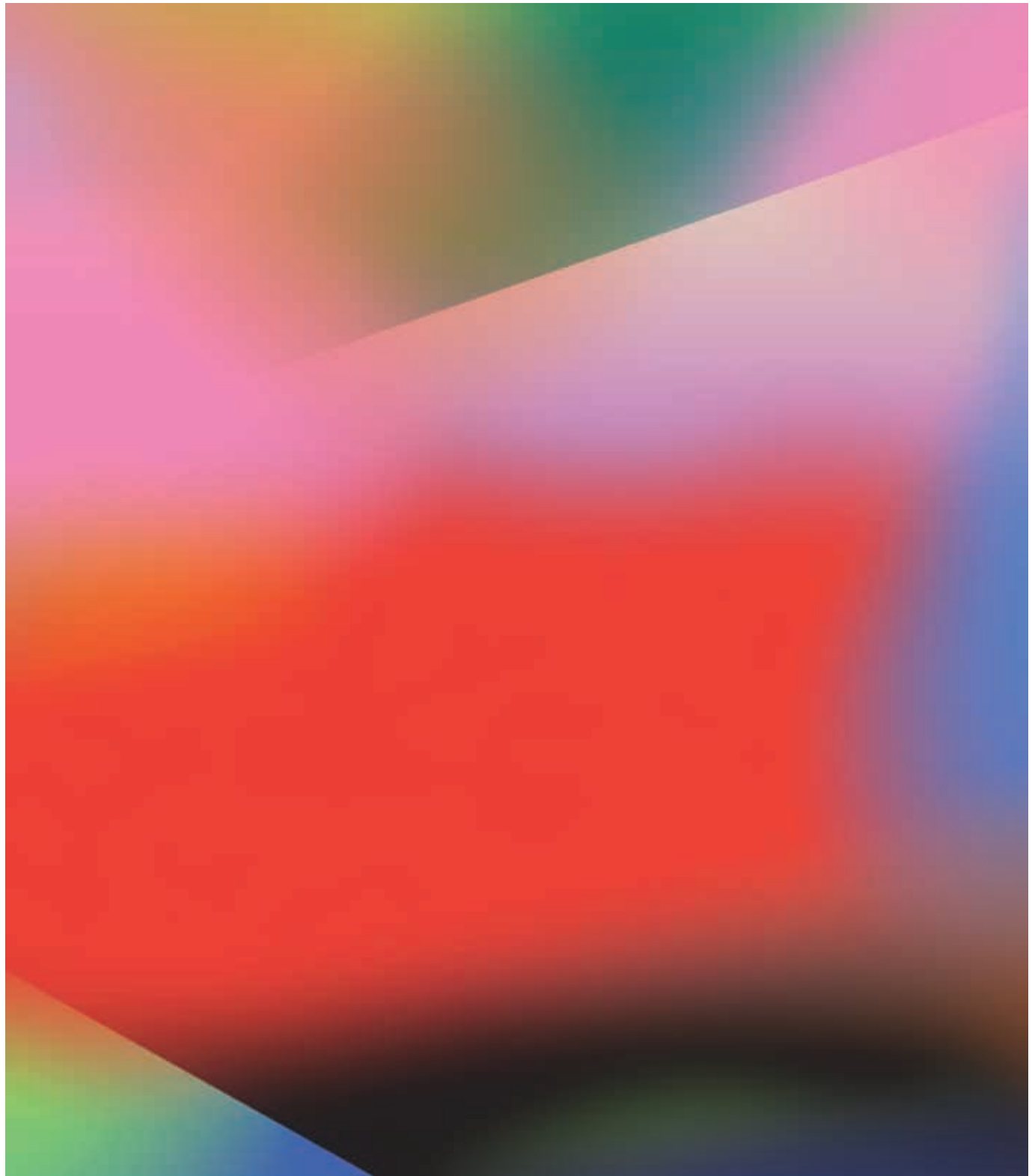


INTERIM REPORT

2020



OSHIDORI
INTERNATIONAL HOLDINGS LTD

威華達控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 622)

* For identification purpose only

CONTENTS

	Page(s)
Corporate Information	2
Financial Highlights	3
Management Discussion and Analysis	4-18
Other Information	19-25
Report on Review of Interim Financial Information	26
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	27
Condensed Consolidated Statement of Financial Position	28
Condensed Consolidated Statement of Changes in Equity	29-30
Condensed Consolidated Statement of Cash Flows	31
Notes to the Condensed Consolidated Financial Statements	32-54

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. WONG Wan Men Margaret
Mr. WONG Yat Fai

Non-executive Directors

Mr. Alejandro YEMENIDJIAN
(Appointed as Non-executive Director and
Non-executive Chairman on 9 June 2020)
Hon. Joseph Edward SCHMITZ
(Appointed on 17 January 2020)
Mr. SAM Nickolas David Hing Cheong
(Re-designated from Executive Director and
Chairman to Non-executive Director
on 5 June 2020)

Independent Non-executive Directors

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

AUTHORISED REPRESENTATIVES

Ms. WONG Wan Man Margaret
Mr. WONG Yat Fai
(Appointed on 8 July 2020)
Mr. SAM Nickolas David Hing Cheong
(Ceased to be Authorised Representative
on 8 July 2020)

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

Mr. CHEUNG Wing Ping (*Chairman*)
Mr. HUNG Cho Sing
Mr. CHAN Hak Kan
Ms. WONG Wan Man Margaret
(Appointed on 5 June 2020)
Mr. SAM Nickolas David Hing Cheong
(Ceased to be member of the nomination
committee on 5 June 2020)

REMUNERATION COMMITTEE

Mr. CHEUNG Wing Ping (*Chairman*)
Mr. HUNG Cho Sing
Mr. CHAN Hak Kan
Ms. WONG Wan Man Margaret
(Appointed on 5 June 2020)
Mr. SAM Nickolas David Hing Cheong
(Ceased to be member of the remuneration
committee on 5 June 2020)

COMPANY SECRETARY

Ms. LIU Tsui Fong

LEGAL ADVISORS

(As to Bermuda law)
Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

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

HONG KONG BRANCH SHARE TRANSFER OFFICE

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

AUDITOR

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

PRINCIPAL BANKERS

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

FINANCIAL HIGHLIGHTS

Financial highlights of Oshidori International Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2020

- Revenue is a positive amount of approximately HK\$68.4 million.
- Loss attributable to owners of the Company amounted to approximately HK\$3.7 million.
- Basic loss per share is approximately HK0.06 cents.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in investment holdings, tactical and/or strategic investment, and the provisions of financial services including the Securities and Futures Commission (the “SFC”) regulated activities namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 9 (asset management); and provision of credit and lending services regulated under the Money Lenders Ordinance. The Group is currently pursuing the development of an integrated resort (“IR”) in Nagasaki, Japan and is actively preparing for a unique proposal to win the bid.

BUSINESS REVIEW

With the world brought down to its knees by the COVID-19 pandemic and many countries imposing lockdown or movement control restrictions, the global economy is facing and will continue to experience slowdown until the pandemic is under control. Despite the COVID-19 stimulus packages introduced by governments around the world including Hong Kong, consumer demand remains weak while businesses globally struggle to stay afloat. According to the Gross Domestic Product Second Quarter 2020 report published by Census and Statistics Department of Hong Kong, the Gross Domestic Product (GDP) decreased by 9.0% in real terms from a year earlier, compared with the decrease of 9.1% in the first quarter. Private consumption expenditure decreased by 14.2% in real terms in the second quarter of 2020 from a year earlier, deteriorating from the 10.6% decline in the first quarter. With this backdrop, the Group’s financial services business was extremely challenging in the first half of 2020.

For the six months ended 30 June 2020, the Group’s revenue amounted to HK\$68.4 million, as compared with the amount of HK\$205.6 million for the same period last year. The global pandemic has severely affected the Hong Kong economy and financial markets in the first half of 2020, leading to a drop of 71.6% and 54.4% respectively in the Group’s revenue generated from securities brokerage and margin financing businesses, as compared to the corresponding period last year.

Loss for the six months ended 30 June 2020 amounted to HK\$3.7 million compared to the loss of HK\$198.7 million for the corresponding period last year. Basic loss per share for the six months ended 30 June 2020 was HK0.06 cents, as compared with loss per share of HK3.42 cents for the corresponding period last year.

The turnaround was mainly due to net realised and unrealised gains on financial assets at fair value through profit or loss (“FVPL”) of HK\$203.7 million (six months ended 30 June 2019: net realised and unrealised losses of HK\$139.5 million) and the 75.1% growth in the credit and lending business, as compared to the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

A. Financial Services (SFC Type 1, 2, 4, 6 and 9 regulated activities)

The Group through its wholly-owned subsidiary, namely Win Wind Securities Limited (“WWSL”), principally engages in financial services. WWSL is licensed by the SFC to conduct regulated activities including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management). In order to trade in securities through the trading facilities of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), WWSL, among other things, holds a Stock Exchange Trading Right and is an Exchange Participant of the Stock Exchange. Being a Stock Exchange Participant, WWSL is a licensed corporation under the Securities and Futures Ordinance (the “SFO”) for Type 1 (dealing in securities) regulated activity and complies with the financial resources requirements as specified by the Financial Resources Rules and the Stock Exchange. WWSL is also a China Connect Exchange Participant, offering our clients a platform to trade eligible stocks listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange. WWSL intends to widen its business scope by offering futures contracts brokerage services. In order to trade in futures contracts through the trading facilities of Hong Kong Futures Exchange Limited, WWSL is a licensed corporation under the SFO for Type 2 (dealing in futures contracts) regulated activity and has submitted its application for obtaining a Futures Exchange Trading Right and becoming an Exchange Participant of Hong Kong Futures Exchange Limited.

The Group through its wholly-owned subsidiary, namely Enerchine Corporate Finance Limited (“ECFL”), carries out Type 6 (advising on corporate finance) regulated activities under the SFO since 2005.

The Group also set up a new company called Win Wind Finance Limited in order to strengthen its revenue stream by obtaining the SFC license of Type 8 (securities margin financing), so that the Group can attract clients with sound financial background, particularly for clients who hold significant shareholding of a single stock, but are unable to seek additional financing for acquisition of securities and/or for continuing holding of securities from banks and/or other brokers. The proposed new margin financing service is part of the Group’s plan to further expand its scope of businesses and attract new clients.

MANAGEMENT DISCUSSION AND ANALYSIS

(i) **Securities Brokerage Services and Margin Financing Services**

For the six months ended 30 June 2020, the brokerage commission income generated from securities brokerage services decreased by 71.6% to HK\$0.3 million (six months ended 30 June 2019: HK\$1.2 million), which was due to the volatile local stock market and negative global investment sentiments.

For the six months ended 30 June 2020, the interest income generated from provision of margin financing services amounted to HK\$13.3 million (six months ended 30 June 2019: HK\$29.1 million). The Group will continue to balance risk and return and maintain a cautious approach to the credit control of its margin financing business.

(ii) **Placing and Underwriting Services**

For the six months ended 30 June 2020, WWSL, a wholly-owned subsidiary of the Company, has placed and underwritten securities with a value of HK\$44.9 million, and generated placement commission income of HK\$0.3 million (six months ended 30 June 2019: nil). WWSL has executed one placement and underwriting (including sub-placing activity) during the period.

The Group has maintained a cautious approach before committing to underwriting and placing services at times of market turbulence.

(iii) **Corporate Finance Advisory**

No corporate finance advisory income has been generated for the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$0.3 million).

(iv) **Asset management**

No asset management income has been generated for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

B. Credit and Lending Services

The Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong, is the principal statute which governs the money lending business in Hong Kong. The Company's credit and lending business has been conducted through its wholly-owned subsidiaries, namely Win Wind Resources Limited ("WWRL") and Citizens Money Lending Corporation Limited ("Citizens"). WWRL provides loan facility of over HK\$25 million and Citizens provides loan facility of up to HK\$25 million. Both WWRL and Citizens obtained money lender's license granted by the Licensing Court and renewed its money lenders license on an annual basis.

The credit and lending business performed well in the first half of 2020. The interest income generated from the credit and lending services soared by 75.1% to HK\$40.6 million for the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$23.2 million).

The Group's credit and lending business generates clientele by way of existing goodwill and word of mouth referrals by clients to fulfil the working capital needs of borrowers from time to time. The main financial challenge facing small and medium enterprises ("SMEs") is access to affordable credit over a reasonable period. Despite the financial reforms aimed at improving SMEs, access to finance for SMEs remains a recurrent problem.

The economic activities and business sentiment have been affected by the COVID-19 pandemic. Many enterprises suffer from a plunge in business turnover, resulting in a liquidity problem, in particular those SMEs which have difficulty in obtaining commercial bank loans due to their scale of operation. This may provide potential opportunities for licensed money lenders, particularly when banks' lending policies have become more conservative under the worsened economic environment. It is expected that there will be increasing demand of loans across industries at these difficult times which will broaden the client base and mitigate the Group's customer concentration risks. The Group remains positive about its credit and lending business and will continue to provide high-quality services to its clients.

C. Tactical and/or Strategic Investment

The Group engages in tactical and/or strategic investment of a diversified portfolio, which is overseen by a professional investment team holding Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), and Type 9 (asset management) licences under the SFO. The fair value of financial assets at FVPL amounted to HK\$2,586.2 million (31 December 2019: HK\$2,132.0 million) and a realised gain on financial assets at FVPL of HK\$0.3 million was recognised, as compared to that of HK\$103.5 million in the corresponding period last year. Dividend income decreased by 75.6% to HK\$9.8 million, as compared to that of HK\$40.1 million in the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

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

Name of investments	Notes	Percentage of	Percentage of	Net gain (loss)	Net gain (loss)	Dividend	Approximate	Investment	Market	Market
		shareholding	shareholding	for the period	for the period	received	% to the		value as at	value as at
		as at	as at	ended	ended	ended	Group's total	cost	30 Jun 2020	31 Dec 2019
		30 Jun 2020	31 Dec 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	assets as at	HK\$'000	HK\$'000	HK\$'000
		%	%	HK\$'000	HK\$'000	HK\$'000	30 Jun 2020			
							%			
Designated FVOCI										
Unlisted shares in overseas										
- Satinu Resources Group Ltd.	1	11.68	11.68	(65,297)	90,730	-	7.25	823,136	539,408	604,705
Listed shares in Hong Kong										
- Shengjing Bank Co., Ltd. (stock code: 2066)	2	8.12	8.12	199,500	463,600	-	18.14	1,254,000	1,349,000	1,149,500
- ZhongAn Online P&C Insurance Co., Ltd. (stock code: 6060)	3	2.02	3.40	128,326	(106,572)	-	4.89	258,777	363,520	448,546
Financial assets at FVPL										
Listed shares in Hong Kong										
- China Evergrande New Energy Vehicle Group Limited (stock code: 708)	4	1.40	1.40	315,484	(218,730)	-	16.88	530,871	1,254,683	939,199
- C C Land Holdings Limited (stock code: 1224)	5	4.79	4.79	(3,720)	(12,753)	3,714	4.43	356,943	329,256	332,762

The above table lists out the significant investments of the Group. To give details of other investments would result in particulars of excessive length.

MANAGEMENT DISCUSSION AND ANALYSIS

The performance and prospects of the Group's significant investments during the period are detailed as follows:

1. **Satinu Resources Group Ltd. ("Satinu")**

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

2. **Shengjing Bank Co., Ltd. ("Shengjing") (Stock Code: 2066)**

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

In 2019, Shengjing has creatively completed domestic and overseas capital increase and share expansion, deepened the reform of the management system and gradually rationalised the operating mechanism of corporate governance, optimised the organisational structure and personnel structure, and constantly improved the performance remuneration system, cultivated multi-dimensional marketing management system and increased marketing efforts, and strengthened the construction of a comprehensive risk management system, and strictly observed a sound business bottom line.

In 2019, Shengjing achieved a profit before taxation of RMB6.143 billion, representing a year-on-year increase of RMB0.604 billion or 10.9%, and achieved a net profit of RMB5.438 billion, representing a year-on-year increase of RMB0.312 billion or 6.1%.

Going forward, Shengjing will continue to adhere to its four business orientations of "developing the bank through deposits, compliance, talents and technology", to comprehensively establish the development concept, consolidating the foundation and strengthening capacity, optimise the structure to lay a solid foundation for building a "sound bank" in the new era. From a long-term perspective, Shengjing appears to have good prospects and the Company considers its investment in Shengjing has strategic investment value.

3. **ZhongAn Online P & C Insurance Co., Ltd ("ZhongAn") (Stock Code: 6060)**

ZhongAn is the first Internet-based Insuretech company in the People's Republic of China (the "PRC"). ZhongAn offers extensive property and casualty insurance products, covering accident insurance, bond insurance, health insurance, liability insurance, credit insurance, cargo insurance, household property insurance, etc. It focuses on the integration of its products into the various scenarios, so as to optimise customer experience.

MANAGEMENT DISCUSSION AND ANALYSIS

ZhongAn recorded a total Gross Written Premium (“GWP”) of RMB14,629.6 million in 2019. Driven by its health and lifestyle consumption ecosystem businesses, total GWP recorded a year-on-year increase of 30.0%, and GWP growth in the second half of the year rallied up to 43.0%. ZhongAn continued to strengthen users’ insurance awareness, and provide more inclusive health insurance products through its proprietary platforms and the platform of Alipay Insurance operated by Ant Financial. It has also enhanced strategic cooperation with Ant Financial, and together with other ecosystem partners, actively explore product innovation and upgrade, leading to a 130.8% GWP growth of the lifestyle consumption ecosystem business. It has also strategically increased investments in the development of its proprietary platform business, while facilitated the implementation of an automatic and intelligent business process with the application of technology. In December 2019, ZhongAn Bank launched its trial pilot and became the first virtual bank in trial operation in Hong Kong. In the same month, ZhongAn also launched its internet hospital, which provides users with one-stop services covering online medical advice and doorstep medicine delivery, establishing a closed-loop health ecosystem.

The unexpected outbreak of COVID-19 in China delivered a heavy blow to the social and economic development, while to a certain extent it provided good development opportunities for the digital transformation of the insurance industry. Facing the epidemic, ZhongAn will continue its keen observation and leverage on its advantages to continuously enhance its technology strengths and optimise its online and mobile-based services. Considering ZhongAn’s growth momentum and its pioneering role in the blue ocean of Insuretech and digital transformation, the Company is optimistic with ZhongAn’s long-term prospects and believes the investment in ZhongAn is of great strategic value.

4. China Evergrande New Energy Vehicle Group Limited (“Evergrande Auto”) (Stock Code: 708)

Evergrande Auto and its subsidiaries engage in technology research and development, production and sales of new energy vehicles in the PRC and in other countries, as well as the “Internet+” community health management, international hospitals, and elderly care and rehabilitation in the PRC.

Evergrande Auto is developing its new energy vehicle business in full speed and has built a new energy vehicle industry chain covering power battery, motor powertrain, advanced vehicle manufacturing, vehicle sales and smart charging. Equipped with world-leading core technologies in key aspects, Evergrande Auto has implemented a global integrated research and development model to coordinate research and development works in China, Sweden, Germany, the United Kingdom, the Netherlands, Austria, Italy, Japan, South Korea and other countries. Evergrande Auto strives to become the world’s largest and most powerful new energy vehicle group within 3–5 years. As the new energy vehicle has become the most important business, it changed its name from Evergrande Health Industry Group Limited to China Evergrande New Energy Vehicle Group Limited in August 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

On 10 June 2020, Evergrande Auto became the sole shareholder of NEVS, which is a Sweden-based company focusing on fields including intelligent electric vehicle manufacturing, motor electronic control, smart charging and vehicle-sharing. Evergrande Auto can therefore benefit from the enormous potential of the new vehicle market to develop its own automobile brand “Hengchi”. On 3 August 2020, Evergrande Auto announced the six first-phase “Hengchi” vehicle models, covering all major passenger car categories including sedan, sport utility vehicles and multi-purpose vehicles.

Evergrande Auto’s prospecting extension into the industry of New Energy Auto is an innovative and enlightened approach to respond to China’s strategic goal of reinvigoration through science and technology and to protect the environment. The investment in Evergrande Auto will bring in a healthy return in the medium to long run.

During the six months ended 30 June 2020, Evergrande Auto’s turnover amounted to RMB4,510.32 million, representing an increase of 70.30% as compared to RMB2,648.40 million in the corresponding period of 2019.

5. C C Land Holdings Limited (“C C Land”) (Stock code: 1224)

C C Land focuses on property investment and development business, with projects in the major cosmopolitan cities of the world, namely, London, Melbourne and Hong Kong. By adhering to its prudent strategy of achieving asset growth through improving earnings, C C Land continues to enhance its property business and explore global opportunities in metropolitan cities to expand the recurrent income base. Its relatively low gearing level, ample liquidity and strong financial fundamentals have always been solid anchor features. C C Land fortunately reported that the pandemic had only limited impact on its rental business for the six months ended 30 June 2020. The revenue for the first half of 2020 was steady, reflecting a slight drop on rental revenue as a result of the depreciation of approximately 4% of the average exchange rate of the GBP against the HK\$ compared with the corresponding period last year. The London investment property portfolio continues to provide a stable source of rental income of HK\$236.1 million for the period ended 30 June 2020 (six months ended 30 June 2019: HK\$239.9 million). Within its portfolio, the rental recovery has been over 94% due to its heavy weighting of blue chip tenants and high quality asset management. C C Land has maintained a strong capital base and sufficient financial resources to support business development and growth. As at 30 June 2020, its total equity amounted to HK\$16.9 billion. The Company is optimistic with C C Land’s long-term prospects and believes the investment in C C Land is of great strategic value.

Going forward, the Group will continue to pursue attractive investment and business opportunities which will have strategic investment value and is in line with the Group’s corporate mission and goals. The Group expects that the stock markets in Hong Kong and the PRC will remain challenging for 2020, as the COVID-19 continues to haunt the world and as the economies across countries continue to show signs of uncertainty. The Group will continue to adopt prudent capital management and liquidity risk management policies and practices to preserve adequate capital to meet the challenges ahead.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

A portion of the Group's bank balances are denominated in USD and RMB in the amount of HK\$299.5 million and HK\$136.7 million respectively. The Group's financial services business is not exposed to significant foreign exchange risk as most of the transactions are denominated in HK\$. No financial instruments were used for hedging purposes.

CAPITAL COMMITMENTS

As at 30 June 2020, the Group had no capital commitments in respect of the acquisition of property and equipment.

MATERIAL TRANSACTIONS

(a) Grant of Share Options and Awarded Shares in relation to Proposed Issuance of New Shares

On 22 January 2020, the Board resolved to grant an aggregate of 120,000,000 share options with no vesting conditions to 10 option grantees under the share option scheme, of which, (i) 100,000,000 share options were granted to 9 independent option grantees; and (ii) 20,000,000 share options were granted to an Executive Director, Ms. Wong Wan Men Margaret ("Ms. Wong") at an exercise price of HK\$0.865 per share.

On 22 January 2020, the Board also resolved to award an aggregate of 95,000,000 awarded shares to the corresponding 10 persons under the share award scheme, of which, (i) 85,000,000 awarded shares were awarded to 9 independent grantees by way of issue and allotment of new shares pursuant to the specific mandate; and (ii) 10,000,000 connected awarded shares were awarded to Ms. Wong by way of issue and allotment of new shares pursuant to the specific mandate. All the awarded shares shall be vested on the fourth anniversary of the date of grant (i.e. 22 January 2024), subject to the grantees remaining as eligible persons on 22 January 2024 and all of the other conditions being satisfied.

As Ms. Wong is a connected person of the Company, the issue and allotment of the connected awarded shares (the "Award") to her constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and shall be subject to the approval by the independent shareholders. The special general meeting was convened and held on 25 March 2020 and the Award to Ms. Wong was approved.

On 9 June 2020, the Board further resolved to grant 60,000,000 share options with no vesting conditions to a non-executive director, Mr. Alejandro Yemenidjian, under the share option scheme at an exercise price of HK\$0.840 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

(b) Share Swap Agreement with Hao Tian International Construction Investment Group Limited (“Hao Tian”)

On 2 April 2020, the Company entered into a share swap agreement with Hao Tian under which the Company would issue shares representing 3.13% of the enlarged issued share capital of the Company and Hao Tian would issue shares representing 12.37% of the enlarged issued share capital of Hao Tian, (“Hao Tian Share Swap Transaction”). Hao Tian Share Swap Transaction was completed on 28 April 2020. 187,500,000 shares of the Company were issued at a price of HK\$0.70 per share to a nominee of Hao Tian in exchange for 625,000,000 shares of Hao Tian as consideration shares at a price of HK\$0.21 per share for a total consideration of HK\$131,250,000. Details of Hao Tian Share Swap Transaction are set out in the Company’s announcements dated 2 April 2020 and 28 April 2020. Hao Tian and its subsidiaries principally engage in the business of (a) provision of financial services and related financial advisory services through subsidiaries licensed to conduct (i) Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO; (ii) money lending activities; and (iii) brokerage of general insurance and long term (including linked long term) insurance; and (b) rental and trading of construction machinery.

(c) Share Swap Agreement with Imagi International Holdings Limited (“Imagi”)

On 6 April 2020, the Company entered into a share swap agreement with Imagi under which the Company would issue shares representing 1.93% of the enlarged issued share capital of the Company and Imagi would issue shares representing 16.63% of the enlarged issued share capital of Imagi, (“Imagi Share Swap Transaction”). Imagi Share Swap Transaction was completed on 22 May 2020. 114,342,857 shares of the Company were issued at a price of HK\$0.70 per share to a nominee of Imagi in exchange for 138,000,000 shares of Imagi as consideration shares at a price of HK\$0.58 per share for a total consideration of HK\$80,040,000. Details of Imagi Share Swap Transaction are set out in the Company’s announcements dated 6 April 2020, 4 May 2020, 18 May 2020 and 22 May 2020. Imagi and its subsidiaries principally engage in integrated financial services, investment holdings, computer graphic imaging and entertainment business. Imagi Brokerage Limited, a wholly-owned subsidiary of Imagi, is the major financial service arm of Imagi. Imagi Brokerage Limited holds licenses in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the SFO.

While working on the IR project bid, the Directors have also remained vigilant in identifying opportunities for its financial services businesses. Following negotiations to acquire a strategic stake in Hao Tian and Imagi with an intention to strengthen cooperation between the companies’ financial services subsidiaries, a work group was formed between the companies’ senior management and securities professionals to explore opportunities on (i) cooperation and implementation of projects that are of mutual interests and benefits; (ii) exchanging and referring business opportunities as the parties think appropriate; and (iii) sharing market knowledge for the benefit and risk management of respective parties’ businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the note 21 to the Condensed Consolidated Financial Statements, there were no other significant events affecting the Group since the end of the reporting period.

LITIGATION

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

On 20 December 2017, the Group received a civil judgement (廣東省深圳市中級人民法院民事判決書[2014]深中法涉外初字第59號) in favour of the Group in relation to the litigation on the previous disposal of shares in Fuhuade, pursuant to which the Group is judged to receive approximately RMB85,545,000 (equivalent to approximately HK\$102,327,000) (before tax) together with related interest of approximately RMB28,326,000 (equivalent to approximately HK\$33,883,000) (before tax).

On 16 April 2019, the Group further received a civil judgment (廣東省深圳市中級人民法院民事判決書[2016]粵03民初第662號) in favour of the Group in relation to the litigation on the previous disposal of shares in Fuhuade, pursuant to which the Group is judged to receive approximately RMB113,486,000 (equivalent to approximately HK\$129,102,000) (before tax) together with related tax subsidies of approximately RMB29,066,000 (equivalent to approximately HK\$33,030,000) (before tax).

Up to 31 December 2019, approximately RMB127,624,000 (equivalent to approximately HK\$145,566,000) was received from CNOOC Gas for settlement of judged consideration receivables of the third instalment of approximately RMB113,486,000 (equivalent to approximately HK\$129,102,000) and tax subsidies of approximately RMB21,025,000 (equivalent to approximately HK\$24,335,000) after deducting withholding tax of approximately RMB6,887,000 (equivalent to approximately HK\$7,871,000).

Apart from the above, the Group is still awaiting a second instance decision from the Guangdong Provincial People's High Court regarding the amount of fuel subsidy (廣東省深圳市中級人民法院[2016]粵03民初661號).

MANAGEMENT DISCUSSION AND ANALYSIS

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

ECFL, Win Wind Capital Limited, Win Wind Investment (Holdings) Limited, Enerchine Nominee Limited and WWSL (the “Defendant Parties”), which as of the date hereof are wholly-owned subsidiaries of the Company, have been named, inter alia, as defendants in two separate writs of summons in the High Court of Hong Kong (the “Writs”) by the plaintiffs, Allied Weli Development Limited (in Liquidation) and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the “Liquidators”) of Allied Weli Development Limited. The Liquidators have not served the Writs on the Defendant Parties. On 2 February 2018, the Group, through its legal advisors, requested the Liquidators to (i) serve the Writs of Summons on the Defendant Parties by 20 February 2018 as required under the Rules of the High Court (Order 12, rule 8A) or (ii) to discontinue the Writs against the Defendant Parties. On 15 February 2018, the Group received a letter from the Liquidator’s lawyers stating, inter alia, that the Liquidators may ultimately decide not to pursue a claim against the Defendant Parties at all. As the Writs have not been served on the Defendant Parties, accordingly no provision has been made in the Interim Financial Statements. However, the management of the Company considers the Writs are not only groundless but the Liquidator’s actions are a flagrant and calculated abuse of the law, designed solely to drag the Group’s good name and good will through process of the Hong Kong Courts in hopes of profit that they will clearly not be entitled to.

(c) Legal proceeding against Celebrate International Holdings Limited (“Celebrate”)

On 12 May 2020, Citizens (a wholly-owned subsidiary of the Company), as a creditor, commenced legal proceedings by filing a winding-up petition with the Court of First Instance of Hong Kong, against Celebrate as debtor regarding an outstanding loan in an amount of HK\$27,155,161.50 together with the interests thereon pursuant to a loan agreement entered by Citizens and Celebrate on 25 January 2019 (“Celebrate Loan”). Celebrate Loan was secured by a debenture incorporating a floating charge over Celebrate’s total assets in favor of Citizens along with a debenture incorporating a floating charge over the total assets of Celebrate’s wholly-owned subsidiary, Long Peace Group Limited. On 10 July 2020, Citizens appointed joint and several receivers and managers to Celebrate so as to realise the charged assets. The Court granted the winding-up order against Celebrate on 22 July 2020 and appointed liquidators to proceed with the winding-up procedure.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

With the decelerating momentum of global economic growth and increasing uncertainties due to the COVID-19 pandemic, the first half of 2020 has been challenging in Hong Kong. The latest economic figures of Hong Kong as of 30 June 2020 showed a severe year-on-year economic contraction in multiple aspects including negative real GDP growth, declining private consumption and merchandise exports as well as increasing unemployment rate, implying more downward pressure to Hong Kong's financial market.

OUTLOOK

Looking ahead, the economic outlook of the second half of 2020 in Hong Kong remains grim as the COVID-19 pandemic prevails. The consequential global economic volatility is expected to adversely affect market sentiments of the investing public and the Hong Kong economy as a whole.

Amid this challenging environment, the Group will strive to adhere to its goals and continue to explore potential investment opportunities in fintech, lifestyle, real estate and integrated resort projects. Accordingly, the Group will continue to maintain a balanced approach to asset allocation with appropriate risk and potential reward; and the management will maintain strict oversight of operation costs in view of the volatile business environment.

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

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$0.005 per share).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group employed 36 full time employees for its principal activities. The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options and awarded shares may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme and share award scheme.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the six months ended 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance. The Company confirms that it has complied with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 June 2020, all Directors have complied with the required standard set out in the Model Code.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this interim report, there is sufficient public float of not less than 25% of the Company’s issued shares as required under the Listing Rules.

AUDIT COMMITTEE

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

The interim results of the Group for the six months ended 30 June 2020 had not been audited, but had been reviewed by the Company’s auditor, Mazars CPA Limited and the Audit Committee.

APPRECIATION

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

By Order of the Board
Oshidori International Holdings Limited
Wong Wan Men Margaret
Executive Director

Hong Kong, 28 August 2020

OTHER INFORMATION

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, the Directors and chief executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

(A) Long Positions in Shares, Underlying Shares and Debentures of the Company

Name of directors	Nature of interest	Number of underlying shares held	Approximate% of shareholding
Wong Wan Men Margaret	Personal*	30,000,000 ⁽¹⁾	0.49
Alejandro Yemenidjian	Personal*	60,000,000 ⁽²⁾	0.98

Notes:

⁽¹⁾ Out of 30,000,000 shares, 10,000,000 shares represented the interest in Award Shares granted by the Company and remained unvested, and the balance of 20,000,000 shares represented the interests in share options granted by the Company as beneficial owner. Details of the Awarded Shares and share options granted to this director are set out in "Share Award Scheme" and "Share Option Scheme" sections stated below.

⁽²⁾ 60,000,000 shares represented the interests in share options granted by the Company as beneficial owner. The details of the share options granted to this director are set out in "Share Option Scheme" section stated below.

* Interests of beneficial owner

(B) Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 June 2020, none of the Directors and chief executives of the Company or their associates had any short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (as defined under Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

At no time during the six months ended 30 June 2020 were rights to acquire benefits by means of the acquisition of shares in or warrants or debentures of the Company granted to any Director or chief executives of the Company or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries or holding company or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

OTHER INFORMATION

SHARE OPTION SCHEMES

(A) 2002 Share Option Scheme

The Company operated a share option scheme adopted by shareholders of the Company on 24 May 2002 (the “2002 Share Option Scheme”), under which the Board may, at its discretion, offer any employees of the Group or any Directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated in the said scheme. The 2002 Share Option Scheme had a life of 10 years and was terminated at the annual general meeting of the Company held on 17 May 2012.

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

Following to the lapse of all 28,079,700 outstanding options in 2017, the Company had no underlying shares comprised in options outstanding under the 2002 Share Option Scheme. Details of the 2002 Share Option Scheme were set out in the Company’s 2017 annual report.

(B) 2012 Share Option Scheme

A new share option scheme was adopted by shareholders of the Company on 17 May 2012 (the “2012 Share Option Scheme”), under which the Board may, of its discretion, offer any employees of the Group or any Directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. The 2012 Share Options Scheme has a remaining life of approximately 1.5 years as at the date of this interim report. The general terms and conditions of the 2012 Share Option Scheme are listed as follows:

(A) Purpose

The 2012 Share Option Scheme is a share incentive scheme and is established to enable the Group to (i) recognise and acknowledge the contributions that eligible persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible quality of employees and other eligible persons; (iii) motivate the eligible persons to optimise their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to eligible persons. The eligible persons include (a) any full time or part time employees of the Group or any directors of the Company or any of its subsidiaries; (b) any customer, supplier or provider of services, landlord or tenant, agent, partner, consultant, or adviser of or a contractor to or person doing business with any member of the Group; (c) trustee of any trust the principal beneficiary of which is, or discretionary trust the discretionary objects of which include, any person referred to (a) or (b) above; (d) a company wholly beneficially owned by any person referred to in (a) or (b) above, and (e) such other persons (or classes of persons) as the Board may in its absolute discretion determine.

OTHER INFORMATION

(B) Maximum Number of Shares Available for Subscription

- (i) Subject to (iv) below, the total number of shares which may be issued upon exercise of all the options to be granted under 2012 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the shares in issue as at the date of approval of the 2012 Share Option Scheme.
- (ii) Subject to (iv) below, the Company may seek approval of the Shareholders in general meeting for refreshing the 10% limit set out in (i) above such that the total number of shares which may be issued upon exercise of all options to be granted under the 2012 Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of the shares in issue as at the date of approval to refresh such limit.
- (iii) Subject to (iv) below, the Company may seek separate approval from the Shareholders in general meeting for granting options beyond the 10% limit provided the options granted in excess of such limit are granted only to eligible persons specifically identified by the Company before such approval is sought. In such case, the Company shall send a circular to its Shareholders containing the information required under the Listing Rules.
- (iv) in respect of which options may be granted under the 2012 Share Option Scheme together with any options outstanding and yet to be exercised under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of shares in issue from time to time. No option may be granted under the 2012 Share Option Scheme or any other share option schemes of the Company if this will result in such limit being exceeded.

(C) Total Number of Securities Available for Issue

The scheme mandate limit was refreshed on 5 June 2020, pursuant to which the Company was authorised to grant options to subscribe for up to a maximum of 611,360,913 shares, being 10% of the total issued shares of the Company as at 5 June 2020. There were 252,000,000 options outstanding as of 30 June 2020. The total number of shares which may be issued upon exercise of all options granted and to be granted under the 2012 Share Option Scheme was 863,360,913 shares, representing 14.12% of the shares of the Company in issue as at the date of this interim report.

(D) Maximum Entitlement to Shares of Each Eligible Person

- (i) The total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.
- (ii) Notwithstanding (i) above, any further grant of options to an eligible person in excess of the 1% limit shall be subject to approval by the Shareholders in general meeting with such eligible person and his or her associates abstaining from voting. The number and the terms of the options to be granted to such eligible person shall be fixed before the Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date for grant for the purpose of calculating the subscription price.

OTHER INFORMATION

- (iii) Where the Board proposes to grant any option to an eligible person who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates and such option which if exercised in full, would result in such eligible person becomes entitled to subscribe for such number of shares, when aggregated with the total number of shares already issued and issuable to him or her pursuant to all options granted and to be granted (including options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the date of such grant: (1) representing in aggregate more than 0.1% of the relevant class of securities of the Company in issue on the date of such grant; and (2) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5,000,000, such proposed grant of options must be approved by the Shareholders in general meeting.

(E) Acceptance of Offer

Offer of an option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.00 (or such other nominal sum in any currency as the Board may determine) by way of consideration for the grant thereof.

(F) Exercise of Options

An option may be exercised in accordance with the terms of the 2012 Share Option Scheme and such other terms and conditions upon which an option was granted, at any time during the option period after the option has been granted by the Board but in any event, not longer than 10 years from the date of grant. An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period. Subject to the discretion of the Board in accordance with the terms of the 2012 Share Option Scheme, there is no minimum period for which an option must be held before it can be exercised and no performance targets need to be achieved by the grantee before the option can be exercised.

(G) Exercise Price

The exercise price shall be determined by the Board at its sole discretion and notified to the eligible persons and shall be no less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share on the date on which an option is granted.

On 22 January 2020, the Board resolved to grant an aggregate of 120,000,000 share options with no vesting conditions to 10 option grantees under the 2012 Share Option Scheme, of which, (i) 100,000,000 share options were granted to 9 independent option grantees; and (ii) 20,000,000 share options were granted to Ms. Wong, at an exercise price of HK\$0.865 per share. The validity period of the share options is 10 years from the date of grant (i.e. 22 January 2020 to 21 January 2030).

On 9 June 2020, the Board further resolved to grant 60,000,000 share options with no vesting conditions to a non-executive director, Mr. Alejandro Yemenidjian under the 2012 Share Option Scheme, at an exercise price of HK\$0.840 per share. The validity period of the share options is 10 years from the date of grant (i.e. 9 June 2020 to 8 June 2030).

OTHER INFORMATION

As at 30 June 2020, there were share options relating to 252,000,000 shares granted by the Company representing 4.12% of the issued shares of the Company as at the date of this interim report pursuant to the 2012 Share Option Scheme which were valid and outstanding.

Details of the share options granted under the 2012 Share Option Scheme that remain outstanding as at 30 June 2020 are as follows:

Grant Date	Exercise Price HK\$	Grantees	Number of share options			As at 30/6/2020	Exercisable period
			As at 1/1/2020	Granted	Forfeited/ Lapsed		
29/3/2019 (note 1)	0.82	Employees	72,000,000		-	72,000,000	29/3/2019 – 28/3/2029
22/1/2020 (note 2)	0.865	Wong Wan Men Margaret	-	20,000,000	-	20,000,000	22/1/2020 – 21/1/2030
22/1/2020 (note 2)	0.865	Other participants	-	100,000,000	-	100,000,000	22/1/2020 – 21/1/2030
9/6/2020 (note 3)	0.840	Alejandro Yemenidjian	-	60,000,000	-	60,000,000	9/6/2020 – 8/6/2030
		Total	72,000,000	180,000,000	-	252,000,000	

Notes:

1. The closing market price per share of the Company as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 28 March 2019 was HK\$0.80.
2. The closing market price per share of the Company as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 21 January 2020 was HK\$0.86.
3. The closing market price per share of the Company as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 8 June 2020 was HK\$0.83.

Additional information in relation to the Company's Share Option Schemes are set out in note 18 to the consolidated financial statements.

OTHER INFORMATION

SHARE AWARD SCHEME

The share award scheme was adopted by the shareholders at the special general meeting of the Company held on 19 December 2019 (“2019 Share Award Scheme”).

The Board shall not make any further grant of awarded shares which will result in the total number of shares awarded by the Board under the 2019 Share Award Scheme exceeding 10% of the issued share capital of the Company as at the adoption date of 2019 Share Award Scheme (i.e. 19 December 2019).

Subject to the 2019 Share Award Scheme limit, the maximum number of awarded shares which may be awarded by the Board in any financial year shall not be more than 3% of the issued share capital of the Company (“Annual Limit”) provided that if the Annual Limit is not fully utilised in any financial year, further awarded shares may be awarded by the Board in subsequent financial year(s) up to such Annual Limit. The Annual Limit may be refreshed by Shareholders who are permitted under the Rules Governing the Listing of Securities (the “Listing Rules”) to vote at a general meeting of the Company so that the Annual Limit refreshed shall not exceed 3% of the issued share capital of the Company as at the date of the general meeting approving such refreshment. The maximum aggregate number of the shares which may be awarded to a selected grantee under the 2019 Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The objectives of the 2019 Share Award Scheme are: (i) to recognise the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group’s existing and other new potential business including integrated resort development; and (ii) to attract suitable personnel with relevant experience in the Group’s existing and other new potential business including integrated resort development.

On 22 January 2020, the Board resolved to award an aggregate of 95,000,000 awarded shares to the same 10 persons under the 2019 Share Award Scheme, of which, (i) 85,000,000 awarded shares were awarded to 9 independent grantees by way of issue and allotment of new shares pursuant to the specific mandate; and (ii) 10,000,000 connected awarded shares were proposed to Ms. Wong by way of issue and allotment of new shares pursuant to the specific mandate. All the awarded shares shall be vested on the fourth anniversary of the date of grant (i.e. 22 January 2024), subject to the grantees remaining as eligible persons on 22 January 2024 and all of the other conditions being satisfied. The share price of the Company at the date of grant was HK\$0.85 per share.

The movements of share awards under the 2019 Share Award Scheme during the period are as follows:

Grant Date	Grantees	Number of awarded shares			Unvested as at 30/6/2020	Vesting Date
		As at 1/1/2020	Granted	Forfeited		
22/1/2020	Wong Wan Men Margaret	–	10,000,000	–	10,000,000	To be vested on 22/1/2024
22/1/2020	Other participants	–	85,000,000	–	85,000,000	To be vested on 22/1/2024
	Total	–	95,000,000	–	95,000,000	

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

The register of the interests and short positions maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder had notified the Company of relevant interests and short positions in the issued shares of the Company as at 30 June 2020:

Long position in shares of the Company

Name of substantial shareholders	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Peak Trust Company – NV	Beneficial owner	1,151,976,600	18.84%
VMS Investment Group Limited	Beneficial owner (<i>Note</i>)	575,003,000	9.41%

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

Save as disclosed above, as at 30 June 2020, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

CHANGES IN DIRECTORS’ INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors since the Company’s Annual Report 2019 and up to the date of this report are set out as below:

1. Mr. Alejandro Yemenidjian has been appointed as non-executive chairman of Guess?, Inc., a company listed on the New York Stock Exchange with effect from 14 August 2020.
2. Mr. Sam Nickolas David Hing Cheong resigned as an authorised representative and Mr. Wong Yat Fai has been appointed as an authorised representative of the Company with effect from 8 July 2020.
3. Mr. Sam Nickolas David Hing Cheong has been re-designated from executive director and chairman to non-executive director of the Company with effect from 5 June 2020.
4. Mr. Cheung Wing Ping resigned as an independent non-executive director of China Shandong Hi-Speed Financial Group Limited (HKEX stock code: 412) with effect from 14 May 2020.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



MAZARS CPA LIMITED
中審眾環(香港)會計師事務所有限公司

42nd Floor, Central Plaza,
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道 18 號中環廣場 42 樓

Tel 電話: (852) 2909 5555

Fax 傳真: (852) 2810 0032

Email 電郵: info@mazars.hk

Website 網址: www.mazars.hk

Introduction

We have reviewed the interim financial information set out on pages 27 to 54, which comprises the condensed consolidated statement of financial position of Oshidori International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “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 and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the 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.

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 28 August 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Six months ended	
	Note	30 June 2020 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Unaudited)
Revenue	3	68,390	205,642
Other income	4	4,173	19,570
Other gains and losses	5	3,102	21,536
Net unrealised fair value gain (loss) on financial assets at fair value through profit or loss ("FVPL")	3	203,405	(243,008)
Net impairment loss in respect of loan receivables	13(d)	(60,211)	(70,085)
Depreciation of property and equipment and right-of-use assets		(21,203)	(11,864)
Employee benefits expenses	6	(41,826)	(39,084)
Other expenses	6	(103,838)	(57,428)
Share of results of associates		(2,232)	(3,574)
Finance costs	6	(10,580)	(22,653)
Profit (Loss) before taxation	6	39,180	(200,948)
Income tax (expense) credit	7	(42,905)	2,251
Loss for the period		(3,725)	(198,697)
Other comprehensive income (loss):			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value change on financial assets designated at fair value through other comprehensive income ("Designated FVOCI")		250,557	241,556
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Fair value change on financial assets mandatory at fair value through other comprehensive income ("Mandatory FVOCI")		(180)	196
Fair value change on Mandatory FVOCI reclassified to profit or loss upon disposal		740	-
Exchange differences arising on translation to presentation currency		(3,753)	(5,152)
		(3,193)	(4,956)
Total other comprehensive income for the period		247,364	236,600
Total comprehensive income for the period		243,639	37,903
(Loss) Profit for the period attributable to:			
Owners of the Company		(3,738)	(198,674)
Non-controlling interests		13	(23)
		(3,725)	(198,697)
Total comprehensive income (loss) for the period attributable to:			
Owners of the Company		242,992	42,903
Non-controlling interests		647	(5,000)
		243,639	37,903
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	9		
Basic		(0.06)	(3.42)
Diluted		(0.06)	(3.42)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

	Note	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Non-current assets			
Property and equipment	10	196,722	260,214
Right-of-use assets		10,852	16,715
Financial assets at fair value through other comprehensive income ("FVOCI")	11	3,221,385	3,007,433
Financial assets at FVPL	14	250,852	–
Interests in associates	12	92	2,324
Intangible assets		3,908	3,908
Other deposits		425	503
Loan receivables	13	56,767	210,653
		3,741,003	3,501,750
Current assets			
Trade, loan and other receivables	13	644,802	473,543
Income tax recoverable		16,692	17,050
Financial assets at FVPL	14	2,335,387	2,132,047
Bank balances – trust and segregated accounts		9,190	19,928
Cash and cash equivalents		688,062	695,894
		3,694,133	3,338,462
Current liabilities			
Trade and other payables	15	476,685	470,806
Lease liabilities		11,047	10,521
Income tax payable		4,656	1,674
Loan payable	16	155,634	150,855
		648,022	633,856
Net current assets		3,046,111	2,704,606
Total assets less current liabilities		6,787,114	6,206,356
Non-current liabilities			
Deferred taxation		65,097	25,532
Lease liabilities		–	6,335
		65,097	31,867
NET ASSETS		6,722,017	6,174,489
Capital and reserves			
Share capital	17	305,680	290,588
Reserves		6,411,319	5,879,530
Equity attributable to owners of the Company		6,716,999	6,170,118
Non-controlling interests		5,018	4,371
TOTAL EQUITY		6,722,017	6,174,489

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

Note	Attributable to equity holders of the Company									Non-controlling interests				
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Contribution surplus HK\$'000	Investment revaluation reserve (recycling) HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Share option reserve HK\$'000	Share award reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Share of other equity components HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Total HK\$'000	Total HK\$'000
At 1 January 2020 (Audited)	290,588	-	(87,753)	5,682,380	(560)	(658,141)	24,720	-	918,884	6,170,118	5,748	(1,377)	4,371	6,174,489
(Loss) Profit for the period	-	-	-	-	-	-	-	-	(3,738)	(3,738)	13	-	13	(3,725)
Other comprehensive income (loss) Items that will not be reclassified to profit or loss														
Fair value change on Designated FVOCI	-	-	-	-	-	249,923	-	-	-	249,923	-	634	634	250,557
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	-	-	-	-	-	(32,865)	-	-	32,865	-	594	(594)	-	-
	-	-	-	-	-	217,058	-	-	32,865	249,923	594	40	634	250,557
Items that are reclassified or may be reclassified subsequently to profit or loss														
Fair value change on Mandatory FVOCI	-	-	-	-	(180)	-	-	-	-	(180)	-	-	-	(180)
Fair value change on Mandatory FVOCI reclassified to profit or loss upon disposal	-	-	-	-	740	-	-	-	-	740	-	-	-	740
Exchange differences arising on translation to presentation currency	-	-	(3,753)	-	-	-	-	-	-	(3,753)	-	-	-	(3,753)
	-	-	(3,753)	-	560	-	-	-	-	(3,193)	-	-	-	(3,193)
Total other comprehensive income for the period	-	-	(3,753)	-	560	217,058	-	-	32,865	246,730	594	40	634	247,364
Total comprehensive income for the period	-	-	(3,753)	-	560	217,058	-	-	29,127	242,992	607	40	647	243,639
Transactions with owners:														
Contribution and distribution														
Issue of new shares upon share swap	17	15,092	196,198	-	-	-	-	-	-	211,290	-	-	-	211,290
Recognition of equity-settled share-based payments	18	-	-	-	-	-	82,505	10,094	-	92,599	-	-	-	92,599
Total transactions with owners		15,092	196,198	-	-	-	82,505	10,094	-	303,889	-	-	-	303,889
At 30 June 2020 (Unaudited)		305,680	196,198	(91,506)	5,682,380	-	(441,083)	107,225	10,094	948,011	6,355	(1,337)	5,018	6,722,017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

Note	Attributable to equity holders of the Company								Non-controlling interests				
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Contribution surplus HK\$'000	Investment revaluation reserve (recycling) HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Share option reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Share of other equity components HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Total HK\$'000	Total HK\$'000
At 1 January 2019 (Audited)	290,588	5,739,250	(78,522)	544	-	(856,748)	-	1,318,903	6,414,015	80,707	4,696	85,403	6,499,418
Loss for the period	-	-	-	-	-	-	-	(198,674)	(198,674)	(23)	-	(23)	(198,697)
Other comprehensive income (loss) <i>Items that will not be reclassified to profit or loss</i>													
Fair value change on Designated FVOCI	-	-	-	-	-	246,533	-	-	246,533	-	(4,977)	(4,977)	241,556
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	-	-	-	-	-	(17,195)	-	17,195	-	-	-	-	-
	-	-	-	-	-	229,338	-	17,195	246,533	-	(4,977)	(4,977)	241,556
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>													
Fair value change on Mandatory FVOCI	-	-	-	-	196	-	-	-	196	-	-	-	196
Exchange differences arising on translation to presentation currency	-	-	(5,152)	-	-	-	-	-	(5,152)	-	-	-	(5,152)
	-	-	(5,152)	-	196	-	-	-	(4,956)	-	-	-	(4,956)
Total other comprehensive income (loss) for the period	-	-	(5,152)	-	196	229,338	-	17,195	241,577	-	(4,977)	(4,977)	236,600
Total comprehensive income (loss) for the period	-	-	(5,152)	-	196	229,338	-	(181,479)	42,903	(23)	(4,977)	(5,000)	37,903
Transactions with owners:													
<i>Contribution and distribution</i>													
Recognition of equity-settled share-based payments	18	-	-	-	-	-	24,720	-	24,720	-	-	-	24,720
Dividend paid	8	-	-	-	-	-	-	(87,176)	(87,176)	-	-	-	(87,176)
Acquisition of non-controlling interests in a subsidiary	-	-	-	-	-	-	-	(24)	(24)	(74,976)	-	(74,976)	(75,000)
Transfer	-	(5,739,250)	-	5,681,836	-	-	-	57,414	-	-	-	-	-
Total transactions with owners	-	(5,739,250)	-	5,681,836	-	-	24,720	(29,786)	(62,480)	(74,976)	-	(74,976)	(137,456)
At 30 June 2019 (Unaudited)	290,588	-	(83,674)	5,682,380	196	(627,410)	24,720	1,107,638	6,394,438	5,708	(281)	5,427	6,399,865

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Note	Six months ended	
		30 June 2020 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES		(56,213)	(500,836)
INVESTING ACTIVITIES			
Deposits paid for acquisition of property and equipment		–	(1,290)
Dividend received		9,787	40,119
Interest received		4,710	15,527
Purchase of property and equipment	10	(15)	(333)
Proceeds from disposal of property and equipment		42,557	–
Purchase of Designated FVOCI		(1,364)	(737,368)
Proceeds from disposal of Designated FVOCI		219,910	40,604
Purchase of financial assets at FVPL		(250,905)	–
Purchases of Mandatory FVOCI		–	(19,159)
Proceeds from disposal of Mandatory FVOCI		18,419	–
Redemption of other investments		–	170,455
Proceeds from disposal of an associate	12	8,433	–
Settlement of promissory note receivable in relation to disposal of an associate		–	50,000
Acquisition of an associate		–	(59,840)
Net cash flows arising from disposal of a subsidiary		423	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		51,955	(501,285)
FINANCING ACTIVITIES			
Drawdown of loan payables		155,600	150,000
Repayment of loan payables		(150,000)	–
Lease payments		(6,064)	(4,480)
Dividend paid	8	–	(87,176)
Settlement of promissory note payable in relation to acquisition of non-controlling interests in a subsidiary		–	(100,000)
Cash outflow arising from acquisition of non-controlling interests in a subsidiary		–	(75,000)
NET CASH USED IN FINANCING ACTIVITIES		(464)	(116,656)
Net decrease in cash and cash equivalents		(4,722)	(1,118,777)
Cash and cash equivalents at beginning of the reporting period		695,894	1,390,337
Effect on exchange rate changes on cash and cash equivalents		(3,110)	(4,101)
Cash and cash equivalents at end of the reporting period, represented by cash and bank balances		688,062	267,459

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. GENERAL INFORMATION

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

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

Certain group entities are licensed under the Hong Kong Securities and Futures Ordinance with the following regulated activities:

Type 1: Dealing in securities
Type 2: Dealing in futures contracts
Type 4: Advising on securities
Type 6: Advising on corporate finance
Type 9: Asset management

A group entity obtained the license in dealing in futures contracts during the year ended 31 December 2019 but the application of such trading rights is still in progress during the six months ended 30 June 2020. The business of dealing in futures contracts has not yet been commenced during the period.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated financial statements of the Group for the six months ended 30 June 2020 (the “Interim Financial Statements”) are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The Interim Financial Statements should be read in conjunction with the 2019 annual financial statements. The accounting policies adopted in preparing the Interim Financial Statements are consistent with those in the preparation of the Group’s annual financial statements for the year ended 31 December 2019, except for the adoption of the new/revised standards of Hong Kong Financial Reporting Standards (“HKFRSs”) which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1 January 2020 as described below.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs

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

The adoption of these new and revised HKFRSs in the current period has no material impact on the Group's results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

3. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

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

- (a) the provision of securities brokerage services, margin financing services, placing and underwriting services, investment advisory services, assets management services and corporate financial advisory services ("financial services");
- (b) tactical and/or strategical investment*; and
- (c) credit and lending services*.

* The chief operating decision makers have updated the name of its reportable and operating segments for clearer descriptive information about them.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the six months ended 30 June 2020 (Unaudited)

	Financial services HK\$'000	Tactical and/ or strategical investment HK\$'000	Credit and lending services HK\$'000	Total HK\$'000
Revenue				
Revenue from financial services	13,886	-	-	13,886
Revenue from tactical and/or strategical investment	-	13,939	-	13,939
Revenue from credit and lending services	-	-	40,565	40,565
Total revenue	13,886	13,939	40,565	68,390
Net unrealised fair value gain on financial assets at FVPL	-	203,405	-	203,405
Segment revenue	13,886	217,344	40,565	271,795
Segment profit (loss)	3,917	184,244	(37,551)	150,610
Unallocated other income				2,436
Net exchange gain				1,168
Unallocated other gains and losses				2,824
Share of results of associates				(2,232)
Unallocated finance costs				(2,654)
Central corporate expenses				(112,972)
Profit before taxation				39,180

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)**Segment revenue and results (Continued)***For the six months ended 30 June 2019 (Unaudited)*

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

Segment revenue includes revenue from financial services, tactical and/or strategical investment and credit and lending services. In addition, the chief operating decision makers also consider net unrealised fair value gain (loss) on financial assets at FVPL as segment revenue.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

At 30 June 2020 (Unaudited)

	Financial services HK\$'000	Tactical and/ or strategical investment HK\$'000	Credit and lending services HK\$'000	Total HK\$'000
Segment assets	255,921	5,839,654	898,279	6,993,854
Unallocated property and equipment				189,785
Unallocated right-of-use assets				8,965
Interests in an associate				92
Unallocated other receivables				15,103
Income tax recoverable				16,692
Unallocated cash and cash equivalents				210,645
Consolidated assets				7,435,136
Segment liabilities	8,782	455,601	155,673	620,056
Unallocated other payables				14,198
Unallocated lease liabilities				9,112
Income tax payable				4,656
Deferred taxation				65,097
Consolidated liabilities				713,119

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 December 2019 (Audited)

	Financial services HK\$'000	Tactical and/ or strategical investment HK\$'000	Credit and lending services HK\$'000	Total HK\$'000
Segment assets	232,148	5,303,204	640,232	6,175,584
Unallocated property and equipment				252,133
Unallocated right-of-use assets				13,798
Interests in associates				2,324
Unallocated other receivables				16,022
Income tax recoverable				17,050
Unallocated cash and cash equivalents				363,301
Consolidated assets				6,840,212
Segment liabilities	22,899	427,066	7,694	457,659
Unallocated other payables				16,103
Unallocated lease liabilities				13,900
Income tax payable				1,674
Loan payable				150,855
Deferred taxation				25,532
Consolidated liabilities				665,723

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

4. OTHER INCOME

	Six months ended	
	30 June 2020 <i>HK\$'000</i> (Unaudited)	30 June 2019 <i>HK\$'000</i> (Unaudited)
Interest income on:		
– bank deposits	1,834	4,977
– promissory note receivable	–	4,833
– other investments	–	2,285
– others	2	43
	1,836	12,138
Others	2,337	7,432
	4,173	19,570

5. OTHER GAINS AND LOSSES

	Note	Six months ended	
		30 June 2020 <i>HK\$'000</i> (Unaudited)	30 June 2019 <i>HK\$'000</i> (Unaudited)
Bad debts written off		(5,700)	–
Net exchange gain		1,168	21,211
Amortisation of deferred day-one gain	14(b)	4,810	–
Loss on disposal of property and equipment		(5,610)	–
Gain on disposal of a subsidiary		1	–
Gain on disposal of an associate	12	8,433	–
Gain on deemed disposal of an associate		–	325
		3,102	21,536

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

6. PROFIT (LOSS) BEFORE TAXATION

This is stated after charging:

	Six months ended	
	30 June 2020	30 June 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Finance costs		
Interest on loan payables	2,492	855
Interest on margin financing	7,833	15,362
Interest on promissory note payable	–	6,230
Imputed interest on lease liabilities	255	206
	10,580	22,653
Employee benefits expenses (including directors' emoluments)		
Salaries and other benefits	12,410	14,032
Retirement benefit scheme contributions	307	332
Share-based payment expenses	29,109	24,720
	41,826	39,084
Other expenses		
Business development expenses	22,854	25,943
Business registration fees, statutory fees and listing fees	891	1,534
Financial information charges	878	1,062
Handling and settlement expenses	276	724
Insurance	581	713
Investment transaction cost	97	3,209
Lease payments for short-term leases	1,338	1,254
Legal and professional fees	2,890	9,200
Marketing expenses	6,509	9,281
Other operating expenses	4,034	4,508
Share-based payment expenses to service providers	63,490	–
	103,838	57,428

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

7. INCOME TAX (EXPENSE) CREDIT

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

For the six months ended 30 June 2020 and 2019, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	Six months ended	
	30 June 2020	30 June 2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	3,340	4,225
Deferred taxation		
Origination and reversal of temporary difference	39,565	(6,476)
Income tax expense (credit)	42,905	(2,251)

8. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2020 and a final dividend in respect of the year ended 31 December 2019 (six months ended 30 June 2019: approved and paid a final dividend in respect of the year ended 31 December 2018 of HK\$0.015 per share amounting to approximately HK\$87,176,000 and declared an interim dividend in respect of the six months ended 30 June 2019 of HK\$0.005 per share amounting to approximately HK\$29,059,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

9. LOSS PER SHARE

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

Loss

	Six months ended	
	30 June 2020	30 June 2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to equity shareholders of the Company, for the purpose of basic and diluted loss per share	(3,738)	(198,674)

Number of shares

	Six months ended	
	30 June 2020	30 June 2019
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares, for the purpose of basic and diluted loss per share	5,902,830,646	5,811,766,282

Note:

For the six months ended 30 June 2020, the outstanding share options and unvested awarded shares of the Company have not been included in the computation of diluted loss per share as they are anti-dilutive.

For the six months ended 30 June 2019, the outstanding share options of the Company had not been included in the computation of diluted loss per share as they are anti-dilutive.

10. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2020, the Group had acquired and disposed of property and equipment of approximately HK\$15,000 and HK\$48,167,000 respectively (six months ended 30 June 2019: acquired property and equipment of approximately HK\$333,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

11. FINANCIAL ASSETS AT FVOCI

	Note	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Designated FVOCI			
Equity securities – listed			
Listed in Hong Kong		2,416,449	2,096,293
Listed in the United States		24,865	45,855
		2,441,314	2,142,148
Equity securities – unlisted	(a)	780,071	846,686
		3,221,385	2,988,834
Mandatory FVOCI			
Debt securities listed in Singapore		–	18,599
		3,221,385	3,007,433

Note:

- (a) As at 30 June 2020, the amount represented the investments in unlisted equity securities issued by private entities. Included in the unlisted investments as at 30 June 2020, the Group held approximately 2.95% (31 December 2019: 2.95%) of the issued shares of Co-Lead Holdings Limited (“Co-Lead”) in the amount of HK\$90,465,000 (31 December 2019: HK\$85,398,000) and approximately 11.68% (31 December 2019: 11.68%) of the issued shares of Satinu Resources Group Ltd. (“Satinu”) in the amount of HK\$539,408,000 (31 December 2019: HK\$604,705,000), which are companies incorporated in the British Virgin Islands. Co-Lead and its subsidiaries principally engage in securities trading and investment holding business in Hong Kong and Satinu and its subsidiaries principally engage in integrated financial services, securities brokerage services, money lending, securities and other direct investments in Hong Kong.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

12. INTERESTS IN ASSOCIATES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Unlisted shares		
Shares of net assets	–	2,205
Goodwill	92	119
	92	2,324

As at 31 December 2019, interests in associates represented the Group's interests in 25% of the issued ordinary share capital of Eternal Billion Holding Group Limited and Topwish Holdings Limited.

On 12 June 2020, the Group entered into a sale and purchase agreement with an independent third party to dispose of 25% equity interests in Topwish Holdings Limited at a consideration of HK\$8,433,000 which was payable in cash, the transaction resulted in a gain on disposal of HK\$8,433,000 recognised during the six months ended 30 June 2020. The disposal was completed on the same day.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

13. TRADE, LOAN AND OTHER RECEIVABLES

	Note	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade receivables			
Trade receivables arising from the business of securities brokerage and margin financing			
– cash clients		85	102
– margin clients	(b)	130,591	138,873
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	(c)	336	598
	(a)	131,012	139,573
Trade receivable arising from the provision of corporate finance advisory services			
		320	340
		131,332	139,913
Loan receivables			
Loan and interest receivables			
– from independent third parties		565,012	475,053
– from a related company		132,370	151,414
		697,382	626,467
Less: Loss allowance		(162,587)	(102,376)
	(d)	534,795	524,091
Less: Non-current portion		(56,767)	(210,653)
Current portion		478,028	313,438
Other receivables			
Deposits with securities brokers	(e)	3,299	886
Other receivables, deposits and prepayments		32,143	19,306
		35,442	20,192
		644,802	473,543

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

13. TRADE, LOAN AND OTHER RECEIVABLES (Continued)

Notes:

- (a) No aging analysis by invoice date is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of securities brokerage and margin financing business.
- (b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 8% to 30% (31 December 2019: 8% to 30%) per annum at the end of the reporting period. The loans are secured by pledged marketable securities with a total fair value of approximately HK\$412,978,000 (31 December 2019: HK\$434,135,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group.
- (c) The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date.
- (d) At the end of the reporting period, loan receivables include both fixed and variable rate loan advances to independent third parties of approximately HK\$252,141,000 (31 December 2019: HK\$160,916,000) which are secured by the pledge of certain collaterals and personal/corporate guarantees, bearing interest ranging from 3% to 48% (31 December 2019: 3% to 48%) per annum and have contractual loan period between 6 months and 30 years (31 December 2019: between 6 months and 30 years). The remaining unsecured balance includes (i) a fixed rate loan advance to a company, of which Mr. Wong Yat Fai was a common director, of approximately HK\$132,370,000 (31 December 2019: HK\$151,414,000) which is bearing interest of 8% (31 December 2019: 8%) per annum and has contractual loan period of 18 months (31 December 2019: 18 months); and (ii) both fixed and variable rate loan advances to independent third parties of approximately HK\$150,284,000 (31 December 2019: HK\$211,761,000) which are bearing interest ranging from 5% to 36% (31 December 2019: 5% to 36%) per annum. The contractual loan period for majority of the unsecured loan receivables from third parties is between 2 months and 5 years (31 December 2019: between 3 months and 5 years).

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their profession, salaries and current working position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. During the six months ended 30 June 2020, the Group recognised a net impairment loss in respect of loan receivables of approximately HK\$60,211,000 (six months ended 30 June 2019: HK\$70,085,000).

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Not yet past due	534,740	495,966
Less than 1 month past due	-	2,940
4 to 6 months past due	-	4,059
7 to 12 months past due	-	21,071
Over 12 months past due	55	55
At the end of the reporting period	534,795	524,091

As at 30 June 2020, the Group has concentration of credit risk as 25% and 87% (31 December 2019: 29% and 66%) of the total loans was due from the Group's largest borrower and the five largest borrowers respectively, within the credit and lending services segment. Management of the Group monitors the exposure from time to time to assess their recoverability.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

14. FINANCIAL ASSETS AT FVPL

		30 June	31 December
		2020	2019
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Mandatorily measured at FVPL:			
– Listed shares in Hong Kong		2,206,479	2,022,155
– Listed shares in the United States		2,539	–
– Unlisted investment funds	(a)	329,317	77,512
– Unlisted callable fixed coupon notes		23,223	–
– Unlisted convertible notes	(b)	24,681	32,380
		2,586,239	2,132,047
Analysed as:			
Non-current		250,852	–
Current		2,335,387	2,132,047
		2,586,239	2,132,047

Notes:

- (a) The unlisted investment funds are mainly subscribed from independent financial institutions. The portfolios of these funds mainly comprise securities listed in Hong Kong and overseas and unlisted debt and equity securities in Asia-Pacific region. The funds are redeemable at the discretion of the Group from time to time and the intention of holding them was for short-term investment, except for the unlisted investment funds of approximately HK\$250,852,000 which was held for long-term investment.
- (b) The unlisted convertible notes were subscribed from an independent third party at a consideration of HK\$40,500,000 on 18 June 2019. The convertible notes are bearing coupon interest rate of 8% per annum in a principal amount of HK\$81,000,000 which will mature on 31 December 2020. Based on conversion price of HK\$0.05 per share, the Group could convert into a maximum of 1,620,000,000 ordinary shares of the issuer.

At the date of purchase, the convertible notes was recognised at fair value of HK\$78,880,000 which was determined based on valuation carried out by independent professional valuer. The difference between the transaction price and fair value of the convertible notes at purchase date of HK\$38,380,000 was adjusted to deferred day-one gain. Subsequently, the deferred day-one gain is amortised over the term of the convertible notes on straight line basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

14. FINANCIAL ASSETS AT FVPL (Continued)

Notes: (Continued)

(b) (Continued)

The movement of the investment in unlisted convertible notes is as follows:

	Fair value <i>HK\$'000</i>	Deferred day-one gain <i>HK\$'000</i>	Total <i>HK\$'000</i>
At date of purchase	78,880	(38,380)	40,500
Fair value change	43,460	–	43,460
Amortisation	–	10,692	10,692
Derecognition upon conversion	(49,017)	11,122	(37,895)
Derecognition upon disposal	(31,324)	6,947	(24,377)
	<hr/>	<hr/>	<hr/>
At 31 December 2019 (Audited)	41,999	(9,619)	32,380
Fair value change	(12,509)	–	(12,509)
Amortisation (Note 5)	–	4,810	4,810
	<hr/>	<hr/>	<hr/>
At 30 June 2020 (Unaudited)	29,490	(4,809)	24,681

During the six months ended 30 June 2020, interest income from the convertible notes amounting to approximately HK\$1,676,000 (six months ended 30 June 2019: Nil) was settled by scrip from the note issuer. The fair value of the shares at the date of distribution of interest was approximately HK\$1,676,000 which is determined by the quoted market price. The Group irrevocably designated the shares received as Designated FVOCI at the date of distribution of interest.

The fair value of the unlisted convertible notes is determined based on valuation carried out by independent professional valuer at the end of reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

15. TRADE AND OTHER PAYABLES

	Note	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade payables			
Trade payables arising from the business of securities brokerage			
		515	1,711
		8,168	20,754
		8,683	22,465
Secured margin loans from securities brokers	(a) (b)	448,173	415,516
		456,856	437,981
Other payables			
Other payables and accrued charges			
		19,829	32,825
		476,685	470,806

Notes:

- (a) Trade payables to cash and margin clients are repayable on demand. In the opinion of the directors of the Company, no aging analysis is disclosed as the aging analysis does not give additional value.
- (b) For secured margin loans from securities brokers, the loans are repayable on demand (except certain balances arising from trades pending settlement or margin deposits) and are interest-bearing at the prevailing market interest rate (31 December 2019: a range from 2.97% to 7.236%) per annum. The total market value of equity securities (31 December 2019: debt and equity securities) pledged as collateral in respect of the loans was approximately HK\$2,808,712,000 (31 December 2019: HK\$2,318,260,000) as at 30 June 2020.

16. LOAN PAYABLE

The loan from an independent third party as at 30 June 2020 is unsecured, interest bearing of 8% (31 December 2019: 6.5%) per annum and repayable within 6 months (31 December 2019: 1 year) from drawdown date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

17. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.05 (31 December 2019: HK\$0.05) each		
Authorised:		
At 1 January 2019, 31 December 2019, 1 January 2020 and 30 June 2020	20,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 1 January 2020	5,811,766,282	290,588
Issue of shares on:		
– share swap in April 2020	(a) 187,500,000	9,375
– share swap in May 2020	(b) 114,342,857	5,717
At 30 June 2020	6,113,609,139	305,680

Notes:

- (a) Pursuant to the share swap agreement entered into with Hao Tian International Construction Investment Group Limited (“Hao Tian”), a company listed on the Stock Exchange, on 2 April 2020, Hao Tian subscribed for, and the Company issued and allotted, 187,500,000 shares at a consideration of HK\$131,250,000 under the Company’s general mandate, representing approximately 3.13% of the enlarged issued share capital of the Company while the Company subscribed for, and Hao Tian issued and allotted, 625,000,000 shares of Hao Tian under the general mandate of Hao Tian, representing approximately 12.37% of the enlarged issued share capital of Hao Tian. The share swap was completed on 28 April 2020. Approximately HK\$85,625,000 has been recorded as Designated FVOCI at the end of the reporting period.
- (b) Pursuant to the share swap agreement entered into with Imagi International Holdings Limited (“Imagi”), a company listed on the Stock Exchange, on 6 April 2020, Imagi subscribed for, and the Company issued and allotted, 114,342,857 shares at a consideration of HK\$80,040,000 under the Company’s general mandate, representing approximately 1.93% of the enlarged issued share capital of the Company while the Company subscribed for, and Imagi issued and allotted, 138,000,000 shares of Imagi under the general mandate of Imagi, representing approximately 16.63% of the enlarged issued share capital of Imagi. The share swap was completed on 22 May 2020. Approximately HK\$99,360,000 has been recorded as Designated FVOCI at the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

18. SHARE OPTION AND SHARE AWARD SCHEMES**2012 Share Option Scheme**

On 17 May 2012, the Company adopted a share option scheme (the “2012 Share Option Scheme”) which has a life of ten years from 17 May 2012. Under the 2012 Share Option Scheme, the Board of Directors may, at its discretion, offer the eligible persons (including any executive director, non-executive director and independent non-executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The maximum number of shares which may be issued upon exercise of all options to be granted under the 2012 Share Option Scheme, which shall not in aggregate exceed 10% of the total number of shares in issue at the date of approval of the refreshment of the scheme limit (i.e. 5 June 2020). The total number of shares issued and to be issued upon exercise of the options granted to each eligible person in any 12-month period shall not exceed 1% of the total number of shares in issue.

On 22 January 2020, the Company granted 120,000,000 share options with no vesting conditions to 10 eligible persons of the Group under the 2012 Share Option Scheme (of which 100,000,000 and 20,000,000 share options were granted to 9 independent eligible persons and an executive director, Ms. Wong Wan Men Margaret respectively) at an exercise price of HK\$0.865 per share. The validity period of the share options is 10 years from the date of grant (i.e. 22 January 2020 to 21 January 2030).

On 9 June 2020, the Company further granted 60,000,000 share options with no vesting conditions to a non-executive director, Mr. Alejandro Yemenidjian, under the 2012 Share Option Scheme at an exercise price of HK\$0.840 per share. The validity period of the share options is 10 years from the date of grant (i.e. 9 June 2020 to 8 June 2030).

During the six months ended 30 June 2020, the Group recognised approximately HK\$82,505,000 (six months ended 30 June 2019: HK\$24,720,000), with reference to the fair value of the above share options determined at the date of grant using the binomial model, as the equity-settled share-based payment expenses, with the corresponding amounts being credited to share option reserve.

No share options were exercised during the six months ended 30 June 2020. The following tables disclose details of the Company’s share options held by eligible persons and movement in such holdings during the six months ended 30 June 2020:

	Number of the share options			
	Outstanding at 1 January 2020	Granted during the period	Outstanding at 30 June 2020	Exercisable at 30 June 2020
2012 Share Option Scheme				
Directors of the Company	–	80,000,000	80,000,000	80,000,000
Employees	72,000,000	–	72,000,000	72,000,000
Other participants	–	100,000,000	100,000,000	100,000,000
	72,000,000	180,000,000	252,000,000	252,000,000
Weighted average exercise price	HK\$0.82	HK\$0.86	HK\$0.85	HK\$0.85

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

18. SHARE OPTION AND SHARE AWARD SCHEMES (Continued)**2019 Share Award Scheme**

On 19 December 2019, the Company adopted a share award scheme (the “2019 Share Award Scheme”) which has a life of ten years from 19 December 2019. Under the 2019 Share Award Scheme, the Board of Directors may, at its discretion, issue awarded shares to the eligible persons (including any executive director, non-executive director and independent non-executive director) of the Company or its subsidiaries subject to the terms and conditions stipulated therein. The maximum number of awarded shares which can be issued under the 2019 Share Award Scheme, shall not in aggregate exceed 10% of the issued share capital of the Company as at the adoption date of 2019 Share Award Scheme (i.e. 19 December 2019). Subject to the aforesaid scheme limit, the maximum number of awarded shares which may be awarded in any financial year shall not be more than 3% of the issued share capital of the Company. The maximum aggregate number of the shares which may be awarded to each eligible person shall not exceed 1% of the issued share capital of the Company from time to time.

On 22 January 2020, the Company granted 95,000,000 awarded shares to 10 eligible persons under the 2019 Share Award Scheme (of which 85,000,000 and 10,000,000 awarded shares were awarded to 9 independent eligible persons and an executive director, Ms. Wong Wan Men Margaret, respectively) by way of issue and allotment of new shares pursuant to the specific mandate. All the awarded shares shall be vested on the fourth anniversary of the date of grant (i.e. 22 January 2024), subject to the grantees remaining as eligible persons on 22 January 2024 and all of the other conditions being satisfied.

The fair value of the shares granted amounting to HK\$80,750,000, which is determined based on the share price of the Company at the date of grant of HK\$0.85 per share, shall be recognised as share-based payment expenses over 4 years from the date of grant on a straight line basis. During the six months ended 30 June 2020, the Group recognised approximately HK\$10,094,000 (six months ended 30 June 2019: Nil) as the equity-settled share-based payment expenses, with the corresponding amounts being credited to share award reserve.

Movements of the awarded shares granted under the 2019 Share Award Scheme are as follows:

	Number of awarded shares		
	At 1 January 2020	Granted during the period	Unvested at 30 June 2020
2019 Share Award Scheme			
Director of the Company	–	10,000,000	10,000,000
Other participants	–	85,000,000	85,000,000
	–	95,000,000	95,000,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

19. FAIR VALUE MEASUREMENTS

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

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2020 (Unaudited)	31 December 2019 (Audited)		
1) Investments in listed equity securities classified as financial assets at FVPL	Listed equity securities in: - Hong Kong HK\$2,206,479,000 - United States HK\$2,539,000	Listed equity securities in: - Hong Kong HK\$2,022,155,000	Level 1	Quoted bid prices in an active market
2) Investments in unlisted investment funds classified as financial assets at FVPL	HK\$329,317,000	HK\$77,512,000	Level 2	Derived from quoted prices from pricing services based on net asset value of the funds
3) Investments in unlisted callable fixed coupon notes classified as financial assets at FVPL	HK\$23,223,000	-	Level 2	Quoted price from broker
4) Investments in unlisted convertible notes classified as financial assets at FVPL	HK\$24,681,000	HK\$32,380,000	Level 3	Discounted cash flow method and binomial tree model, based on spot price, volatility and discount rate
5) Investments in listed equity securities classified as Designated FVOCI	Listed equity securities in: - Hong Kong HK\$2,416,449,000 - United States HK\$24,865,000	Listed equity securities in: - Hong Kong HK\$2,096,293,000 - United States HK\$45,855,000	Level 1	Quoted bid prices in an active market
6) Investments in unlisted equity securities classified as Designated FVOCI	HK\$58,097,000	HK\$58,315,000	Level 2	Determined by the management by reference to available market information adjusted to reflect liquidity of the investments

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

19. FAIR VALUE MEASUREMENTS (Continued)**(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)**

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2020 (Unaudited)	31 December 2019 (Audited)		
7) Investments in unlisted equity securities classified as Designated FVOCI	HK\$683,074,000	HK\$749,471,000	Level 3	Derived from unobservable inputs for the asset or liability by the management (31 December 2019: an independent professional valuer)
8) Investment in unlisted equity securities classified as Designated FVOCI	HK\$38,900,000	HK\$38,900,000	Level 2	Estimated by external fund manager by reference to recent comparable transactions
9) Investments in listed debt securities classified as Mandatory FVOCI	-	Listed debt securities in: - Singapore HK\$18,599,000	Level 1	Quoted bid prices in an active market

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

Note:

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

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

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

Valuation process

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

20. RELATED PARTY TRANSACTIONS

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

Related party relationship	Nature of transaction	Six months ended	
		30 June 2020 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Unaudited)
A related company, of which Mr. Wong Yat Fai was a common director	Interest income from loan receivables	5,956	–

The key management personnel are the directors of the Company. During the six months ended 30 June 2020, the emoluments of key management personnel were HK\$32,680,000 (six months ended 30 June 2019: HK\$3,652,000).

Except for those disclosed elsewhere in these condensed consolidated financial statements, the Group does not have any significant related party balances as at the end of the reporting periods.

21. EVENT AFTER THE REPORTING PERIOD

In addition to the events disclosed elsewhere in these condensed consolidated financial statements, the Group had the following subsequent events:

- (a) Subsequent to the period ended 30 June 2020, certain loan and interest receivables of approximately HK\$168,715,000 with accumulated loss allowance of approximately HK\$148,252,000 have been recovered by means of participation by an independent third party at a consideration of HK\$155,000,000 and repayment from the borrower of approximately HK\$12,467,000. A gain of approximately HK\$146,930,000 will be recognised in the profit or loss upon the subsequent recoveries.
- (b) On 4 August 2020, First Avenue Limited (“First Avenue”), a wholly owned subsidiary of the Company, and Planetree (Cayman) Capital Limited (“Planetree Capital”) (*formerly known as Liberty Capital Limited*) entered into a repurchase agreement pursuant to which both parties conditionally agreed Planetree Capital to repurchase all the shares, 440 shares, held by First Avenue at a consideration of HK\$51,480,000 payable by cash upon completion. As at the date of repurchase agreement, the Group held 440 shares in Planetree Capital, representing approximately 9.8% shareholding therein which is classified as Designated FVOCI. The repurchase was completed on the same date. Upon completion of the repurchase on 4 August 2020, the Group no longer has any interests in Planetree Capital.
- (c) On 12 August 2020, Uptown WW Value Investments Limited, a wholly owned subsidiary of the Company, and High Rhine Limited, an independent third party, entered into a sale and purchase agreement pursuant to which High Rhine Limited has conditionally agreed to acquire and Uptown WW Value Investments Limited has conditionally agreed to sell 100,000,000 ordinary shares of Satinu, representing approximately 8.06% of the issued share capital of Satinu at a consideration of HK\$650,000,000 which is payable in cash. On the same date, a non-refundable deposit of HK\$200,000,000 was received by the Group and the remaining balance of HK\$450,000,000 is payable to the Group on or before 31 December 2020. The Board of Directors intends to apply the sale proceeds from the disposal towards development of the Group’s comprehensive financial services. Details of the disposal were set out in the Company’s announcement dated 12 August 2020. As at the date of sale and purchase agreement, the Group held approximately 11.68% of the issued share capital of Satinu which is classified as Designated FVOCI. Upon completion of the disposal, the Group’s equity interests in Satinu will reduce from approximately 11.68% to approximately 3.62%. The transaction is not yet completed at the date of approving the Interim Financial Statements.