



**CHINA CLOUD COPPER COMPANY LIMITED**  
**中國雲銅股份有限公司**

*(formerly known as Asia Investment Finance Group Limited 亞投金融集團有限公司)*  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 33)**

**2019**  
**Interim Report**



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# CORPORATE INFORMATION

## **Executive Directors**

Cheung Kwan (*Chairlady*)  
Liu Hu  
Sun Yu  
Zhao Hong Mei

## **Non-executive Director**

Wang Dayong (*Co-Chairman*)  
Li Xin

## **Independent Non-executive Directors**

Anthony Espina  
Wang Jun Sheng  
Jin Xin

## **Executive Committee**

Cheung Kwan (*Chairlady*)  
Liu Hu  
Sun Yu  
Zhao Hong Mei

## **Audit Committee**

Anthony Espina (*Chairman*)  
Wang Jun Sheng  
Jin Xin

## **Remuneration Committee**

Wang Jun Sheng (*Chairman*)  
Anthony Espina  
Jin Xin

## **Nomination Committee**

Wang Jun Sheng (*Chairman*)  
Anthony Espina  
Cheung Kwan  
Jin Xin

## **Risk Management Committee**

Sun Yu (*Chairman*)  
Cheung Kwan  
Liu Hu

## **Authorised Representatives**

Sun Yu  
Tsang King Sun

## **Company Secretary**

Tsang King Sun

## **Website**

[www.aifgroup.com](http://www.aifgroup.com)

## **Registered Office**

P.O. Box 309  
Ugland House  
South Church Street  
George Town  
Grand Cayman, KY1-1104  
Cayman Islands

## **Principal Place of Business in Hong Kong**

Unit 1104, 11/F.  
18 King Wah Road,  
North Point, Hong Kong

## **Principal Share Registrar and Transfer Office**

Royal Bank of Canada Trust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

## **Hong Kong Branch Share Registrar and Transfer Office**

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

## **Principal Bankers**

Bank of China (Hong Kong)

## **Auditor**

CHENG & CHENG LIMITED  
Certified Public Accountants  
4/F, Allied Kajima Building  
138 Gloucester Road, Wanchai  
Hong Kong

## **Stock Code**

0033 (Listed on the Main Board of The Stock  
Exchange of Hong Kong Limited)

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET OUTLOOK

In 2019, the global financial and stock market has a significant volatility. The continuing trade war between the U.S. and China has significantly impacted on the global investment and trade atmosphere. The trade war may not be resolved very soon and the global financial and stock market may continue to be volatile in the second half of 2019. Despite the uncertainties in the global economy, we have confidence on the global economies and financial markets in the future, particularly in those countries and regions under the “Belt and Road” policy, which are full of emerging opportunities. The Group will continue to maintain a conservative strategy in managing the existing diversified businesses and seek for new business and investment opportunities in countries and regions under the “Belt and Road”.

## BUSINESS REVIEW

During the reporting period, the Group has continued its diversified businesses and its principal activities included trading of security products and provision of security services, trading of party products and metals and minerals, securities brokerage and assets management, money lending business, credit guarantee and investment business.

### Trading of Security Products and Provision of Security Services

The Group has completed the acquisitions of two subsidiaries and commenced trading of security products and provision of security services in HK and the PRC since December 2018. During the reporting period, the Group’s revenue from this business was HK\$52.0 million (2018: HK\$nil) which contributed 70% of the Group’s total revenue during the reporting period.

### Trading of Party Products Business

The trading of party products of the Group include party accessories, decorations, cutlery and eatery wares from suppliers. The Group’s revenue of trading of party products decreased to HK\$15.8 million (2018: HK\$22.2 million) during the reporting period due to the keen competition in trading of party products industry.

### Securities Brokerage and Assets Management

The Group’s revenue for securities brokerage and assets management decreased to HK\$0.4 million (2018: HK\$0.6 million) during the reporting period. The decrease was attributable to the falling in the stock market in Hong Kong during the reporting period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Money Lending Business

The market competition of the money lending industry in Hong Kong was keen in these recent years. The Group drove this business, while at the same time maintaining strong credit quality and credit risk management to accumulate a stable income stream for the Group. The Group's interest income from money lending business slightly increased to HK\$6.1 million (2018: HK\$5.7 million) during the reporting period.

## Credit Guarantee and Investment Business

The Group is involved in credit guarantee and investment business in Mainland China. Due to the global economic slowdown, the Group has tightened its credit policy to mitigate the credit risk. The Group did not generate any revenue from this business during the reporting period.

## Trading of Metals and Minerals Business

The Group did not have revenue generated from this business during the reporting period. The Company's directors (the "Directors") have considered that the prices of the relevant commodities fluctuated considerably in recent years, the Group has not conducted any trading of metals and minerals since 2018 to avoid trading loss accordingly. However, the Group will closely monitor the metals and minerals market situation and seize the opportunities to continue this business in the second half of 2019.

## FINANCIAL REVIEW

### Revenue and Results

During the reporting period, the Group's total revenue was HK\$74.2 million, representing a significant increase of 160% as compared to HK\$28.5 million during last reporting period. The increase in total revenue was mainly attributable to the completion of acquisitions of two subsidiaries and commenced trading of security products and provision of security services in HK and the PRC since December 2018. The revenue from this business was HK\$52.0 million (2018: HK\$nil) which contributed 70% of the Group's total revenue during the reporting period.

The Group's gross profit amount during the reporting period was HK\$9.6 million, representing an increase by 153%, as compared to HK\$3.8 million during last reporting period. The increase in gross profit amount was mainly attributable to an increase of the Group's revenue from trading of security products and provision of security services business as detailed in the preceding paragraph. During the reporting period, the Group's gross profit margin was 13%, which was approximate to last reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's net loss for the reporting period decreased by 70% to HK\$26.0 million as compared to HK\$86.4 million during last reporting period. The decrease in net loss was mainly attributable to (i) a decrease in unrealised loss on fair value changes of trading securities to HK\$0.02 million (2018: HK\$27.7 million) under other revenue and other net gain/loss during the reporting period; (ii) a decrease in the non-cash equity-settled share-based payment expense of share options to HK\$0.5 million under operating expense during the reporting period as compared to HK\$7.9 million during last reporting period. The Company granted certain tranches of share options in 2017 with the vesting period in 2018 and the relevant equity-settled share-based payment expense of these share options were fully recorded in 2018; and (iii) a decrease in impairment losses on loan, trade and other receivables to HK\$3.0 million (2018: HK\$20.4 million) during the reporting period.

During the reporting period, the loss per share of the Company was HK0.28 cents (2018: HK0.91 cents).

### Operating Expenses

The Group's operating expenses decreased to HK\$33.6 million during the reporting period as compared to HK\$44.7 million during last reporting period. The decrease is mainly due to a decrease in the non-cash equity-settled share-based payment expense of share options to HK\$0.5 million under operating expense during the reporting period as compared to HK\$7.9 million during last reporting period. The Company granted certain tranches of share options in 2017 with the vesting period in 2018 and the relevant equity-settled share-based payment expense of these share options were fully recorded in 2018.

### Finance Costs

During the reporting period, finance costs was HK\$5.6 million, representing an increase by 47%, as compared to HK\$3.8 million during last reporting period. The increase was mainly attributable to an increase of interest on convertible bonds to HK\$4.7 million (2018: HK\$3.2 million). As the Group issued convertible bonds of principal amount of HK\$70 million for the consideration of acquisitions of two subsidiaries which engaged in trading of security products and provision of security services business in December 2018. Accordingly, the Group's interest on convertible bonds increased during the reporting period.

### Interim Dividend

The board of the directors (the "Board") of the Company did not recommend any interim dividend for the six months ended 30 June 2019 (2018: HK\$nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Liquidity and Financial Resources

As at 30 June 2019, net current assets were HK\$161.1 million (31 December 2018: HK\$120.7 million). The Group's current ratio was 1.8 (31 December 2018: 1.7). The increase in current ratio was mainly attributable to an increase of the Group's loan receivables under current assets to HK\$171.5 million (31 December 2018: HK\$111.1 million) which was arisen from a reclassification of loan receivables of HK\$62.9 million under non-current assets at 31 December 2018 to current assets at 30 June 2019. The Group's gearing ratio was calculated as net debts divided by total equity plus net debts. The Group's net debts include convertible bonds and other loan less cash and bank balances. As at 30 June 2019, the Group's gearing ratio was 35% (31 December 2018: 31%). As the Group completed convertible bonds restructure and issued convertible bonds in principal amount of HK\$5 million during the reporting period, the Group's gearing ratio slightly increased. Details of the Company's convertible bonds restructure are set out in note 14(a) in the interim condensed consolidated financial statements.

As at 30 June 2019, the Group had other loan which was unsecured and would will be repayable within one year with fixed interest rate of 5%. Save as disclosed above, the Group did not have any other bank and other borrowings. There is no significant seasonality of bank and other borrowings demand of the Group. As at 30 June 2019, the Group had cash and bank balances of HK\$20.0 million (31 December 2018: HK\$22.9 million). The cash and bank balances were denominated in Renminbi, HK dollar and US dollar. The Group has no structured investment products and foreign exchange contracts. The Group is not exposed to material fluctuations in exchange rates.

It is the Group's policy to adopt a prudent financial management strategy and maintain a suitable level of liquidity and banking facilities to meet operation requirements and acquisition opportunities.

## CAPITAL STRUCTURE

As at 30 June 2019, the authorised share capital of the Company was HK\$10,000,000,000 divided into 100,000,000,000 ordinary shares of HK\$0.1 each ("Share(s)"), and the issued share capital of the Company was HK\$932,717,200 divided into 9,327,172,000 shares of HK\$0.1 each.

During the reporting period, the Company completed convertible bonds restructure. Details are set out in the following section headed "CONNECTED TRANSACTION" and note 14(a) in the interim condensed consolidated financial statements. No share options and convertible bonds of the Company were exercised during the reporting period.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher returns to the shareholders of the Company that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

## SHARE CAPITAL

Subsequent to the end of the reporting period, the Company completed the share subscriptions with net proceeds of HK\$4.9 million and the capital reorganisation of the Company's share capital. Details are set out in notes 20(a) and (b) in the interim condensed consolidated financial statements.

# MANAGEMENT DISCUSSION AND ANALYSIS

## MERGERS, ACQUISITIONS AND DISPOSAL

The Group did not have any merger, acquisition or disposal during the reporting period.

## SIGNIFICANT INVESTMENTS

At 30 June 2019, the Group had investment in trading securities of HK\$0.2 million (31 December 2018: HK\$1.2 million), representing 0.03% of total assets of the Group (31 December 2018: 0.2%), which mainly include equity securities listed in Hong Kong. During the reporting period, the Group recorded realised loss on disposal of trading securities of HK\$0.5 million (2018: HK\$1.2 million) and unrealised loss on fair value changes of trading securities of HK\$0.02 million (2018: HK\$27.7 million).

The Group adopts a prudent financial management strategy. During the reporting period, the securities traded by the Group involved mainly stocks listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The purpose of the Group’s securities trading activities was to utilise its cash on hand for short term investment to generate better returns to its shareholders. The securities portfolio of our Group is closely monitored by the management. The Directors believe that the future performance of the equity securities of companies listed on the Stock Exchange held by the Group will be affected by the overall economic environment, equity market conditions, investor sentiment and the business performance of the investee companies.

## CHARGE OF ASSETS

As at 30 June 2019, the Group did not have any charge of assets.

## CONTINGENT LIABILITIES

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

## FOREIGN CURRENCY RISK

The Group’s main operations are located in Hong Kong and the PRC. Most of the assets, income, payments and cash balance are denominated in HKD and RMB. The Group did not enter into any forward foreign exchange contracts to manage its foreign currency risk during the reporting period as the management considered that the Group’s exposure to exchange rate risk could be managed.

## HUMAN RESOURCES

As at 30 June 2019, the Group had about 50 employees. It is the Group’s policy to recruit the right person for each position based on the person’s qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions.

## COMMITMENTS

As at 30 June 2019, the Group did not have any capital commitment.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EVENTS AFTER THE REPORTING PERIOD

Details of the Group's events after the reporting period are set out in note 20 to the interim condensed consolidated financial statements.

## CONNECTED TRANSACTION

On 18 February 2016, the Company issued two-year unsecured convertible bond at 0% coupon rate in the principal amount of HK\$100,000,000 to the sole bondholder (the "Bondholder"), which is a company wholly-owned by Ms. Cheung Kwan ("Ms. Cheung") (the Chairlady and Executive Director and the substantial shareholder of the Company). The Bondholder is entitled to convert the convertible bonds into ordinary shares of the Company at a conversion price HK\$0.1 per share at any time prior to the maturity date. The Company will be entitled to early redeem the outstanding convertible bonds at any time prior to the maturity date at 103% of the principal amount ("Early Redemption Option") and to give notice to the Bondholder at any time within 5 business days prior to the maturity date to require mandatory conversion of all outstanding convertible bonds ("Mandatory Conversion Option"). On 10 January 2018, the Company and the Bondholder entered into a deed of variation for the extension of the maturity date of the convertible bonds in the principal amount of HK\$100,000,000 for one year to 18 February 2019 (the "2019 Convertible Bonds") (the "Extended Maturity Date"). Save as disclosed above, other terms and conditions of the convertible bonds remain unchanged. The Extended Maturity Date of the 2019 Convertible Bonds was approved by the shareholders at the Company's extraordinary general meeting on 20 March 2018 and completed with effect on 29 March 2018.

On 18 February 2019, the Company and the Bondholder entered into a deed of variation, pursuant to which both parties agreed that, subject to fulfillment of condition precedent, (i) the maturity date of the 2019 Convertible Bonds in the principal amount of HK\$100,000,000 was extended from 18 February 2019 to 18 February 2020; (ii) the 2019 Convertible Bonds bear interest at the rate of 5% per annum commencing from 18 February 2019; and (iii) the principal amount of the relevant deed poll and the deed of variation dated 18 February 2016 and 10 January 2018 respectively executed by the Company and the Bondholder (the "Instrument") creating the 2019 Convertible Bonds increased from HK\$100,000,000 to HK\$105,000,000 (the "2020 Convertible Bonds") and the Company would issue additional convertible bonds in the principal amount of HK\$5 million to the Bondholder free of payment (the "Convertible Bonds Restructure"). Save as disclose above, other terms and conditions of the 2019 Convertible Bonds remain unchanged. The Convertible Bonds Restructure was approved by the shareholders at the Company's extraordinary general meeting on 18 June 2019 and completed on 25 June 2019. Details of the Convertible Bonds Restructure are set out in the Company's circular on 20 May 2019 and announcements on 18 February 2019, 18 June 2019 and 25 June 2019. The Group recognised a loss of the Convertible Bonds Restructure of HK\$1,693,000 during the reporting period. Subsequent to the end of the reporting period, the conversion price of the 2020 Convertible Bonds was adjusted from HK\$0.1 per Share to HK\$1 per Consolidated Share upon completion of the Company's Capital Reorganisation with effect from 24 July 2019. Details of the Company's Convertible Bonds Restructure and the Capital Reorganisation are set out in notes 14(a) and 20(b) in the interim condensed consolidated financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at the date of execution of the deed of variation on 18 February 2019, the Bondholder (Internet Finance Investment Co. Ltd.) was wholly owned by Ms. Cheung who was the Chairlady and Executive Director and a substantial shareholder of the Company) having an aggregate interest of 2,450,000,000 Shares in the Company, representing approximately 26.27% of the total issued share capital of the Company. The Bondholder was therefore a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Accordingly, the deed of variation on 18 February 2019 constituted a non-exempt connected transaction of the Company under the Listing Rules and was subject to the announcement, reporting and the Company's independent shareholders' approval requirements pursuant to the Listing Rules.

### PROSPECTS

#### **New Business Development under “Belt and Road”**

The Group has completed the acquisitions of two subsidiaries and commenced trading of security products and provision of security services in HK and the PRC since December 2018. The acquisitions are in line with the Group's business diversification strategy. In view of continued and stable growth of PRC and the effect of Belt and Road Initiative, there will be a continued development and expansion in PRC. It brings in the growth of revenue of this business of the Group in future.

#### **Exploration of New Business Development**

The Group will continue to look for new investment and development opportunities. The Group will focus potential investment opportunities on the health sector, artificial intelligence, new energy, agriculture and other fields.

## DISCLOSURE OF INTERESTS

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 30 June 2019, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") Listing Rules, were as follows:

Name	Nature of Interests	Number of Shares	Class of Share	Percentage to the issued share capital of the Company
Cheung Kwan	Beneficial Owner	1,450,000,000 (long position)	Shares	15.55%
	Interest of a controlled corporate	2,000,000,000 (long position)	Shares and Convertible bonds ( <i>note (i)</i> )	21.44%
	Beneficial Owner	250,000,000 (long position)	Share option ( <i>note (ii)</i> )	2.68%
Liu Hu	Beneficial Owner	50,000,000 (long position)	Share option ( <i>note (ii)</i> )	0.54%
Wang Dayong	Beneficial Owner	90,000,000 (long position)	Share option ( <i>note (ii)</i> )	1.00%
Anthony Espina	Beneficial Owner	9,000,000 (long position)	Share option ( <i>note (ii)</i> )	0.10%

*Notes:*

- (i) The interest in 2,000,000,000 Shares arises from 1,000,000,000 Shares and 1,000,000,000 underlying Shares under Conversion Shares held by Internet Finance Investment Co., Ltd.. Ms. Cheung owns the entire share capital of Internet Finance Investment Co., Ltd. and is deemed to be interested in 2,000,000,000 Shares.
- (ii) These represented the interests in underlying shares in respect of share options granted by the Company, details of which are disclosed in section headed "SHARE OPTION SCHEME" below.

Save as disclosed above, as at 30 June 2019, as far as the Directors are aware, none of the Directors had any other interests, long positions or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. As at 30 June 2019, the Company had no Chief Executive Officer.

## DISCLOSURE OF INTERESTS

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to any Director, as at 30 June 2019, other than the interests of the Directors and Chief Executive Officer as disclosed above, the following persons had interests in the shares or underlying shares 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO. The number of shares in the issued share capital of the Company as at 30 June 2019 was 9,327,172,000.

Name	Nature of Interests	Number of Shares	Percentage to the issued share capital of the Company
Internet Finance Investment Co., Ltd. <i>(note (i))</i>	Corporate	2,000,000,000 (long position)	21.44%
Dewe Worldwide Security Service Group <i>(note (ii))</i>	Corporate	700,000,000 (long position)	7.50%

Notes:

- (i) The interest in 2,000,000,000 Shares arises from 1,000,000,000 Shares and 1,000,000,000 underlying Shares under Conversion Shares held by Internet Finance Investment Co., Ltd.. Ms. Cheung owns the entire share capital of Internet Finance Investment Co., Ltd. and is deemed to be interested in 2,000,000,000 Shares.
- (ii) Hongkong Dewe Security Services Co., Limited (“HK Dewe”) and 北京德威保安服務有限公司 (Beijing Dewe Security Services Co., Ltd\*) (“Beijing Dewe”) has 300,000,000 and 400,000,000, respectively, underlying Shares under convertible bonds held in the Company. HK Dewe and Beijing Dewe are the subsidiaries controlled by 德威國際安保集團 (Dewe Worldwide Security Service Group\*) (“DWSS”). DWSS is deemed to be interest in 700,000,000 Shares.

\* The English name is for identification purpose only.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed herein, at no time during the reporting period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

# DISCLOSURE OF INTERESTS

## SHARE OPTION SCHEME

At the annual general meeting of the Company held on 26 June 2017, the shareholders of the Company approved the adoption of a new share option scheme (the “Share Option Scheme”) which took effect from 26 June 2017 (the “Commencement Date”). The purpose of the Share Option Scheme is to provide incentives or rewards to participants (the “Participants”) of the Share Option Scheme for their contribution to, and continuing efforts to promote the interests of the Group. The Participants (as defined in the Share Option Scheme) include any employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any of its subsidiaries) and any distributor, contractor, business partner, promoter, service provider, customer, supplier, consultant, agent and adviser or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from 26 June 2017. The existing scheme mandate limit in respect of the granting of options to subscribe for shares under the Share Option Scheme was refreshed and renewed at the annual general meetings of the Company held on 22 June 2018 and 18 June 2019 respectively. The maximum number of the ordinary shares (the “Share(s)”) of the Company upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the ordinary shares of the Company in issue as at 22 June 2018 (ie. 932,717,200 Shares) and 18 June 2019 (ie. 932,717,200 Shares) respectively, being the dates of approval of the refreshment of the existing scheme mandate limit.

Save as disclosed above, the other principal terms of the Share Option Scheme are as follows:

- (i) The overall maximum number of Shares which may be issued upon the exercise of all outstanding options grants and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Shares in issue from time to time.
- (ii) The total number of Shares in respect of which options may be granted to each eligible participant in any 12-month period must not exceed 1% of the issued share capital of the Company for the time being.
- (iii) The subscription price shall be a price determined by the Directors, but shall not be less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations on the date of grant, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations for the five business days immediately preceding the date of grant; and (c) the nominal value of the Share.
- (iv) An option may be accepted by an eligible participant for a period of 21 days from the date upon which the offer of the grant of option is made. A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an option.

At 30 June 2019, the total number of Shares available for issue under the Share Option Scheme was 836,000,000 representing 8.9% of the issued Shares (9,327,172,000 Shares) of the Company as at 30 June 2019. At the date of issue of this report, the total number of Consolidated Shares available for issue under the Share Option Scheme was 68,200,000, representing 7.3% of the issued Consolidated Shares (937,797,200 Consolidated Shares) of the Company. Subsequent to the end of the reporting period, the exercise price of the outstanding share options was adjusted from HK\$0.15 per Share to HK\$1.5 per Consolidated Share upon completion of the Company’s Capital Reorganisation with effect from 24 July 2019. Details of the Company’s Capital Reorganisation are set in note 20(b) in the interim condensed consolidated financial statements.

## DISCLOSURE OF INTERESTS

Details of movements of the outstanding share options under the Share Option Scheme during the reporting period are as follows:

	Date of grant	Exercise price HK\$	Note	Exercisable period	Number of share options				
					Outstanding as at 31 December 2018	Granted	Exercised	Lapsed	Outstanding as at 30 June 2019
<b>Executive Directors</b>									
Cheung Kwan	27 July 2017	0.15	(i)	From 27 July 2017 to 26 July 2020	250,000,000	-	-	-	250,000,000
Liu Hu	29 November 2017	0.15	(iv)	From 29 November 2017 to 28 November 2020	50,000,000	-	-	-	50,000,000
Ling Zack Xiange	7 September 2018	0.15	(v) & (vi)	From 7 September 2018 to 6 September 2021	50,000,000	-	-	(40,000,000)	10,000,000
<b>Non-executive Director</b>									
Wang Dayong	7 September 2018	0.15	(v)	From 7 September 2018 to 6 September 2021	90,000,000	-	-	-	90,000,000
<b>Independent Non-executive Directors</b>									
Anthony Espina	27 July 2017	0.15	(ii)	From 27 July 2017 to 26 July 2020	9,000,000	-	-	-	9,000,000
<b>Employees</b>									
	27 July 2017	0.15	(ii)	From 27 July 2017 to 26 July 2020	14,000,000	-	-	-	14,000,000
	29 November 2017	0.15	(iv)	From 29 November 2017 to 28 November 2020	70,000,000	-	-	-	70,000,000
	7 September 2018	0.15	(v)	From 7 September 2018 to 6 September 2021	141,000,000	-	-	-	141,000,000
<b>Consultants</b>									
	27 July 2017	0.15	(ii)	From 27 July 2017 to 26 July 2020	40,000,000	-	-	-	40,000,000
	27 July 2017	0.15	(iii)	From 1 January 2018 to 26 July 2020	153,000,000	-	-	-	153,000,000
<b>Others</b>									
	27 July 2017	0.15	(ii)	From 27 July 2017 to 26 July 2020	9,000,000	-	-	-	9,000,000
					876,000,000	-	-	(40,000,000)	836,000,000

## DISCLOSURE OF INTERESTS

### *Notes*

- (i) Share options were conditionally granted and vested subject to the approval of the shareholders of the Company, and such approval was obtained on 20 March 2018.
- (ii) Share options were vested immediately on the date of the options granted.
- (iii) Each of the one third of the share options will be vested on the date of the options granted, 1 January 2018 and 1 January 2019 respectively. The exercise period is from the effective vested dates to 26 July 2020.
- (iv) 50% of the share options were vested immediately on the date of the options granted and the remaining 50% of the share options will be vested on 29 November 2018. The exercise period is from the effective vested dates to 28 November 2020.
- (v) Each of the one third of the share options will be vested on the date of the options granted, 1 January 2020 and 1 January 2021 respectively. The exercise period is from the effective vested dates to 6 September 2021.
- (vi) Mr. Ling Zack Xiange resigned as executive director of the Company on 15 January 2019 and his share options have been retained as determined by the Board for his past contribution to the Company.
- (vii) As at 30 June 2019, 836,000,000 of share options were outstanding, out of which 682,000,000 share options are exercisable.
- (viii) The share options outstanding at 30 June 2019 had an exercise price of HK\$0.15 and a weighted average remaining contractual life of 1.44 years.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the reporting period.

## COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the reporting period, the Company has complied with the code provisions set out in the CG Code as set out in Appendix 14 of the Listing Rules except the following.

Under A.2.1 of the CG Code, the role of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual and the division of responsibilities between Chairman and Chief Executive Officer should be established and set out in writing. Since 10 January 2011, the Company has not had any Chief Executive Officer. The functions of Chief Executive Officer were performed by the Executive Committee. The Board considers that this structure will not impair the balance of the power and authority between the Board and the management of the Company, and has been effective in discharging its responsibilities satisfactorily and facilitating the Company's operation and business development.

Code provision A.6.7 of the Code requires that Independent Non-executive Directors and Non-executive Directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Certain Independent Non-executive Directors and Non-executive Directors did not attend the extraordinary general meetings held on 23 May 2019 and 18 June 2019 and the annual general meeting held on 18 June 2019 due to their other business engagements.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix 10 of the Listing Rules regarding directors' securities transactions. Having made specific enquiries to all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the reporting period.

## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B) of the Listing Rules, the changes in information of directors subsequent to the date of the 2018 annual report of the Company is set out below:

Mr. Sun Yu was appointed as the chairman and a member of the Risk Management Committee and an authorised representative on 15 January 2019.

Ms. Zhao Hong Mei was appointed as an Executive Director and a member of the Executive Committee of the Board on 9 January 2019.

Mr. Li Xin was appointed as a non-Executive Director on 9 January 2019.

Mr. Ling Zack Xiange was resigned as an Executive Director, a member of the Executive Committee, a member of the Nomination Committee and the chairman and a member of the Risk Management Committee of the Board and the authorised representative on 15 January 2019.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## AUDIT COMMITTEE

The Audit Committee was established on 30 October 2007. The primary duties of the Audit Committee are to make recommendations on the appointment, re-appointment and removal of external auditor, to review financial statements and making recommendations on the financial reporting, and to review and supervise the financial reporting and internal control procedures of the Group. The Audit Committee shall meet at least twice a year.

The Audit Committee comprises three Independent Non-Executive Directors, namely Mr. Anthony Espina, Mr. Wang Jun Sheng and Ms. Jin Xin. Mr. Anthony Espina is the Chairman of the Audit Committee.

The Audit Committee has, together with the Company's directors, reviewed the interim condensed consolidated financial statements, accounting principles and practices adopted by the Group for the six months ended 30 June 2019.

By Order of the Board  
**China Cloud Copper Company Limited**  
**Mr. Sun Yn**  
*Executive Director*

Hong Kong, 30 August 2019

# UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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	2018
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<b>Revenue</b>	4	74,248	28,518
Cost of sales		(64,671)	(24,706)
<b>Gross profit</b>		9,577	3,812
Other revenue and other net gain/(loss)	5	4,802	(20,147)
Operating expenses		(33,560)	(44,742)
<b>Loss from operations</b>		(19,181)	(61,077)
Finance costs	6(a)	(5,556)	(3,769)
Impairment losses on loan, trade and other receivables, net	6(b)	(2,955)	(20,412)
Share of profit/(loss) of an associate		1,367	(1,168)
<b>Loss before tax</b>	6	(26,325)	(86,426)
Income tax credit	7	291	–
<b>Loss for the period</b>		(26,034)	(86,426)
<b>Other comprehensive (loss)/income for the period:</b>			
Items may be reclassified to profit or loss:			
Exchange differences on translating financial statements of:			
– subsidiaries		68	(657)
– associate		(30)	1,559
		38	902
<b>Total comprehensive loss for the period</b>		(25,996)	(85,524)

# UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019	2018
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<b>Loss for the period attributable to:</b>			
Equity shareholders of the Company		(26,233)	(85,173)
Non-controlling interests		199	(1,253)
		<u>(26,034)</u>	<u>(86,426)</u>
<b>Total comprehensive loss for the period attributable to:</b>			
Equity shareholders of the Company		(26,196)	(84,173)
Non-controlling interests		200	(1,351)
		<u>(25,996)</u>	<u>(85,524)</u>
<b>Dividend</b>	8	<u>–</u>	<u>–</u>
<b>Loss per share</b>			
– Basic	9	<u>HK0.28 cents</u>	<u>HK0.91 cents</u>
– Diluted	9	<u>HK0.28 cents</u>	<u>HK0.91 cents</u>

# UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

		As at 30 June 2019	As at 31 December 2018
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	21,846	24,816
Right-of-use assets	3	6,083	–
Intangible assets		42,688	45,388
Deposit paid		400	400
Loan receivables	11	–	62,929
Goodwill		43,528	43,528
Contingent consideration receivables	16	4,070	5,830
Interest in an associate		42,719	41,382
		<u>161,334</u>	<u>224,273</u>
<b>Current assets</b>			
Inventories		–	3,786
Trading securities		156	1,201
Loan receivables	11	171,514	111,128
Trade receivables	12	28,467	19,185
Prepayments, deposits and other receivables		126,928	136,437
Contingent consideration receivables	16	1,920	–
Derivative financial assets	14	1,503	–
Tax recoverable		789	130
Client trust bank balance		1,830	3,229
Cash and cash equivalents		19,999	22,910
		<u>353,106</u>	<u>298,006</u>
<b>Total Assets</b>		<u>514,440</u>	<u>522,279</u>
<b>Capital and reserves</b>			
Share capital	13	932,717	932,717
Reserves		(692,514)	(666,797)
Equity attributable to shareholders of the Company		240,203	265,920
Non-controlling interests		26,898	26,698
<b>Total Equity</b>		<u>267,101</u>	<u>292,618</u>

# UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30 June 2019

		As at 30 June 2019	As at 31 December 2018
	<i>Notes</i>	<b>HK\$'000</b> <b>(Unaudited)</b>	<b>HK\$'000</b> <b>(Audited)</b>
<b>Non-current liabilities</b>			
Convertible bonds	14	49,216	45,600
Deferred tax liabilities		6,075	6,750
		<u>55,291</u>	<u>52,350</u>
<b>Current liabilities</b>			
Trade payables	15	6,238	6,483
Accruals and other payables		61,055	57,272
Lease liabilities	3	6,157	–
Other loan		13,000	13,000
Convertible bonds	14	102,946	99,095
Tax payables		2,652	1,461
		<u>192,048</u>	<u>177,311</u>
<b>Total Equity and Liabilities</b>		<u><b>514,440</b></u>	<u><b>522,279</b></u>
Net current assets		<u><b>161,058</b></u>	<u><b>120,695</b></u>
Total assets less current liabilities		<u><b>322,392</b></u>	<u><b>344,968</b></u>

# UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to equity shareholders of the Company								Non-controlling interests	Total	
	Share capital	Share premium	Translation reserve	Share option reserve	Capital reserve	Convertible bond reserve	Statutory reserves	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			Subtotal
<b>Unaudited</b>											
At 1 January 2019	932,717	3,058,278	(67)	14,690	(15,000)	37,063	3,420	(3,765,181)	265,920	26,698	292,618
Convertible Bonds Restructure (Note 14(a))	-	-	-	-	-	(11,170)	-	11,114	(56)	-	(56)
Lapse of share options	-	-	-	(180)	-	-	-	180	-	-	-
Equity-settled share-based payment	-	-	-	535	-	-	-	-	535	-	535
Total comprehensive loss for the period	-	-	37	-	-	-	-	(26,233)	(26,196)	200	(25,996)
At 30 June 2019	<u>932,717</u>	<u>3,058,278</u>	<u>(30)</u>	<u>15,045</u>	<u>(15,000)</u>	<u>25,893</u>	<u>3,420</u>	<u>(3,780,120)</u>	<u>240,203</u>	<u>26,898</u>	<u>267,101</u>
<b>At 1 January 2018</b>											
- as originally stated	932,717	3,058,278	7,766	8,486	(15,000)	12,663	3,420	(3,664,531)	343,799	13,935	357,734
- adoption of HKFRS 9	-	-	(1,500)	-	-	-	-	(39,250)	(40,750)	(4,528)	(45,278)
- As restated	932,717	3,058,278	6,266	8,486	(15,000)	12,663	3,420	(3,703,781)	303,049	9,407	312,456
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	593	593
Lapse of share options	-	-	-	(2,322)	-	-	-	2,322	-	-	-
Equity-settled share-based payment	-	-	-	7,934	-	-	-	-	7,934	-	7,934
Total comprehensive loss for the period	-	-	1,000	-	-	-	-	(85,173)	(84,173)	(1,351)	(85,524)
At 30 June 2018	<u>932,717</u>	<u>3,058,278</u>	<u>7,266</u>	<u>14,098</u>	<u>(15,000)</u>	<u>12,663</u>	<u>3,420</u>	<u>(3,786,632)</u>	<u>226,810</u>	<u>8,649</u>	<u>235,459</u>

# UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019	2018
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>2,618</b>	<b>(101,074)</b>
<b>Cash flows from investing activities</b>			
Decrease in other receivables		–	16,200
Interest received		13	–
Proceeds from disposal of property, plant and equipment		31	15
Purchase of property, plant and equipment		(14)	(118)
<b>Net cash inflow from investing activities</b>		<b>30</b>	<b>16,097</b>
<b>Cash flows from financing activities</b>			
Consideration paid for Convertible Bonds Restructure	14(a)	(499)	–
Dividend received		7	–
Interest paid		(67)	–
Principal portion of lease payment		(4,800)	–
Proceeds from short-term borrowings		–	13,000
Contribution from non-controlling interests		–	593
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(5,359)</b>	<b>13,593</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,711)</b>	<b>(71,384)</b>
Cash and cash equivalents at beginning of the period		22,910	78,460
Effect of foreign exchange rate changes		(200)	(2,447)
<b>Cash and cash equivalents at end of the period</b>		<b>19,999</b>	<b>4,629</b>

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

China Cloud Copper Company Limited (formerly known as Asia Investment Finance Group Limited) (the “Company”) was incorporated and domiciled in the Cayman Islands under Companies Law (2004 Revision) of the Cayman Islands as an exempted company with limited liability on 20 March 2007. The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 19 November 2007.

The Company is an investment holding company. The Group is principally engaged in trading of security products and provision of security services, trading of party products and metals and minerals, securities brokerage and assets management, money lending business and credit guarantee and investment business.

Pursuant to a special resolution passed at an extraordinary general meeting by the Company’s shareholders on 18 June 2019, the name of the Company changed from Asia Investment Finance Group Limited (亞投金融集團有限公司) to China Cloud Copper Company Limited (中國雲銅股份有限公司) with effect from 20 June 2019.

The address of the Company’s principal place of business in Hong Kong is Unit 1104, 11/F., 18 King Wah Road, North Point, Hong Kong and the Company is registered as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance on 4 September 2007.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Company have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of these changes in accounting policies are set out in note 3.

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

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 2. BASIS OF PREPARATION *(Continued)*

The interim condensed consolidated financial statements contain condensed consolidated statement of financial position as at 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended 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 interim condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The interim condensed consolidated financial statements are unaudited, but has been reviewed by the audit committee and the Board of the Company.

The financial information relating to the financial year ended 31 December 2018 that is included in the interim condensed consolidated financial statements as comparative information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements.

## 3. CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s interim condensed consolidated financial statements:

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The application of the new HKFRSs in the reporting period has had no material impact on the Group’s interim condensed consolidated financial statements for the current and prior reporting period, except for the following:

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. CHANGE IN ACCOUNTING POLICIES *(Continued)*

#### **HKFRS 16 Leases**

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of accumulated losses at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

#### ***New definition of a lease***

Under HKFRS 16, a contract is, or contains a lease if the contracted conveys a right to control the use of an identified assets for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. CHANGE IN ACCOUNTING POLICIES *(Continued)*

### HKFRS 16 Leases *(Continued)*

#### *As a lessee – Leases previously classified as operating leases*

##### *Nature of the effect of adoption of HKFRS 16*

The Group has lease contracts for various items of property. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

##### *Impacts on transition*

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in lease liabilities.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. CHANGE IN ACCOUNTING POLICIES *(Continued)*

#### HKFRS 16 Leases *(Continued)*

#### *As a lessee – Leases previously classified as operating leases (Continued)*

#### *Impacts on transition (Continued)*

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	<i>HK\$'000</i> (Unaudited)
<b>Assets</b>	
Increase in right-of-use assets	10,646
<b>Liabilities</b>	
Increase in lease liabilities	10,646

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

	<i>HK\$'000</i> (Unaudited)
<b>Operating lease commitments as at 31 December 2018</b>	16,643
Weighted average incremental borrowing rate as at 1 January 2019	8%
Discounted operating lease commitments as at 1 January 2019	15,953
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(5,307)
<b>Lease liabilities as at 1 January 2019</b>	10,646

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. CHANGE IN ACCOUNTING POLICIES *(Continued)*

### **HKFRS 16 Leases** *(Continued)*

#### ***Summary of new accounting policies***

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

#### *Right-of-use assets*

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

#### *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. CHANGE IN ACCOUNTING POLICIES *(Continued)*

#### HKFRS 16 Leases *(Continued)*

***Amount recognised in the interim condensed consolidated statement of financial position and profit or loss and other comprehensive income***

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the reporting period are as follows:

	<b>Right-of- use assets</b>	<b>Lease liabilities</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>As at 1 January 2019</b>	<b>10,646</b>	<b>10,646</b>
Depreciation charge	(4,563)	–
Interest expense	–	311
Payments	–	(4,800)
	<b>6,083</b>	<b>6,157</b>
<b>As at 30 June 2019</b>		

The Group recognised rental expenses from short-term leases of HK\$5,027,000 for the six months ended 30 June 2019.

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Sales of security products	49,193	–
Sales of party products	15,758	22,235
Provision of security services	2,855	–
Brokerage commission income and assets management income	354	582
Interest income from money lending business	6,088	5,701
	<u>74,248</u>	<u>28,518</u>

#### Disaggregation by major products or service lines within the scope of HKFRS 15

Sales of security products	49,193	–
Sales of party products	15,758	22,235
Provision of security service	2,855	–
Brokerage commission income and assets management income (excluded interest income from cash and margin client)	<u>76</u>	<u>396</u>
	<u>67,882</u>	<u>22,631</u>

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. REVENUE (Continued)

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue from other sources</b>		
Interest income from money lending business	6,088	5,701
Interest income from cash and margin client earned from brokerage commission income and assets management income	278	186
	<u>6,366</u>	<u>5,887</u>
<b>Total</b>	<b><u>74,248</u></b>	<b><u>28,518</u></b>
<b>Disaggregation by timing of revenue recognition within the scope of HKFRS 15</b>		
– At a point in time	65,027	22,631
– Over time	2,855	–
	<u>67,882</u>	<u>22,631</u>

### 5. OTHER REVENUE AND OTHER NET GAIN/(LOSS)

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Fair value loss on derivative financial assets ( <i>note 14(a)</i> )	(43)	–
(Loss)/gain on convertible bonds restructure ( <i>note 14(a)</i> )	(1,693)	6,542
Fair value gain on contingent consideration receivables ( <i>note 16</i> )	160	–
Net exchange gain	255	748
Realised loss on disposal of trading securities	(498)	(1,165)
Unrealised loss on fair value changes of trading securities	(24)	(27,746)
Dividend income	7	141
Interest income	13	185
Sundry income	6,625	1,148
	<u>4,802</u>	<u>(20,147)</u>

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>(a) Finance costs</b>		
Interest on convertible bonds	4,671	3,191
Interest on lease liabilities	311	–
Interest on other borrowings	574	578
	<hr/>	<hr/>
Total	<b>5,556</b>	<b>3,769</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>(b) Impairment losses on:</b>		
– loan receivables, net ( <i>note 11(c)</i> )	2,513	13,250
– trade receivables, net ( <i>note 12(d)</i> )	(495)	506
– other receivables, net	937	6,656
	<hr/>	<hr/>
Total	<b>2,955</b>	<b>20,412</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>(c) Other items</b>		
Amortisation of intangible assets	2,700	–
Depreciation on property, plant and equipment	2,953	3,072
Depreciation on right-of-use assets	4,563	–
Fair value loss on derivative financial assets ( <i>note 14(a)</i> )	43	–
Loss/(gain) on convertible bonds restructure ( <i>note 14(a)</i> )	1,693	(6,542)
Interest income	(13)	(185)
Unrealised loss on fair value changes of trading securities	24	27,746
Realised loss on disposal of trading securities	498	1,165
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7. TAXATION

The amount of taxation charged/(credited) to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax		
PRC income tax	374	–
Underprovision in prior years		
Hong Kong profits tax	10	–
	384	–
Deferred tax credit	(675)	–
Total income tax credit	(291)	–

The provision for PRC income tax is calculated on the assessable profit of the Group's subsidiaries incorporated in the PRC at 25% during the reporting period (six months ended 30 June 2018: HK\$nil).

No Hong Kong profits tax has been provided for the Group as the Groups's subsidiaries in Hong Kong did not have estimated assessable profit during the reporting period (six months ended 30 June 2018: HK\$ nil). On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is exempted from income tax in the Cayman Islands and the BVI.

### 8. DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2019 and 2018.

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 9. LOSS PER SHARE

The calculation of basic loss per share for the reporting period is based on the consolidated loss attributable to equity shareholders of the Company of HK\$26,233,000 (six months ended 30 June 2018: HK\$85,173,000) and the weighted average number of 9,327,172,000 (six months ended 30 June 2018: 9,327,172,000) ordinary shares in issue during the reporting period.

The calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options or conversion of outstanding convertible bonds which had anti-dilutive effect and would result in a reduction in loss per share during the six months ended 30 June 2019 and 2018. Therefore, the diluted loss per share is same as basic loss per share during the six months ended 30 June 2019 and 2018.

### 10. PROPERTY, PLANT AND EQUIPMENT

During the reporting period, the Group has additions to property, plant and equipment of HK\$14,000 (six months ended 30 June 2018: HK\$118,000) and disposed of property, plant and equipment with a total net carrying amount of HK\$31,000 (six months ended 30 June 2018: HK\$44,000), resulting in loss of HK\$nil (six months ended 30 June 2018: HK\$29,000).

### 11. LOAN RECEIVABLES

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Loan receivables from money lending business	189,688	189,893
Less: Impairment ( <i>note (c)</i> )	<u>(18,174)</u>	<u>(15,836)</u>
	<u>171,514</u>	<u>174,057</u>
Representing:		
Current portion	171,514	111,128
Non-current portion	<u>–</u>	<u>62,929</u>
	<u>171,514</u>	<u>174,057</u>

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11. LOAN RECEIVABLES (Continued)

- (a) At 30 June 2019, loan receivables bear interest at rates ranged from 5% to 17% per annum (31 December 2018: 5% to 17%), and with repayment terms mutually agreed between the contracting parties. At 30 June 2019, the Group lent the loans to independent customers in total of HK\$189,688,000 (31 December 2018: HK\$189,893,000), of which HK\$17,245,000 (31 December 2018: HK\$12,000,000) was secured by personal guarantees of customers, HK\$83,618,000 (31 December 2018: HK\$83,618,000) was secured by unlisted equity shares of some PRC companies provided by the customers, HK\$67,133,000 (31 December 2018: HK\$67,161,000) was secured by the customers' inventories and HK\$15,510,000 (31 December 2018: HK\$15,510,000) was secured by both trading securities and unlisted equity shares of a PRC company of a customer.
- (b) The loan receivables at the end of the reporting period are analysed by the remaining period to contractual maturity date as follows:

	<b>At 30 June 2019</b>	<b>At 31 December 2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Repayable:		
Within 1 year	171,514	111,128
1 to 3 years	—	62,929
	<b>171,514</b>	<b>174,057</b>

- (c) Movement in the loss allowance for impairment of loan receivables:

	<b>At 30 June 2019</b>	<b>At 31 December 2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
At the beginning of the reporting period/year	15,836	—
Effect on adoption of HKFRS 9	—	2,129
	<b>15,836</b>	2,129
Impairment loss	2,737	13,707
Reversal of impairment loss	(224)	—
Exchange adjustments	(175)	—
	<b>18,174</b>	15,836

At 30 June 2019, the amounts represented impairment loss made on the overdue loans amounting to HK\$12,057,000 (31 December 2018: HK\$11,427,000) and loss allowance made on the assessment of increasing of credit risk of the loans which were not past due amounting to HK\$6,117,000 (31 December 2018: HK\$4,409,000).

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. TRADE RECEIVABLES

	<b>As at 30 June 2019</b>	<b>As at 31 December 2018</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables arising from dealing in securities:		
– Clients arising from dealing in securities	2,474	3,659
– Clearing house	–	588
	<u>2,474</u>	<u>4,247</u>
Interest receivables arising from money lending business	6,474	1,056
Trade receivables arising from trading of security products	5,195	1,257
Trade receivables arising from provision of security services	6,706	4,575
Trade receivables arising from trading of party products	8,017	8,944
Trade receivables arising from credit guarantee service and investment income	<u>1,123</u>	<u>1,123</u>
	<b>29,989</b>	<b>21,202</b>
<i>Less: Impairment (note (d))</i>	<u><b>(1,522)</b></u>	<u><b>(2,017)</b></u>
	<u><b>28,467</b></u>	<u><b>19,185</b></u>

Customers from trading of party products and trading of security products and customers from provision of security services are usually offered a credit period of up to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. TRADE RECEIVABLES (Continued)

- (a) An ageing analysis of trade receivables based on the date of the invoice and net of provision of impairment loss is as follows:

	<b>As at 30 June 2019</b>	<b>As at 31 December 2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within 30 days	11,557	10,970
31 to 60 days	3,428	1,786
61 to 90 days	2,990	3,576
Over 90 days	10,492	2,853
	<b>28,467</b>	19,185
Trade receivables from dealing in securities and not past due	<b>(2,474)</b>	<b>(4,247)</b>
	<b>25,993</b>	14,938

(b) Trade receivables neither past due nor impaired

	Trade receivables from sales of security products and provision of security services	Trade receivables from trading of party products	Trade receivables from securities brokerage and assets management	Trade receivables from money lending business	Trade receivables from provision of credit guarantee service and investment income	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>At 30 June 2019</b>						
Neither past due nor impaired	3,395	5,988	2,474	1,288	–	13,145
<b>At 31 December 2018</b>						
Neither past due nor impaired	1,848	4,409	4,247	194	–	10,698

Trade receivables from securities brokerage and assets management represent trade receivables from cash and custodian clients which are neither past due nor impaired represent unsettled client trades or securities exchanges transacted on the last two business days prior to the end of the reporting period/year. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value in view of the nature of these trade receivables.

Save as disclosed above, trade receivables from all other businesses that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 12. TRADE RECEIVABLES (Continued)

### (c) Trade receivables past due but not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	Trade receivables from sales of security products and provision of security services	Trade receivables from trading of party products	Trade receivables from securities brokerage and assets management	Trade receivables from money lending business	Trade receivables from credit guarantee service and investment income	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>At 30 June 2019</b>						
Less than 1 month past due	1,851	1,817	–	1,283	–	4,951
1 to 3 months past due	2,047	18	–	2,451	–	4,516
Over 3 months past due	4,576	194	–	1,085	–	5,855
	<u>8,474</u>	<u>2,029</u>	<u>–</u>	<u>4,819</u>	<u>–</u>	<u>15,322</u>
<b>At 31 December 2018</b>						
Less than 1 month past due	–	2,091	–	–	–	2,091
1 to 3 months past due	1,907	2,339	–	–	–	4,246
Over 3 months past due	2,045	105	–	–	–	2,150
	<u>3,952</u>	<u>4,535</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>8,487</u>

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. TRADE RECEIVABLES *(Continued)*

#### (d) Impairment losses on trade receivables

	<b>At 30 June 2019</b>	<b>At 31 December 2018</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Movement in the loss allowance for impairment of trade receivables:		
At the beginning of the reporting period/year	2,017	715
Impairment loss	–	1,308
Reversal of impairment loss	(495)	–
Exchange adjustments	–	(6)
	–	(6)
At the end of the reporting period/year	1,522	2,017

At 30 June 2019, the amounts represented impairment loss on overdue balance of HK\$32,000 (31 December 2018: HK\$32,000) from sales of security products and provision of security services business, impairment loss on overdue interest receivables of HK\$367,000 (31 December 2018: HK\$862,000) from money lending business, impairment loss on overdue interest receivables and overdue account receivables of HK\$421,000 (31 December 2018: HK\$421,000) and HK\$702,000 (31 December 2018: HK\$702,000) respectively from credit guarantee service and investment income business. The management considered that the recoverability of the above amounts was low.

### 13. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount</b>
	<i>'000</i>	<i>HK\$'000</i>
Ordinary shares of HK\$0.1 each:		
<b>Authorised:</b>		
At 31 December 2018, 1 January 2019 and 30 June 2019	100,000,000	10,000,000
	100,000,000	10,000,000
<b>Issued and fully paid:</b>		
At 31 December 2018, 1 January 2019 and 30 June 2019	9,327,172	932,717
	9,327,172	932,717

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 14. CONVERTIBLE BONDS

	Note	At 30 June 2019 (Unaudited)				At 31 December 2018 (Audited)		
		Liability portion	Equity portion	Derivative financial assets	Total	Liability portion	Equity portion	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2019 Convertible Bonds	(a)	–	–	–	–	99,095	12,663	111,758
2020 Convertible Bonds	(a)	102,946	1,493	(1,503)	102,936	–	–	–
2021 Convertible Bonds	(b)	49,216	24,400	–	73,616	45,600	24,400	70,000
<b>Total</b>		<b>152,162</b>	<b>25,893</b>	<b>(1,503)</b>	<b>176,552</b>	<b>144,695</b>	<b>37,063</b>	<b>181,758</b>
Representing:								
Current liabilities/(assets)		102,946	–	(1,503)	101,443	99,095	–	99,095
Non-current liabilities		49,216	–	–	49,216	45,600	–	45,600
Convertible bonds reserve		–	25,893	–	25,893	–	37,063	37,063

- (a) On 18 February 2016, the Company issued two-year unsecured convertible bond at 0% coupon rate in the principal amount of HK\$100,000,000 to the sole bondholder (the “Bondholder”), which is a company wholly-owned by Ms. Cheung Kwan (“Ms. Cheung”) (the chairlady and executive director and the substantial shareholder of the Company). The Bondholder is entitled to convert the convertible bonds into ordinary shares of the Company at a conversion price HK\$0.1 per share at any time prior to the maturity date. The Company will be entitled to early redeem the outstanding convertible bonds at any time prior to the maturity date at 103% of the principal amount (“Early Redemption Option”) and to give notice to the Bondholder at any time within 5 business days prior to the maturity date to require mandatory conversion of all outstanding convertible bonds (“Mandatory Conversion Option”). On 10 January 2018, the Company and the Bondholder entered into a deed of variation for the extension of the maturity date of the convertible bonds in the principal amount of HK\$100,000,000 for one year to 18 February 2019 (the “2019 Convertible Bonds”) (the “Extended Maturity Date”). Save as disclosed above, other terms and conditions of the convertible bonds remain unchanged. The Extended Maturity Date of the 2019 Convertible Bonds was approved by the shareholders at the Company’s extraordinary general meeting on 20 March 2018 and completed with effect on 29 March 2018. The Extended Maturity Date of the 2019 Convertible Bonds was considered not to be a substantial modification of terms of the convertible bonds. The Group recognised the gain on convertible bonds restructure of HK\$6,542,000 in other revenue and other net gain/(loss) during the six months ended 30 June 2018.

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. CONVERTIBLE BONDS *(Continued)*

#### (a) *(Continued)*

On 18 February 2019, the Company and the Bondholder entered into a deed of variation, pursuant to which both parties agreed that, subject to fulfillment of condition precedent, (i) the maturity date of the 2019 Convertible Bonds in the principal amount of HK\$100,000,000 was extended from 18 February 2019 to 18 February 2020; (ii) the 2019 Convertible Bonds bear interest at the rate of 5% per annum commencing from 18 February 2019; and (iii) the principal amount of the relevant deed poll and the deed of variation dated 18 February 2016 and 10 January 2018 respectively executed by the Company and the Bondholder (the “Instrument”) creating the 2019 Convertible Bonds increased from HK\$100,000,000 to HK\$105,000,000 (the “2020 Convertible Bonds”) and the Company would issue additional convertible bonds in the principal amount of HK\$5 million to the Bondholder free of payment (the “Convertible Bonds Restructure”). Save as disclose above, other terms and conditions of the 2019 Convertible Bonds remain unchanged. The Convertible Bonds Restructure was approved by the shareholders at the Company’s extraordinary general meeting on 18 June 2019 and completed on 25 June 2019. Details of the Convertible Bonds Restructure are set out in the Company’s circular on 20 May 2019 and announcements on 18 February 2019, 18 June 2019 and 25 June 2019.

The amendments to the terms and conditions of the 2020 Convertible Bonds under the Convertible Bonds Restructure are considered to be substantial modification of terms and conditions of the 2019 Convertible Bonds. Accordingly, the 2019 Convertible Bonds have been accounted for as extinguishment and the 2020 Convertible Bonds have been recognised upon the completion of the Convertible Bonds Restructure on 25 June 2019. The Group recognised a loss of the Convertible Bonds Restructure of HK\$1,693,000 during the reporting period. The Group recognised the liability component and derivatives of the 2020 Convertible Bonds on 25 June 2019 which were determined based on the valuations performed by an independent firm of professional valuers with recognised qualifications and experiences using discounted cash flow model at an equivalent market interest rate for a similar bond without a conversion option and Binomial option pricing model, respectively. The effective interest rate of the liability component is 11% per annum. The derivatives of the 2020 Convertible Bonds include Early Redemption Option and Mandatory Conversion Option, both options are interdependent.

Subsequent to the end of the reporting period, the conversion price of the 2020 Convertible Bonds was adjusted from HK\$0.1 per Share to HK\$1 per Consolidated Share upon completion of the Company’s Capital Reorganisation with effect from 24 July 2019 (note 20(b)).

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 14. CONVERTIBLE BONDS (Continued)

(a) (Continued)

The 2019 Convertible Bonds	Liability component	Equity component	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31 December 2018 and 1 January 2019	99,095	12,663	111,758
Interest charged to condensed consolidated statement of profit or loss	905	–	905
Extinguishment upon completion of the Convertible Bonds Restructure (Note (i))	<u>(100,000)</u>	<u>(12,663)</u>	<u>(112,663)</u>
At 30 June 2019	<u>–</u>	<u>–</u>	<u>–</u>

The 2020 Convertible Bonds	Liability component	Equity component	Derivative financial assets	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 25 June 2019 (Note (i))	102,796	1,493	(1,546)	102,743
Interest charged to condensed consolidated statement of profit or loss	150	–	–	150
Fair value loss (note 5)	–	–	43	43
At 30 June 2019	<u>102,946</u>	<u>1,493</u>	<u>(1,503)</u>	<u>102,936</u>
Current portion	<u>102,946</u>	<u>1,493</u>	<u>(1,503)</u>	<u>102,936</u>

Notes:

(i) Loss on the Convertible Bonds Restructure

	Carrying amount of the 2019 Convertible Bonds	Cash paid for the Convertible Bonds Restructure (Note (ii))	Fair value of the 2020 Convertible Bonds	Loss on the Convertible Bonds Restructure (Note 5)	Equity component transferred to accumulated losses
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Liability component	100,000	443	102,796	(3,239)	–
Derivative financial assets	–	–	(1,546)	1,546	–
Equity component	12,663	56	1,493	–	11,114
	<u>112,663</u>	<u>499</u>	<u>102,743</u>	<u>(1,693)</u>	<u>11,114</u>

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. CONVERTIBLE BONDS (Continued)

(a) (Continued)

Notes: (Continued)

(ii) Cash paid for the Convertible Bonds Restructure:

	<i>HK\$'000</i>
Cash payment	–
Transaction costs	499
	499
Total cash outflow included in the condensed consolidated statement of cash flows	499

(iii) As at 25 June 2019 and 30 June 2019, the following assumptions are used to calculate the fair values of the derivatives of the 2020 Convertible Bonds based on a valuation performed by an independent firm of professional valuers with recognised qualifications and experiences using the Binominal option pricing model method:

	At 25 June 2019	At 30 June 2019
Share price (HK\$)	0.037	0.036
Conversion price (HK\$)	0.1	0.1
Expected remaining life of the convertible bonds (years)	0.65	0.63
Expected volatility (%)	88.16	88.97
Risk free rate (%)	1.75	1.72
Expected dividend yield(%)	0	0
Discount rate (%)	11.29	11.69

(b) On 17 December 2018, the Company issued convertible bonds in the principal amount of HK\$70 million (“the 2021 Convertible Bonds”) for the consideration of acquisition of two subsidiaries (the “Acquired Group”), details of the acquisition of the subsidiaries are set out in note 32 in the Company’s financial statements for the year ended 31 December 2018. The 2021 Convertible Bonds include three tranches of principal amount of HK\$8.75 million, HK\$26.25 million and HK\$35 million respectively which are convertible from the date of settlement of the Compensation for each of the years ended/ending 31 December 2018, 2019 and 2020 (“the Relevant Years”) (details refer to the following paragraph) until maturity date. The vendors of the Acquired Group (“the Vendors”) guaranteed that the combined audited consolidated profit after tax (excluding extraordinary and exceptional items) (the “Guarantee Profit”) of the Acquired Group under the HKFRSs (the “Net Profit of Each of the Relevant Years”) shall be not less than HK\$10 million, HK\$30 million and HK\$40 million for each of the three years ended/ending 31 December 2018, 2019 and 2020 respectively (the “Guarantee Profit of Each of the Relevant Years”), failing which the Vendors shall pay the compensation (the “Compensation”) to the Group to be calculated as follows:

The Consideration x (the Guaranteed Profit of the Each of the Relevant Years – the Net Profit of Each of the Relevant Years)/the Guaranteed Profit of the Each of the Relevant Years

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 14. CONVERTIBLE BONDS (Continued)

### (b) (Continued)

The Vendors and the Group shall procure the auditor nominated by the Group to complete the audited financial statements of the Acquired Group for each of the year ended/ending 31 December 2018, 2019 and 2020 within 3 months after the end of the Relevant Years or any other date as agreed between the Vendors and the Group. The Compensation (if any) shall be paid by the Vendors to the Group within 7 business days after determination of the Net Profit of Each of the Relevant Years. The Vendors shall be entitled to elect to pay the Compensation in cash or by way of set off against an equivalent principal amount of the convertible bonds. Based on the audited financial statements of the Acquired Group issued on 27 August 2019, the combined audited consolidated profit after tax (excluding extraordinary items and exceptional items) of the Acquired Group under HKFRSs for the year ended 31 December 2018 was approximately HK\$11 million which was not less the Guaranteed Profit for the year ended 31 December 2018 of HK\$10 million. Accordingly, no Compensation was required to be paid by the Vendors to the Group in relation to the Guarantee Profit for the year ended 31 December 2018.

The 2021 Convertible Bonds do not bear interest and will be mature on the third anniversary of the date of issue with conversion price of HK\$0.1 per share. At the date of issue of the 2021 Convertible Bonds, the fair value of the liability component of the 2021 Convertible Bonds were determined based on a valuation performed by an independent valuer using discounted cash flow model at an equivalent market interest rate for a similar bond without a conversion option. The effective interest rate of the liability component is 15.4% per annum.

Subsequent to the end of the reporting period, the conversion price of the 2021 Convertible Bonds was adjusted from HK\$0.1 per share to HK\$1 per Consolidated Share upon completion of the Company's Capital Reorganisation with effect from 24 July 2019 (note 20(b)).

	<b>Liability portion</b>
	<i>HK\$'000</i>
At 31 December 2018	45,600
Interest charged to condensed consolidated statement of profit or loss	3,616
	<hr/>
At 30 June 2019	49,216
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- (c) No new shares of the Company were issued upon exercise of the 2019 Convertible Bonds, 2020 Convertible Bonds and 2021 Convertible Bonds during the reporting period.

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 15. TRADE PAYABLES

	As at <b>30 June</b> <b>2019</b>	As at 31 December 2018
	<b><i>HK\$'000</i></b> <b>(Unaudited)</b>	<b><i>HK\$'000</i></b> <b>(Audited)</b>
Trade payables arising from dealing in securities:		
– Clients arising from dealing in securities	–	587
– Clearing house	<b>34</b>	476
– Clients' money	<b>1,830</b>	3,229
	<b>1,864</b>	4,292
Trade payables arising from trading of security products	<b>2,849</b>	–
Trade payables arising from trading of party products	<b>1,525</b>	2,191
	<b>6,238</b>	6,483

The ageing analysis of trade payables from trading of security products and trading of party products based on the date of the invoices is as follows:

	As at <b>30 June</b> <b>2019</b>	As at 31 December 2018
	<b><i>HK\$'000</i></b> <b>(Unaudited)</b>	<b><i>HK\$'000</i></b> <b>(Audited)</b>
0 to 30 days	<b>3,311</b>	1,168
31 to 60 days	–	530
61 to 90 days	<b>699</b>	268
Over 90 days	<b>364</b>	225
	<b>4,374</b>	2,191

The trade payables arising from trading of security products and trading of party products are normally settled within 90 days. The carrying amounts of the trade payables at the end of the reporting period approximated their fair values.

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 16. CONTINGENT CONSIDERATION RECEIVABLES

	<i>HK\$'000</i>
At 31 December 2018 and 1 January 2019	5,830
Fair value gain ( <i>Note 5</i> )	<u>160</u>
At 30 June 2019	<u><u>5,990</u></u>
Current portion	1,920
Non-current portion	<u>4,070</u>
	<u><u>5,990</u></u>

Contingent consideration receivables represent the Guarantee Profit of the Acquired Group for the Relevant Years given by the Vendors to the Group in relation to the acquisition of Acquired Group, details are set out in note 14(b). The fair value of contingent consideration receivables at 30 June 2019 was determined based on valuation performed by an independent firm of professional valuers with recognised qualifications and experiences using the discount cash flow method.

## 17. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. The Group is principally engaged in trading of security products and provision of security services, trading of party products and metals and minerals, securities brokerage and assets management, money lending business and credit guarantee and investment business. No segment of each of the trading of metals and minerals business and the credit guarantee and investment business are separately disclosed as the revenue, results and assets of both businesses were less than 10% of the Group's revenue, results and assets during the reporting period. Accordingly, the financial information of both businesses are presented as others segment in the Group's reporting segments.

Save as disclosed above, the segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Trading of security products and provision of security services
- Trading of party products
- Securities brokerage and assets management
- Money lending business
- Trading of metals and minerals and credit guarantee and investment business (“Others”)

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 17. SEGMENT REPORTING (Continued)

### (a) Segment Revenues and Results

The accounting policies of the operating segments are the same as the accounting policies of the Group. Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that gain/loss on convertible bonds restructure, interest income, equity-settled share-based payment expenses, finance costs, share of profit or loss of associate and unallocated corporate expenses are excluded from such measurement.

The following is an analysis of the Group's revenue and results by operation segment:

#### For the six months ended 30 June 2019

	Trading of security products and provision of security services	Trading of party products	Securities brokerage and assets management	Money lending business	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Unaudited</b>						
<b>Revenue</b>						
Segment revenue	52,048	15,758	369	6,088	–	74,263
Inter-segment revenue	–	–	(15)	–	–	(15)
External sales	<u>52,048</u>	<u>15,758</u>	<u>354</u>	<u>6,088</u>	<u>–</u>	<u>74,248</u>
<b>Results</b>						
Segment results	<u>(1,912)</u>	<u>(2,768)</u>	<u>(2,234)</u>	<u>(1,626)</u>	<u>(882)</u>	<u>(9,422)</u>
Reconciliation:						
Loss on convertible bonds restructure						(1,693)
Bank interest income						13
Unallocated corporate expenses						(10,499)
Equity-settled share-based payment expenses						(535)
Finance costs						(5,556)
Share of profit of an associate						<u>1,367</u>
Loss before tax						(26,325)
Income tax credit						<u>291</u>
<b>Loss for the period</b>						<u><u>(26,034)</u></u>

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 17. SEGMENT REPORTING (Continued)

### (a) Segment Revenues and Results (Continued)

	Trading of security products and provision of security services	Trading of party products	Securities brokerage and assets management	Money lending business	Others	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Unaudited</b>							
<b>Other segment information:</b>							
Capital expenditure of property, plant and equipment	-	11	3	-	-	-	14
Amortisation of intangible assets	2,700	-	-	-	-	-	2,700
Depreciation on property, plant and equipment	160	104	145	2,535	9	-	2,953
Depreciation on right-of-use assets	-	-	-	-	-	4,563	4,563
Impairment loss on loan receivables, net	-	-	-	2,513	-	-	2,513
Reversal of impairment loss on trade receivable, net	-	-	-	(495)	-	-	(495)
(Reversal of impairment loss)/ impairment loss on other receivables, net	(10)	-	-	-	534	413	937
Realised loss on disposal of trading securities	-	-	498	-	-	-	498
Unrealised loss on fair value changes in trading securities	-	-	24	-	-	-	24

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 17. SEGMENT REPORTING (Continued)

### (a) Segment Revenues and Results (Continued)

For the six months ended 30 June 2018

	Trading of security products and provision of security services	Trading of party products	Securities brokerage and assets management	Money lending business	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Unaudited</b>						
<b>Revenue</b>						
Segment revenue	–	22,235	598	5,701	–	28,534
Inter-segment revenue	–	–	(16)	–	–	(16)
External sales	–	22,235	582	5,701	–	28,518
<b>Result</b>						
Segment results	–	(5,140)	(24,394)	(13,645)	(10,689)	(53,868)
Reconciliation:						
Gain on convertible bonds restructure						6,542
Bank interest income						185
Unallocated corporate expenses						(26,414)
Equity-settled share-based payment expenses						(7,934)
Finance costs						(3,769)
Share of loss of an associate						(1,168)
Loss before tax						(86,426)
Income tax						–
<b>Loss for the period</b>						<b>(86,426)</b>
<b>Other segment information:</b>						
Capital expenditure of property, plant and equipment	–	118	–	–	–	118
Depreciation on property, plant and equipment	–	221	133	2	164	2,552
Impairment loss on loan receivables	–	–	–	13,250	–	13,250
Impairment loss on trade receivables	–	–	–	506	–	506
Impairment loss on other receivables	–	–	–	–	6,656	6,656
Realised loss on disposal of trading securities	–	–	1,165	–	–	1,165
Unrealised gain on fair value changes in trading securities	–	–	27,746	–	–	27,746

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 17. SEGMENT REPORTING (Continued)

### (b) Segment Assets and Liabilities

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

- all assets are allocated to operating segments other than right-of-use assets, interest in an associate, tax recoverable, cash and cash equivalents and other unallocated corporate assets as these assets are managed on a group basis; and
- all liabilities are allocated to operating segments other than lease liabilities, convertible bonds and their related derivative financial instruments (other than the 2021 Convertible Bonds) and other unallocated corporate liabilities as these liabilities are managed on a group basis.

The following is an analysis of the Group's assets and liabilities by operating segment:

#### At 30 June 2019

	Trading of security products and provision of security services	Trading of party products	Securities brokerage and assets management	Money lending business	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Unaudited</b>						
<b>ASSETS</b>						
Segment assets	104,772	8,713	28,173	198,134	34,045	373,837
Cash and cash equivalents						19,999
Unallocated corporate assets						120,604
Consolidated total assets						<u>514,440</u>
<b>LIABILITIES</b>						
Segment liabilities	73,471	2,009	4,950	14,013	7,709	102,152
Unallocated corporate liabilities						145,187
Consolidated total liabilities						<u>247,339</u>

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 17. SEGMENT REPORTING (Continued)

#### (b) Segment Assets and Liabilities (Continued)

At 31 December 2018

	Trading of security products and provision of security services	Trading of party products	Securities brokerage and assets management	Money lending business	Others	Total
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
<b>Audited</b>						
<b>ASSETS</b>						
Segment assets	104,662	14,325	57,153	174,762	36,990	387,892
Cash and cash equivalents						22,910
Unallocated corporate assets						111,477
Consolidated total assets						<u>522,279</u>
<b>LIABILITIES</b>						
Segment liabilities	22,027	5,821	8,747	599	7,672	44,866
Unallocated corporate liabilities						184,795
Consolidated total liabilities						<u>229,661</u>

#### (c) Geographic information

##### Revenue

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

	<b>Six months ended 30 June</b>	
	<u>2019</u>	<u>2018</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Hong Kong	<b>18,689</b>	22,631
Mainland China	<b>49,193</b>	–
	<u><b>67,882</b></u>	<u>22,631</u>
Revenue from other sources		
Hong Kong	<b>6,366</b>	5,887
Mainland China	–	–
	<u><b>6,366</b></u>	<u>5,887</u>
Total	<u><b>74,248</b></u>	<u>28,518</u>

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 17. SEGMENT REPORTING (Continued)

### (c) Geographic information (Continued)

#### *Specified non-current assets*

The following table sets out information about the geographical location of the Group's property, plant and equipment, intangible assets, goodwill and interest in an associate ("Specified Non-Current Assets"). The geographical location of the Specified Non-Current Assets is based on the physical location of the asset for property, plant and equipment, the location of the operation to which they are allocated for intangible assets and goodwill, and the location of operation for associate.

	At <b>30 June</b> <b>2019</b>	At 31 December <b>2018</b>
	<b>HK\$'000</b> <b>(Unaudited)</b>	<b>HK\$'000</b> <b>(Audited)</b>
Hong Kong	<b>61,272</b>	64,226
Mainland China	<b>89,509</b>	90,888
Total	<b>150,781</b>	155,114

- (d) Revenues from customers, which are all in the trading of security products and provision of security services business, contributing 10% or more of the total revenue of the Group are as follows:

	Six months ended 30 June <b>2019</b>	2018
	<b>HK\$'000</b> <b>(Unaudited)</b>	<b>HK\$'000</b> <b>(Unaudited)</b>
Customer A	<b>33,137</b>	*
Customer B	<b>9,225</b>	*

\* The transactions with these respective customers did not contribute 10% or more of total revenue of the Group for the six months ended 30 June 2018.

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 18. RELATED PARTY TRANSACTIONS

During the reporting period, the Group had the following significant transactions with related parties:

- (a) At 30 June 2019, the Company had the 2020 Convertible Bonds with outstanding principal amount of HK\$105,000,000 (31 December 2018: the 2019 Convertible Bonds with outstanding principal amount of HK\$100,000,000) held by the Bondholder, which is a company wholly owned by Ms. Cheung (the chairlady and executive director and the substantial shareholder of the Company). The 2020 Convertible Bonds bear interest rate of 5% per annum, unsecured and repayable on 18 February 2020. Further details of the 2020 Convertible Bonds are set out in note 14(a).
- (b) Compensation by key management of the Group is as follows:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries, allowances and other benefits	<b>3,298</b>	4,679
Contributions to defined contribution retirement plans	<b>18</b>	27
Equity-settled share-based payment	<b>214</b>	7,934
	<b>3,530</b>	12,640

### 19. CAPITAL COMMITMENTS

At 30 June 2019 and 31 December 2018, the Group did not have capital commitments contracted but not provided for in the consolidated financial statements.

### 20. EVENTS AFTER THE REPORTING PERIOD

The Group had the following significant events subsequent to the end of the reporting period and up to the date of this report:

- (a) On 18 March 2019, the Company and each of the four independent third parties (the “Subscriber(s)”) entered into the subscription agreements, pursuant to which the Subscribers agreed to subscribe and the Company agreed to issue of 300 million new ordinary shares of the Company of HK\$0.1 each at the subscription price of HK\$0.1 per share (the “Subscription Agreement(s)”). On 15 July 2019, the Company and each of three Subscribers entered into supplemental subscription agreements to reduce the subscription shares in total to 50.8 million new ordinary shares of the Company at the subscription price of HK\$0.1 per share, and the Company and the remaining Subscriber entered into a termination agreement to terminate the Subscription Agreement signed by both parties on 18 March 2019. On 22 July 2019, the share subscriptions were completed and the Company issued 50.8 million new ordinary shares of the Company to the three Subscribers with total net proceeds of HK\$4.9 million. The net proceeds will be used for working capital of the Group. Details are set out in the Company’s announcements on 18 March 2019, 15 July 2019, 17 July 2019 and 22 July 2019.

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 20. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

- (b) On 4 April 2019, the Company proposed to reorganise the share capital of the Company (the “Capital Reorganisation”) as follows:
- (i) the par value of each issued ordinary share of the Company of HK\$0.10 (“Share”) would be reduced to HK\$0.0001 by canceling the paid-up share capital to the extent of HK\$0.0999 on each issued Share (the “Capital Reduction”);
  - (ii) immediately after the Capital Reduction becomes effective, each authorised but unissued Share will be sub-divided into 1,000 new ordinary shares of the Company of HK\$0.0001 each (“New Shares”) (the “Sub-division”); and
  - (iii) immediately after the Capital Reduction and Sub-division become effective, the New Shares would be consolidated on the basis that every 10 issued and unissued New Shares of HK\$0.0001 each will be consolidated into one new ordinary shares of the Company of HK\$0.001 each (“Consolidated Share”).

The Capital Reorganisation was approved by the Company’s shareholders at an extraordinary general meeting of the Company on 23 May 2019 and completed on 24 July 2019. The number of authorised share capital of the Company was increased from 100,000 million Shares to 10,000,000 million Consolidated Shares and its authorised capital of HK\$10,000 million remained unchange on the completion date of the Capital Reorganisation. The Company’s issued share capital was reduced from HK\$937,797,200 divided into 9,377,972,000 Shares to HK\$937,797 to 937,797,200 Consolidated Shares on the completion date of the Capital Reorganisation. A credit of approximately HK\$936.8 million arising from the Capital Reduction was transferred to the share premium account of the Company. Details are set out in the Company’s circular on 29 April 2019 and its announcements on 4 April 2019, 23 May 2019 and 24 July 2019.

### 21. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Board on 30 August 2019.