

# SUNWAH KINGSWAY 新華滙富

**Sunwah Kingsway Capital Holdings Limited**  
新華滙富金融控股有限公司

Incorporated in Bermuda with limited liability

Stock Code: 00188



## In Pursuit of Quality




Interim Report

# 2019/20

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Sunwah Kingsway is committed to the core values of integrity, teamwork, respect, responsibility and the pursuit of excellence.

*We believe that successful companies are built on these core values, the same ones that align and guide our thinking and actions in every area of our business. Our established core values have served our Group well and will continue to guide our growth into the future.*

# Corporate Information

## GENERAL INFORMATION

### CHAIRMAN

Jonathan Koon Shum Choi

### EXECUTIVE DIRECTOR

Michael Koon Ming Choi (*Chief Executive Officer*)

### NON-EXECUTIVE DIRECTORS

Janice Wing Kum Kwan

Lee G. Lam

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Robert Tsai To Sze

Elizabeth Law

Huanfei Guan

## LEGAL ADVISORS TO THE COMPANY

*As to Hong Kong Law:*

MinterEllison

Level 32

Wu Chung House

213 Queen's Road East, Hong Kong

*As to Bermuda Law:*

Conyers Dill & Pearman

2901 One Exchange Square,

8 Connaught Place, Central, Hong Kong

## AUDITOR

Ernst & Young

22/F, CITIC Tower

1 Tim Mei Avenue

Central, Hong Kong

## REGISTERED OFFICE

Clarendon House,

2 Church Street,

Hamilton HM 11, Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

7th Floor, Tower One, Lippo Centre

89 Queensway, Hong Kong

## COMPANY SECRETARY

Vincent Wai Shun Lai

## AUTHORISED REPRESENTATIVES

Michael Koon Ming Choi

Vincent Wai Shun Lai

## BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

4th Floor, North Cedar House,

41 Cedar Avenue,

Hamilton HM 12, Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Room 1712-1716, 17th Floor,

Hopewell Centre, 183 Queen's Road East,

Hong Kong

## PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited

Bank of China (Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

Industrial and Commercial Bank of China (Asia) Limited

## COMPOSITION OF BOARD COMMITTEES

### AUDIT COMMITTEE

Robert Tsai To Sze (*Chairman*)

Elizabeth Law

Huanfei Guan

### NOMINATION COMMITTEE

Elizabeth Law (*Chairman*)

Jonathan Koon Shum Choi

Robert Tsai To Sze

Huanfei Guan

### COMPENSATION COMMITTEE

Elizabeth Law (*Chairman*)

Jonathan Koon Shum Choi

Robert Tsai To Sze

Huanfei Guan

### CORPORATE GOVERNANCE COMMITTEE

Lee G. Lam (*Chairman*)

Janice Wing Kum Kwan

Huanfei Guan

# Condensed Consolidated Income Statement

	Notes	Six months ended 31 December	
		2019 Unaudited HK\$'000	2018 Unaudited HK\$'000
<b>Revenue</b>			
Commission and fee income		29,315	51,897
Interest income arising from financial assets at amortised cost		14,817	13,628
Interest income arising from debt securities		1,944	2,423
Dividend income		768	958
Rental income		1,362	1,956
		<b>48,206</b>	70,862
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	3	8,201	(37,971)
Other income and gains or losses	3	2,718	(2,586)
Net impairment losses on financial instruments		(6,229)	(1,055)
		<b>52,896</b>	29,250
Commission expenses		(2,900)	(3,889)
General and administrative expenses		(58,346)	(64,266)
Finance costs		(1,842)	(530)
Fair value changes on investment properties		(2,107)	(1,605)
Changes on non-controlling interests in consolidated investment fund	3	472	1,499
Share of loss of associates	3	(451)	(384)
		<b>(12,278)</b>	(39,925)
<b>Loss before tax</b>	4	<b>(12,278)</b>	(39,925)
Income tax expenses	5	(974)	(1,824)
		<b>(13,252)</b>	(41,749)
<b>Loss for the period</b>		<b>(13,252)</b>	(41,749)
<b>Attributable to:</b>			
Owners of the Company		(13,253)	(41,761)
Non-controlling interests		1	12
		<b>(13,252)</b>	(41,749)
<b>Loss for the period</b>		<b>(13,252)</b>	(41,749)
<b>Basic loss per share</b>	7	<b>(0.19 HK cent)</b>	(0.61 HK cent)
<b>Diluted loss per share</b>	7	<b>(0.19 HK cent)</b>	(0.61 HK cent)

# Condensed Consolidated Statement of Comprehensive Income

	Six months ended 31 December	
	2019 Unaudited HK\$'000	2018 Unaudited HK\$'000
<b>Loss for the period</b>	<b>(13,252)</b>	<b>(41,749)</b>
<b>Other comprehensive (expense)/income:</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
(Deficit)/surplus on revaluation of land and buildings held for own use (net of tax) (note 8)	<b>(19,657)</b>	10,796
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of financial statements of overseas subsidiaries	<b>(838)</b>	(440)
Reclassification adjustment for foreign operation deregistered during the period	–	634
	<b>(838)</b>	194
<b>Other comprehensive (expense)/income for the period</b>	<b>(20,495)</b>	10,990
<b>Total comprehensive expense for the period</b>	<b>(33,747)</b>	<b>(30,759)</b>
<b>Total comprehensive (expense)/income attributable to:</b>		
Owners of the Company	<b>(33,748)</b>	(30,771)
Non-controlling interests	<b>1</b>	12
<b>Total comprehensive expense for the period</b>	<b>(33,747)</b>	<b>(30,759)</b>

# Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	<b>31 December 2019 Unaudited HK\$'000</b>	30 June 2019 Audited HK\$'000
<b>Non-current assets</b>			
Investment properties		94,107	96,214
Properties and equipment	8	387,006	417,364
Right-of-use assets		3,492	–
Intangible assets		2,051	2,051
Interests in associates		17,471	15,916
Loans to and amounts due from associates		13,047	14,901
Loan receivables	10	24,858	14,759
Other assets		7,723	22,122
Financial assets at fair value through profit or loss	9	39,584	47,009
Deferred tax assets		6,622	6,748
		<b>595,961</b>	637,084
<b>Current assets</b>			
Financial assets at fair value through profit or loss	9	240,705	186,014
Accounts, loans and other receivables	10	320,324	287,979
Bank balances and cash – trust accounts	11	351,561	667,609
Cash and cash equivalents		169,485	209,779
		<b>1,082,075</b>	1,351,381
<b>Current liabilities</b>			
Financial liabilities at fair value through profit or loss	12	24,486	6,358
Net assets attributable to holders of non-controlling interests in consolidated investment fund	13	9,040	9,512
Accruals, accounts and other payables	14	501,640	795,640
Lease liabilities		1,549	–
Contracts liabilities		34,411	31,835
Bank loan	15	35,000	20,000
Current tax liabilities		4,390	3,124
		<b>610,516</b>	866,469
<b>Net current assets</b>		<b>471,559</b>	484,912
<b>Total assets less current liabilities</b>		<b>1,067,520</b>	1,121,996
<b>Non-current liabilities</b>			
Deferred tax liabilities		33,893	39,155
Lease liabilities		2,069	–
		<b>35,962</b>	39,155
<b>NET ASSETS</b>		<b>1,031,558</b>	1,082,841
<b>CAPITAL AND RESERVES</b>			
Share capital		70,145	70,145
Reserves		961,347	1,012,631
<b>Equity attributable to owners of the Company</b>		<b>1,031,492</b>	1,082,776
<b>Non-controlling interests</b>		<b>66</b>	65
<b>TOTAL EQUITY</b>		<b>1,031,558</b>	1,082,841

# Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Capital reserve on consolidation HK\$'000	Exchange reserve HK\$'000	Properties revaluation reserve HK\$'000	Investments revaluation reserve HK\$'000	Retained profit/(Accumulated losses) HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 July 2019	70,145	359,075	39,800	63,392	(1,701)	232,684	-	319,381	65	1,082,841
(Loss)/profit for the period	-	-	-	-	-	-	-	(13,253)	1	(13,252)
Exchange differences arising on translation of financial statements of overseas subsidiaries	-	-	-	-	(838)	-	-	-	-	(838)
Deficit on revaluation of land and buildings held for own use	-	-	-	-	-	(19,657)	-	-	-	(19,657)
Total comprehensive (expense)/income for the period	-	-	-	-	(838)	(19,657)	-	(13,253)	1	(33,747)
2019 final dividend payable (note 6)	-	-	-	-	-	-	-	(17,536)	-	(17,536)
At 31 December 2019	70,145	359,075	39,800	63,392	(2,539)	213,027	-	288,592	66	1,031,558
At 1 July 2018	690,163	353,524	39,800	63,392	(1,605)	208,386	1,428	(190,966)	186	1,164,308
Impact on adopting new accounting standards	-	-	-	-	-	-	(1,428)	(43,244)	-	(44,672)
At 1 July 2018 (restated)	690,163	353,524	39,800	63,392	(1,605)	208,386	-	(234,210)	186	1,119,636
(Loss)/profit for the period	-	-	-	-	-	-	-	(41,761)	12	(41,749)
Exchange differences arising on translation of financial statements of overseas subsidiaries	-	-	-	-	(440)	-	-	-	-	(440)
Reclassification adjustment for foreign operation deregistered during the period	-	-	-	-	634	-	-	-	-	634
Surplus on revaluation of land and buildings held for own use	-	-	-	-	-	10,796	-	-	-	10,796
Total comprehensive (expense)/income for the period	-	-	-	-	194	10,796	-	(41,761)	12	(30,759)
Capital reduction	(621,147)	-	-	-	-	-	-	621,147	-	-
2018 final dividend payable (note 6)	-	-	-	-	-	-	-	(20,705)	-	(20,705)
At 31 December 2018	69,016	353,524	39,800	63,392	(1,411)	219,182	-	324,471	198	1,068,172

# Condensed Consolidated Statement of Cash Flows

	Six months ended 31 December	
	2019 Unaudited HK\$'000	2018 Unaudited HK\$'000
<b>Operating activities</b>		
Operating cash flows before changes in working capital	(13,589)	(48,916)
(Increase)/decrease in financial assets at fair value through profit or loss	(47,266)	37,696
(Increase)/decrease in accounts, loans and other receivables	(47,825)	344,767
Decrease in bank balances and cash – trust accounts	316,070	139,764
Decrease in accruals, accounts and other payables	(311,069)	(539,803)
Increase/(decrease) in contracts liabilities	2,576	(4,945)
Increase in financial liabilities at fair value through profit or loss	18,128	5,299
Other operating cash flows	14,399	5,604
Cash used in operations	(68,576)	(60,534)
Interest received	15,892	16,841
Dividend received	293	270
Interest paid	(1,797)	(532)
Interest portion of lease payments	(78)	–
Profit tax refund/(paid)	39	(877)
Net cash used in operating activities	(54,227)	(44,832)
<b>Investing activities</b>		
Payment for purchase of properties and equipment	(315)	(112)
Purchase of financial asset at fair value through profit or loss	–	(5,460)
Proceeds from disposal of financial assets at fair value through profit or loss	–	11,661
Net cash (used in)/generated from investing activities	(315)	6,089
<b>Financing activities</b>		
Proceeds from bank loans	50,000	–
Repayment of bank loans	(35,000)	–
Net investments by the holders of non-controlling interests in consolidated fund	–	2,158
Principal portion of lease payments	(752)	–
Net cash generated from financing activities	14,248	2,158
<b>Net decrease in cash and cash equivalents</b>	<b>(40,294)</b>	<b>(36,585)</b>
<b>Cash and cash equivalents at 1 July 2019/2018</b>	<b>209,779</b>	<b>230,663</b>
<b>Cash and cash equivalents at 31 December 2019/2018</b>	<b>169,485</b>	<b>194,078</b>
Represented by:		
Bank balances and cash	169,485	194,078



# Notes to Condensed Consolidated Financial Statements

## 1 Basis of preparation

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

## 2 Significant accounting policies

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties, land and buildings held for own use and financial assets/liabilities at fair value through profit or loss that are measured at revalued amounts or fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the unaudited interim condensed consolidated financial statements for the six months ended 31 December 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2019.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparing of the Group’s unaudited interim condensed consolidated financial statements.

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over income tax treatments
Amendments to HKAS 19	Plan amendment, curtailment or settlement
Amendments to HKAS 28	Long-term interests in associates and joint ventures
Amendments to HKFRS 9	Prepayment features with negative compensation
Annual Improvements to HKFRS 2015-2017 Cycle	Amendment to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Except for below, the application of the new and amendments to HKFRSs in current period has had no material effect on the Group’s financial performance and positions for the current period and prior years and/or disclosures set out in these unaudited interim condensed consolidated financial statements.

## Notes to Condensed Consolidated Financial Statements

### 2 Significant 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 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profit at 1 July 2019, and the comparative information for June 2019 and December 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 contract conveys a right to control the use of an identified asset 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 July 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 standard-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.

## 2 Significant accounting policies (Continued)

### HKFRS 16 Leases (Continued)

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

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

The Group has lease contracts for property and office equipment. 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 July 2019 were recognised based on the present value of the remaining lease payments and discounted using the incremental borrowing rate at 1 July 2019.

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 July 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 July 2019:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

## Notes to Condensed Consolidated Financial Statements

**2 Significant accounting policies (Continued)****HKFRS 16 Leases (Continued)****As a lessee – Leases previously classified as operating leases (Continued)**

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

	<b>Increase</b>
	HK\$'000
	(Unaudited)
<b>Assets</b>	
Increase in right-of-use assets	4,258
<b>Increase in total assets</b>	<b>4,258</b>
<b>Liabilities</b>	
Increase in lease liabilities	4,370
Decrease in accruals, accounts and other payables	(112)
<b>Increase in total liabilities</b>	<b>4,258</b>

The lease liabilities as at 1 July 2019 reconciled to the operating lease commitments as at 30 June 2019 is as follows:

	HK\$'000
	(Unaudited)
Operating lease commitments as at 30 June 2019	4,631
Less: Commitments relating to short-term lease and those leases with a remaining lease term ending on or before 30 June 2020	(18)
	4,613
Weighted average incremental borrowing rate as at 1 July 2019	3.83%
<b>Lease liabilities as at 1 July 2019</b>	<b>4,370</b>

## 2 Significant 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 30 June 2019 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 July 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 Condensed Consolidated Financial Statements

**2 Significant accounting policies (Continued)****HKFRS 16 Leases (Continued)****Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss**

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

	<b>Right-of-use assets</b>	<b>Lease liabilities</b>
	HK\$'000	HK\$'000
As at 1 July 2019	4,258	4,370
Depreciation expense	(766)	–
Interest expense	–	78
Payments	–	(830)
As at 31 December 2019	3,492	3,618

**Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures**

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The amendment has had no significant impact on the Group's interim condensed consolidated financial statements.

**HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments**

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The interpretation has had no significant impact on the Group's interim condensed consolidated financial statements.

## Notes to Condensed Consolidated Financial Statements

### 3 Segment information

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

	Six months ended 31 December 2019						
	Proprietary investment HK\$'000	Property investment HK\$'000	Brokerage and financing HK\$'000	Corporate finance and capital markets HK\$'000	Asset management HK\$'000	Others HK\$'000	Consolidated HK\$'000
Commission and fee income	-	-	10,612	17,813	288	602	29,315
Interest income arising from financial assets at amortised cost	482	152	13,792	386	-	5	14,817
Interest income arising from debt securities	1,944	-	-	-	-	-	1,944
Other income	768	1,362	-	-	-	-	2,130
Inter-segment revenue	5	-	485	-	558	14,356	15,404
Segment revenue	3,199	1,514	24,889	18,199	846	14,963	63,610
Net gain on financial assets and liabilities at fair value through profit or loss	8,174	-	27	-	-	-	8,201
Other income and gains or losses	2	1	3,415	2	(1)	(701)	2,718
Eliminations	(5)	-	(485)	-	(558)	(14,356)	(15,404)
	11,370	1,515	27,846	18,201	287	(94)	59,125
Segment results	(565)	(2,522)	(443)	(4,848)	(54)	(3,867)	(12,299)
Share of profit/(loss) of associates	-	159	(610)	-	-	-	(451)
Changes on non-controlling interests in consolidated investment fund	472	-	-	-	-	-	472
Loss before tax							(12,278)

## Notes to Condensed Consolidated Financial Statements

## 3 Segment information (Continued)

	Six months ended 31 December 2018						Consolidated HK\$'000
	Proprietary investment HK\$'000	Property investment HK\$'000	Brokerage and financing HK\$'000	Corporate finance and capital markets HK\$'000	Asset management HK\$'000	Others HK\$'000	
Commission and fee income	–	–	13,366	37,785	138	608	51,897
Interest income arising from financial assets							
at amortised cost	2,130	157	11,251	3	–	87	13,628
Interest income arising from debt securities	2,423	–	–	–	–	–	2,423
Other income	958	1,956	–	–	–	–	2,914
Inter-segment revenue	11	–	453	–	1,386	18,613	20,463
Segment revenue	5,522	2,113	25,070	37,788	1,524	19,308	91,325
Net loss on financial assets and liabilities							
at fair value through profit or loss	(37,946)	–	(25)	–	–	–	(37,971)
Other income and gains or losses	2	–	(270)	(43)	(4)	(2,271)	(2,586)
Eliminations	(11)	–	(453)	–	(1,386)	(18,613)	(20,463)
	(32,433)	2,113	24,322	37,745	134	(1,576)	30,305
Segment results	(42,799)	(1,432)	(471)	5,418	(832)	(924)	(41,040)
Share of profit/(loss) of associates	–	72	(456)	–	–	–	(384)
Changes on non-controlling interests							
in consolidated investment fund	1,499	–	–	–	–	–	1,499
Loss before tax							(39,925)



## Notes to Condensed Consolidated Financial Statements

### 3 Segment information (Continued)

The following illustrates the timing of recognition of the Group's revenue from contracts with customers:

	Proprietary investment HK\$'000	Property investment HK\$'000	Brokerage and financing HK\$'000	Corporate finance and capital markets HK\$'000	Asset management HK\$'000	Others HK\$'000	Total revenue HK\$'000
<b>Timing of commission and fee income recognition</b>							
<u>Six months ended 31 December 2019</u>							
Services transferred at a point in time	-	-	10,612	11,216	-	-	21,828
Services transferred over time	-	-	-	6,597	288	602	7,487
<b>Total commission and fee income</b>	<b>-</b>	<b>-</b>	<b>10,612</b>	<b>17,813</b>	<b>288</b>	<b>602</b>	<b>29,315</b>
<u>Six months ended 31 December 2018</u>							
Services transferred at a point in time	-	-	13,366	31,961	-	-	45,327
Services transferred over time	-	-	-	5,824	138	608	6,570
<b>Total commission and fee income</b>	<b>-</b>	<b>-</b>	<b>13,366</b>	<b>37,785</b>	<b>138</b>	<b>608</b>	<b>51,897</b>

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

	<b>31 December 2019 HK\$'000</b>	30 June 2019 HK\$'000
Proprietary investment	327,325	260,609
Property investment	111,677	113,382
Brokerage and financing	803,097	1,099,572
Corporate finance and capital markets	53,747	56,807
Asset management	5,241	5,211
Others	376,949	452,884
<b>Total assets</b>	<b>1,678,036</b>	<b>1,988,465</b>

## Notes to Condensed Consolidated Financial Statements

**4 Loss before tax**

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

	Six months ended 31 December	
	2019 HK\$'000	2018 HK\$'000
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		
– listed equity securities	6,262	(19,486)
– listed debt securities	(1,935)	(744)
– listed derivatives	414	4,048
– unlisted investment loan	1,238	1,671
– unlisted investment funds	2,188	(3,989)
– unlisted overseas equity securities and debt security	34	(19,471)
Interest income from		
– bank deposits	2,336	2,503
– margin and cash clients	2,274	3,583
– loans	10,131	7,523
– others	76	19
Staff costs	(37,038)	(43,352)
Operating lease charge-land and buildings	(237)	(1,567)
Depreciation	(6,131)	(5,747)
Amortisation of right-of-use assets	(766)	–
Interest expenses on		
– unsecured bank loans wholly repayable within one month and overdrafts	–	(1)
– secured bank loans wholly repayable within one year	(352)	(269)
– others	(1,412)	(260)
– lease liabilities	(78)	–
Exchange loss (net)	(679)	(1,967)

## Notes to Condensed Consolidated Financial Statements

## 5 Income tax in the condensed consolidated income statement

	Six months ended 31 December	
	2019 HK\$'000	2018 HK\$'000
Current tax		
– Hong Kong	844	1,120
– PRC	383	228
	<b>1,227</b>	1,348
Deferred tax	(253)	476
	<b>974</b>	1,824

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the current and prior periods. No tax is payable on the profits of certain subsidiaries arising in Hong Kong for the period since the estimated assessable profits of these subsidiaries of the Group of HK\$4.1 million (31 December 2018: HK\$5.9 million) are wholly set off by tax losses brought forward. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25%.

## 6 Dividends

Dividends recognised as distributions during the period

	Six months ended 31 December	
	2019 HK\$'000	2018 HK\$'000
Final dividend in respect of the previous financial year, declared and payable of 0.25 HK cent per share (2018: paid of 0.3 HK cent per share)	17,536	20,705

Subsequent to the end of the interim reporting period, at a meeting held on 14 February 2020, the directors declared an interim dividend of 0.2 HK cent per share (31 December 2018: 0.2 HK cent per share) with an aggregate amount of HK\$14,255,000 (31 December 2018: HK\$14,029,000) based on the number of shares in issue at 14 February 2020.

## Notes to Condensed Consolidated Financial Statements

**7 Loss per share**

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following:

	<b>Six months ended 31 December</b>	
	<b>2019</b> <b>HK\$'000</b>	2018 HK\$'000
<b>Loss</b>		
Loss for the purposes of basic and diluted loss per share		
Loss attributable to owners of the Company for the period	<b>(13,253)</b>	(41,761)
<b>Number of shares</b>		
Number of ordinary shares for the purpose of basic and diluted loss per share	<b>7,014,469,674</b>	6,901,631,102

**8 Properties and equipment**

As at 31 December 2019, the revaluation deficit, net of the related deferred tax, of approximately HK\$19,657,000 (31 December 2018: surplus of HK\$10,796,000) was debited (31 December 2018: credited) to the properties revaluation reserve. The fair value of the Group's land and buildings as at 31 December 2019 and 30 June 2019 has been arrived at on the basis of a valuation carried out on the respective date by RHL Appraisal Limited, an independent qualified professional valuer not connected with the Group, who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

Addition of the Group's properties and equipment amounted to HK\$315,000 for the period ended 31 December 2019 (31 December 2018: HK\$112,000).

## Notes to Condensed Consolidated Financial Statements

## 9 Financial assets at fair value through profit or loss

	<i>Notes</i>	<b>31 December 2019 HK\$'000</b>	30 June 2019 HK\$'000
Listed equity securities, at quoted price			
– in Hong Kong		<b>124,725</b>	75,278
– outside Hong Kong		<b>2,363</b>	2,402
Listed debt securities, at quoted price			
– in Hong Kong	<i>(a)</i>	<b>27,880</b>	33,939
– outside Hong Kong	<i>(a)</i>	<b>35,524</b>	35,067
Unlisted debt security		<b>187</b>	351
Overseas unlisted equity securities		<b>11,398</b>	11,200
Unlisted investment loan	<i>(b)</i>	<b>9,690</b>	8,452
Unlisted investment funds	<i>(c)</i>	<b>68,522</b>	66,334
		<b>280,289</b>	233,023
Represented by:			
Non-Current		<b>39,584</b>	47,009
Current		<b>240,705</b>	186,014
		<b>280,289</b>	233,023

*Notes:*

- (a) The Group held listed debt securities with fair value of HK\$60,341,000 as at 31 December 2019 (30 June 2019: HK\$65,972,000) which will be due in 2020 to 2024 (30 June 2019: 2020 to 2024). The Group also held listed perpetual debts with fair value of HK\$3,063,000 as at 31 December 2019 (30 June 2019: HK\$3,034,000).
- (b) The fair value is derived from unobservable inputs, including unaudited performance of underlying investments, management fee charged, performance fee charged and credit risk of borrower. Such fair value is determined with reference to the loan balance calculation statement provided by the borrower and the net asset value statements provided by the underlying invested fund as adjusted by a discount to reflect the credit risk of the borrower.
- (c) The fair value is based on the net asset value of underlying investments reported to the trustee by the administrator as of the end of the reporting period.

## Notes to Condensed Consolidated Financial Statements

## 10 Accounts, loans and other receivables

	<i>Notes</i>	<b>31 December 2019 HK\$'000</b>	30 June 2019 HK\$'000
<b>Accounts and loan receivables</b>			
Amounts due from brokers and clearing houses	<i>(a)</i>	<b>104,347</b>	93,169
Amounts due from margin clients	<i>(b)</i>	<b>33,541</b>	44,003
Amounts due from cash clients	<i>(c)</i>	<b>15,506</b>	17,056
Loan receivables	<i>(d)</i>	<b>191,268</b>	141,775
Other accounts receivable	<i>(e)</i>	<b>2,927</b>	8,453
		<b>347,589</b>	304,456
Less: Impairment losses		<b>(13,056)</b>	(9,715)
		<b>334,533</b>	294,741
Less: Non-current portion		<b>(24,858)</b>	(14,759)
		<b>309,675</b>	279,982
<b>Prepayments, deposits and other receivables</b>			
		<b>10,734</b>	8,144
Less: Impairment losses		<b>(85)</b>	(147)
		<b>10,649</b>	7,997
		<b>320,324</b>	287,979

*Notes:*

- (a) Amounts due from brokers and clearing houses are required to be settled on the settlement day determined under the relevant market practices or exchange rules.

Amounts due from brokers of HK\$29,828,000 (30 June 2019: HK\$7,625,000) was pledged as collateral for the stock borrowing transactions.

- (b) Margin clients of the brokerage division are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount to the value of securities accepted by the Group. The amounts due from margin clients are repayable on demand and bear interest at commercial rates. At 31 December 2019, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK\$218 million (30 June 2019: HK\$174 million). As at 31 December 2019 and 30 June 2019, the market value of collateral held by substantial number of the margin clients were larger than their outstanding balance. There has not been any significant changes in the quality of collateral held for margin clients. The management monitors the market value of collateral during the reviews of the adequacy of the impairment allowance. The fair value of collateral can be objectively ascertained to cover the outstanding amount of the loan balances based on quoted prices of collateral.
- (c) There are no credit terms granted to cash clients of the brokerage division except for financing of IPO subscriptions. They are required to settle their securities trading balances on the settlement day determined under the relevant market practices or exchange rules.

## Notes to Condensed Consolidated Financial Statements

**10 Accounts, loans and other receivables (Continued)**

- (d) Loan receivables comprised fixed-rate loan receivables of HK\$76 million (30 June 2019: HK\$58 million) and factoring receivables of HK\$115 million (30 June 2019: HK\$84 million), and impairment allowance of HK\$8 million (30 June 2019: HK\$6 million) as at 31 December 2019. The credit terms for loans granted by the Group's brokerage and financing division are set by management with reference to the financial background and the value and nature of collateral pledged by the borrowers. The loan receivables are secured by personal/corporate guarantee and trade receivables. The contractual maturity date of the loan receivables is normally within one year.
- (e) The Group normally allows credit periods of up to 30 days to customers, except for certain creditworthy customers with long term relationships and stable repayment patterns, where the terms are extended to a longer period.

The ageing analysis of accounts and loan receivables net of impairment losses based on date of invoice/advance/trade date/contractual maturity date is as follows:

	<b>31 December 2019 HK\$'000</b>	30 June 2019 HK\$'000
Current and within one month	<b>320,808</b>	277,866
More than one month and within three months	<b>3,454</b>	542
More than three months	<b>10,271</b>	16,333
	<b>334,533</b>	294,741

Included in the above table, loan receivables of approximately HK\$169,651,000, HK\$3,288,000 and HK\$10,104,000 (30 June 2019: HK\$118,886,000, Nil and HK\$16,300,000) were aged within one month, more than one month and within three months and more than three months respectively.

The movements in the allowance for impairment losses for the Group were as follows:

	<b>Amounts due from brokers and clearing houses HK\$'000</b>	<b>Amounts due from margin clients HK\$'000</b>	<b>Amounts due from cash clients HK\$'000</b>	<b>Loan receivables HK\$'000</b>	<b>Other accounts receivable HK\$'000</b>	<b>Total HK\$'000</b>
At 1 July 2018	37	–	497	–	–	534
Effect arising from initial application of HKFRS 9	21	21	2	1,428	115	1,587
Impairment loss recognised/(reversed)	(16)	10	16	5,161	3,159	8,330
Amounts written off as uncollectible	(37)	–	(497)	–	(202)	(736)
At 30 June 2019 and 1 July 2019	5	31	18	6,589	3,072	9,715
Impairment loss recognised	1	2,787	30	1,636	1,860	6,314
Amounts written off as uncollectible	–	–	–	–	(2,973)	(2,973)
At 31 December 2019	6	2,818	48	8,225	1,959	13,056

## Notes to Condensed Consolidated Financial Statements

**11 Bank balances and cash – trust accounts**

The Group maintains segregated clients' accounts with licensed banks to hold clients' monies arising from normal business in connection with the Group's brokerage activities. The cash held on behalf of clients is restricted and governed by the Securities and Futures (Client Money) Rules (Chapter 571I) of the laws of Hong Kong under the Securities and Futures Ordinance. The Group has recognised the corresponding clients' accounts payable to respective clients.

**12 Financial liabilities at fair value through profit or loss**

	<b>31 December 2019 HK\$'000</b>	30 June 2019 HK\$'000
Financial liabilities at fair value through profit or loss arising from short selling activities	<b>24,486</b>	6,358

Balance represented the fair value of listed equity securities from short selling activities as at 31 December 2019 and 30 June 2019.

**13 Net assets attributable to holders of non-controlling interests in consolidated investment fund**

Net assets attributable to holders of non-controlling interests in the consolidated investment fund, namely MEC Asia Fund, are reflected as a liability since they can be put back to the Group for cash. The realisation of net assets attributable to holders of non-controlling interests in investment fund cannot be predicted with accuracy since these represent the interest of non-controlling shareholders in consolidated investment fund that are subject to the actions of the non-controlling investors.

**14 Accruals, accounts and other payables**

	<b>31 December 2019 HK\$'000</b>	30 June 2019 HK\$'000
<b>Accounts payable (on demand or within one month)</b>		
Amounts due to brokers and clearing houses	5	211
Clients' accounts payable	<b>415,972</b>	712,589
Others (Note)	<b>51,189</b>	42,607
	<b>467,166</b>	755,407
Other creditors, accruals and other provisions	<b>34,474</b>	40,233
	<b>501,640</b>	795,640

Note: Other accounts payable of HK\$33,475,000 (30 June 2019: HK\$34,103,000) represents the amount of bills receivable sold with recourse.

The settlement terms of payable to brokers, clearing houses and securities trading clients from the ordinary course of business of broking in securities range from one to three days after the trade date of those transactions. Deposits exceeding the margin requirement received from clients for their trading of commodities and futures contracts are payable on demand.



## Notes to Condensed Consolidated Financial Statements

## 15 Bank loan

	<b>31 December 2019 HK\$'000</b>	30 June 2019 HK\$'000
Secured bank loan	<b>35,000</b>	20,000

The bank loan is repayable within one year (30 June 2019: one year). The term loan as at 30 June 2019 had a repayment on demand clause, hence, it was classified as a current liability. The loan is secured by the Group's land and building held for own use with fair value of approximately HK\$371 million (30 June 2019: investment property of HK\$62 million) and bear interest at 1.3% above Hong Kong Interbank Offered Rate ("HIBOR") (30 June 2018: 1.3% above HIBOR).

One of the Group's banking facilities is subject to a loan-to-value ratio. The Group is required to repay part of the bank loans to maintain the specified ratio when necessary. The Group regularly monitors its compliance with these covenants. As at 31 December 2019 and 30 June 2019, none of the covenants relating to the facilities drawn had been breached.

## 16 Commitments

### (A) COMMITMENTS UNDER OPERATING LEASES AS LESSOR

As at 31 December 2019 and 30 June 2019, the Group had future aggregate minimum lease payments receivable under non-cancellable operating leases in respect of office premises which fall due as follows:

	<b>31 December 2019 HK\$'000</b>	30 June 2019 HK\$'000
Within one year	<b>2,951</b>	2,322
Later than 1 year and not later than 5 years	<b>1,200</b>	290
	<b>4,151</b>	2,612

Leases are negotiated and rental are fixed for lease terms of 2 to 3 years. The Group does not provide an option to the lessees to purchase the leased assets at the expiry of the lease period.

### (B) OTHER COMMITMENTS

	<b>31 December 2019 HK\$'000</b>	30 June 2019 HK\$'000
Underwriting commitments for Initial Public Offering	–	40
Commitments for acquisition of unlisted equity investment	<b>8,000</b>	8,000
	<b>8,000</b>	8,040

## Notes to Condensed Consolidated Financial Statements

## 17 Contingent liabilities

During the ordinary course of business the Group is subject to threatened or actual legal proceedings brought by or on behalf of investors or other third parties, as well as legal and regulatory reviews, challenges, investigations and enforcement actions, in Hong Kong. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established to management's best estimate of the amount required at the relevant balance sheet date. In some cases it will not be possible to form a view, for example because the facts are unclear or because further time is needed properly to assess the merits of the case, and no provisions are held in relation to such matters. However, the Group does not currently expect the final outcome of any such case to have a material adverse effect on its financial position, operations or cash flows.

In the previous years, the Group placed a 130% short selling deposit, of approximately HK\$29.8 million, on a suspended security listed on the Main Board of the Stock Exchange at its Hong Kong clearing house account on behalf of its client. The Hong Kong Clearing house refunded the deposit to the Group after the delisting of the security. The Group signed a letter of indemnity on behalf of its client to Hong Kong Securities Clearing Co. Ltd. which agree to undertake all potential claims in connection with the shortfall of the shares.

## 18 Joint venture agreement

On 1 December 2016, the Group entered into a joint venture agreement with several joint venture partners to establish a joint venture company in Chongqing, the PRC. Subject to final approvals of the China Securities Regulatory Commission ("CSRC"), it is contemplated that the joint venture company will become a full-licensed securities company principally engaged in the provision of regulated securities brokerage services, securities underwriting and sponsor services, proprietary trading, securities and asset management and any other business approved by the CSRC in the PRC. Pursuant to the joint venture agreement, the Group will make a capital contribution of RMB330 million into the joint venture company, representing a 22% equity interest in the joint venture company. The transaction will be fully financed by the Group's internal resources. The joint venture agreement and the transactions were approved by the Company's shareholders at special general meeting held in February 2017. The Group received an acknowledged receipt for the application from the CSRC on 28 December 2018. The Group is providing additional information to the CSRC currently.

## 19 Related party and connected party transactions

The following is a summary of significant related party and connected party (as defined in the Listing Rules) transactions which were carried out in the normal course of the Group's business:

### (a) KEY MANAGEMENT PERSONNEL REMUNERATION

	Six months ended 31 December	
	2019 HK\$'000	2018 HK\$'000
Fees	1,200	1,200
Salaries, commission and other allowance	3,252	3,097
Retirement scheme contributions	87	82
	<b>4,539</b>	<b>4,379</b>

## 19 Related party and connected party transactions (Continued)

### (b) OTHERS

	Six months ended 31 December	
	2019 HK\$'000	2018 HK\$'000
Brokerage commission earned on securities, options, futures and commodities dealing		
– Group's directors, their close family members and their companies	55	64
Consultancy and management fees earned		
– a company controlled by a Group's director	620	620

### (c) LOANS TO ASSOCIATES

The Group provided pro-rata shareholder loans to associates for the acquisition of investment properties in Japan. As at 31 December 2019, a loan with the principal amount of HK\$6,089,000 (30 June 2019: HK\$6,089,000) is unsecured, interest bearing at 5% per annum and repayable in January 2023. The other loan with the principal amount of HK\$8,505,000 (30 June 2019: HK\$8,505,000) is unsecured, interest free and repayable in October 2024.

## 20 Financial instruments

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, price risk, foreign exchange risk and interest rate risk.

The unaudited interim condensed consolidated financial statements do not include all financial risk management information and disclosures related to the unaudited interim condensed consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 30 June 2019.

There has been no change in the risk management policies during the current six-month period.

## 21 Fair value measurements of financial instruments

*Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis*

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## Notes to Condensed Consolidated Financial Statements

## 21 Fair value measurements of financial instruments (Continued)

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31 December 2019	30 June 2019		
	HK\$'000	HK\$'000		
<u>Financial assets</u>				
Listed equity securities	127,088	77,680	Level 1	Quoted price in an active market
Listed debt securities	63,404	69,006	Level 1	Quoted price in an active market
Unlisted investment funds	68,522	66,334	Level 2	Dealing price of the fund derived from the net asset value of the investment with reference to observable quoted price of underlying investment portfolio in active markets
<u>Financial liabilities</u>				
Listed equity securities	24,486	6,358	Level 1	Quoted price in an active market
Net assets attributable to holders of non-controlling interests in consolidated investment fund	9,040	9,512	Level 2	Net asset value of underlying investments determined with reference to active market price.

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 December 2019	30 June 2019			
	HK\$'000	HK\$'000			
<u>Financial assets</u>					
Unlisted debt security	187	351	Level 3	Broker quotation	N/A
Unlisted investment loan	9,690	8,452	Level 3	Adjusted net asset value of underlying investments	Credit risk adjustment of 1.48%
Overseas unlisted equity securities	11,398	11,200	Level 3	Market approach/ Income approach	EV/EBITDA multiple 7.18x Cost of capital 18% DLOM 22%

A 10% increase in the credit risk adjustment used in isolation would result in a decrease in the fair value measurement of the unlisted investment loan of HK\$14,000, and vice versa. A 10% increase in the EV/EBITDA multiple used in isolation would result in an increase in the fair value measurement of the overseas unlisted equity securities of HK\$721,000, and vice versa. A 10% increase/decrease in the cost of capital/discount rate used in isolation would result in a decrease in the fair value measurement of the overseas unlisted equity securities of HK\$800,000 or an increase of HK\$1,100,000.

## 21 Fair value measurements of financial instruments (Continued)

There were no transfers between Levels 1, 2 and 3 in the current period. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

### *Reconciliation of Level 3 fair value measurements*

	Financial assets at fair value through profit or loss	
	31 December 2019 HK\$'000	30 June 2019 HK\$'000
Opening balance	20,003	22,609
Reclassified as financial assets at fair value through profit or loss at 1 July 2018 after the adoption of HKFRS 9	–	34,170
Total gain/(loss) in profit or loss	1,272	(24,556)
Disposal	–	(12,220)
	<b>21,275</b>	<b>20,003</b>

For the six-month period ended 31 December 2019, of the total gains or losses for the period included in profit or loss, HK\$1,272,000 (31 December 2018: HK\$18,804,000 ) is related to unrealised gain/(loss) for the period related to financial assets measured at fair value through profit or loss under Level 3 held at the end of the reporting period.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the interim condensed consolidated financial statements approximate their fair value.

### *Fair value measurement and valuation process*

The management is responsible in determining the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the financial instruments, the Group uses market-observable data to the extent it is available. In estimating the fair value of a financial asset under level 3, the Group has engaged the valuer to establish appropriate valuation technique. The management reviews the valuations bi-annually.

## 22 Key sources of estimation uncertainty

In preparing these interim condensed consolidated financial statements, management is required to exercise significant judgments in the selection and application of accounting principles, including making estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In preparing the unaudited interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended 30 June 2019.

# Management Discussion and Analysis

## THE MARKET

The unpredictable trade negotiation between China and the United States, the uncertainty of Brexit and the global economic slowdown adversely affected the global markets sentiment in 2019. In addition, the social unrest in Hong Kong brought more uncertainty to the Hong Kong market. The Hang Seng Index moved downwards from 28,543 at the end of June 2019 to 25,281 in mid-August 2019. Following the announcement of the conclusion of a tentative first phase agreement between China and the United States, the Index rebounded and closed at 28,190 at the end of December 2019. Investors had become more cautious and the market activity had since been lackluster. Budweiser Brewing Company APAC cancelled its IPO plan for raising approximately of HK\$76 billion in July 2019. The company relaunched its IPO at the end of September 2019, however, the proceeds raised was reduced to HK\$40 billion. The Hong Kong property market was also negatively affected by the ongoing anti-government protests, the increase in the unemployment rate and the economy recession. Negative growth of office rentals and higher vacancy rate were recorded in the second half year of 2019.

The Hang Seng Index closed at 28,190 at the end of December 2019, compared with 28,543 at the end of June 2019 and 25,846 at the end of December 2018. Amidst the sharp market correction in late 2018, the average monthly turnover on the Main Board and GEM Board during the six months ended 31 December 2019 (“the first half year of FY2020”) fell to HK\$1,631 billion, a decrease of 12% as compared with HK\$1,850 billion for the first half year of FY2019. The IPO market was boosted by the secondary listing of Alibaba Group Holding Limited, with fund raising amount of HK\$101 billion, during the period. Funds raised from IPOs on the Main Board in the first half year of FY2020 amounted to HK\$242 billion, as compared with HK\$234 billion for the first half year of FY2019.

## FINANCIAL HIGHLIGHTS

The Group recorded a loss after tax of HK\$13 million for the first half year of FY2020, as compared to a loss of HK\$42 million for the first half year of FY2019. After taking into account the other comprehensive expense for the period, the Group recorded a total comprehensive expense of HK\$34 million for the first half year of FY2020, as compared to an expense of HK\$31 million for FY2019. The Group recognised a revaluation deficit, net of tax, of HK\$20 million for the first half year of FY2020, as compared with a surplus of HK\$11 million for the first half year of FY2019. The deficit was mainly due to the decrease in value of the Hong Kong office owned by the Group.

Commission and fee income from our financial intermediary business was HK\$29 million for the first half year of FY2020, as compared with HK\$52 million for the first half year of FY2019. Interest income was HK\$17 million for the first half year of FY2020, as compared with HK\$16 million for the first half year of FY2019. Dividend and rental income were HK\$2 million for the first half year of FY2020, as compared with HK\$3 million for the first half year of FY2019. The Group recorded a net gain on financial assets and liabilities at fair value through profit or loss of HK\$8 million for the first half year of FY2020, as compared with a net loss of HK\$38 million for the first half year of FY2019. General and administrative expenses amounted to HK\$58 million for the first half year of FY2020, a decrease of HK\$6 million from HK\$64 million for the first half year of FY2019, which was mainly caused by the decrease in variable compensation related to the decrease in commission and fee income.

## BROKERAGE AND FINANCING

Total revenue of the division was HK\$25 million for both the first half year of FY2020 and FY2019. The average daily market turnover dropped to HK\$77 billion for the first half year of FY2020, as compared with HK\$89 billion for the first half year of FY2019.

The fixed-rate loans and factoring receivables amounted to HK\$183 million as at 31 December 2019 as compared with HK\$116 million as at 31 December 2018. Interest income from loan financing clients increased by HK\$2 million to HK\$10 million for the first half year of FY2020. The management will place more efforts in the development of the factoring business, with prudent risk management strategy.

In previous years, the Group placed a 130% short selling deposit, of approximately HK\$29.8 million, on a suspended security listed on the Main Board of the Stock Exchange at its Hong Kong clearing house account on behalf of its client. The Hong Kong clearing house refunded the deposit to the Group after the delisting of the security. The division recognised an other income of HK\$3 million for the changes in the fair value of the deposit in the first half year of FY2020. The Group signed an indemnity letter on behalf of its client to the Hong Kong Securities Clearing Co. Ltd. to undertake all potential claims in connection with the shortfall of the shares.

With the unfavourable economic situation and volatile stock market, the division provided a net impairment losses of HK\$4 million for the margin loans, fixed-rate loans and factoring receivables during the first half year of FY2020, as compared with HK\$1 million during the first half year of FY2019.

## CORPORATE FINANCE AND CAPITAL MARKETS

Total revenue of the division was HK\$18 million for the first half year of FY2020, as compared with HK\$38 million for the first half year of FY2019. The division completed one IPO project during this period. The division also advised on a number of corporate finance transactions for listed companies during the period.

Capital market remained lackluster in our target client segment and the underwriting and placement fee slightly decreased to HK\$2 million for the first half year of FY2020 from HK\$3 million for the first half year of FY2019.

## ASSET MANAGEMENT

Total revenue of the division was immaterial for the first half year of FY2020 and the first half year of FY2019. The division is now approaching several private equity funds and high net worth clients to provide assets management services to generate more revenue. The Group has contracted to acquire a 65% shareholding interest of a PRC asset management company for a consideration of CNY5 million in April 2019. The acquisition transaction is subject to, and awaiting the approval of, the PRC authorities.

## Management Discussion and Analysis

### PROPRIETARY INVESTMENT

Total revenue of the division was HK\$3 million for the first half year of FY2020, as compared with HK\$6 million for the first half year of FY2019. After including net gain or loss on disposal of financial assets and liabilities at fair value through profit or loss, total income was HK\$11 million for the first half year of FY2020, as compared to total expense of HK\$32 million for the first half year of FY2019. The market is very sensitive to the news related to the trade negotiation between the China and the United States. Hence, the Hong Kong financial market was very volatile during the first half year of FY2020. The division recognised trading gain of HK\$8 million on listed and unlisted investments for the first half year of FY2020, as compared with loss of HK\$38 million for the first half year of FY2019. The investment portfolio received interest and dividend income of HK\$3 million for the first half year of FY2020, as compared with HK\$6 million for the first half year of FY2019.

One of the investment managers adopted a long/short equity strategy to minimize the market exposure while profiting from stock gains in the long position, along with price declines in the short positions. Hence, there was an increase in short positions of the listed securities by HK\$18 million as at 31 December 2019.

As at 31 December 2019, the carrying value of the unlisted investments, listed equity securities and listed debt securities was HK\$90 million, HK\$127 million and HK\$63 million respectively (30 June 2019: HK\$86 million, HK\$78 million and HK\$69 million). The largest investment of the financial assets at fair value through profit or loss was an unlisted investment fund which accounted for approximately 1.7% of the Group's unaudited consolidated total assets as at 31 December 2019. The total assets managed by the fund manager was approximately US\$168 million as at 31 December 2019. The Directors' considered that investments with a fair value of more than 5% of the Group's consolidated total assets as significant investments.

### PROPERTY INVESTMENTS

Total revenue of the division was HK\$2 million for both the first half year of FY2020 and FY2019. The rental income received from these properties provided stable cash inflow for the division. However, the prolonged social unrest in Hong Kong has hit the retail and hospitality sectors seriously. Our retail shop at Kwun Tong was vacant for a few months during the period. Hence, there was a decrease in rental income in the first half year of FY2020.

To date, the division holds a shop and a carpark in Hong Kong and an office property in the PRC. In addition, the Group has invested in two associated companies which hold properties in Japan.

### OUTLOOK

The outbreak of transmissible disease caused by coronavirus in China and the spreading to other countries removed all the positive sentiments brought by the China-US "Phase 1" trade deal. Serious disruption to people and logistics flows resulted in heavy losses reported by the retail and hospitality industries. Health authorities around the world are racing to stop the spread of the virus. Economic activities will not return to normal until the situation is under control. The Group has always adopted a prudent management policy and very low gearing. With the experience in handling a number of financial crisis in the last two decades, management is confident that the Group will prosper again after the crisis is over.



## LIQUIDITY AND FINANCIAL RESOURCES

Total assets as at the end of December 2019 were HK\$1,678 million, of which approximately 64% were current in nature. Net current assets were HK\$472 million, accounting for approximately 46% of the net assets of the Group as at end of December 2019. The Group had cash and cash equivalents of HK\$169 million as at end of December 2019, which was mainly denominated in Hong Kong dollars.

The Group generally finances its daily operations from internal resources. Total secured borrowings of HK\$35 million as at the end of December 2019 were used to finance the investment portfolio of the Group. Bank loans were denominated in Hong Kong dollars and charged at floating interest rates. The Group's gearing ratio, calculated as a percentage of total borrowings over shareholder's equity, was approximately 3% as at the end of December 2019. As at 31 December 2019, the office property with carrying value of HK\$371 million was pledged to the bank as security for a banking facility.

Other than the indemnity signed to the Hong Kong Securities Clearing Co. Ltd., the Group had no other material contingent liabilities as at the end of December 2019. The Company provided corporate guarantees of HK\$260 million for banking facilities granted to its subsidiaries.

### Foreign Exchange Exposure

The Group's assets are mainly in Hong Kong and the PRC and most of the monetary assets and liabilities of the Group are denominated in HK\$. As part of our investment monitoring, financial assets denominated in foreign currencies, including equity and debt investments, are monitored on a daily basis together with the changes in market value of these investments. Financial instruments may be used as part of the overall investment strategy if deemed necessary by the investment managers. The Group operates a factoring business and purchased properties in the PRC. Taking into account all relevant macroeconomic factors and the size of assets held, the Group believes that there is no need to hedge these assets denominated in RMB. Management will monitor the situation closely and introduce suitable hedging measures if there are any material adverse changes. The Group does not have other material exposure to fluctuation in exchange rates and no hedging instruments are used.

### Risk Management

The Group's business, financial conditions and results of operations may be affected by risks and uncertainties pertaining to the Group's business. The factors explained below could cause the Group's financial conditions or results of operations to differ materially from expected or historical results. Please refer to the note "Financial instruments" on page 25 for a more detailed discussion of specific risks. There may be other risks in addition to those mentioned in the Interim Report that are unknown to the Group, or which may not be material now but could be material in the future.

The Group's results are affected by trends in the industry in which it operates, particularly, investment, brokerage, corporate finance and capital markets. Income from these operations is dependent upon the interest rates, conditions in global investment and money markets and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial conditions and results of operations.

The Group operates in highly competitive and rapidly changeable markets. New market entrants, the intensification of price competition by existing competitors, product innovation or technical advancement could adversely affect the Group's financial conditions and results of operations. When the price of securities (listed or unlisted) decreases, it will adversely affect the value of our investment portfolio.

The introduction of new legislation and rules by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Hong Kong Securities and Futures Commission and other regulatory bodies in Hong Kong and overseas may induce change in market conditions that may adversely affect the operating results of the Company.

## Management Discussion and Analysis

### Risk Management Policies and Procedures

The Group has established policies and procedures for risk management which are reviewed regularly by the management to ensure the proper monitoring and control of all major risks arising from the Group's activities. The Group's Legal and Compliance Department, together with the Finance and Accounts Department and other control committees also perform regular reviews to supplement the various internal control measures adopted by management and various divisions within the Group to ensure compliance with policies and procedures.

### Employees

As at 31 December 2019, the number of full time employees of the Group was 97 (30 June 2019: 108). Remuneration and bonus are based on performance and are reviewed annually in conjunction with the annual employee performance appraisal. It also takes into consideration the results of the division to which the employee belongs and the Group as a whole. The Group provides a full induction program and in-house training courses to all staff – particularly professionals registered with relevant regulatory bodies who must meet their mandatory continued professional training requirements. A share option scheme is available to directors, employees and consultants of the Group.

### Interim Dividend

The Board of Directors has declared an interim dividend of 0.2 HK cent per ordinary share for the six months ended 31 December 2019 (six months ended 31 December 2018: 0.2 HK cent). The dividend will be payable on Tuesday, 24 March 2020 to shareholders whose names appear on the Register of Members at the close of business on Friday, 6 March 2020.

### Closure of Register of Members

The Register of Members of the Company will be closed from Wednesday, 4 March 2020 to Friday, 6 March 2020, both days inclusive, during which period no transfers of shares will be registered. To determine entitlement to the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited (at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong), for registration not later than 4:30p.m. on Tuesday, 3 March 2020.

## Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation

As at 31 December 2019, the interests and/or short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV the Hong Kong Securities and Futures Ordinance ("SFO")), as recorded in the register maintained under Section 352 of the SFO or as notified to the Company were as follows:

### (I) INTEREST IN LONG POSITIONS OF ORDINARY SHARES OF THE COMPANY

Name of director	Type of interest	Number of ordinary shares in the Company	% of total issued shares
Dr Jonathan Koon Shum Choi*	Corporate	2,138,735,220	30.49%
Dr Jonathan Koon Shum Choi	Personal	1,451,366,706	20.69%
Mr Michael Koon Ming Choi	Personal	281,165,430	4.00%
Mr Michael Koon Ming Choi	Corporate	93,905,931	1.34%

\* Dr Jonathan Koon Shum Choi is deemed to be interested in 2,138,735,220 ordinary shares by virtue of the SFO. Such interest in shares is also set out under the section "Substantial shareholders' interests and short positions in the shares and underlying shares of the Company" shown on page 34.

Save as disclosed above, none of the directors and chief executive of the Company or any of their spouses or children under 18 years of age has interests or short positions in the shares, underlying shares or debentures of the Company and associated corporations as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Save as disclosed above, as at 31 December 2019, none of the directors and chief executive had any interests or short positions in the shares of the Company and its associated corporations as defined in the SFO, and none of the directors and chief executive or any of their spouses or children under 18 years of age had been granted any rights to subscribe for the shares of the Company, or had exercised any such rights during the period.

Save as disclosed above, at no time during the period was the Company or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors or chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or any other body corporate.

## Management Discussion and Analysis

### Substantial shareholders' interests and short positions in the shares and underlying shares of the Company

As at 31 December 2019, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests represent long positions in the shares of the Company.

	Name of shareholder	Country of incorporation	Number of ordinary shares in the Company		% of total issued shares	Note
			Direct interest	Deemed interest		
(1)	Dr Jonathan Koon Shum Choi	N/A	1,451,366,706	2,138,735,220	51.18%	(a)
(2)	World Developments Limited	British Virgin Islands	1,857,017,425	–	26.47%	(a)
(3)	Innovation Assets Limited	British Virgin Islands	–	1,857,017,425	26.47%	(a)
(4)	Sunwah International Limited ("SIL")	Bermuda	–	1,857,017,425	26.47%	(a)
(5)	Sun Wah Capital Limited	British Virgin Islands	281,717,795	1,857,017,425	30.49%	(a)
(6)	Mr Michael Koon Ming Choi	N/A	281,165,430	93,905,931	5.34%	
(7)	廣州匯垠發展投資合夥企業	PRC	356,400,000	–	5.08%	

Note:

- (a) 1,857,017,425 shares represent the same interest and are therefore duplicated amongst World Developments Limited, Innovation Assets Limited, SIL, Sun Wah Capital Limited and Dr Jonathan Koon Shum Choi. World Developments Limited is a wholly owned subsidiary of Innovation Assets Limited whose entire issued share capital is beneficially owned by SIL. Sun Wah Capital Limited beneficially owns approximately 40% of the issued share capital of SIL and therefore is deemed (by virtue of the SFO) to be interested in these 1,857,017,425 shares. Dr Jonathan Koon Shum Choi, beneficially owns or has control of more than one-third of the issued share capital of SIL and Sun Wah Capital Limited and therefore is deemed (by virtue of the SFO) to be interested in these 1,857,017,425 shares. As Dr Jonathan Koon Shum Choi beneficially owns or has control of more than one-third of the issued share capital of Sun Wah Capital Limited, he is therefore deemed (by virtue of the SFO) to be interested in 281,717,795 shares directly owned by Sun Wah Capital Limited. Ms Janice Wing Kum Kwan, the spouse of Dr Choi, is deemed (by virtue of the SFO) to be interested in all beneficial and deemed interest of Dr Jonathan Koon Shum Choi.

Save as disclosed above, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had not been notified by any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

### Corporate Governance Code

The Company has applied the principles and has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the six months ended 31 December 2019.

## Share Option Scheme

The Company has adopted a share option scheme (the “Share Option Scheme”) on 10 November 2010. The principal terms of the Share Option Scheme are summarised in the latest annual report for the year ended 30 June 2019. The main purpose of the Share Option Scheme is to provide incentives or rewards to participants for their contribution to the Group and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group.

During this period, no share option had been granted, exercised, cancelled or lapsed under the Share Option Scheme.

## Purchase, sale or redemption of shares

During the six months ended 31 December 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares.

## Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the six months period under review and they have all confirmed that they have complied with the required standard set out in the Model Code.

## Changes in Directors’ Information

The changes in the Directors’ information as required to be disclosed pursuant to Chapter 13.51B(1) of the Listing Rules are set out below:

Dr Lee G Lam

During the period, Dr Lam resigned as independent non-executive director of Glorious Sun Enterprises Limited and Hsin Chong Group Holdings Limited.

## Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the interim report and the unaudited interim condensed consolidated financial statements for the six months ended 31 December 2019. Terms of reference of the Audit Committee are available on request to shareholders of the Company. The Audit Committee is also responsible for reviewing the Group’s financial controls, risk management and internal control systems. The Audit Committee has begun to implement the above responsibilities, including without limitation, reviewing the Company’s risk relating to strategy, operation and finance and enhancing the Group’s capacity to cope with the risk associated with the business of the Group.

On behalf of the Board

**Michael Koon Ming Choi**

*Chief Executive Officer*

Hong Kong, 14 February 2020

# Independent Review Report



22/F CITIC Tower,  
1 Tim Mei Avenue,  
Central, Hong Kong

## To the board of directors of Sunwah Kingsway Capital Holdings Limited

(Incorporated in Bermuda with limited liability)

### Introduction

We have reviewed the interim financial information set out on pages 2 to 27, which comprises the condensed consolidated statement of financial position of Sunwah Kingsway Capital Holdings Limited (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2019 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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

#### Ernst & Young

*Certified Public Accountants*

Hong Kong

14 February 2020

# Directory of Licensed Subsidiaries and Affiliates

## LICENSED SUBSIDIARIES OF SUNWAH KINGSWAY CAPITAL HOLDINGS LIMITED

### **Kingsway Financial Services Group Limited**

Licensed Corporation of the Hong Kong Securities and  
Futures Commission

Exchange Participant of The Stock Exchange of Hong Kong

Broker Participant of Hong Kong Securities Clearing  
Company Limited

Exchange Participant of Hong Kong Futures Exchange

Participant of HKFE Clearing Corporation Limited

Options Trading Exchange Participant of SEHK

SEOCH Direct Clearing Participant

Lead Underwriter and Securities Broker licence for

B-Shares of Shenzhen and Shanghai Stock Exchanges  
granted by the China Securities Regulatory Commission

B-Shares Special Seat Holder of Shenzhen Stock Exchange

B-Shares Tangible Trading Seat Holder of Shanghai Stock  
Exchange

B-Shares Special Clearing Participant of China Securities

Depository and Clearing Corporation Limited –  
Shenzhen Branch

B-Shares Clearing Participant of China Securities

Depository and Clearing Corporation Limited –  
Shanghai Branch

### **Kingsway Capital Limited**

Licensed Corporation of the Hong Kong Securities and  
Futures Commission

Main Board and GEM Board Sponsor of The Stock Exchange  
of Hong Kong

### **Kingsway SW Asset Management Limited**

Licensed Corporation of the Hong Kong Securities and  
Futures Commission

### **Kingsway SW Finance Limited**

Money Lender registered with the HKSAR Government

## AFFILIATED & OVERSEAS OFFICES

### China

- Beijing Kingsway Advisory Limited  
18/F, Block 1, Henderson Centre,  
18 Jianguomenneida,  
Beijing, 100005, PRC
- Shanghai Kingsway Financial Consultancy Limited  
8/F, BEA Finance Tower,  
66 Huayuan Shiqiao Road, Pudong,  
Shanghai 200120, PRC
- Shenzhen Kingsway Financial Consultancy Limited  
701, Tower A, Aerospace Skyscraper,  
4019 Shennan Road, Futian District, Shenzhen,  
518048, PRC

**SUNWAH** KINGSWAY  
**新華滙富**

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