HK\$'000
Revenue				
Revenue from financial services	30,614	-	-	30,614
Revenue from securities trading and investments	-	151,861	-	151,861
Revenue from money lending	-	-	23,167	23,167
Total revenue	30,614	151,861	23,167	205,642
Net unrealised fair value loss on financial assets at FVPL	-	(243,008)	-	(243,008)
Segment revenue	30,614	(91,147)	23,167	(37,366)
Segment gain (loss)	12,499	(134,764)	(53,556)	(175,821)
Unallocated other income				12,054
Net exchange gain				21,211
Other gains and losses				325
Share of results of associates				(3,574)
Central corporate expenses				(55,143)
Loss before taxation				(200,948)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

3. REVENUE AND SEGMENT INFORMATION (Continued)**Segment revenue and results (Continued)***For the six months ended 30 June 2018 (Unaudited)*

	Financial services HK\$'000	Securities trading and investments HK\$'000 (Re-presented)	Money lending HK\$'000	Consolidated HK\$'000 (Re-presented)
Revenue				
Revenue from financial services	2,154	–	–	2,154
Revenue from securities trading and investments	–	(275,121)	–	(275,121)
Revenue from money lending	–	–	13,146	13,146
Total revenue	2,154	(275,121)	13,146	(259,821)
Net unrealised fair value loss on financial assets at FVPL	–	(1,333)	–	(1,333)
Segment revenue	2,154	(276,454)	13,146	(261,154)
Segment loss	(11,333)	(299,309)	(13,813)	(324,455)
Unallocated other income				27,743
Net exchange loss				(9,815)
Other gains and losses				68,701
Share of results of associates				(894)
Central corporate expenses				(33,126)
Loss before taxation				(271,846)

Segment revenue includes revenue from financial services, securities trading and investments and money lending operations. In addition, the chief operating decision makers also consider net unrealised fair value loss on financial assets at FVPL as segment revenue.

Segment result represents the profit earned or loss incurred by each segment without allocation of certain other income, certain other gains and losses, share of results of associates, certain finance costs and the central corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

3. REVENUE AND SEGMENT INFORMATION (Continued)**Segment assets and liabilities**

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

At 30 June 2019 (Unaudited)

	Financial services HK\$'000	Securities trading and investments HK\$'000	Money lending HK\$'000	Consolidated HK\$'000
Segment assets	553,590	5,187,691	807,958	6,549,239
Unallocated property and equipment				62,229
Unallocated right-of-use assets				4,702
Interests in associates				61,798
Deposit paid for acquisition of property and equipment				201,290
Unallocated other receivables				57,691
Income tax recoverable				2,911
Promissory note receivable				147,062
Unallocated cash and cash equivalents				219,903
Consolidated assets				7,306,825
Segment liabilities	165,850	412,405	39	578,294
Unallocated other payables				162,861
Unallocated lease liabilities				4,764
Income tax payable				3,260
Promissory note payable				100,000
Deferred taxation				57,781
Consolidated liabilities				906,960

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

3. REVENUE AND SEGMENT INFORMATION (Continued)**Segment assets and liabilities (Continued)***At 31 December 2018 (Audited)*

	Financial services <i>HK\$'000</i>	Securities trading and investments <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	313,794	4,615,029	744,790	5,673,613
Unallocated property and equipment				68,272
Interests in associates				5,207
Other investment				171,233
Deposit paid for acquisition of property and equipment				140,000
Unallocated other receivables				75,633
Income tax recoverable				2,757
Promissory note receivable				192,229
Unallocated cash and cash equivalents				939,778
Consolidated assets				7,268,722
Segment liabilities	30,888	470,508	307	501,703
Unallocated other payables				8,557
Income tax payable				1,017
Promissory note payable				193,770
Deferred taxation				64,257
Consolidated liabilities				769,304

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than certain property and equipment, certain right-of-use assets, interests in associates, other investment, deposit paid for acquisition of property and equipment, certain other receivables, income tax recoverable and promissory note receivable and certain cash and cash equivalents.
- all liabilities are allocated to operating and reportable segments other than certain other payables, certain lease liabilities, income tax payable, loan payables, promissory note payable and deferred taxation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

4. OTHER INCOME

	Note	Six months ended	
		30 June 2019 HK\$'000 (Unaudited)	30 June 2018 HK\$'000 (Unaudited) (Re-presented)
Interest income on:			
– bank deposits		4,977	15,298
– promissory note receivable	15	4,833	6,470
– other investments		2,285	5,990
– others		43	209
		12,138	27,967
Forfeiture of non-refundable deposit received upon termination of contract		–	10,222
Others		7,432	2,735
		19,570	40,924

5. OTHER GAINS AND LOSSES

	Note	Six months ended	
		30 June 2019 HK\$'000 (Unaudited)	30 June 2018 HK\$'000 (Unaudited)
Net exchange gain (loss)		21,211	(9,815)
Loss on disposal of property and equipment		–	(24,292)
Gain on disposal of held-to-maturity investments		–	965
Gain on disposal of subsidiaries		–	161,122
Loss on disposal of an associate		–	(68,129)
Gain on deemed disposal of an associate	13	325	–
Others		–	(25)
		21,536	59,826

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

6. FINANCE COSTS

	Note	Six months ended	
		30 June 2019 HK\$'000 (Unaudited)	30 June 2018 HK\$'000 (Unaudited)
Interest on loan payables		855	20,348
Interest on margin financing		15,362	8,564
Interest on promissory note payable	18	6,230	–
Imputed interest on lease liabilities	11	206	–
		22,653	28,912

7. INCOME TAX CREDIT

The two-tiered profits tax rates regime have been implemented from 1 April 2018, under which, the profit tax rate for the first HK\$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK\$2,000,000 will continue be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the six months ended 30 June 2019, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime. For the six months ended 30 June 2018, Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong.

	Six months ended	
	30 June 2019 HK\$'000 (Unaudited)	30 June 2018 HK\$'000 (Unaudited)
Current tax		
Hong Kong Profits Tax	4,225	48,211
Deferred taxation		
Reversal of temporary difference	(6,476)	(94,801)
Income tax credit	(2,251)	(46,590)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

8. DIVIDENDS

The directors of the Company have declared and paid a final dividend in respect of the year ended 31 December 2018 of HK\$0.015 per share amounting to approximately HK\$87,176,000 during the six months ended 30 June 2019 (six months ended 30 June 2018: declared and paid a final dividend in respect of the year ended 31 December 2017 of HK\$0.01 per share amounting to approximately HK\$29,059,000).

The directors of the Company have declared an interim dividend of HK\$0.005 per share amounting to approximately HK\$29,059,000 in respect of the six months ended 30 June 2019 (six months ended 30 June 2018: declared an interim dividend of HK\$0.005 per share amounting to approximately HK\$29,059,000) and such interim dividend will be paid in cash on or about Monday, 30 September 2019 to shareholders of the Company whose names appear on the register of members of the Company on Monday, 16 September, 2019.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on loss attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the period as follows:

Loss

Loss for the period attributable to equity shareholders of the Company, for the purpose of basic and diluted loss per share

Six months ended	
30 June 2019	30 June 2018
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)
(198,674)	(200,502)

Number of shares

Weighted average number of ordinary shares, for the purpose of basic and diluted loss per share

Six months ended	
30 June 2019	30 June 2018
(Unaudited)	(Unaudited)
5,811,766,282	2,905,883,141

Note:

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the six months ended 30 June 2018 has been adjusted to reflect the effect of rights issue during the year ended 31 December 2018 but there is no impact on the respective calculation before the date of rights issue as there is no bonus element in such rights issue.

The computation of diluted loss per share for the six months ended 30 June 2019 and 2018 did not assume the exercise of certain share option since their assumed exercise would have an anti-dilutive effect on the basic loss per share amount presented.

10. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2019, the Group had acquired property and equipment of approximately HK\$333,000 (six months ended 30 June 2018: acquired and disposed of approximately HK\$160,000 and HK\$49,292,000 respectively).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The movements of right-of-use assets and lease liabilities within HKFRS 16 during the period are set out below.

	Note	Right-of-use assets HK\$'000	Lease liabilities HK\$'000
As at 1 January 2019			
Adoption of HKFRS 16	2	8,874	8,874
Additions		4,118	4,118
Depreciation		(4,344)	–
Imputed interest expenses		–	206
Lease payments		–	(4,480)
		<hr/>	<hr/>
At 30 June 2019		8,648	8,718
		<hr/>	<hr/>
Current		–	6,594
Non-current		8,648	2,124
		<hr/>	<hr/>
		8,648	8,718

The operating lease expenses on short-term leases and leases of low-value assets recognised in profit or loss during the six months ended 30 June 2019 amounted to approximately HK\$1,254,000.

12. FINANCIAL ASSETS AT FVOCI

	Note	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Designated FVOCI			
Equity securities – listed			
Listed in Hong Kong		2,101,764	1,165,840
Listed in the United States		97,857	104,645
		<hr/>	<hr/>
		2,199,621	1,270,485
Equity securities – unlisted	(a)	691,469	682,602
		<hr/>	<hr/>
		2,891,090	1,953,087
Mandatory FVOCI			
Debt securities listed in Singapore		19,355	–
		<hr/>	<hr/>
		2,910,445	1,953,087

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

12. FINANCIAL ASSETS AT FVOCI (Continued)

Note:

- (a) As at 30 June 2019, the amount represented the investments in unlisted equity securities issued by private entities. Included in the unlisted investments as at 30 June 2019, the Group held approximately 2.95% (31 December 2018: 2.95%) of the share capital of Co-Lead Holdings Limited (“Co-Lead”) amount of HK\$85,281,000 (31 December 2018: HK\$110,708,000) and 6.98% (31 December 2018: 10.34%) of the issued shares of Satinu Resources Group Ltd. (“Satinu”) amount of HK\$496,813,000 (31 December 2018: HK\$406,083,000), which are unlisted private companies incorporated in the British Virgin Islands. Co-Lead and its subsidiaries principally engage in securities trading and investment holding business in Hong Kong and Satinu and its subsidiaries principally engage in integrated financial services, securities brokerage services, money lending, securities and other direct investments in Hong Kong.

13. INTERESTS IN ASSOCIATES

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Unlisted shares		
Shares of net assets	61,183	5,088
Goodwill	615	119
	61,798	5,207

As at 31 December 2018, interests in associates represented the Group’s interests in 25% of the issued ordinary share capital of Eternal Billion Holding Group Limited and Topwish Holdings Limited.

On 30 April 2019, the Group entered into a subscription agreement with Liberty Capital Limited (“Liberty”), an independent third party incorporated in Cayman Islands, to subscribe 440 newly issued shares of Liberty at a consideration of HK\$59,840,000 which was settled by cash. Liberty and its subsidiaries principally engage in investment holding, securities brokerage and financial services, dealing in future contracts, asset management services, money lending and property holding in Hong Kong. The transaction was completed on the same day. The Group has 30.56% equity interests in Liberty at the date of acquisition.

On 14 May 2019, Liberty has issued 360 shares to a third party investor at a consideration of HK\$48,960,000. Upon the completion of the share subscription, the Group’s equity interests in Liberty has reduced from 30.56% to 24.45%, resulting in a gain on deemed disposal of HK\$325,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

14. TRADE, LOAN AND OTHER RECEIVABLES

		30 June 2019 <i>HK\$'000</i> (Unaudited)	31 December 2018 <i>HK\$'000</i> (Audited)
	Note		
Trade receivables			
Trade receivables arising from the business of securities brokerage			
– cash clients		88	83
– margin clients	(b)	351,480	241,301
– brokers		1,420	–
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	(c)	3,570	22,768
– others		125	–
	(a)	356,683	264,152
Trade receivable arising from the provision of corporate finance advisory services		350	10
		357,033	264,162
Loan receivables			
Loan and interest receivables from independent third parties		871,510	340,367
Less: Loss allowance		(80,030)	(9,945)
	(d)	791,480	330,422
Less: Non-current portion		(68,860)	(22,098)
Current portion		722,620	308,324
Other receivables			
Deposits with securities brokers	(e)	10,946	55,421
Other receivable from non-controlling shareholder		–	60,000
Other receivables, deposits and prepayments		51,730	21,355
		62,676	136,776
		1,142,329	709,262

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

14. TRADE, LOAN AND OTHER RECEIVABLES (Continued)

Notes:

- (a) No aging analysis by invoice date is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of securities brokerage business.
- (b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 8% to 30% (31 December 2018: 8% to 30%) per annum at the end of the reporting period. The loans are secured by pledged marketable securities with a total fair value of approximately HK\$813,809,000 (31 December 2018: HK\$1,376,032,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group.
- (c) The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date.
- (d) At the end of the reporting period, loan receivables include fixed rate loan advances to independent third parties of approximately HK\$190,673,000 (31 December 2018: HK\$14,918,000) which are secured by the pledge of certain collaterals and personal guarantees, bearing interest ranging from 5% to 48% (31 December 2018: 5% to 48%) per annum and have contractual loan period between 3 months and 12 years (31 December 2018: between 6 months and 12 years) under the Group's money lending operation. The remaining balance of approximately HK\$600,807,000 (31 December 2018: HK\$315,504,000) include both fixed and variable rate loan advances to independent third parties which are unsecured, bearing interest ranging from 5% to 36% (31 December 2018: 5% to 15%) per annum and not overdue as at the end of reporting period. The contractual loan period for majority of the remaining balance is between 2 months and 5 years (31 December 2018: between 3 months and 3 years).

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their profession, salaries and current working position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. During the period ended 30 June 2019, the Group recognised an impairment loss in respect of loan receivables of HK\$70,085,000 (six months ended 30 June 2018: Nil).

Aging analysis of loan receivables (net of loss allowance) prepared based on contractual due date is as follows:

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Not yet past due	729,584	330,357
Less than 1 month past due	2,617	-
1 to 3 months past due	32,970	-
4 to 6 months past due	26,254	-
Over 12 months past due	55	65
At the end of the reporting period	791,480	330,422

The Group has concentration of credit risk on loans to independent third parties as 40% and 77% (31 December 2018: 30% and 95%) of the total loans was due from the Group's largest borrower and the five largest borrowers as at 30 June 2019 respectively, within the money lending segment. These loans to independent third parties are due from individuals and corporates without previous default records. Management of the Group monitors the exposure from time to time to assess their recoverability.

- (e) Deposits with securities brokers represented the funds deposited with the brokers' houses for securities trading purpose.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

15. PROMISSORY NOTE RECEIVABLE

The amount represented a zero-coupon promissory note issued to an independent third party on 18 January 2018 which is at principal amount of HK\$200,000,000 maturing on 31 December 2019. During the six months ended 30 June 2019, an early repayment of HK\$50,000,000 (six months ended 30 June 2018: Nil) was received and the Group recognised interest income of approximately HK\$4,833,000 (six months ended 30 June 2018: approximately HK\$6,470,000). At the end of the reporting period, the carrying amount of the promissory note receivable was approximately HK\$147,062,000.

16. FINANCIAL ASSETS AT FVPL

	30 June 2019 <i>HK\$'000</i> (Unaudited)	31 December 2018 <i>HK\$'000</i> (Audited)
Mandatorily measured at FVPL:		
– Listed shares in Hong Kong	2,139,182	2,328,186
– Listed shares in the People's Republic of China (the "PRC")	–	201,426
– Unlisted investment funds	(a) 69,527	55,738
– Unlisted convertible notes	(b) 40,500	–
	2,249,209	2,585,350

Notes:

- (a) The unlisted investment funds are mainly subscribed from independent financial institutions. The portfolios of these funds mainly comprise securities listed in Hong Kong and overseas. The funds are redeemable at the discretion of the Group from time to time and the intention of holding them was for short-term investment.
- (b) The unlisted convertible notes are subscribed from an independent third party at a consideration of HK\$40,500,000 on 18 June 2019. The convertible notes is bearing coupon interest rate of 8.5% per annum in a principal amount of HK\$81,000,000 which will mature on 31 December 2020. Based on conversion price of HK\$0.05 per share, the Group could convert into a maximum of 1,620,000,000 ordinary shares of the issuer.

The Group has engaged an independent professional valuer to estimate the fair value of the convertible notes at the date of purchase. The difference between the fair value at purchase date based on the valuation performed by valuer and the transaction price was approximately HK\$38,380,000 which was adjusted to deferred day-one gain. Subsequently, that difference should be recognised in profit or loss on an appropriate basis over the life of the instrument.

Since the convertible notes were purchased near the period end, the management assumes the deferred day-one gain to be recognised during the period from the date of purchase to the reporting date is not significant.

	<i>HK\$'000</i>
Fair value at date of purchase	78,880
Deferred day-one gain	(38,380)
At 30 June 2019 (Unaudited)	40,500

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

17. TRADE AND OTHER PAYABLES

		30 June 2019	31 December 2018
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Trade payables			
Trade payables arising from the business of securities brokerage			
– cash clients	(a)	1,240	24,169
– margin clients	(a)	164,054	6,520
– brokers		385	–
Secured margin loans from securities brokers	(b)	399,433	460,944
		565,112	491,633
Other payables			
Other payables and accrued charges			
		21,234	18,627
		586,346	510,260

Notes:

- (a) Trade payables to cash and margin clients are repayable on demand. In the opinion of the directors of the Company, no aging analysis is disclosed as the aging analysis does not give additional value.
- (b) For secured margin loans from securities brokers, the loans are repayable on demand (except certain balances arising from trades pending settlement or margin deposits) and are interest-bearing at the prevailing market interest rate (31 December 2018: from 3.59% to 7.236% per annum). The total market value of equity securities, which are classified as financial assets at FVPL, pledged as collateral in respect of the loans was approximately HK\$1,768,654,000 (31 December 2018: HK\$1,717,626,000) as at 30 June 2019.

18. PROMISSORY NOTE PAYABLE

The amount represented a zero-coupon promissory note issued by an independent third party on 24 July 2018 which is at principal amount of HK\$200,000,000 maturing on 30 June 2019. During the six months ended 30 June 2019, the Group has made partial repayment of HK\$100,000,000 and recognised interest expenses of approximately HK\$6,230,000 for the promissory note. On 24 June 2019, the repayment date of the remaining note at principal amount of HK\$100,000,000 was extended to 30 September 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

19. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.05 (31 December 2018: HK\$0.05) each		
Authorised:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 30 June 2019	20,000,000,000	1,000,000
	Number of shares	Share capital HK\$'000
Issued and fully paid:		
At 1 January 2018	2,905,883,141	145,294
Issue of shares on rights issue	2,905,883,141	145,294
At 31 December 2018, 1 January 2019 and 30 June 2019	5,811,766,282	290,588

20. ACQUISITION OF NON-CONTROLLING INTERESTS IN A SUBSIDIARY

On 4 April 2019, the Group acquired the remaining 37.5% equity interests of Noble Order Limited ("Noble Order") at consideration of HK\$75,000,000 which was settled by cash. The acquisition was completed on the same date. Upon completion of the acquisition, Noble Order became a wholly owned subsidiary of the Company.

The carrying amount of the non-controlling interests in Noble Order at the date of acquisition was HK\$74,976,000 which represented proportionate share of carrying amount of net assets of Noble Order. The Group derecognised the non-controlling interest of HK\$74,976,000 and recognised directly in retained earnings attributable to owners of the Company of HK\$24,000 for the difference between (1) the amount by which the non-controlling interests are adjusted and (2) the fair value of the consideration payable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

21. SHARE OPTION SCHEMES

On 17 May 2012, the Company adopted a share option scheme (the "2012 Scheme") which has a life of ten years from 17 May 2012. Under the 2012 Scheme, the Board of Directors may, at its discretion, offer the eligible persons (including any executive director) options to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

On 29 March 2019, the Company granted 72,000,000 share options with no vesting conditions to 3 eligible persons of the Group at an exercise price of HK\$0.82 per share. The validity period of the share options is 10 years from the date of grant (i.e. 29 March 2019 to 28 March 2029). During the period ended 30 June 2019, the Group recognised approximately HK\$24,720,000 (six months ended 30 June 2018: Nil), with reference to the fair value of the share options determined at the date of grant using the binomial model, as the equity-settled share-based payment expenses, with the corresponding amounts being credited to share option reserve.

No share options were exercised during the six months ended 30 June 2019. The following tables disclose details of the Company's share options held by eligible persons and movement in such holdings during the six months ended 30 June 2019:

Option scheme	Number of the share options			
	Outstanding at 1 January 2019	Granted	Outstanding at 30 June 2019	Exercisable at 30 June 2019
2012 Scheme	-	72,000,000	72,000,000	72,000,000
Weighted average exercise price	-	HK\$0.82	HK\$0.82	HK\$0.82

22. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

22. FAIR VALUE MEASUREMENTS (Continued)

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2019 (Unaudited)	31 December 2018 (Audited)		
1) Investments in listed equity securities classified as financial assets at FVPL	Listed equity securities in: – Hong Kong HK\$2,139,182,000	Listed equity securities in: – Hong Kong HK\$2,328,186,000 – The PRC HK\$201,426,000	Level 1	Quoted bid prices in an active market
2) Investments in unlisted investment funds classified as financial assets at FVPL	HK\$69,527,000	HK\$55,738,000	Level 2	Derived from quoted prices from pricing services based on net asset value of the funds
3) Investments in unlisted convertible notes classified as financial assets at FVPL	HK\$78,880,000	–	Level 3	Discounted cash flow method and binomial option pricing model, based on spot price, volatility and discount rate
4) Investments in listed equity securities classified as Designated FVOCI	Listed equity securities in: – Hong Kong HK\$2,101,764,000 – the United States HK\$97,857,000	Listed equity securities in: – Hong Kong HK\$1,165,840,000 – the United States HK\$104,645,000	Level 1	Quoted bid prices in an active market
5) Investments in listed debt securities classified as Mandatory FVOCI	Listed debt securities in: – Singapore HK\$19,355,000	–	Level 1	Quoted bid prices in an active market
6) Investment in unlisted equity interest classified as Designated FVOCI	HK\$106,277,000	HK\$167,917,000	Level 2	Determined by reference to available market information adjusting to reflect liquidity of the investments
7) Investments in unlisted equity securities classified as Designated FVOCI	HK\$546,292,000	HK\$475,785,000	Level 3	Derived from unobservable inputs for the asset or liability
8) Investments in unlisted equity securities classified as Designated FVOCI	HK\$38,900,000	HK\$38,900,000	Level 2	Determined by reference to available market information adjusting to reflect liquidity of the investments (31 December 2018: Estimated by external fund manager by reference to recent comparable transactions)

There were neither transfers between Level 1 and Level 2 fair value measurement nor transfers into and out of Level 3 fair value measurement during both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

22. FAIR VALUE MEASUREMENTS (Continued)

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Note:

The fair value of the unlisted equity securities without an active market classified in Level 3 was determined by the management. The fair value of the unlisted equity securities is estimated by a number of significant unobservable inputs including the expected assets-based multiples (e.g. enterprise value to assets), expected net assets-based multiples and adjustment for a lack of marketability associated with the investment.

(b) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

Valuation process

The management of the Group is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group will establish the appropriate valuation techniques and inputs to the model. Management reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

23. RELATED PARTY TRANSACTIONS

The Group does not have any significant related party transactions and balances during the reporting periods and as at the end of the reporting periods.

The key management personnel are the directors of the Company. During the six months ended 30 June 2019, the emoluments of key management personnel were HK\$3,652,000 (six months ended 30 June 2018: HK\$1,725,000).