



New Silkroad Culturaltainment Limited 新絲路文旅有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code : 472)

For the period from 1 January 2020 to 30 June 2020



2020

INTERIM
REPORT

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Condensed Consolidated Statement of Profit or Loss

The board (the “**Board**”) of directors (the “**Directors**”) of New Silkroad Culturaltainment Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2020, together with the comparative results for the previous period as follows:

	Notes	For the six months ended	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000 (restated)
Continuing operations			
Revenue	3	49,572	114,555
Cost of revenue		(47,392)	(74,089)
Gross profit		2,180	40,466
Other revenue	5	14,585	7,020
Selling and distribution expenses		(19,924)	(15,574)
Administrative and other operating expenses		(37,520)	(40,664)
Allowance for expected credit losses		(5,400)	–
Loss from operating activities	6	(46,079)	(8,752)
Finance costs		(4,903)	(1,892)
Loss before taxation		(50,982)	(10,644)
Taxation	7	1,692	(92)
Loss for the period from continuing operations		(49,290)	(10,736)
Discontinued operations			
Loss for the period from discontinued operations, net of income tax	8	–	(94,660)
Loss for the period		(49,290)	(105,396)

Condensed Consolidated Statement of Profit or Loss

	Notes	For the six months ended	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000 (restated)
Attributable to:			
<i>Owners of the Company</i>			
Loss for the period from continuing operations		(43,489)	(9,732)
Loss for the period from discontinued operations		–	(90,674)
		(43,489)	(100,406)
<i>Non-controlling interests</i>			
Loss for the period from continuing operations		(5,801)	(1,004)
Loss for the period from discontinued operations		–	(3,986)
		(5,801)	(4,990)
		(49,290)	(105,396)
Loss per share attributable to owners of the Company from continuing and discontinued operations			
Basic and diluted	9(a)	HK(1.36) cents	HK(2.34) cents
Loss per share attributable to owners of the Company from continuing operations			
Basic and diluted	9(b)	HK(1.36) cents	HK(0.23) cent
Loss per share attributable to owners of the Company from discontinued operations			
Basic and diluted	9(c)	–	HK(2.11) cents

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the six months ended	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	(49,290)	(105,396)
Other comprehensive loss, net of income tax		
<i>Item that will not be reclassified to profit or loss:</i>		
Change in fair value of financial asset at fair value through other comprehensive income	–	(416)
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences arising from translation of foreign operations	(66,312)	(29,481)
Total comprehensive loss for the period	(115,602)	(135,293)
Attributable to:		
Owners of the Company	(98,675)	(120,111)
Non-controlling interests	(16,927)	(15,182)
	(115,602)	(135,293)

The accompanying notes form an integral part of these condensed interim financial statements.

Condensed Consolidated Statement of Financial Position

<i>Notes</i>	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
ASSETS		
Non-current assets		
	37,442	38,759
Right-of-use assets		
Property, plant and equipment	876,812	896,413
Intangible assets	430,395	448,034
Contract costs	30,647	31,303
Goodwill	14,130	14,130
Deferred tax assets	4,482	2,599
	1,393,908	1,431,238
Current assets		
	179,811	209,998
Inventories		
Stock of properties	1,619,259	1,539,538
Trade and bills receivables	20,301	21,996
Prepayments, deposits paid and other receivables	337,531	411,007
Short-term loans receivables	70	2,184
Cash and cash equivalents	172,128	266,197
	2,329,100	2,450,920
Total assets	3,723,008	3,882,158
EQUITY		
Capital and reserves attributable to owners of the Company		
	32,076	32,076
Share capital		
Reserves	1,577,748	1,676,423
	1,609,824	1,708,499
Non-controlling interests	374,352	391,279
Total equity	1,984,176	2,099,778

Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		96,284	100,151
Loan from an immediate holding company		25,079	24,906
Loan from a non-controlling shareholder of a subsidiary		100,889	101,969
Net defined benefits liabilities		4,231	7,722
Lease liabilities		26,987	27,964
Bank and other borrowings – due after one year		1,322,583	1,255,303
		1,576,053	1,518,015
Current liabilities			
Trade payables	14	24,144	46,018
Accruals and other payables		109,646	123,936
Contingent consideration payable		–	45,246
Contract liabilities		16,783	35,666
Amounts due to related parties		7,498	7,127
Deferred revenue		85	134
Lease liabilities		3,990	3,606
Tax payables		633	2,632
		162,779	264,365
Total liabilities		1,738,832	1,782,380
Total equity and liabilities		3,723,008	3,882,158
Net current assets		2,166,321	2,186,555
Total assets less current liabilities		3,560,229	3,617,793

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The accompanying notes form an integral part of these condensed interim financial statements.

Condensed Consolidated Statement of Changes in Equity

Attributable to owners of the Company

	Share capital	Share premium	Share option reserve	Translation reserve	Statutory reserve	Merger reserve	Other reserve	Fair value through other comprehensive income revaluation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019 (audited)	42,936	3,046,770	51,887	18,634	35,949	(203,631)	(27,843)	1,716	(262,176)	2,704,242	628,010	3,332,252
Total comprehensive loss for the period	-	-	-	(19,428)	-	-	-	(277)	(100,406)	(120,111)	(15,182)	(135,293)
At 30 June 2019 (unaudited)	42,936	3,046,770	51,887	(794)	35,949	(203,631)	(27,843)	1,439	(362,582)	2,584,131	612,828	3,196,959
At 1 January 2020 (audited)	32,076	2,275,710	51,887	(5,514)	35,949	(203,631)	(27,843)	-	(450,135)	1,708,499	391,279	2,099,778
Total comprehensive loss for the period	-	-	-	(55,186)	-	-	-	-	(43,489)	(98,675)	(16,927)	(115,602)
Lapse of share options	-	-	(13,787)	-	-	-	-	-	13,787	-	-	-
At 30 June 2020 (unaudited)	32,076	2,275,710	38,100	(60,700)	35,949	(203,631)	(27,843)	-	(479,837)	1,609,824	374,352	1,984,176

Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Net cash used in operating activities	(160,492)	(139,254)
Net cash used in investing activities	(7,595)	(15,192)
Net cash generated from financing activities	78,838	82,111
Net decrease in cash and cash equivalents	(89,249)	(72,335)
Cash and cash equivalents at the beginning of the period	266,197	247,168
Effect of exchange rate changes on the balance of cash held in foreign currency	(4,820)	(9,782)
Cash and cash equivalents at the end of the period	172,128	165,051
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	172,128	158,320
Cash and bank balances included in assets classified as held for sale	–	6,731
	172,128	165,051

Notes to the Condensed Interim Financial Statements

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its issued shares (the “**Shares**”) are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company’s registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is an investment holding company and its principal subsidiaries are engaged in the (i) development and operation of integrated resort and cultural tourism in South Korea; (ii) development and operation of real estate in South Korea and Australia; (iii) production and distribution of wine in the People’s Republic of China (the “**PRC**”); and (iv) operation of entertainment business in South Korea.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed interim 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 (the “**Listing Rules**”) and the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2019 (the “**2019 Financial Statements**”).

Certain comparative figures of prior period have been restated to conform with the current period’s presentation.

The accounting policies used in preparing the interim financial statements are consistent with those used in the 2019 Financial Statements, except for the new and amended Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA which have become effective in this period as per below:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

The adoption of these amendments to HKFRSs has had no significant financial effect on the financial position or performance of the Group.

Notes to the Condensed Interim Financial Statements

3. REVENUE

	For the six months ended	
	30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000 (Restated)
Revenue recognised at a point in time:		
Production and distribution of wine	49,192	51,442
Entertainment business	380	63,113
	49,572	114,555

4. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting framework, the Group has identified operating segments based on its products and services. The operating segments are identified by senior management who is designated as "Chief Operating Decision Maker" to make decisions about resource allocation to the segments and assess their performance.

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The Group has three reportable segments, namely (i) development and operation of real estate, integrated resort and cultural tourism; (ii) production and distribution of wine; and (iii) entertainment business. These segmentations are based on the business nature of the Group's operations that management uses to make decisions.

The operating segments of internet finance facilitation services and Chinese baijiu were classified as discontinued operations as they were disposed of on 31 July 2019 and 20 November 2019 respectively. The discontinued operations had resulted in a change in the Group's structure and therefore its composition of reporting segments for the six months ended 30 June 2019. Details of discontinued operations are described in note 8.

The Group's measurement methodology used to determine reporting segment profit or loss remains unchanged from 2019.

Notes to the Condensed Interim Financial Statements

4. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments for the six months ended 30 June 2020 and 2019:

	Real estate, integrated resort and cultural tourism		Continuing operations				Total	
			Wine		Entertainment business			
	2020	2019	2020	2019	2020	2019	2020	2019
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000 (Restated)
Segment revenue								
Revenue from external customers	-	-	49,192	51,442	380	63,113	49,572	114,555
Segment (loss)/profit	(10,347)	(8,682)	(16,821)	2,287	(14,495)	5,318	(41,663)	(1,077)
Unallocated corporate income							500	341
Unallocated corporate expenses							(4,916)	(8,016)
Finance costs							(4,903)	(1,892)
Loss before taxation							(50,982)	(10,644)
Taxation							1,692	(92)
Loss for the year							(49,290)	(10,736)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during these periods.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment results represented the loss incurred or profit earned by each segment without allocation of central administration costs, including directors' emoluments, finance costs and taxation. This is the measure reported to the Chief Operating Decision Maker for the purpose of resource allocation and assessment of segment performance.

Notes to the Condensed Interim Financial Statements

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments as at 30 June 2020 and 31 December 2019:

	Real estate, integrated resort and cultural tourism		Wine		Entertainment business		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Segment assets	2,842,318	2,895,189	392,431	451,982	472,929	503,782	3,707,678	3,850,953
Unallocated							15,330	31,205
							3,723,008	3,882,158
Segment liabilities	1,392,787	1,397,701	181,593	215,037	35,850	35,954	1,610,230	1,648,692
Unallocated							128,602	133,688
							1,738,832	1,782,380

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For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments except for certain assets which are managed on a group basis. Goodwill and liabilities are allocated to reportable segments except for deferred tax liabilities and other financial liabilities which are managed on a group basis.

Notes to the Condensed Interim Financial Statements

4. SEGMENT INFORMATION (CONTINUED)

(c) Geographical information

The Group's main operations are located in the PRC (including Hong Kong), South Korea and Australia.

The following is an analysis of the Group's revenue from external customers and information about its non-current assets by geographical location of the assets:

	Revenue from continuing operations from external customers For the six months ended 30 June		Non-current assets	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000 (Restated)	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
PRC (including Hong Kong)	49,192	51,442	187,667	193,878
South Korea	380	63,113	1,165,245	1,193,946
Australia	–	–	40,996	43,414
	49,572	114,555	1,393,908	1,431,238

Notes to the Condensed Interim Financial Statements

5. OTHER REVENUE

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000 (Restated)
Continuing operations		
Government grants	10,961	5,013
Bank interest income	1,587	175
Service income	853	–
Gain on disposal of property, plant and equipment	678	–
Gain from default fine due to early termination of rental agreement (<i>Note</i>)	–	1,415
Others	506	417
	14,585	7,020

Note: The gain represents a default fine received from a landlord due to early termination of a lease agreement of certain lands in the PRC.

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6. LOSS FROM OPERATING ACTIVITIES

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000 (Restated)
Continuing operations		
Loss from operating activities has been arrived at after charging/(crediting):		
Staff costs, including directors' emoluments		
– Salaries and allowances	18,957	33,757
– Retirement benefit scheme contributions	2,324	3,298
Total staff costs	21,281	37,055
Amortisation of intangible assets	286	300
Depreciation of right-of-use assets	2,923	2,184
Cost of inventories recognised as expenses	39,356	26,164
(Gain)/loss on disposal of property, plant and equipment	(678)	630
Depreciation of property, plant and equipment	7,205	7,514

7. TAXATION

	For the six months ended	
	30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		(Restated)
Continuing operations		
Current tax – PRC Corporate Income Tax	270	92
Deferred tax credit	(1,962)	–
	(1,692)	92

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2020 (2019: Nil) as the Group has no assessable profits derived from Hong Kong for the period.

Subsidiaries established in the PRC are subject to a tax rate of 25% for both periods.

Taxation of overseas subsidiaries (other than Hong Kong and the PRC) are calculated at the applicable rates prevailing in the jurisdictions in which the subsidiary operates.

8. DISCONTINUED OPERATIONS

(a) Internet finance facilitation service business

The Group acquired the controlling right and the entire economic benefits of the PRC internet finance facilitation service business on 1 August 2018 through variable interest entity contracts (the “**VIE Contracts**”) in accordance with the sale and purchase agreement dated 13 October 2017 (as supplemented) (the “**S&P Agreements**”) entered into between the Company and a PRC vendor (the “**PRC Vendor**”). A total of 1,086,000,000 Shares (the “**Consideration Shares**”) were allotted and issued to the wholly-owned subsidiary of the PRC Vendor to satisfy the consideration in full.

As the application for the PRC value-added telecommunication business operation license was rejected, on 8 April 2019, the Group served a notice to the PRC Vendor for termination of the VIE Contracts and cancellation of the Consideration Shares pursuant to the condition subsequent of the S&P Agreements. The transaction was completed on 31 July 2019. The fair value of the Consideration Shares, valued at HK\$0.72 per Consideration Share, being the closing price of the Shares as quoted by the Stock Exchange on 31 July 2019, amounted to HK\$781,920,000. Details of which were set out in the circular and announcement of the Company dated 5 July 2019 and 31 July 2019 respectively.

Notes to the Condensed Interim Financial Statements

8. DISCONTINUED OPERATIONS (CONTINUED)

(a) Internet finance facilitation service business (Continued)

For the six months ended 30 June 2019, the results from the internet finance facilitation service business are set out below which have been presented as a discontinued operation in the unaudited condensed consolidated statement of profit or loss and related notes.

	For the six months ended 30 June 2019 (Unaudited) HK\$'000
Revenue	12,936
Cost of revenue	(61)
Gross profit	12,875
Other revenue	1,742
Selling and distribution expenses	(7,419)
Administrative and other operating expenses	(27,626)
Loss on remeasurement at fair value less cost of disposal	(62,318)
Finance costs	–
Loss before taxation from a discontinued operation	(82,746)
Taxation	(15)
Loss for the period from a discontinued operation	(82,761)
Attributable to:	
Owners of the Company	(82,761)
Non-controlling interests	–
	(82,761)

8. DISCONTINUED OPERATIONS (CONTINUED)

(b) Chinese baijiu business

In November 2019, Shangri-la Winery Co., Ltd., an indirect 95%-owned subsidiary of the Company, entered into the sale and purchase agreement for disposal of 70% of the equity interests of and the shareholder's loan owed by Yunnan Diqing Shangri-la YuQuan Investment Co., Ltd. ("**YuQuan Investment**") at the cash consideration of Renminbi ("**RMB**") 70 million (equivalent to approximately HK\$78.1 million). YuQuan Investment owned the entire equity interests in Heilongjiang Province YuQuan Winery Co., Ltd., which in turn owned the entire equity interests in Harbin City Xinlong Winery Co., Ltd. and Harbin City Longshen Winery Co., Ltd. The disposal was completed on 20 November 2019. Details of which were set out in the announcements of the Company dated 15 November 2019 and 20 November 2019.

For the six months ended 30 June 2019, the results from the Chinese baijiu business are set out below. The comparative figures in the unaudited condensed consolidated statement of profit or loss and the related notes have been restated to represent the Chinese baijiu business as a discontinued operation.

	For the six months ended 30 June 2019 (Unaudited) HK\$'000
Revenue	31,678
Cost of revenue	(17,122)
Gross profit	14,556
Other revenue	59
Selling and distribution expenses	(19,373)
Administrative and other operating expenses	(7,393)
Loss before taxation from a discontinued operation	(12,151)
Taxation	252
Loss for the period from a discontinued operation	(11,899)
Attributable to:	
Owners of the Company	(7,913)
Non-controlling interests	(3,986)
	(11,899)

Notes to the Condensed Interim Financial Statements

9. LOSS PER SHARE

(a) Continuing and discontinued operations

The calculation of basic and diluted loss per Share from continuing and discontinued operations are based on the following data:

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company	(43,489)	(100,406)
Number of Shares		
Weighted average number of Shares for the purpose of basic and diluted loss per Share	3,207,591,674	4,293,591,674

(b) Continuing operations

The calculation of basic and diluted loss per Share from continuing operations attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000 (Restated)
Loss for the period from continuing operations	(43,489)	(9,732)

The denominators used are the same as those detailed above for both basic and diluted loss per Share from continuing and discontinued operations.

9. LOSS PER SHARE (CONTINUED)

(c) Discontinued operations

The calculation of basic and diluted loss per Share from discontinued operations attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000 (Restated)
Loss for the period from discontinued operations	–	(90,674)

The denominators used are the same as those detailed above for both basic and diluted loss per Share from continuing and discontinued operations.

For the periods ended 30 June 2020 and 2019, the computation of diluted loss per Share were on the assumption that the Company's share options would not be exercised as the exercise price of these share options was higher than the average market price of the Shares.

Diluted loss per Share and the basic loss per Share for the six months ended 30 June 2020 and 2019 were the same as there were no potential dilutive ordinary Shares in these periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired items of property, plant and equipment at a total cost of approximately HK\$3,166,000 (six months ended 30 June 2019: HK\$4,481,000). Gain on disposal of property, plant and equipment of approximately HK\$678,000 was recorded during the period (six months ended 30 June 2019: loss of HK\$630,000).

Notes to the Condensed Interim Financial Statements

11. STOCK OF PROPERTIES

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Properties under development, at cost	1,619,259	1,539,538

Properties under development represented the project cost, land acquisition cost, finance cost and other preliminary infrastructure costs in relation to the Group's property development project situated in Australia. As at 30 June 2020 and 31 December 2019, the Group's freehold land in Australia as included in the above properties under development was pledged as securities for the Group's borrowings.

12. TRADE AND BILLS RECEIVABLES

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Trade and bills receivables	8,111	5,738
Receivables from entertainment business	21,817	22,700
Less: allowance for expected credit losses	(9,627)	(6,442)
	20,301	21,996

The Group generally allows an average credit period ranging from 30 to 90 days (31 December 2019: 30 to 90 days) to its trade customers. For receivables of entertainment business, the credit period is generally six months.

12. TRADE AND BILLS RECEIVABLES (CONTINUED)**(i) Trade and bills receivables**

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of allowance for credit losses, is as follows:

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Within 30 days	1,177	3,567
More than 30 days and within 60 days	887	748
More than 60 days and within 90 days	20	–
More than 90 days and within 180 days	2,288	155
More than 180 days and within 360 days	2,687	195
	7,059	4,665

All trade and bills receivables were denominated in RMB.

(ii) Receivables of entertainment business

An aged analysis of the receivables of entertainment business which are past due but not impaired as follows:

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Current (not past due)	–	31
1 to 90 days past due	–	–
91–180 days past due	–	5,888
181–365 days past due	13,242	11,412
	13,242	17,331

All receivables of entertainment business were denominated in South Korean Won (“**KRW**”).

Notes to the Condensed Interim Financial Statements

13. SHARE CAPITAL

	Number of Shares '000	Nominal Amount HK\$'000
Ordinary Shares of HK\$0.01 each		
Authorised:		
At 31 December 2019 and 30 June 2020	16,000,000	160,000
Issued and fully paid:		
At 31 December 2019 and 30 June 2020	3,207,592	32,076

14. TRADE PAYABLES

An aging analysis of trade payables is as follows:

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Within 90 days	7,653	33,398
More than 90 days and within 180 days	1,215	1,553
More than 180 days and within 360 days	10,807	11,067
More than 360 days	4,469	–
	24,144	46,018

Trade payables are non interest-bearing and unsecured.

Notes to the Condensed Interim Financial Statements

15. RELATED PARTY TRANSACTIONS

The Group has entered into the following related party transactions, which in the opinion of the Directors, were conducted under normal commercial terms and in the ordinary course of the Group's business:

(a) Transactions

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Sales of goods		
Yunnan Jinliufu Trading Limited ("Yunnan Jinliufu") (Note)	450	2,602

Note: Yunnan Jinliufu is a related party of the Group as Mr. Fu Kwan, who is the ultimate controlling shareholder of the Company, is the brother-in-law of Mr. Wu Xiang Dong, who is a substantial shareholder of Yunnan Jinliufu.

The sales of goods made by the Group to Yunnan Jinliufu for the six months ended 30 June 2020 and 2019 were conducted on normal commercial terms or better and were de minimis transactions, which were fully exempted continuing connected transactions of the Company under the Listing Rules.

Sales transactions were carried out at cost plus margin benchmark.

(b) Compensation of key management personnel

Remuneration for key management personnel, including amounts paid to the Directors and certain of the highest paid employees is as follows:

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Salaries and other short-term benefit	1,318	1,369

Notes to the Condensed Interim Financial Statements

16. CAPITAL COMMITMENTS

	For the six months ended	
	30 June	
	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Contracted but not provided for the property development expenditure	500,170	581,877
	500,170	581,877

17. FAIR VALUE HIERARCHY

The Group uses the following hierarchies for determining and disclosing the fair value of financial instruments:

- Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Fair values measured using valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Fair values measured using valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed interim financial statements approximate their fair values and no analysis is disclosed as the Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

During the periods ended 30 June 2020 and 2019, there were no transfers between the levels of fair value hierarchy.

18. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved and authorised for issue by the Board on 26 August 2020.

FINANCIAL INFORMATION

The Group's operating results for the six months ended 30 June 2020 (the "Period") were contributed by the (i) development and operation of integrated resort and cultural tourism in South Korea; (ii) development and operation of real estate in South Korea and Australia; (iii) production and distribution of wine in the PRC; and (iv) operation of entertainment business in South Korea.

The Group's Chinese baijiu business was disposed of on 20 November 2019. Accordingly, the unaudited condensed consolidated statement of profit or loss for the prior period has been restated.

Revenue

Revenue for the Period dropped by 56.7% to approximately HK\$49.6 million (restated in six months ended 30 June 2019: HK\$114.6 million) mainly due to reduction in revenue of the entertainment business.

Our entertainment business was substantially impacted by the novel coronavirus disease 2019 ("COVID-19") which resulted in a significant drop in revenue. The imposition of local travel and entry restrictions by the South Korean government caused a sharp reduction of number of tourists to Jeju. The entertainment revenue plunged by 99.4% to approximately HK\$0.4 million (six months ended 30 June 2019: HK\$63.1 million).

By contrast, the revenue of wine business, which was relatively stable after having implemented sales promotions on slow-moving inventories, decreased only by 4.4% to approximately HK\$49.2 million (six months ended 30 June 2019: HK\$51.4 million).

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Gross Profit

The Group's gross profit declined by 94.6% to approximately HK\$2.2 million (restated in six months ended 30 June 2019: HK\$40.5 million) mainly because the entertainment business, being seriously affected by the COVID-19, turned into a gross loss of approximately HK\$5.0 million (six months ended 30 June 2019: gross profit of HK\$18.9 million).

Further, gross profit of wine business also dropped by 66.7% to approximately HK\$7.2 million (six months ended 30 June 2019: HK\$21.6 million). During the Period, we have actively dealt with the slow-moving inventories by offering promotion discounts to the market with a view to improving the inventories turnover and cash inflows in response to the slack of market momentum. As a result, the gross profit margin dropped by 27.4 percentage points to 14.6% (six months ended 30 June 2019: 42.0%).

Management Discussion and Analysis

Other Revenue

Other revenue jumped by 107.8% to approximately HK\$14.6 million (six months ended 30 June 2019: HK\$7.0 million) mainly because of the increase of subsidies granted by the respective local government, in particular, to support the local employment in face of the economic crisis brought by the COVID-19. Government subsidies expanded by 118.7% to approximately HK\$11.0 million (six months ended 30 June 2019: HK\$5.0 million).

Selling and Distribution Expenses

Selling and distribution expenses increased by 27.9% to approximately HK\$19.9 million (restated in six months ended 30 June 2019: HK\$15.6 million) mainly due to the increase in promotional expenses of the wine business. Selling and distribution expenses as a percentage of revenue increased by 26.6 percentage points to 40.2% (restated in six months ended 30 June 2019: 13.6%) primarily due to the steep drop in revenue.

Administrative and Other Operating Expenses

Administrative and other operating expenses mainly consisted of management staff salaries, office rental, professional fees and operating expenses of the entertainment business. During the Period, administrative and other operating expenses decreased by 7.7% to approximately HK\$37.5 million (restated in six months ended 30 June 2019: HK\$40.7 million) mainly due to the decrease of the operating expenses of the entertainment business by 34.7% to approximately HK\$5.8 million (six months ended 30 June 2019: HK\$8.8 million) after the implementation of various cost-saving measures to counteract the adverse business environment.

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Loss Before Tax

The Group's loss before tax increased to approximately HK\$51.0 million (restated in six months ended 30 June 2019: HK\$10.6 million).

Taxation

Taxation of the Group mainly comprised current income tax expenses of approximately HK\$270,000 (six months ended 30 June 2019: HK\$92,000) and deferred tax credit of approximately HK\$2.0 million (restated in six months ended 30 June 2019: Nil) recognised for allowance of expected credit losses.

Loss Attributable to Owners of the Company

As a result of the aforementioned factors, loss after tax for the Period increased to approximately HK\$49.3 million (restated in six months ended 30 June 2019: HK\$10.7 million). Loss attributable to owners of the Company increased to approximately HK\$43.5 million (restated in six months ended 30 June 2019: HK\$9.7 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's sources of fund were generated from operating activities, advances from an immediate holding company as well as facilities provided by financial institutions. As at 30 June 2020, the Group had cash and cash equivalents of approximately HK\$172.1 million (31 December 2019: HK\$266.2 million). Total borrowings increased by 4.8% to approximately HK\$1,448.6 million (31 December 2019: HK\$1,382.2 million) mainly due to new loans drawn for real estate development.

Our major borrowings are denominated in RMB and Australian dollars ("AUD"). In view of the Group's cash and bank balances, funds generated internally from our operations and the unutilised loan facilities available, we are confident that barring any unforeseen circumstances, the Group will have sufficient resources to meet its debt commitment and working capital requirements in the foreseeable future.

Balance Sheet Analysis

Total assets of the Group, which consisted of non-current assets of approximately HK\$1,393.9 million (31 December 2019: HK\$1,431.2 million) and current assets of approximately HK\$2,329.1 million (31 December 2019: HK\$2,450.9 million), decreased slightly by 4.1% to approximately HK\$3,723.0 million (31 December 2019: HK\$3,882.1 million).

Total liabilities, which included current liabilities of approximately HK\$162.7 million (31 December 2019: HK\$264.4 million) and non-current liabilities of approximately HK\$1,576.1 million (31 December 2019: HK\$1,518.0 million), decreased by 2.4% to approximately HK\$1,738.8 million (31 December 2019: HK\$1,782.4 million).

As at 30 June 2020, our total equity was composed of owners' equity of approximately HK\$1,609.8 million (31 December 2019: HK\$1,708.5 million) and non-controlling interests of approximately HK\$374.4 million (31 December 2019: HK\$391.3 million).

Current ratio, being current assets divided by current liabilities, was maintained at a high level of 14.3 (31 December 2019: 9.3) as most of the liabilities are non-current in nature, of which the Bank and other borrowings will be due and repayable at the end of the year 2021. It is expected that there would be a significant decrease in the current ratio at the end of the current year.

Gearing ratio, being total borrowings divided by total equity, increased to 73.0% (31 December 2019: 65.8%) as a result of new loans drawn.

Trade receivables turnover ratio, being average trade receivables divided by revenue, decreased slightly to 78 days (31 December 2019: 80 days).

Management Discussion and Analysis

Inventories

Our inventories primarily consist of finished goods, work in progress and raw materials. As at 30 June 2020, the Group's inventories decreased by 14.4% to approximately HK\$179.8 million (31 December 2019: HK\$210.0 million) mainly due to destocking of our wine business. Finished goods also decreased by 40.3% to approximately HK\$36.7 million (31 December 2019: HK\$61.5 million) and finished goods turnover ratio of the wine business (being average closing finished goods divided by cost of sales) improved to 210 days for the Period (31 December 2019: 379 days).

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the Period (six months ended 30 June 2019: Nil).

PLEDGE OF ASSETS

At 30 June 2020, the Group pledged its land, property, plant and equipment with net book value amounted to approximately HK\$22.0 million (31 December 2019: HK\$22.9 million) to secure general bank facilities granted. In addition, the Group pledged a piece of land located in Sydney, Australia which amounted to a book value of approximately HK\$1,619.3 million to a financial institution for real estate development loans.

CONTINGENT LIABILITIES

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Save as disclosed in the below section headed "LITIGATION UPDATE" in respect of the legal proceedings against the Group, the Group had no material contingent liabilities as at 30 June 2020.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's revenue, expenses, assets and liabilities are denominated in HK\$, RMB, KRW, Canadian dollars ("CAD") and AUD.

The functional currency of the Group's subsidiaries in the PRC is RMB whereas the functional currencies of the Group's subsidiaries in South Korea, Australia and Canada are in KRW, AUD and CAD respectively. There is a natural hedge mechanism in place during the course of their respective business operation and the impact of the foreign exchange risk is low, therefore no financial instruments for hedging purposes are considered necessary. To enhance overall risk management, the Group will review its treasury management function from time to time and will closely monitor its currency and interest rate exposures in order to implement suitable foreign exchange hedging policy as and when appropriate to prevent related risks.

MATERIAL ACQUISITION AND DISPOSAL

During the Period, there was no material acquisition and disposal of subsidiaries, associates or joint ventures by the Group.

SIGNIFICANT INVESTMENT

As at 30 June 2020, the Group has no significant investment with a value of 5% or more of the Group's total assets.

EMPLOYEE INFORMATION AND EMOLUMENT POLICY

As at 30 June 2020, the Group employed a total of 355 (31 December 2019: 453) full time employees. The Group's emolument policies are formulated based on the performance of individual employees and are reviewed annually. The Group also provides medical insurance coverage and provident fund schemes (as the case may be) to its employees in compliance with the applicable laws and regulations.

LITIGATION UPDATE

Legal proceeding of MegaLuck Co., Ltd. ("MegaLuck")

MegaLuck, a non-wholly owned subsidiary of the Company, has been summoned by Jeju District Court due to an indictment brought by Jeju District Prosecutor Office (the "**Prosecutor Office**") for outsourcing management of slot machines operation under a slot machine leasing agreement signed on 10 March 2013 with Global Game Co., Ltd., allegedly in violation of the Tourism Promotion Act (the "**Act**") in South Korea.

The judgement was made by Jeju District Court in December 2019 that MegaLuck was given an acquittal on non-violation of the Act. However, the Prosecutor Office has filed an appeal against the judgement (the "**Appeal**") with the Appellate Division of Jeju District Court. The Appeal of the court hearing has been fixed in early September 2020. A maximum fine of KRW20 million (equivalent to about HK\$135,000) will be imposed if MegaLuck has been convicted by violation of the Act.

In view of the favourable judgement was first made by the Jeju District Court in December 2019 and the fine is insignificant to the Group as a whole, no provision has been made in the condensed consolidated financial statements.

Management Discussion and Analysis

Legal proceedings of NSR Toronto Holdings Ltd. (“NSR Toronto”)

- (i) NSR Toronto, a wholly-owned subsidiary of the Company, issued a notice of action dated 30 May 2019 and filed a statement of claim dated 27 June 2019 (the “**2019 Claim**”) in the Superior Court of Justice in Ontario (the “**Ontario Court**”) against CIM Development (Markham) LP, CIM Mackenzie Creek Residential GP Inc., CIM Commercial LP, CIM Mackenzie Creek Commercial GP Inc., CIM Mackenzie Creek Inc. and CIM Global Development Inc. (collectively, the “**Project Companies Defendants**”), which were all the then non-wholly owned subsidiaries and/or the associate of the Company, CIM Mackenzie Creek Limited Partnership, CIM Homes Inc., 10184861 Canada Inc. and Mr. Jiubin Feng (collectively, the “**CIM Defendants**”), together with the Project Companies Defendants, collectively, the “**Defendants**”). Pursuant to the 2019 Claim, NSR Toronto seeks damages for breach of contract and breach of the duty of good faith, for accounting and disgorgement of profits for breach of fiduciary duty and breach of trust for failure or refusal to disclose self-dealing transactions that harmed NSR Toronto’s interests, and for specific performance (or damages in lieu thereof) for refusal to honour their obligations under the agreement entered into with the Group dated 30 May 2017 in amounts to be particularised in the course of proceedings together with interest and costs.

The Defendants filed a statement of defence and counterclaim dated 16 August 2019 (the “**Counterclaim**”) in Ontario Court, among other matters, (a) to deny any and all liability to NSR Toronto; (b) to ask the action be dismissed; and (c) to claim against NSR Toronto for damages, in an amount to be determined prior to trial, relating to the Defendants’ lost profits in the development project.

On 4 October 2019, NSR Toronto filed an amended notice of motion in Ontario Court for, among other matters, (a) an order staying or dismissing the Counterclaim brought on behalf of the Project Companies Defendants; and (b) an order striking out the Counterclaim on the grounds that the Counterclaim commenced without authority of the Project Companies Defendants which were controlled by NSR Toronto at the time being.

On 17 January 2020, the Ontario Court ordered that the Counterclaim brought in name of the Project Companies Defendants should be stayed and the CIM Defendants were ordered to pay NSR Toronto’s costs incurred in the motion.

On 25 February 2020, NSR Toronto delivered an amended claim in which only the CIM Defendants remain as defendants (the “**Amended Claim**”). The Amended Claim reflects certain developments since the 2019 Claim was first issued. On 16 June 2020, the CIM Defendants served a fresh as amended statement of defence and counterclaim, among other matters, to claim against NSR Toronto for breach of contract, breach of fiduciary duties, breach of good faith and misrepresentation for the damages in the amount of CAD50 million (equivalent to about HK\$290 million).

- (ii) On 13 March 2020 (Toronto time), NSR Toronto and its officer were served in Ontario, Canada, with a statement of claim dated 21 February 2020 (the “**2020 Claim**”) filed in the Ontario Court by two Ontario companies (collectively, the “**Plaintiffs**”). The 2020 Claim raises a number of legal and factual allegations against the Company, NSR Toronto, a direct wholly-owned subsidiary of the Company in Hong Kong and the officers of NSR Toronto (collectively, the “**NSR Defendants**”) as well as against a number of entities not related to the Group (the “**Other Defendants**”). As against the NSR Defendants, the Plaintiffs seek CAD8 million (equivalent to about HK\$47.7 million) in the aggregate for alleged breaches of contract, conspiracy and punitive damages, including a consulting fee amounted to CAD5 million (equivalent to about HK\$29.8 million) in relation to disposal of a real estate investment project of the Group in 2019. Similar claims are being advanced against the Other Defendants.

On 11 May 2020, the NSR Defendants filed a statement of defence in Ontario Court, among other matters, to deny the allegations of wrongdoing as alleged in the 2020 Claim and to request the action be dismissed.

Based on the advice from the Canadian legal counsel, the Directors consider that it would be premature to assess the likelihood of the potential financial impact on the Company, if any. As such, at this juncture, no provision has been made in the accounts during the Period in respect of the Counterclaim and 2020 Claim.

Review of Operation and Prospects

ECONOMIC OUTLOOK

The first half of year 2020 was an unstable half year with the economy plagued by (i) Sino-US trade and international relationship tensions; (ii) the global spread of the COVID-19; (iii) Hong Kong's social unrest during the epidemic and the turmoil; and (iv) the continuing worldwide restriction of borders and travelers, causing the global economy, which is in desperate need to recover, to continue to linger. This situation has come to an intermission for the first half of the year.

OPERATION REVIEW

Jeju Operations

For the two businesses of the Group in Jeju, South Korea, though the hotel development project of Glorious Hill was approved for development last year, it was temporarily unable to start due to project financing delays. On the other hand, the entertainment business was temporarily suspended to comply with the epidemic prevention measures of the local government. The reopening time is yet to be determined. Yet, in response to the adverse business environment, the Group has proactively implemented various cost-saving measures, including but not limited to relocating offices for rental reduction and reducing payroll by optimisation of human resources structure, etc..

The Board has fully understood the short-term impact of the COVID-19 on our entertainment business in South Korea, and the South Korean government is still uncertain about relaxing the travel restrictions. The Board will continue to pay close attention and assess the operational impact on the business brought by the epidemic.

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Wine Operation

The Group's wine business was affected slightly by the COVID-19 relatively during the Period, and its revenue fell by only 4% year-on-year basis. The management is determined to focus on clearance sale of slow-moving inventories, adopting a strategy of fast moving stock over gross profit to revitalise market demand after the epidemic. It is expected that the wine business will continue to account for the majority of the Group's total revenue for the year. As such, we will focus on marketing and revenue generation of the wine sector.

We will strive to implement diversified marketing and differentiated product policies to meet the challenges of market changes, while continuing to reorganise the existing business structure to effectively achieve business goals.

Real Estate Operations

The development of the Opera Residence in Sydney, Australia is progressing smoothly. The project was refinanced locally by a low cost construction loan facility last year and it is expected that this project will contribute significant income and investments return to the Group.

During the Period, the Group has proactively defended its interest in the lawsuits against its previous Canadian business partners but the progress of the trials was delayed due to the epidemic.

RESULT REVIEW

As the operating revenue of the entertainment business in South Korea was seriously hit during the Period due to suspension during the epidemic, the overall revenue of the Group for the Period decreased by 56.7% to HK\$49.6 million (restated in six months ended 30 June 2019: HK\$114.6 million), and a loss of approximately HK\$49.3 million (restated in six months ended 30 June 2019: loss of HK\$10.7 million) was recorded. Loss attributable to shareholders of the Company was HK\$43.5 million (restated in six months ended 30 June 2019: loss of HK\$9.7 million). Basic loss per share was HK1.36 cents (restated in six months ended 30 June 2019: loss of HK0.23 cent). As at 30 June 2020, the Group had total assets and net assets valued at HK\$3,723.0 million and HK\$1,984.2 million respectively.

PROSPECTS

With reference to the last annual report, Hong Kong was once a prosperous and fashionable city, and an international metropolis full of charm. However, after a short period of more than a year, the political & economic turmoil and the epidemic have made Hong Kong people exhausted and laughterless. Despite this, the Group will continue to maintain its business transformation and seize opportunities with a cautious and positive attitude. At the same time, the Group will find potential profitable projects in various places and continue to forge ahead to optimise its original operations and strive to generate value for the Company and its shareholders.

Other Information

DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at 30 June 2020, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“SFO”)) as recorded in the register required to be kept by the Company under 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 Listed Issuers (the “Model Code”) contained in the Listing Rules, were as follows:

(i) Long position in Shares and underlying shares of the Company

Name of Directors	Nature of interest	No. of Shares/underlying shares held in the Company			
		Interest in Shares	Interest in underlying shares pursuant to share options	Total interests	Approximate percentage of issued share capital
Mr. Zhang Jian	Beneficial owner	–	7,850,400	7,850,400	0.24%
Mr. Hang Guanyu	Beneficial owner	–	7,850,400	7,850,400	0.24%
Mr. Liu Huaming	Beneficial owner	–	7,850,400	7,850,400	0.24%

(ii) Long position in the registered capital in associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interest	Registered capital held in the associated corporation	Approximate percentage of registered capital
Mr. Zhang Jian	Cheung Shek Investment Company Limited	Beneficial owner	RMB6,715,000	3.36%

Save as disclosed above, as at 30 June 2020, none of the Directors nor the chief executive of the Company had or were deemed to have any interests and short positions in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests of substantial shareholders

So far as is known to the Directors, as at 30 June 2020, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange 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:

Long position in Shares and underlying shares of the Company

Name of shareholders	Notes	Nature of interest	No. of Shares/ underlying shares held	Approximate percentage of issued share capital
Macro-Link International Land Limited	1,2	Beneficial owner	1,757,450,743	54.79%
Macrolink Culturaltainment Development Co., Ltd.	2	Controlled corporation	1,757,450,743	54.79%
MACRO-LINK International Investment Co, Ltd.	3	Beneficial owner	215,988,336	6.73%
Macro-Link Industrial Investment Limited	4	Controlled corporation	215,988,336	6.73%
Macro-Link Holding Company Limited	2,4	Controlled corporation	1,973,439,079	61.52%
Mr. Fu Kwan	4,5	Controlled corporation Beneficial owner	1,973,439,079 10,000,000	61.52% 0.31%
Cheung Shek Investment Company Limited	5	Controlled corporation	1,973,439,079	61.52%
Ms. Xiao Wenhui	5	Controlled corporation Beneficial owner	1,973,439,079 6,010,000	61.52% 0.19%



Other Information

Notes:

1. These Shares are held by Macro-Link International Land Limited which is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Macrolink Culturaltainment Development Co., Ltd. whose issued shares are listed on the Shenzhen Stock Exchange with stock code 000620.
2. Macrolink Culturaltainment Development Co., Ltd. is owned as to 61.17% by Macro-Link Holding Company Limited.
3. These Shares are held by MACRO-LINK International Investment Co, Ltd. which is a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of Macro-Link Industrial Investment Limited.
4. Macro-Link Industrial Investment Limited is wholly-owned by Macro-Link Holding Company Limited which in turn is owned as to 93.40% by Cheung Shek Investment Company Limited, as to 2.83% by Mr. Fu Kwan and as to the remaining 3.77% by five individuals.
5. Cheung Shek Investment Company Limited is owned as to 59.76% by Mr. Fu Kwan (who has been granted 10,000,000 share options on 31 March 2017 under the share option scheme adopted by the Company on 23 August 2012 (the “**2012 Scheme**”)), as to 33.46% by Ms. Xiao Wenhui (who also has a personal interest in 3,010,000 Shares and has been granted 3,000,000 share options under the 2012 Scheme on 31 March 2017), as to 3.36% by Mr. Zhang Jian and as to 3.42% by an individual.

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Save as disclosed above, as at 30 June 2020, the Directors were not aware of any other person (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange 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.

SHARE OPTION SCHEME

On 23 August 2012, the Company adopted the 2012 Scheme for the primary purpose of providing incentives to its Directors and eligible participants. Unless otherwise terminated, the 2012 Scheme would remain valid and effective until 22 August 2022. Movements of share options granted under the 2012 Scheme during the Period were set out below:

Name and category of participants	Date of grant	Exercise period	Options to subscribe for Shares					Balance as at 30/06/2020
			Exercise price per share HK\$	Balance as at 01/01/2020	Granted during the Period	Exercised during the Period	Lapsed during the Period	
Directors								
Mr. Zhang Jian	04/07/2016	04/07/2016 to 03/07/2026	2.0381	7,850,400	-	-	-	7,850,400
Mr. Hang Guanyu	04/07/2016	04/07/2016 to 03/07/2026	2.0381	7,850,400	-	-	-	7,850,400
Mr. Liu Huaming	04/07/2016	04/07/2016 to 03/07/2026	2.0381	7,850,400	-	-	-	7,850,400
Mr. Su Bo ^{Note 1}	04/07/2016	04/07/2016 to 03/07/2026	2.0381	11,775,600	-	-	11,775,600	-
Mr. Ng Kwong Chue, Paul ^{Note 1}	04/07/2016	04/07/2016 to 03/07/2026	2.0381	7,850,400	-	-	7,850,400	-
Other employees or participants								
	04/07/2016	04/07/2016 to 03/07/2026	2.0381	82,429,200	-	-	14,719,500	67,709,700
	31/03/2017	31/03/2017 to 30/03/2027	2.0000	3,000,000	-	-	-	3,000,000
Substantial shareholder								
Mr. Fu Kwan	31/03/2017	31/03/2017 to 30/03/2027	2.0000	10,000,000	-	-	-	10,000,000
Total				138,606,400	-	-	34,345,500	104,260,900

Notes:

- Mr. Su Bo was removed as the executive Director on 22 January 2020 and Mr. Ng Kwong Chue Paul retired as Director with effect from 18 June 2020. As at the date of this report, they ceased to have all interests in the share options.
- All the share options granted on 4 July 2016 and 31 March 2017 have no vesting periods or vesting conditions.

Other Information

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

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

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all the applicable code provisions under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the Period except for the deviation from code provision A.6.7.

Code provision A.6.7 provides that independent non-executive directors and non-executive directors should attend general meetings. Each of Mr. Cao Kuangyu and Mr. Tse Kwong Hon, being the independent non-executive Director, was unable to attend the special general meeting of the Company held on 22 January 2020 due to his respective overseas business engagement, and the annual general meeting of the Company held on 18 June 2020 due to the travel and entry restrictions in force brought by the worldwide COVID-19 outbreak.

38 MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Upon specific enquiry by the Company, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Audit Committee comprises the three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen (Chairman), Mr. Tse Kwong Hon and Mr. Cao Kuangyu.

The unaudited condensed consolidated interim financial information of the Group for the Period has been reviewed by the Audit Committee. The Audit Committee has also reviewed with the management in relation to the accounting principles and practices adopted by the Group and financial reporting matters of the Group.

By order of the Board
New Silkroad Culturaltainment Limited
Ma Chenshan
Chairman and Executive Director

Hong Kong, 26 August 2020