



百德國際有限公司
Pak Tak International Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 2668

2019

INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Jian
(*Chairman and Chief Executive Officer*)
Mr. Feng Guoming
Ms. Qian Pu

Non-executive Directors

Mr. Law Fei Shing
Mr. Shin Yick Fabian

Independent Non-executive Directors

Mr. Liu Kam Lung
Mr. Chan Kin Sang
Mr. Zheng Suijun

AUDIT COMMITTEE

Mr. Liu Kam Lung (*Chairman*)
Mr. Chan Kin Sang
Mr. Zheng Suijun

NOMINATION COMMITTEE

Mr. Liu Kam Lung (*Chairman*)
Ms. Qian Pu
Mr. Chan Kin Sang
Mr. Zheng Suijun

REMUNERATION COMMITTEE

Mr. Liu Kam Lung (*Chairman*)
Ms. Qian Pu
Mr. Chan Kin Sang
Mr. Zheng Suijun

STRATEGIC COMMITTEE

Mr. Wang Jian (*Chairman*)
Ms. Qian Pu
Mr. Shin Yick Fabian

INVESTMENT AND FUND RAISING COMMITTEE

Mr. Wang Jian (*Chairman*)
Ms. Qian Pu
Mr. Shin Yick Fabian

COMPANY SECRETARY

Mr. Sze Kat Man

AUTHORISED REPRESENTATIVES

Ms. Qian Pu
Mr. Sze Kat Man

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

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

HONG KONG LEGAL ADVISER

Chiu & Partners
40/F, Jardine House
1 Connaught Place,
Central, Hong Kong

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
2nd Floor, 625 King's Road
North Point
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Sang Bank Limited
Industrial Bank Co Limited

STOCK CODE

2668

WEBSITE

www.paktakintl.com

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2019, the principal activities of Pak Tak International Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are: (i) supply chain business (the “**Supply Chain Business**”), (ii) leasing business (the “**Leasing Business**”), (iii) property investment and consultancy (the “**Property Investment**”), (iv) money lending business (the “**Money Lending Business**”) and (v) securities investment (the “**Securities Investment**”). Following the completion of the disposal of the manufacturing and trading of garment business companies, the Group ceased to operate such business on 31 May 2019.

BUSINESS REVIEW

Continuing Operations

Supply Chain Business

During the six months ended 30 June 2019, the Supply Chain Business recorded a revenue of HKD421.7 million, an increase of HKD71.5 million as compared with the corresponding period in 2018. The Supply Chain Business mainly focuses on the sourcing and distribution of non-ferrous metals and construction materials. The Group also provides value-added services including but not limited to inventory management and logistics support, to broaden the income stream from such business. Its customers include major non-ferrous metals mining and production companies and integrated infrastructure companies in the People’s Republic of China (the “**PRC**”).

Leasing Business

The Leasing Business is operated through direct lease or sale-and-leaseback arrangement. As at 30 June 2019, the aggregate finance lease receivables was HKD48.4 million and recognised revenue of HKD3.6 million for the six months ended 30 June 2019. As at the date of this report, all the finance lease receivables as at 30 June 2019 have been collected and received on time. The Group adopted a prudent approach in the Leasing Business to minimise its credit and business risks.

Property Investment

During the six months ended 30 June 2019, the investment properties located in Yunfu, PRC recorded a revenue of rental income of HKD2.3 million. As at 30 June 2019, the fair value of the above investment properties amounted to HK\$194.3 million, representing a fair value gain of HKD8.1 million. The Group will continue to lease out the investment properties for rental income and the Group may realise its properties investment to enhance the Group’s working capital if necessary and when timing is appropriate.

Money Lending Business

As at 30 June 2019, loans receivables of the Money Lending Business amounted to HKD41.1 million which are repayable within a year, and recognised loan interest income of HKD4.1 million for the six months ended 30 June 2019. The rate of return of the Money Lending Business is in the range of 8% to 12%. All the loan receivables are repayable according to the repayment schedules. In order to ensure a healthy development for Money Lending Business, the Group will continue to adopt a prudent risk management policy, and also to carry out regularly review of credit risk over the existing borrowers.



Securities Investment

The Group conducts securities investment activities included listed securities in its ordinary and normal course of business. The Group adopts a prudent investment strategy for short-term investments and long-term investments and will closely monitor the market changes and adjust its investment portfolio as and when necessary.

Discontinued Operation

Disposal of the manufacturing and trading of garment business companies

On 31 May 2019, the Company entered into a share transfer agreement with an independent third party for the disposal of the entire issued share capital of Mega Grade Holdings Limited (“**Mega Grade**”) at cash consideration of RMB10,000 (equivalent to approximately HKD11,364) (the “**Disposal**”). Mega Grade and its subsidiaries (“**Mega Grade Group**”) is principally engaged in the manufacturing and trading of garments. Completion took place immediately upon the execution of the agreement. Upon completion of the Disposal, the Mega Grade Group has ceased to be part of the Group and the Group no longer engages in the business of manufacturing and trading of garments.

Details of the Disposal were disclosed in the Company’s announcement dated 31 May 2019.

FINANCIAL REVIEW

Below is an analysis of our key financial information including, but not limited to revenue, expenses and profit for the period, which reflected the financial position of our business.

Revenue

For the six months ended 30 June 2019, the Group recorded a total revenue of HKD431.7 million, representing an increase of 18.8% as compared with that of the six months ended 30 June 2018 of HKD363.4 million. Such increase was mainly attributable to the revenue generated in Supply Chain Business of HKD421.7 million as compared with HKD350.2 million for the six months ended 30 June 2018.

The total revenue from Money Lending Business, Securities Investment, Leasing Business, and Property Investment amounted to approximately HKD10.0 million as compared with that of the six months ended 30 June 2018 of HKD13.2 million.

Expenses

For the six months ended 30 June 2019, the Group’s direct costs and operating expenses significantly increased by HKD63.4 million from HKD349.8 million for the six months ended 30 June 2018 to HKD413.2 million for the six months ended 30 June 2019. The increase in direct costs and operating expenses is mainly due to the significant growth in Supply Chain Business whereas the revenue from Supply Chain Business accounted for 97.7% of the Group’s total revenue from continuing operations.

The Group’s administrative expenses slightly increased by HKD0.3 million from HKD11.2 million for the six months ended 30 June 2018 to HKD11.5 million for the six months ended 30 June 2019.

Profit for the period

For the six months ended 30 June 2019, the Group recorded a net profit of approximately HKD41.1 million as compared to a net profit of approximately HKD0.2 million for the six months ended 30 June 2018, such increase of net profit was mainly attributable to (a) the one-off gain of HKD35.9 million arising from the disposal of the garment business companies which was completed in May 2019; and (b) profit contribution from Supply Chain Business of HKD6.6 million.

Other receivables, prepayments and deposits

As at 30 June 2019, the Group's other receivables, prepayments and deposits significantly increased by HKD86.8 million from HKD34.5 million as at 31 December 2018 to HKD121.3 million. Such increase was mainly due to a trade deposit amounting to RMB100.0 million (equivalent to HKD114.1 million) paid for purchasing non-ferrous metals.

Contract liabilities

As at 30 June 2019, the Group recorded contract liabilities of approximately HKD45.7 million (31 December 2018: Nil). The balance was mainly attributable to the receipt in advance of RMB40.0 million (equivalent to HKD45.5 million) from a customer for trading non-ferrous metals.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2019, the cash and cash equivalents (excluding bank overdrafts) of the Group were HKD110.5 million (31 December 2018: HKD138.4 million) and interest-bearing borrowings, including the unlisted bond, the borrowings and overdraft, were HKD261.8 million (31 December 2018: HKD323.9 million). The following table details the cash and cash equivalents, the bond and the borrowings and overdraft of the Group at the end of the reporting period denominated in original currencies:

	At 30 June 2019		
	HKD ('000)	RMB ('000)	USD ('000)
Cash and cash equivalents	14,313	85,860	–
Bond	99,748	–	–
Borrowings and overdraft	–	142,540	–
At 31 December 2018			
	HKD ('000)	RMB ('000)	USD ('000)
Cash and cash equivalents	8,866	108,612	758
Bond	97,764	–	–
Borrowings and overdraft	61,698	144,442	–

The Group principally satisfies its demand for operating capital with cash inflow from its operations and borrowings. As at 30 June 2019, the gearing ratio, which is calculated on the basis of total borrowings over total shareholders' fund of the Group, was 53.0% (31 December 2018: 70.8%). The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.10 (31 December 2018: 0.97). Increase in liquidity ratio was due to the disposal of the manufacturing and trading of garment business with net current liabilities during the six months ended 30 June 2019.

FOREIGN EXCHANGE AND INTEREST RATE RISKS MANAGEMENT

The Group adopts strict and cautious policies in managing its exchange rate risk and interest rate risk. The principal foreign currency exchange risk stems from the exchange rate movements of the Hong Kong dollar, which is pegged to the United States dollar, and Renminbi. The sales of the Group and purchases of raw materials are mainly denominated in Renminbi and United States dollar. In addition, while the Group's operations in the PRC, the location of its production, are primarily conducted in Renminbi, its Hong Kong operations are conducted in Hong Kong dollar. The management will closely monitor such risk and will consider hedging significant foreign currency exposure should the need arise.

The interest rate risk arises from the borrowings and overdrafts, which have been obtained at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through variety of means.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Discloseable Transaction in Relation to the Disposal of Subsidiaries

As announced by the Company on 31 May 2019, the Company disposed of the entire issued share capital of Mega Grade at the consideration of RMB10,000 (equivalent to HKD11,364). The Mega Grade Group is principally engaged in the manufacturing and trading of garments. Completion of the disposal took place on 31 May 2019. Thereafter the Mega Grade Group ceased to be subsidiaries of the Company.

Save as disclosed above, there were no other material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group during the six months ended 30 June 2019.

PLEGGED ON GROUP ASSETS

As at 30 June 2019, certain of the Group's investment properties located in Yunfu, PRC with a net carrying amount of approximately HKD194.3 million (31 December 2018: approximately HKD186.7 million) were pledged to secure the banking facilities of the Group.

FINANCIAL GUARANTEES PROVIDED

As at 30 June 2019, the Company had provided corporate guarantees amounting to HKD170.5 million (31 December 2018: HKD111.9 million) in favour of certain banks and lenders in connection with facilities granted to certain subsidiaries of the Group.

The guarantees were provided by the Company at nil consideration. As it is not possible to measure reliably the fair value of these transactions in accordance with HKFRS 9, Financial instruments, the guarantees have not been accounted for as financial liabilities and measured at fair value.

As at 30 June 2019, the Directors considered it was not probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees provided amounted to the facilities drawn down by the subsidiaries of HKD113.7 million (31 December 2018: HKD44.6 million).

CAPITAL EXPENDITURES AND COMMITMENTS

During the period under review, the Group invested HKD34,000 (31 December 2018: HKD75.9 million) on properties, plant and equipment and investment properties, which included leasehold improvements, plant and machinery, furniture, fixtures and equipment and motor vehicles. As at 30 June 2019 and 31 December 2018, the Group had no capital commitments.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2019, the significant investments held by the Group are as follows:

	30 June 2019 HKD'000	31 December 2018 HKD'000
Investment in an associate	–	163,915
Financial assets at fair value through other comprehensive income	248,690	85,768
Financial assets at fair value through profit or loss	287	210
	248,977	249,893

Save as disclosed above, there were no significant investments held by the Group for the six months ended 30 June 2019.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had a total of approximately 40 employees (30 June 2018: approximately 500 employees). The significant decrease is mainly due to the Disposal in May 2019. The total staff cost of the Group amounted to approximately HKD7.2 million during the period, representing 1.7% of the Group's turnover. Employees' remuneration and bonuses are based on their responsibilities, performances, experience and the prevailing industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Company. The Group provides relevant training to its employees in accordance with the skills requirements of difference positions.



INTERIM DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2019 (30 June 2018: HKDNil).

EVENTS AFTER THE REPORTING PERIOD

The Company does not have any significant events after the reporting period.

FUTURE PROSPECTS

The Group will continue to expand its Supply Chain Business and Leasing Business in the PRC, and expects to have a growth on the supply chain service on the provision of construction materials and leasing of construction machinery. The Group aims to increase its revenue by enhancing the varieties of products, strengthening the marketing efforts and broadening the customer base. After the end of the reporting period, the Group and one of its existing customers entered into a credit facility agreement for the provision of revolving finance leasing of construction machinery with the amounts not exceeding RMB90 million for a term of two years. For the other businesses including Property Investment, Money Lending Business and Securities Investment, we will keep a cautious and prudent approach and maintain the current scale of such businesses.

Although the economy is full of uncertainty affected by the ongoing United States-China trade argument and the unstable political environment, the management will keep exercising prudence to safeguard the resources and achieve a steady and stable growth of the Group, and enhance the returns to the shareholders of the Company.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the interests and short positions of the directors (the "Directors") and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follow:

Name of Directors	Number of Shares Held <i>(Note 1)</i>	Capacity	Approximate % Shareholding <i>(Note 2)</i>
Mr. Feng Guoming ("Mr. Feng") <i>(Note 3)</i>	812,000,000	Interests of controlled corporation	28.00%
Mr. Wang Jian ("Mr. Wang") <i>(Note 4)</i>	546,953,000	Interests of controlled corporation	18.86%

Notes:

1. All interests disclosed above represent long positions in the shares/underlying shares of the Company.
2. The percentage was calculated based on the total number of shares of the Company in issue as at 30 June 2019, which was 2,900,000,000.
3. These 812,000,000 shares are owned by Tengyue Holding Limited ("Tengyue Holding") which is wholly owned by Beyond Glory Holdings Limited ("Beyond Glory") which in turn is wholly owned by Mr. Feng. Accordingly, Beyond Glory and Mr. Feng are deemed to be interested in all the shares held by Tengyue Holding by virtue of SFO.
4. These 546,953,000 shares are owned by Massive Thriving Limited ("Massive Thriving") which is wholly owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in all the shares held by Massive Thriving by virtue of SFO.

Save as disclosed above, as at 30 June 2019, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2019, so far as is known to the Directors and chief executive of the Company, other than the interests of the Directors and chief executive of the Company as disclosed above, the following persons had interests or short positions 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, or as otherwise notified to the Company and the Stock Exchange were as follow:

Name of Shareholders	Number of Shares Held <i>(Note 1)</i>	Capacity	Approximate % of Shareholding <i>(Note 2)</i>
Tengyue Holding	812,000,000	Beneficial owner <i>(Note 3)</i>	28.00%
Beyond Glory	812,000,000	Interest of controlled corporation <i>(Note 3)</i>	28.00%
Massive Thriving	546,953,000	Beneficial owner <i>(Note 4)</i>	18.86%
Mr. Huang Shilong	275,500,000	Beneficial owner	9.50%

Notes:

- All interests disclosed above represent long positions in the shares/underlying shares of the Company.
- The percentage was calculated based on the total number of shares of the Company in issue as at 30 June 2019, which was 2,900,000,000.
- These 812,000,000 shares are owned by Tengyue Holding which is wholly-owned by Beyond Glory. In addition, Beyond Glory is wholly owned by Mr. Feng. Accordingly, Beyond Glory and Mr. Feng are deemed to be interested in all the shares held by Tengyue Holding by virtue of SFO.
- These 546,953,000 shares are owned by Massive Thriving which is wholly-owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in all the shares held by Massive Thriving by virtue of SFO.

Save as disclosed above, as at 30 June 2019, no other person (other than the Directors and chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 23 August 2011. No options have been granted, exercised or cancelled since the adoption of the scheme up to the date of this interim report.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

CHANGES IN INFORMATION OF DIRECTORS


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

Directors	Details of Changes
Mr. Shin Yick Fabian	<ul style="list-style-type: none">– Appointed as an independent director of 廣東世運電路科技股份有限公司(Guangdong Olympic Circuit Technology Holdings Limited) (stock code: 603920), a company listed on the Shanghai Stock Exchange, on 23 May 2019.– Appointed as an independent non-executive director of Zhenye International Holdings Company Limited (stock code: 3363), a company listed on the Main Board of the Stock Exchange, with effect from 31 May 2019.
Mr. Wang Jian	<ul style="list-style-type: none">– Upon recommendation of remuneration committee of the Company and the approval of the board of Directors (the "Board"), the emoluments of Mr. Wang has been adjusted from HK\$858,000 per annum to HK\$468,000 per annum and discretionary bonus in accordance with his service contract, with effect from 1 July 2019.

Save as disclosed above, there is no other information required to be disclosed herein pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2019, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for the following deviations:



Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wang served as both the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Wang has extensive experience in the construction and engineering industry and is responsible for the overall corporate strategies, planning and business development of the Group. Accordingly, the Board believes that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions efficiently and consistently, and the balance of power and authority is adequately ensured by the operation of the Board which comprises experienced and high caliber individuals, with the majority of the members of the Board being non-executive Directors (including independent non-executive Directors); and

Under code provision A.4.1, non-executive directors should be appointed for a specific term and are subject to re-election. Mr. Law Fei Shing (“**Mr. Law**”), who is a non-executive Director of the Company, was not appointed for a specific term but is subject to retirement by rotation and re-election at annual general meeting at least once every three years in accordance with the By-laws of the Company. When Mr. Law is due for re-election, the nomination committee of the Board and the Board will review his performance and consider whether a recommendation should be made to the shareholders of the Company on his re-election at the annual general meeting in accordance with the Company’s policy on selection and nomination of Directors. As such, the Board is of the view that sufficient safeguards are in place to ensure that Mr. Law will remain suitable for directorship of the Company.

The Board will continuously review the effectiveness of the corporate governance structure of the Company and effect changes whenever necessary.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the required standard set out in the Model Code for the six months ended 30 June 2019.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2019 (the “**Interim Results**”) with no disagreement. At the request of the Directors, the Group’s external auditors have carried out a review of the Interim Results in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained a sufficient public float with at least 25% of the issued Shares of the Company as required under the Listing Rules throughout the six months ended 30 June 2019 and up to the date of this report.

By Order of the Board

Pak Tak International Limited

Wang Jian

Chairman and Chief Executive Officer

Hong Kong, 30 August 2019

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF PAK TAK INTERNATIONAL LIMITED

(Incorporated in the Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements set out on pages 15 to 44 which comprises the condensed consolidated statement of financial position of Pak Tak International Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) as at 30 June 2019 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and other explanatory notes (the “**interim financial information**”). The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of the interim financial information in accordance with HKAS 34.

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

Scope of Review

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

Conclusion

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

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 30 August 2019

Choi Kwong Yu

Practising certificate number P05071

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

		Six months ended 30 June	
	Note	2019 HKD'000 (unaudited)	2018 HKD'000 (unaudited) (restated)
Continuing operations			
Revenue	4	431,680	363,399
Other revenue	6	5,471	357
Other net (losses)/gains	6	(576)	7,139
Fair value gain on investment properties	13	8,110	5,313
Direct costs and operating expenses		(413,254)	(349,810)
Administrative expenses		(11,475)	(11,210)
Profit from operations	7	19,956	15,188
Finance costs	8	(6,216)	(3,055)
Share of results of an associate		7,939	–
Profit before taxation		21,679	12,133
Income tax expense	9	(3,652)	(2,001)
Profit from continuing operations		18,027	10,132
Discontinued operation			
Profit/(loss) for the period from discontinued operation	5(a)	23,030	(9,941)
Profit for the period		41,057	191

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

For the six months ended 30 June 2019

		Six months ended	
		30 June	
	<i>Note</i>	2019	2018
		HKD'000	<i>HKD'000</i>
		(unaudited)	(unaudited)
			(restated)
Attributable to equity shareholders of the Company:			
— from continuing operations		18,027	10,133
— from discontinued operation		23,030	(9,941)
		41,057	192
Attributable to non-controlling interests:			
— from continuing operations		—	(1)
— from discontinued operation		—	—
		—	(1)
		41,057	191
		HK cents	<i>HK cents</i>
Earnings per share			
From continuing and discontinued operations			
— Basic and diluted	10	1.42	0.01
From continuing operations			
— Basic and diluted		0.62	0.35

The notes on pages 22 to 44 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 HKD'000 (unaudited)	2018 HKD'000 (unaudited) (restated)
Profit for the period	41,057	191
Other comprehensive income/(loss) for the period:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
— Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	(1,257)	(3,001)
— Release of exchange reserve upon disposal of subsidiaries	4,078	—
— Release of exchange reserve upon deemed disposal of an associate	184	—
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
— Fair value change of financial assets at fair value through other comprehensive income, net of tax	(7,760)	(4,387)
Total comprehensive income/(loss) for the period	36,302	(7,197)
Attributable to:		
Equity shareholders of the Company	36,302	(7,196)
Non-controlling interests	—	(1)
	36,302	(7,197)

The notes on pages 22 to 44 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		At 30 June 2019 <i>HKD'000</i> (unaudited)	At 31 December 2018 <i>HKD'000</i> (audited)
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	12	70,743	86,546
Investment properties	13	194,338	186,683
Investment in an associate	14	–	163,915
Finance lease receivables	16	17,888	19,969
Financial assets at fair value through other comprehensive income	15	248,690	85,768
		531,659	542,881
Current assets			
Inventories		–	38,571
Trade receivables	17	9,739	38,167
Loan receivables	18	41,106	45,115
Current portion of finance lease receivables	16	30,557	30,286
Other receivables, prepayments and deposits		121,308	34,533
Financial assets at fair value through profit or loss	19	287	210
Cash and cash equivalents		110,452	138,404
		313,449	325,286
Current liabilities			
Trade payables	20	10,778	26,336
Other payables and accrued charges		10,449	26,633
Contract liabilities		45,685	–
Bond	21	99,748	97,764
Borrowings and overdraft	22	118,191	179,951
Tax payable		1,323	4,756
		286,174	335,440

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2019

	At 30 June 2019 <i>HKD'000</i> (unaudited)	At 31 December 2018 <i>HKD'000</i> (audited)
Net current asset/(liabilities)	27,275	(10,154)
Total assets less current liabilities	558,934	532,727
Non-current liabilities		
Borrowings	22 43,833	46,208
Deferred tax liabilities	21,004	14,243
Provision and other accrued charges	–	14,481
	64,837	74,932
NET ASSETS	494,097	457,795
CAPITAL AND RESERVES	23	
Share capital	58,000	58,000
Reserves	436,095	399,793
Equity attributable to equity shareholders of the Company	494,095	457,793
Non-controlling interests	2	2
TOTAL EQUITY	494,097	457,795

Approved and authorised for issue by the board of directors on 30 August 2019.

Wang Jian
Director

Qian Pu
Director

The notes on pages 22 to 44 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

Attributable to equity shareholders of the Company

Note	Attributable to equity shareholders of the Company							Non-controlling interests HKD'000	Total equity HKD'000
	Share capital HKD'000	Share premium HKD'000	Warrant reserve HKD'000	Financial assets at fair value through other comprehensive income reserve HKD'000	Exchange reserve HKD'000	Retained profits HKD'000	Sub-total HKD'000		
Balance at 1 January 2018 (audited)	58,000	362,134	5,490	-	7,321	81,197	514,142	-	514,142
Changes in equity for the six months ended 30 June 2018:									
Profit/(loss) for the period	-	-	-	-	-	192	192	(1)	191
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	-	-	-	-	(3,001)	-	(3,001)	-	(3,001)
Fair value change of financial assets at fair value through other comprehensive income, net of tax	-	-	-	(4,387)	-	-	(4,387)	-	(4,387)
Total comprehensive income/(loss) for the period	-	-	-	(4,387)	(3,001)	192	(7,196)	(1)	(7,197)
Capital contribution by non-controlling interests of a subsidiary	-	-	-	-	-	-	-	15	15
Balance at 30 June 2018 (unaudited)	<u>58,000</u>	<u>362,134</u>	<u>5,490</u>	<u>(4,387)</u>	<u>4,320</u>	<u>81,389</u>	<u>506,946</u>	<u>14</u>	<u>506,960</u>
Balance at 1 January 2019 (audited)	58,000	362,134	-	(33,419)	(6,568)	77,646	457,793	2	457,795
Changes in equity for the six months ended 30 June 2019:									
Profit for the period	-	-	-	-	-	41,057	41,057	-	41,057
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	-	-	-	-	(1,257)	-	(1,257)	-	(1,257)
Release of exchange reserve upon disposal of subsidiaries	5(a)	-	-	-	4,078	-	4,078	-	4,078
Release of exchange reserve upon deemed disposal of an associate	14	-	-	-	184	-	184	-	184
Fair value change of financial assets at fair value through other comprehensive income, net of tax	-	-	-	(7,760)	-	-	(7,760)	-	(7,760)
Total comprehensive income/(loss) for the period	-	-	-	(7,760)	3,005	41,057	36,302	-	36,302
Balance at 30 June 2019 (unaudited)	<u>58,000</u>	<u>362,134</u>	<u>-</u>	<u>(41,179)</u>	<u>(3,563)</u>	<u>118,703</u>	<u>494,095</u>	<u>2</u>	<u>494,097</u>

The notes on pages 22 to 44 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
<i>Note</i>	2019 HKD'000 (unaudited)	2018 HKD'000 (unaudited)
Net cash used in operating activities	(18,658)	(38,233)
Investing activities		
Purchase of property, plant and equipment	(34)	(4,260)
Purchase of financial assets at fair value through other comprehensive income	–	(119,187)
Deposits paid for acquisition of a subsidiary	–	(7,163)
Acquisition of an associate	–	(10,000)
Net cash outflows arising on disposal of subsidiaries	5(a),(b) (7,940)	–
Proceeds from disposal of assets classified as held for sale	–	34,560
Other investing cash flows	5,272	1,773
Net cash used in investing activities	(2,702)	(104,277)
Financing activities		
Proceeds from new loans	191,183	348,222
Repayment of loans	(181,360)	(387,446)
Increase in margin loans payable	–	20,997
Other financing cash flows	(2,040)	(6,314)
Net cash generated from/(used in) financing activities	7,783	(24,541)
Net decrease in cash and cash equivalents	(13,577)	(167,051)
Cash and cash equivalents at beginning of the period	121,287	516,028
Effect of foreign exchange rate changes	2,742	(5,198)
Cash and cash equivalents at end of the period	110,452	343,779
Analysis of cash and cash equivalents:		
Cash and cash equivalents in the condensed consolidated statement of financial position	110,452	363,421
Bank overdraft	–	(19,642)
	110,452	343,779

The notes on pages 22 to 44 form part of this interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL

Pak Tak International Limited (the “**Company**”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. On 11 April 2019, the principal office in Hong Kong was changed from Office Nos 2 and 3, 22nd Floor, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong to Unit 1902, 19/F, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong

The Company is an investment holding company. Its subsidiaries are principally engaged in money lending, leasing business, property investment and consultancy, securities investment and supply chain business.

2. BASIS OF PRESENTATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange, including compliance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This condensed interim financial information should be read in conjunction with the Company’s annual consolidated financial statements for the year ended 31 December 2018 which has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 31 December 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 below in Note 3.

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

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new HKFRSs, HKFRS 16 “Leases” and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS16 “Leases”, none of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 “Leases”

HKFRS 16 replaces HKAS 17 “Leases”, and the related interpretations, HK(IFRIC) 4 “Determining whether an arrangement contains a lease”, HK(SIC) 15 “Operating leases - incentives”, and HK(SIC) 27 “Evaluation the substance of transactions involving the legal form of a lease”. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“**short-term leases**”) and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transaction options applied are set out below:

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) *Changes in the accounting policies*

(i) *New definition of a lease*

The change in the definition of a lease mainly related to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before January 2019, the Group has used the transitional practical expedient to grandfather that previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continued to be accounted for as executory contracts.

(ii) *Lease accounting*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) *Changes in the accounting policies (Continued)*

(ii) *Lease accounting (Continued)*

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) *Leasehold investment property*

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and / or for capital appreciation ("**leasehold investment properties**"). The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40 "Investment properties", to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be carried at fair value.

(iv) *Lessor accounting*

In addition to leasing out the investment properties referred to in paragraph (a)(iii) above, the Group leases out a number of items of machineries and motor vehicles as the lessor of finance leases. The accounting policies to the Group as a lessor remain substantially unchanged from those currently under HKAS 17.

(b) *Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies*

Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) *Transitional impact*

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) Transitional impact (Continued)

- (i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019.

The following table reconciles the operating lease commitments as disclosed in note 33 to the Company's consolidated financial statements as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 HKD'000
Operating lease commitments at 31 December 2018	4,223
Less: commitment relating to leases exempt from capitalisation: – short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(4,223)
Total lease liabilities recognised at 1 January 2019	–

4. SEGMENT REPORTING

The chief operating decision-maker (“**CODM**”) has been identified as the executive directors of the Company. The CODM reviews the Group's internal reporting for purpose of allocating resources to, and assessing the performance of, the Group's various businesses.

The Group is organised into business units based on their products and services and has six reportable operating segments under HKFRS 8 “Operating Segments” which were as follows:

- (i) Supply chain business;
- (ii) Leasing business;
- (iii) Property investment and consultancy;
- (iv) Money lending business;
- (v) Securities investment; and
- (vi) Manufacturing and trading of garment (discontinued).

After the disposal of subsidiaries as described in Note 5(a), the manufacturing and trading of garment was discontinued from 31 May 2019.

The Group's operations are monitored with strategic decisions which are made on the basis of operating results, consolidated assets and liabilities as reflected in the condensed consolidated financial statements. During the period, the Group renames one of the segments, namely, general trading to supply chain business in order to reflect the nature of this segment more appropriately. There is no change in comparative figures as a result of the change in name of this segment.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

4. SEGMENT REPORTING (Continued)

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

	Continuing operations					Discontinued operation		Total HKD'000
	Supply chain business HKD'000	Leasing business HKD'000	Property investment and consultancy HKD'000	Money lending business HKD'000	Securities investment HKD'000	Subtotal HKD'000	Manufacturing and trading of garment HKD'000	
Six months ended 30 June 2019 (unaudited)								
Revenue from external customers	421,725	3,570	2,271	4,114	-	431,680	62,743	494,423
Segment result	6,615	842	10,061	527	77	18,122	25,311	43,433
Reconciliation:								
Share of results of an associate								7,939
Interest income								199
Other revenue and other net gains								6,193
Corporate and other unallocated expenses								(2,983)
Finance costs								(7,308)
Profit before taxation								47,473
Income tax expense								(6,416)
Profit for the period								41,057

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

4. SEGMENT REPORTING (Continued)

Six months ended 30 June 2018 (unaudited)	Continuing operations					Discontinued operation		Total HKD'000
	Supply chain business HKD'000	Leasing business HKD'000	Property investment and consultancy HKD'000	Money lending business HKD'000	Securities investment HKD'000	Subtotal HKD'000	Manufacturing and trading of garment HKD'000	
Revenue from external customers	350,235	4,190	2,297	3,764	2,913	363,399	98,126	461,525
Segment result	(1,462)	2,450	7,299	1,770	6,401	16,458	(5,596)	10,862
Reconciliation:								
Interest income								306
Other revenue and other net gains								2,566
Corporate and other unallocated expenses								(3,048)
Finance costs								(3,797)
Profit before taxation								6,889
Income tax expense								(6,698)
Profit for the period								191

The Group's revenue from external customers by geographical market is as follows:

	Six months ended 30 June	
	2019 HKD'000	2018 HKD'000 (restated)
Continuing operations		
Asia	431,680	363,399
Discontinued operation		
United States of America ("U.S.A.")	47,687	63,024
Europe	6,191	16,434
Asia	5,058	13,005
Others	3,807	5,663
	62,743	98,126
Total	494,423	461,525

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

4. SEGMENT REPORTING (Continued)

The Group's revenue from external customers by recognition is as follows:

	Six months ended 30 June	
	2019 HKD'000	2018 HKD'000
Continuing operations		
A point in time	424,125	353,148
Over time	7,555	10,251
	431,680	363,399
Discontinued operation		
A point in time	62,735	97,642
Over time	8	484
	62,743	98,126
Total	494,423	461,525

5. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

- (a) On 31 May 2019, the Group entered into a share transfer agreement (the "**Share Transfer Agreement**") with a purchaser pursuant to which the Group has agreed to dispose of the entire issued share capital of Mega Grade Holdings Limited ("**Mega Grade**") and its subsidiaries (collectively, the "**Mega Grade Group**") which was principally engaged in manufacturing and trading of garment business for a cash consideration of RMB10,000 (equivalent to HKD11,364) to the purchaser (the "**Disposal**"). Completion of the Disposal under the Share Transfer Agreement took place on 31 May 2019 on which date control of the Mega Grade Group was passed to the purchaser. After the completion of the Disposal, the Mega Grade Group ceased to be subsidiaries of the Company; and the assets, liabilities and financial results of the Mega Grade Group are no longer consolidated in the condensed consolidated financial statements of the Group. Details of the Disposal was set out in the announcement of the Company dated 31 May 2019.

The results from the discontinued manufacturing and trading of garment for the current and preceding interim periods are analysed below.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

5. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES (Continued)

(a) (Continued)

Results of discontinued operation

	1 January to 31 May 2019 HKD'000 (unaudited)	1 January to 30 June 2018 HKD'000 (unaudited)
Revenue	62,743	98,126
Direct costs and operating expenses	(65,521)	(93,712)
Other revenue	1,315	2,453
Other net gains	259	1,070
Administrative expenses	(6,515)	(1,969)
Selling expenses	(1,279)	(10,470)
Loss from operations	(8,998)	(4,502)
Finance costs	(1,092)	(742)
Loss before taxation	(10,090)	(5,244)
Income tax expense	(2,764)	(4,697)
Results from operating activities, net of tax	(12,854)	(9,941)
Gain on sales of discontinued operation	35,884	–
Profit/(loss) from discontinued operation for the period, net of tax	23,030	(9,941)

The net cash inflows/(outflows) incurred by discontinued operation

	1 January to 31 May 2019 HKD'000 (unaudited)	1 January to 30 June 2018 HKD'000 (unaudited)
Net cash used in operating activities	(17,714)	(52,276)
Net cash generated from/(used in) investing activities	74	(2,509)
Net cash generated from financing activities	18,032	53,819
Net cash inflows/(outflows)	392	(966)

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

5. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES (Continued)

(a) (Continued)

Disposal of subsidiaries

The net liabilities of those disposed subsidiaries at the date of disposal were as follows:

	<i>HKD'000</i> (unaudited)
Net liabilities disposed of:	
Property, plant and equipment	10,694
Deferred tax assets	2,035
Inventories	46,910
Trade receivables	12,836
Other receivables, prepayments and deposits	12,412
Cash and cash equivalents	9,901
Trade payables	(14,178)
Other payables and accrued charges	(50,136)
Borrowings and overdraft	(56,755)
Provision and other accrued charges	(13,670)
	<hr/>
Net liabilities	(39,951)
	<hr/>
Consideration received:	
Cash received	11
Add: net liabilities disposed of	39,951
Release of exchange reserve upon completion of the Disposal	(4,078)
	<hr/>
Gain on disposal of subsidiaries	35,884
	<hr/>
Outflows of cash arising from disposal of subsidiaries:	
Consideration received in cash	11
Cash and cash equivalents in subsidiaries disposed of	(9,901)
	<hr/>
Net cash outflows from disposal of subsidiaries	(9,890)
	<hr/>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

5. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES (Continued)

- (b) On 2 January 2019, the Group entered into a sale and purchase agreement with a purchaser to dispose of the entire issued share capital of Ample Colour Investments Limited and its subsidiaries (the “**Ample Group**”) at a cash consideration of HKD2,000,000 to the purchaser. The principal activities of Ample Group are investment holdings and engaged in the provision of administrative service to the Group. The disposal was completed on 2 January 2019. An analysis of the net assets of Ample Group and its subsidiaries disposed of is as follows:

	<i>HKD'000</i> (unaudited)
Net assets disposed of:	
Property, plant and equipment	1,169
Other receivables, prepayments and deposits	34
Cash and cash equivalents	50
Other payables and accrued charges	(11)
	<hr/>
Net assets	1,242
	<hr/>
Consideration received:	
Cash received	2,000
Less: net assets disposed of	(1,242)
	<hr/>
Gain on disposal of subsidiaries	758
	<hr/>
Inflows of cash arising from disposal of subsidiaries:	
Consideration received in cash	2,000
Cash and cash equivalents in subsidiaries disposed of	(50)
	<hr/>
Net cash inflows from disposal of subsidiaries	1,950
	<hr/>

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

6. OTHER REVENUE AND OTHER NET (LOSSES)/GAINS

	Six months ended	
	30 June	
	2019	2018
	HKD'000	<i>HKD'000</i>
	(unaudited)	(unaudited)
		(restated)
Other revenue		
Dividend income	5,272	77
Interest income	199	279
Sundry	–	1
	<u>5,471</u>	<u>357</u>
Other net (losses)/gains		
Exchange loss, net	–	(64)
Gain on disposal of assets classified as held for sale	–	1,560
Gain on disposal of subsidiaries (see Note 5(b))	758	–
Loss on deemed disposal of an associate (see Note 14)	(1,411)	–
Fair value change of financial assets at fair value through profit or loss	77	5,643
	<u>(576)</u>	<u>7,139</u>

7. PROFIT FROM OPERATIONS

	Six months ended	
	30 June	
	2019	2018
	HKD'000	<i>HKD'000</i>
	(unaudited)	(unaudited)
		(restated)
Profit from operations has been arrived at after charging:		
Depreciation on property, plant and equipment	<u>1,042</u>	<u>397</u>

8. FINANCE COSTS

The finance costs represent interests on bond, bank loans, other borrowings and overdraft for the respective period.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

9. INCOME TAX EXPENSE

	Six months ended	
	30 June	
	2019	2018
	HKD'000	<i>HKD'000</i>
	(unaudited)	(unaudited)
		(restated)
Current tax		
— Hong Kong	51	868
— The People's Republic of China (the "PRC")	1,559	37
	1,610	905
Deferred tax		
— Hong Kong	15	(234)
— The PRC	2,027	1,330
	2,042	1,096
Income tax expense	3,652	2,001

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2019 and 30 June 2018.

The subsidiaries in the PRC are subject to a corporation income tax rate of 25%. Provision for income tax has been made by the Company's subsidiaries for the six months ended 30 June 2019 and 30 June 2018.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

10. EARNINGS PER SHARE

The diluted earnings per share for the six months ended 30 June 2019 and 30 June 2018 was the same as the basic earnings per share. The computation of diluted earnings per share does not assume the exercise of the Company's warrants because the exercise price of those warrants was higher than the average market price of the shares for the six months ended 30 June 2018. There is no impact on the diluted earnings per share for the six months ended 30 June 2019 as all of the Company's warrant had expired on 27 August 2018.

Basic earnings per share is calculated by dividing the earnings attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue during the interim period.

	Six months ended 30 June	
	2019 HKD'000 (unaudited)	2018 HKD'000 (unaudited)
Earnings		
Profit attributable to equity shareholders of the Company		
— From continuing operations	18,027	10,133
— From discontinued operation	23,030	(9,941)
	<u>41,057</u>	<u>192</u>
Number of shares	'000	'000
Weighted average number of ordinary shares in issue	<u>2,900,000</u>	<u>2,900,000</u>

Basic earnings are the same as the diluted earnings per share as the Company has no dilutive potential shares.

11. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: HKDNil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired property, plant and equipment at a cost of HKD34,000 (six months ended 30 June 2018: HKD4,260,000).

Assets with a carrying amount of HKD11,863,000 were disposed of as part of the discontinued operation (see Note 5).

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

13. INVESTMENT PROPERTIES

	At 30 June 2019 HKD'000 (unaudited)	At 31 December 2018 HKD'000 (audited)
At the beginning of the period/year	186,683	191,677
Exchange realignment	(455)	(10,107)
Fair value gain	8,110	5,113
	<u>194,338</u>	<u>186,683</u>

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties are situated in the PRC and are held under a medium-term lease.

At 30 June 2019, the Group's investment properties with an aggregate carrying amount of HKD194,338,000 (31 December 2018: HKD186,683,000), were pledged to bank for bank loans granted to the Group (Note 22(a)).

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties is measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair value measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair value of the Group's investment properties at 30 June 2019 has been arrived at on the basis of valuation by 深圳市國正信資產評估土地房地產估價有限公司 (31 December 2018: 深圳市遂興房地產評估有限公司), an independent qualified professional valuer not connected with the Group.

The valuation of the Group's investment properties at 30 June 2019 and 31 December 2018 are derived by recent comparable sales transactions in the relevant property market in the PRC together with unobservable inputs and are therefore grouped into Level 3 of fair value measurement. During the reporting period, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

13. INVESTMENT PROPERTIES (Continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	At 30 June 2019 HKD'000 (unaudited)	At 31 December 2018 HKD'000 (audited)
At the beginning of the period/year	186,683	191,677
Exchange realignment	(455)	(10,107)
Fair value gain	8,110	5,113
	<u>194,338</u>	<u>186,683</u>

14. INVESTMENT IN AN ASSOCIATE

	At 30 June 2019 HKD'000 (unaudited)	At 31 December 2018 HKD'000 (audited)
Share of net assets other than goodwill	135,466	127,472
Goodwill	36,443	36,443
Loss on deemed disposal	(1,411)	–
Release of exchange reserve upon deemed disposal of an associate	184	–
Transfer to unlisted equity investment at fair value through other comprehensive income (see Note 15)	(170,682)	–
	<u>–</u>	<u>163,915</u>

On 3 June 2018, Hua Tong Group Limited, a direct wholly-owned subsidiary of the Company, has acquired 28% of issued share capital in the Golden Affluent Limited (“**Golden Affluent**”), for a cash consideration of HKD168,200,000 from an independent third party. The acquisition was completed on 29 June 2018.

Golden Affluent is incorporated in the British Virgin Island with limited liability and principally engaged in investment holding and its subsidiaries are engaged in the provision of financial and bullion services in Hong Kong and private investment management services in the PRC.

The investment in an associate is accounted for using equity method in the condensed consolidated financial statements.

At 31 December 2018, the Group held 28% shareholding interest in Golden Affluent and accounted for the investment as an associate. On 28 June 2019, Golden Affluent allotted and issued 23,551,034 new ordinary shares by way of placing of new shares and the Group’s shareholding interest in this associate was diluted from 28% to 19%.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

14. INVESTMENT IN AN ASSOCIATE (Continued)

As a result, the Group was deemed to have disposed of 9% shareholding interest in Golden Affluent and ceased to have significant influence over Golden Affluent. The Group has then accounted for the remaining 19% shareholding interest in Golden Affluent as financial asset at fair value through other comprehensive income whose fair value at the date of deemed disposal was approximately HKD 170,682,000. The deemed disposal has resulted in the recognition of a loss on deemed disposal in the profit or loss, calculated as follows:

	<i>HKD'000</i> (unaudited)
Fair value of 19% shareholding interest in Golden Affluent on the date of loss of significant influence	170,682
Less: Carrying amount of 28% shareholding interest in Golden Affluent on the date of loss of significant influence	(171,909)
Release of exchange reserve upon deemed disposal	(184)
	<hr/>
Loss on deemed disposal	(1,411)
	<hr/>

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2019 HKD'000 (unaudited)	At 31 December 2018 HKD'000 (audited)
Financial assets at fair value through other comprehensive income ("FVOCI")		
— Listed equity securities in Hong Kong	78,008	85,768
— Unlisted equity securities in Hong Kong (Note)	170,682	—
	<hr/> 248,690 <hr/>	<hr/> 85,768 <hr/>

Note: The unlisted equity securities are shares in Golden Affluent. The Group re-designated its investment in Golden Affluent at FVOCI (non-recycling) as the investment is held for strategic purposes.

Changes in fair value of the above equity securities are recognised in other comprehensive income and accumulated within the financial assets at FVOCI reserve within equity. The Group transfers amounts from this reserve to retained profits when the relevant equity securities are derecognised.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

16. FINANCE LEASE RECEIVABLES

	At 30 June 2019 HKD'000 (unaudited)	At 31 December 2018 HKD'000 (audited)
Non-current finance lease receivables	17,888	19,969
Current finance lease receivables	<u>30,557</u>	<u>30,286</u>
	<u>48,445</u>	<u>50,255</u>

The total minimum lease payments receivable under finance leases and their present values are as follows:

	Minimum lease payments receivable		Present value of minimum lease payments	
	At 30 June 2019 HKD'000 (unaudited)	At 31 December 2018 HKD'000 (audited)	At 30 June 2019 HKD'000 (unaudited)	At 31 December 2018 HKD'000 (audited)
Within one year	35,052	34,318	30,557	30,286
Later than one year and not later than five years	<u>18,227</u>	<u>20,108</u>	<u>17,888</u>	<u>19,969</u>
	53,279	54,426	48,445	50,255
Less: Unearned interest income	<u>(4,834)</u>	<u>(4,171)</u>	<u>-</u>	<u>-</u>
Present value of minimum lease payments receivable	<u>48,445</u>	<u>50,255</u>	<u>48,445</u>	<u>50,255</u>

Certain motor vehicles and machineries are leased out under finance leases with lease terms of 36 months to 48 months (31 December 2018: 36 to 48 months). The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is approximately 6.2% to 8% (31 December 2018: 6.2% to 8%) per annum.

Finance lease receivables are secured over the motor vehicles and machineries leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee. The finance lease receivables at 30 June 2019 and 31 December 2018 are neither past due nor impaired.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

17. TRADE RECEIVABLES

The ageing analysis of trade receivables (net of allowances) as of the end of the reporting period, based on invoice date, is as follows:

	At 30 June 2019 HKD'000 (unaudited)	At 31 December 2018 HKD'000 (audited)
Within 1 month	9,581	25,843
1 to 3 months	—	11,433
3 to 12 months	158	698
Over 12 months	—	193
	9,739	38,167

18. LOAN RECEIVABLES

The loan receivables from the money lending line of business is provided to independent third parties after a credit assessment on the borrower, bear interest ranging from 8% to 12% per annum and repayable within 1 year (31 December 2018: interest ranging from 8% to 10% per annum and repayable within 1 year).

As at 30 June 2019, loan receivables of HKD20,072,000 (31 December 2018: HKD20,016,000) were secured by the charges on certain shares of a company listed on the Main Board of the Stock Exchange held by the borrower; and loan receivables of HKD21,034,000 (31 December 2018: HKD25,099,000) were secured by the personal guarantee given by the sole director and sole shareholder of the borrower.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVPL")

	At 30 June 2019 HKD'000 (unaudited)	At 31 December 2018 HKD'000 (audited)
Held for trading investments at fair value		
— Listed equity securities in Hong Kong	287	210

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

20. TRADE PAYABLES

The ageing analysis of trade payables as of the end of the reporting period, based on invoice date, is as follows:

	At 30 June 2019 HKD'000 (unaudited)	At 31 December 2018 HKD'000 (audited)
Within 1 month	8,558	21,240
1 to 3 months	1,203	4,672
3 to 12 months	1,017	352
Over 12 months	–	72
	<u>10,778</u>	<u>26,336</u>

21. BOND

The bond carries fixed coupon rate of 5% per annum and is repayable within 12 months from the date of issue, which is 24 July 2018. Subsequent to 30 June 2019, the bond has fully repaid in July 2019.

Transaction cost of placing commission of 4% of the principal amount of bond is incurred and amortised over the expected life of the bond.

22. BORROWINGS AND OVERDRAFT

	At 30 June 2019 HKD'000 (unaudited)	At 31 December 2018 HKD'000 (audited)
Bank loans, secured (Note (a))	48,354	95,182
Bank overdraft (Note (a))	–	17,117
Other borrowings, secured (Note (b))	113,670	–
Other borrowings, unsecured (Note (b))	–	113,860
	<u>162,024</u>	<u>226,159</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

22. BORROWINGS AND OVERDRAFT (Continued)

The maturity profile of borrowings and overdraft, based on the scheduled repayment dates set out in relevant loan agreements, is as follows:

	At 30 June 2019 HKD'000 (unaudited)	At 31 December 2018 HKD'000 (audited)
Within 1 year	118,191	179,951
After 1 year but within 2 years	4,831	4,678
After 2 years but within 5 years	39,002	41,530
	162,024	226,159
Less: Amount due within one year or repayable on demand classified as current liabilities	(118,191)	(179,951)
	43,833	46,208

Notes:

- (a) At 30 June 2019, bank loan of HKD48,354,000 (31 December 2018: HKD50,602,000) was secured by investment properties of the Group.

At 31 December 2018, bank loans of HKD44,580,000 were secured by corporate guarantee from the Company, legal charges on leasehold properties of companies controlled by and personal guarantees from Mr. Cheng Kwai Chun ("Mr. Cheng"), a director of a wholly owned subsidiary of the Company. Bank overdraft of HKD17,117,000 was secured by legal charge on certain assets of Mr. Cheng.

- (b) Other borrowings are obtained from independent third parties. At 30 June 2019, other borrowings amount of HKD113,670,000 were secured by corporate guarantee from the Company, interest-bearing at 8% per annum and repayable within 1 year.

At 31 December 2018, other borrowings were obtained from independent third parties. Amount of HKD113,860,000 was unsecured, interest-bearing at 4.35% per annum and repayable within 1 year.

23. CAPITAL AND RESERVES

On 27 August 2015, the Company issued 283,000,000 unlisted warrants at HKD0.02 each to six independent third parties raising HKD5,490,000 in net. The warrants entitled the holders to subscribe for 283,000,000 ordinary shares of the Company at a subscription price of HKD3.00 each at any time during a period of 36 months commencing from the date of issue of the warrants. On 27 August 2018, all the unlisted warrants had expired and no subscription rights attached to these warrants were exercised and the warrant reserve was released to retained profits accordingly.

24. PLEDGE OF ASSETS

At 30 June 2019, the investment properties of the Group with carrying amount of approximately HKD194,338,000 (31 December 2018: approximately HKD186,683,000) have been pledged to secure a bank loan granted to the Group.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

25. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2019 HKD'000 (unaudited)	2018 HKD'000 (unaudited)
Salaries, allowances and other benefits	2,705	2,651
Contributions to defined contribution retirement plan	102	63
	<u>2,807</u>	<u>2,714</u>

(b) Financing arrangements

At 31 December 2018, certain general banking facilities totaling HKD75,000,000 were secured by legal charges on leasehold properties of companies controlled by Mr. Cheng, the director and legal representative of certain subsidiaries of the Company, legal charges on certain assets of Mr. Cheng and personal guarantees from Mr. Cheng. At 31 December 2018, these facilities were utilised by the Group to the extent of HKD61,677,000.

(c) Other related party transactions

The Group also entered into the following material related party transactions during the period:

Related parties	Nature of transactions	Six months ended 30 June	
		2019 HKD'000 (unaudited)	2018 HKD'000 (unaudited)
Companies in which Mr. Cheng has interests or significant influence	Sales of goods	499	952
	Rental and other income received	139	149
	Overdue interest income	–	21
	License fee paid	376	451
	Rental expenses paid	1,600	1,920

Trade receivables at 30 June 2019 included amounts of HKDNil (31 December 2018: HKD367,000) which were due from the above related parties.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table represents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair value measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value measurements as at 30 June 2019 categorised into			Fair value measurements as at 31 December 2018 categorised into	
	Fair value at 30 June 2019 HKD'000	Level 1 HKD'000	Level 3 HKD'000	Fair value at 31 December 2018 HKD'000	Level 1 HKD'000
Recurring fair value measurements					
Assets:					
Financial assets measured at FVOCI					
- Listed equity securities	78,008	78,008	-	85,768	85,768
- Unlisted equity securities	170,682	-	170,682	-	-
Financial assets measured at FVPL					
- Listed equity securities	287	287	-	210	210

During the six months end 30 June 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2018: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

The fair value of unquoted equity investments is determined using the income approach, in this approach, the discounted cash flows method was used to capture the present value of the expected future economic benefits to be derived from the equity ownership of these unlisted securities.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial assets and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements (Continued)

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	Six months ended	
	30 June	
	2019	2018
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Unquoted equity investments:		
At 1 January	–	–
Transferred from investment in an associate	170,682	–
	<hr/>	<hr/>
At 30 June	170,682	–

27. ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions including unobservable inputs. In relying on the valuation report, the directors of the Company have exercised their judgments and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of fair value gain or loss that would be recognised in profit or loss. Details of these are set out in Note 13.

28. COMPARATIVE FIGURES

Certain comparative figures have been restated as a result of the discontinued operation per Note 5 in order to conform with the current period's presentation.