

**PING AN SECURITIES  
GROUP (HOLDINGS) LIMITED**  
**平安證券集團(控股)有限公司**

(Carrying on business in Hong Kong as PAN Securities Group Limited)  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 00231)

**Interim  
Report  
2020**



This report, in both English and Chinese versions, is available on the Company's website at <http://www.pingansecgp.com> (the "Company Website").

Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or gaining access to this report posted on the Company Website will promptly upon request be sent this report in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt (either in printed form or via the Company Website) and/or language(s) (either English only or Chinese only or both languages) of Corporate Communications.

Shareholders may send their request to receive this report in printed form, and/or to change their choice of the means of receipt and/or language(s) of Corporate Communications by notice in writing to the Company's Hong Kong Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or by sending an email to the Hong Kong Share Registrar of the Company at [is-ecom@hk.tricorglobal.com](mailto:is-ecom@hk.tricorglobal.com).

## CORPORATE INFORMATION

### Board of Directors

*Executive Director:*

Mr. Cheung Kam Fai (*CEO*)

*Non-executive Directors:*

Mr. Cheung Ming Ming

Mr. Tsui Cheung On

*Independent Non-executive Directors:*

Mr. Suen To Wai

Mr. Wong Yee Shuen, Wilson

Mr. Yau Wai Lung

### Audit Committee

Mr. Wong Yee Shuen, Wilson  
(*Committee Chairman*)

Mr. Suen To Wai

Mr. Yau Wai Lung

### Remuneration Committee

Mr. Suen To Wai  
(*Committee Chairman*)

Mr. Wong Yee Shuen, Wilson

Mr. Yau Wai Lung

Mr. Cheung Kam Fai

### Nomination Committee

Mr. Yau Wai Lung  
(*Committee Chairman*)

Mr. Suen To Wai

Mr. Wong Yee Shuen, Wilson

Mr. Cheung Kam Fai

### Authorised Representatives

Mr. Cheung Kam Fai

Mr. Chan Kwan Pak

### Company Secretary

Mr. Chan Kwan Pak

### Auditors

CHENG & CHENG LIMITED

Level 35, Tower 1, Enterprise Square Five

38 Wang Chiu Road

Kowloon Bay

Kowloon

Hong Kong

### Principal Bankers

Bank of Communications Co. Ltd.

(Hong Kong Branch)

Bank of China (Hong Kong) Limited

### Principal Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited

4th Floor North Cedar House

41 Cedar Avenue

Hamilton HM 12

Bermuda

### Hong Kong Branch Registrar and Transfer Office

Tricor Tengis Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

### Registered Office

4th Floor North Cedar House

41 Cedar Avenue

Hamilton HM 12

Bermuda

### Head Office and Principal Place of Business

Room 510, 5/F,

China Insurance Group Building

141 Des Voeux Road Central

Hong Kong

### Website

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

### Stock Code

00231

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		<b>Six months ended</b>	
	<i>Notes</i>	<b>30.6.2020 (Unaudited) HK\$'000</b>	30.6.2019 (Unaudited) HK\$'000
Revenue	3	<b>783</b>	45,464
Cost of sales		<b>(354)</b>	(11,863)
Gross profit		<b>429</b>	33,601
Other income		<b>3,296</b>	681
Distribution costs		<b>(17,935)</b>	(61,433)
Administrative expenses		<b>(49,779)</b>	(95,692)
Finance costs	4	<b>(61,555)</b>	(27,498)
Loss from changes in fair value of investment properties under development		<b>(62,538)</b>	(136,098)
Loss on the extinguishment of convertible notes		-	(9,592)
Fair value changes on financial assets at fair value through profit or loss		<b>(47)</b>	(297)
Fair value changes on derivative financial liabilities		<b>1,270</b>	8,273
Impairment losses on goodwill		-	(701)
Other losses, net		<b>(817)</b>	-
Loss on disposal of property, plant and equipment		<b>(4,571)</b>	-
Loss before tax		<b>(192,247)</b>	(288,756)
Income tax credit	5	<b>1,508</b>	32,849
Loss for the period	6	<b>(190,739)</b>	(255,907)
Loss for the period attributable to:			
– Owners of the Company		<b>(190,739)</b>	(265,500)
– Non-controlling interests		-	9,593
		<b>(190,739)</b>	(255,907)
<b>Loss per share</b>	8		
Basic and diluted (HK cents)		<b>(3.69) cents</b>	(5.14) cents

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended	
	<b>30.6.2020 (Unaudited) HK\$'000</b>	30.6.2019 (Unaudited) HK\$'000
Loss for the period	<b>(190,739)</b>	(255,907)
Other comprehensive income/(expense) Items that may be reclassified subsequently to profit or loss		
– Exchange differences arising on translation of financial statements of foreign operations	<b>2,251</b>	(1,685)
Other comprehensive income/(expense) for the period	<b>2,251</b>	(1,685)
Total comprehensive expense for the period	<b>(188,488)</b>	(257,592)
Other comprehensive income/(expense) for the period attributable to:		
Owners of the Company	<b>2,251</b>	(623)
Non-controlling interests	<b>-</b>	(1,062)
	<b>2,251</b>	(1,685)
Total comprehensive expense attributable to:		
Owners of the Company	<b>(188,488)</b>	(266,123)
Non-controlling interests	<b>-</b>	8,531
	<b>(188,488)</b>	(257,592)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	<b>30.6.2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.12.2019 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>1,163</b>	8,025
Right-of-use assets	9	<b>1,720</b>	–
Investment properties	9	<b>923,000</b>	999,000
Intangible assets	9	<b>278,807</b>	287,948
Other deposits		<b>5,473</b>	2,309
		<b>1,210,163</b>	1,297,282
<b>Current assets</b>			
Financial assets at fair value through profit or loss	12	–	338
Trade and other receivables	10	<b>13,025</b>	17,502
Pledged bank deposit	11	<b>4,396</b>	4,474
Bank balances and cash – trust accounts	11	<b>22,275</b>	25,140
Bank balances and cash – general accounts	11	<b>27,661</b>	242,158
		<b>67,357</b>	289,612
<b>Current liabilities</b>			
Trade and other payables	13	<b>682,062</b>	790,017
Borrowings – current portion	14	<b>151,287</b>	143,407
Senior notes	14	<b>283,101</b>	283,101
Tax liabilities		<b>7</b>	1,036
Lease liabilities		<b>908</b>	15,790
Amount due to a related party	15	<b>15,000</b>	15,000
Convertible notes – current portion	16	<b>290,000</b>	290,000
Derivative financial liabilities	16	<b>100</b>	1,370
		<b>1,422,465</b>	1,539,721
<b>Net current liabilities</b>		<b>(1,355,108)</b>	(1,250,109)
<b>Total assets less current liabilities</b>		<b>(144,945)</b>	47,173

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

	Note	<b>30.6.2020 (Unaudited) HK\$'000</b>	31.12.2019 (Audited) HK\$'000
<b>Capital and reserves</b>			
Share capital	17	<b>51,659</b>	51,659
Reserves		<b>(881,689)</b>	(693,201)
Deficit attributable to the owners of Company			
Non-controlling interests		<b>(830,030)</b>	(641,542)
		<b>-</b>	-
<b>Total deficit</b>		<b>(830,030)</b>	(641,542)
<b>Non-current liabilities</b>			
Lease liabilities		<b>13,482</b>	4,517
Deferred tax liabilities		<b>46,029</b>	47,537
Prepayment from customers		<b>625,574</b>	636,661
		<b>685,085</b>	688,715
Total (deficit) equity and non-current liabilities		<b>(144,945)</b>	47,173

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus reserve HK\$'000	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2019 (audited)	1,033,172	1,881,155	-	52	(29,475)	(2,531,843)	353,061	326,012	679,073
Loss for the period	-	-	-	-	-	(265,500)	(265,500)	9,593	(255,907)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(623)	-	(623)	(1,062)	(1,685)
Other comprehensive expense for the period	-	-	-	-	(623)	-	(623)	(1,062)	(1,685)
Total comprehensive income/(expense) for the period	-	-	-	-	(623)	(265,500)	(266,123)	8,531	(257,592)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	173,624	173,624
Capital redemption from non-controlling interests	-	-	-	-	-	-	-	(115,363)	(115,363)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(4,000)	(4,000)
At 30 June 2019 (unaudited)	1,033,172	1,881,155	981,513	52	(30,098)	(2,797,343)	86,938	388,804	475,742
At 1 January 2020 (audited)	51,659	1,881,155	981,513	52	(31,043)	(3,524,878)	(641,542)	-	(641,542)
Loss for the period	-	-	-	-	-	(190,739)	(190,739)	-	(190,739)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	2,251	-	2,251	-	2,251
Other comprehensive Income for the period	-	-	-	-	2,251	-	2,251	-	2,251
Total comprehensive income/(expense) for the period	-	-	-	-	2,251	(190,739)	(188,488)	-	(188,488)
<b>At 30 June 2020 (unaudited)</b>	<b>51,659</b>	<b>1,881,155</b>	<b>981,513</b>	<b>52</b>	<b>(28,792)</b>	<b>(3,715,617)</b>	<b>(830,030)</b>	<b>-</b>	<b>(830,030)</b>



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	<b>30.6.2020 (Unaudited) HK\$'000</b>	30.6.2019 (Unaudited) HK\$'000
<b>Net cash used in operating activities</b>	<b>(25,563)</b>	(58,436)
<b>Investing activities</b>		
Refund of deposit paid for development of investment properties under development	-	-
Additions of investment properties	<b>(4,104)</b>	(51,938)
Interest received	<b>59</b>	213
Increase in pledged bank deposits	-	(16)
Purchase of property, plant and equipment	-	(155)
Purchase of financial assets at fair value through profit or loss	-	(23,824)
Proceeds from disposal of financial assets at fair value through profit or loss	<b>291</b>	16,745
Proceeds from disposal of property, plant and equipment	<b>100</b>	-
<b>Net cash used in investing activities</b>	<b>(3,654)</b>	(58,975)
<b>Financing activities</b>		
Refund of proceeds from proposed rights issues	<b>(192,770)</b>	-
Proceeds from borrowings	<b>7,880</b>	50,534
Repayments of borrowings	-	(2,397)
Capital injection of non-controlling interest	-	173,624
Capital redemption of non-controlling interest	-	(115,363)
Payment for settlement of convertible notes	-	(10,000)
Repayment of lease liabilities and interest	<b>(170)</b>	-
Interest paid	-	(7,715)
<b>Net cash (used in) generated from financing activities</b>	<b>(185,060)</b>	88,683
<b>Net decrease in cash and cash equivalents</b>	<b>(214,277)</b>	(28,728)
<b>Cash and cash equivalents at 1 January</b>	<b>242,158</b>	159,960
<b>Effect of foreign exchange rate changes</b>	<b>(220)</b>	(956)
<b>Cash and cash equivalents at 30 June Represented by bank balances and cash – general accounts</b>	<b>27,661</b>	130,276



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

*For the Six Months Ended 30 June 2020*

### 1. Basis of preparation

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

### 2. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA that are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

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

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. Segment information

The Group's operating segments are determined based on information reported to the Executive Directors, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performances.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Financial services	Securities dealing and financial services
Insurance brokerage	Provision of insurance referral services
Loan financing	Provision of financing services
Property development	Development of primarily hotel and commercial properties

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

For the six months period ended 30 June 2020 (unaudited)

	<b>Financial services</b> <i>HK\$'000</i>	<b>Insurance brokerage</b> <i>HK\$'000</i>	<b>Loan financing</b> <i>HK\$'000</i>	<b>Property development</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Revenue	51	732	–	–	783
Segment (loss) profit	(12,616)	15	–	(102,111)	(114,712)
Unallocated corporate expenses					(18,382)
Unallocated other revenue					2,402
Finance costs					(61,555)
Loss before tax					(192,247)

### 3. Segment information (Continued)

For the six months period ended 30 June 2019 (unaudited)

	Data verification services HK\$'000	Financial services HK\$'000	Insurance brokerage HK\$'000	Loan financing HK\$'000	Property development HK\$'000	Total HK\$'000
Revenue	13,089	9,367	2,657	20,351	-	45,464
Segment (loss) profit	(2,481)	(20,945)	(668)	20,266	(210,117)	(213,945)
Unallocated corporate expenses						(55,907)
Unallocated other revenue						8,594
Finance costs						(27,498)
Loss before tax						(288,756)

#### Disaggregation of revenue

Types of goods or service	Six months ended	
	30.6.2020 (Unaudited) HK\$'000	30.6.2019 (Unaudited) HK\$'000
Financial services segment		
Commission and brokerage income	50	1,326
Interest income from cash and margin clients	1	25
Placing and underwriting commission	-	1,437
Corporate finance advisory services fee income	-	500
Interest income from investment	-	6,079
	51	9,367
Loan financing segment		
Interest income from loans receivables	-	20,351
Insurance brokerage segment		
Commission from insurance brokerage	674	642
Commission from client referral	58	2,015
Data verification service segment		
Service income	-	13,089
	783	45,464

### 3. Segment information (Continued)

#### Segment assets and liabilities

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

	<b>As at 30.6.2020 (Unaudited) HK\$'000</b>	As at 31.12.2019 (Audited) HK\$'000
<b>Segment assets</b>		
Loan financing	–	18
Financial services	<b>309,501</b>	316,856
Property development	<b>927,962</b>	1,004,136
Insurance brokerage	<b>6</b>	79
	<b>1,237,469</b>	1,321,089
Total segment assets	<b>1,237,469</b>	1,321,089
Unallocated corporate assets	<b>40,051</b>	265,805
	<b>1,277,520</b>	1,586,894
<b>Segment liabilities</b>		
Loan financing	<b>13</b>	25
Financial services	<b>70,516</b>	74,523
Property development	<b>1,141,913</b>	1,122,355
Insurance brokerage	<b>1,236</b>	1,271
	<b>1,213,678</b>	1,198,174
Total segment liabilities	<b>1,213,678</b>	1,198,174
Unallocated corporate liabilities	<b>893,872</b>	1,030,262
	<b>2,107,550</b>	2,228,436

### 4. Finance costs

	<b>Six months ended 30.6.2020 (Unaudited) HK\$'000</b>	30.6.2019 (Unaudited) HK\$'000
Interests on:		
– Bank and other borrowings	<b>9,993</b>	6,617
– Convertible notes	<b>10,254</b>	18,839
– Senior notes	<b>40,192</b>	–
– Lease liabilities	<b>1,116</b>	2,042
	<b>61,555</b>	27,498

## 5. Income tax credit

Hong Kong Profits Tax has been provided for at the rate of 16.5% (30 June 2019: 16.5%) on the estimated profit less estimated available tax losses. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	<b>Six months ended</b>	
	<b>30.6.2020 (Unaudited) HK\$'000</b>	30.6.2019 (Unaudited) HK\$'000
Current tax		
Hong Kong Profits Tax	–	2,684
Deferred tax	<b>(1,508)</b>	(35,533)
	<b>(1,508)</b>	(32,849)

## 6. Loss for the period

Loss for the period has been arrived at after charging:

	<b>Six months ended</b>	
	<b>30.6.2020 (Unaudited) HK\$'000</b>	30.6.2019 (Unaudited) HK\$'000
Staff costs:		
– Directors' emoluments	<b>2,281</b>	4,482
– Other staff costs		
– Salaries and other benefits	<b>8,229</b>	28,207
– Retirement benefit scheme contribution	<b>208</b>	2,107
Total staff costs	<b>10,718</b>	34,796
Amortisation of intangible assets	<b>9,141</b>	9,191
Depreciation for property, plant and equipment	<b>1,521</b>	2,273
Depreciation of right-of-use assets	<b>194</b>	7,104
Total depreciation and amortisation	<b>10,856</b>	18,568
Auditor's remuneration	<b>200</b>	710
Minimum lease payments under operating lease	–	1,978

## 7. Dividend

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

## 8. Loss per share

### (a) Basic loss per share

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

	<b>Six months ended</b>	
	<b>30.6.2020 (Unaudited) HK\$'000</b>	30.6.2019 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company	<b>(190,739)</b>	(265,500)
<b>Weighted average number of ordinary shares</b>		
Weighted average number of ordinary shares at 30 June	<b>5,165,863</b>	5,165,863

### (b) Diluted loss per share

The diluted loss per share for the periods ended 30 June 2020 and 30 June 2019 is equivalent to the basic loss per share for both periods as the potential shares arising from the conversion of the convertible notes would decrease the loss per share of the Group for both periods, and are regarded as anti-dilutive.



**9. Movements in property, plant and equipment, right-of-use assets, investment properties and intangible assets**

During the six months ended 30 June 2020, the Group did not purchase property, plant and equipment (six months ended 30 June 2019: approximately HK\$155,000).

The Group's investment properties under development as at the end of the current interim period were fair valued by AP Appraisal Limited ("AP Appraisal"), a professional independent valuer not connected to the Group. As the properties are under development, the residual method is adopted by making reference to recent comparable sales transactions as available in the relevant property market (i.e. direct comparison approach) and taking into account the construction costs to reflect the quality of the completed development. The resulting decrease in fair value of investment properties under development of approximately HK\$62,538,000 has been recognized in profit or loss for the six months ended 30 June 2020 (six months ended 30 June 2019: decrease of approximately HK\$136,098,000).

During the current interim period, additions of investment properties under development amounted to approximately HK\$4,104,000 (six months ended 30 June 2019: approximately HK\$51,938,000).

The Group pledged certain area of its investment properties for other borrowings from independent third parties (see note 14).

Upon adoption of HKFRS16, right-of-use assets amounted to HK\$32,164,000 was recognised and fully impaired for the year ended 31 December 2019. During the six months ended 30 June 2020, the Group recognised right-of-use assets amounted to HK\$1,914,000. During the six months ended 30 June 2020, depreciation of right-of-use assets amounted HK\$194,000 (six months ended 30 June 2019: HK\$7,104,000).

During the six months ended 30 June 2020, amortisation of intangible assets amounted to HK\$9,141,000 (six months ended 30 June 2019: HK\$9,191,000).



## 10. Trade and other receivables

At 30 June 2020, included in trade and other receivables are trade receivables of approximately HK\$2,817,000 (31 December 2019: approximately HK\$2,917,000).

There is no credit period granted to the Group's trade receivables. The following is an age analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the reporting date.

	<b>30.6.2020 (Unaudited) HK\$'000</b>	31.12.2019 (Audited) HK\$'000
Within 3 months	<b>8</b>	653
4 to 6 months	<b>-</b>	100
Over 6 months	<b>2,809</b>	2,164
Total	<b>2,817</b>	2,917

## 11. Pledged bank deposit/bank balances and cash

	<i>Notes</i>	<b>30.6.2020 (Unaudited) HK\$'000</b>	31.12.2019 (Audited) HK\$'000
Bank balances and cash – general accounts	(a)	<b>27,661</b>	242,158
Bank balances and cash – trust accounts	(b)	<b>22,275</b>	25,140
Pledged bank deposit	(a),(c)	<b>4,396</b>	4,474
		<b>54,332</b>	271,772

Notes:

- At 30 June 2020, the balances that were placed with banks in the PRC amounted to approximately HK\$8,077,000 (31 December 2019: approximately HK\$18,470,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.
- The Group maintains segregated accounts with authorised institutions to hold client money in the normal course of business.
- Pledged bank deposits represent deposits pledged to banks to secure borrowings from the tenants of a PRC subsidiary of the Group amounting to approximately RMB4,014,000 (equivalent to approximately HK\$4,396,000) (31 December 2019: approximately RMB4,014,000 (equivalent to approximately HK\$4,474,000)).

## 12. Financial assets at fair value through profit or loss

	<b>30.6.2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.12.2019 (Audited) HK\$'000
Equity securities held for trading, at fair value		
Listed in Hong Kong	-	78
Unlisted investment fund	-	260
	-	338
	<b>—</b>	<b>—</b>

At the reporting date, the fair value of listed securities is determined by the quoted market bid price available on the relevant exchange. The classification of the measurement of all the listed equity securities is Level 1 under the fair value hierarchy.

The fair value of unlisted investment fund is determined by the quoted market bid price available in active market. The classification of the measurement of all the unlisted investment fund is Level 1 under the fair value hierarchy.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

### 13. Trade and other payables

At 30 June 2020 included in trade and other payables are trade payables of approximately HK\$23,018,000 (31 December 2019: approximately HK\$26,851,000).

The following is an aged analysis of trade payables presented based on the invoice date:

	<b>30.6.2020 (Unaudited) HK\$'000</b>	31.12.2019 (Audited) HK\$'000
0-60 days	<b>23,018</b>	26,851
61-120 days	-	-
121-180 days	-	-
Total	<b>23,018</b>	26,851

As at 30 June 2020, the amount of approximately HK\$625,574,000 (31 December 2019: approximately HK\$636,661,000) classified as non-current liability represents the prepayment received from customers as the Group started signing agreements of pre-leasing the property in 2017. As an initial stage promotion policy, lessees have been granted the right to put their pre-leased units back to the Group at initial contract price at 10th anniversary. Therefore, the prepayment from customers was classified as non-current.

As at 30 June 2020, the amount of other payables was approximately HK\$659,044,000 (31 December 2019: approximately HK\$748,862,000) mainly represents value added tax and other tax payables amounted to approximately HK\$208,565,000 (31 December 2019: approximately HK\$194,574,000), construction payable for the amount of approximately HK\$171,128,000 (31 December 2019: approximately HK\$174,411,000) which is for construction of the Xiqiao Properties. As acting as the fund manager of the funds, there are approximately HK\$46,451,000 (31 December 2019: approximately HK\$46,451,000) current accounts with the funds. Also, the amount of approximately HK\$14,998,000 (31 December 2019: approximately HK\$14,998,000), represents the PRC tax payable which arose from a disposal of subsidiary recognised in a previous year. The amount of approximately HK\$18,039,000 (31 December 2019: HK\$18,039,000) represents the management fee payable to the service provider of crypto currencies mining machine. The Company carried out rights issues in November 2019 and received proceeds amounted HK\$192,770,000, which was subsequently withdrawn and such balance was refunded to shareholders.



#### **14. Borrowings and senior notes**

During the six months ended 30 June 2019, the Group obtained loans amounted to approximately HK\$50,534,000 (2020: nil), granted by independent third parties which is secured by certain investment properties. And during the six months ended 30 June 2020, the Group obtained unsecured loans amounted to HK\$7,880,000 from independent third parties. During the six months ended 30 June 2020, the Group did not repay borrowings and senior notes (six months ended 30 June 2019: HK\$9,689,000).

#### **15. Amount due to a related party**

The amount due to a related party as at 30 June 2020 represents advances granted by Mr. Liang, who is the ex-shareholder of the Company, of HK\$15,000,000 (31 December 2019: HK\$15,000,000), which is unsecured, interest-free and repayable in March 2020. The Group will negotiate with Mr. Liang for the extension of the loan.

#### **16. Convertible notes and derivative financial instruments**

On 25 September 2015, the Company issued a zero-coupon convertible note (the "Ping An CB") with a nominal value of approximately HK\$100,000,000 as part of the consideration for the acquisition of Grand Ahead and its subsidiaries (the "Grand Ahead Group") from Jayden Wealth Holdings Limited ("Jayden"). The Ping An CB is denominated in Hong Kong dollar. The Ping An CB entitles the holder to convert it into ordinary shares of the Company on any business day during a period commencing from the date of the Note and ending on the maturity date (both days inclusive), the whole by tranches of at least one-twentieth of the principal amount of the Note into shares at any time and from time to time at the conversion price of HK\$0.2 per conversion share subject to adjustments in certain events. The maturity date of Ping An CB is 24 September 2020. During the period ended 30 June 2020 and the year ended 31 December 2019, no part of the Ping An CB was converted into shares by the noteholder.

On 27 February 2017, the Company issued Hong Kong dollar denominated convertible bonds with the aggregate principal amount of HK\$100,000,000 (the "2017 CB1"). The 2017 CB1 entitles the holders to convert them into ordinary shares of the Company at any time after the date of issuance of the 2017 CB1 and their maturity date on 26 February 2019, being two years from the date of its issuance, in multiples of HK\$100,000 at a conversion price of HK\$0.096 per conversion share subject to adjustments in certain events. The shares to be issued and allotted upon conversion shall rank pari passu in all respects among themselves and with all other ordinary shares in issue by the Company on the date of such allotment and issue. If the 2017 have not been converted, they will be redeemed on 26 February 2019 at a redemption amount equal to 100% of the principal amount of the outstanding convertible bonds. Interest of 5% per annum shall accrue on daily basis on the outstanding principal amount of the bonds and payable on 20 June and 20 December in each year.

## 16. Convertible notes and derivative financial instruments *(Continued)*

On 26 February 2019, the Company and the holder of 2017 CB1 entered into a deed of amendment, pursuant to which principal amount of 2017 CB1 was decreased from HK\$100,000,000 to HK\$90,000,000 after settlement of HK\$10,000,000, the maturity date of 2017 CB1 was extended from 26 February 2019 to 26 February 2021 and the interest rate was increased from 5% per annum to 6% per annum. Interest payment dates were not changed. The conversion price of each conversion share was changed from HK\$0.384 (as adjusted) to HK\$0.2365 per conversion share. During the period ended 30 June 2020 and year ended 31 December 2019, no part of 2017 CB1 was converted into shares of the Company by the holder.

On 27 February 2017, the Company also issued another Hong Kong dollar denominated convertible bonds with the aggregate principal amount of HK\$100,000,000 (the "2017 CB2"). The 2017 CB2 entitles the holders to convert them into ordinary shares of the Company at any time after the date of issuance of the 2017 CB2 and their maturity date on 26 February 2020, being three years from the date of its issuance, in multiples of HK\$100,000 at a conversion price of HK\$0.096 per conversion share subject to adjustments in certain events. The shares to be issued and allotted upon conversion shall rank *pari passu* in all respects among themselves and with all other ordinary shares in issue by the Company on the date of such allotment and issue. If the 2017 CB2 have not been converted, they will be redeemed on 26 February 2020 at a redemption amount equal to 100% of the principal amount of the outstanding convertible bonds. Interest of 5% per annum shall accrue on daily basis on the outstanding principal amount of the bonds and payable on 20 June and 20 December in each year. During the year ended 31 December 2019, no part of the 2017 CB2 was converted into shares by the holders.

During the six months ended 30 June 2020, no part of the 2017 CB2 was converted into shares by the holders and the Group had not repaid the 2017 CB2 at the maturity date, the management of the Group would keep on negotiating with the 2017 CB2 holder for the extension of the 2017 CB2. The default interest arising from 2017 CB2 was recognized in finance cost in the current period.



**16. Convertible notes and derivative financial instruments** *(Continued)*

At the date of modification of 2017 CB1 and at 31 December 2019 and 30 June 2020, the conversion option component of the 2017 CB1, the 2017 CB2 and the Ping An CB were valued by the directors of the Company with reference to valuation report issued by AP Appraisal, an independent professional valuer not connected to the Group.

The debt components are recognized in the condensed consolidated statement of financial position as current liability for 2017 CB1, 2017 CB2 and Ping An CB with carrying amount of HK\$290,000,000 as at 30 June 2020 and 31 December 2019, since the event of default was triggered by the presentation of the First Winding Up Petition in the Company's announcement dated 18 November 2019. As at 30 June 2020, negotiations between the Group and bonds holders had not been concluded. Since the bonds holders of 2017 CB1 and Ping An CB have not agreed to waive its right to demand immediate payment and 2017 CB2 was already over due as at 30 June 2020, all of the CBs above were classified as a current liability as at 30 June 2020.

At initial recognition, the derivative components of the 2017 CB1, the 2017 CB2, and the Ping An CB were measured at fair value. Subsequently, the debt components are measured at amortised cost. The effective interest rate of the debt component is from 11.57% to 21.25%. Embedded conversion option is measured at fair value with changes in fair value recognised in profit or loss.

The debt component of the 2017 CB1, 2017 CB2 and the Ping An CB classified as current liabilities as at 30 June 2020 amounted to approximately HK\$290,000,000.

## 16. Convertible notes and derivative financial instruments (Continued)

The movements of the debt component and derivatives components of the convertible notes for the period/year are set out as below:

	<b>Debt component</b> <i>HK\$'000</i>	<b>Derivative financial liabilities – Embedded conversion option</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
As at 1 January 2019 (audited)	266,375	1,400	267,775
Interest charge	66,450	–	66,450
Interest paid	(5,111)	–	(5,111)
Interest payable	(5,214)	–	(5,214)
Settlement of convertible notes	(10,000)	–	(10,000)
Extinguishment upon extension of 2017 CB1	(90,000)	–	(90,000)
Recognition upon extension of 2017 CB1	67,500	8,100	75,600
Gain arising on changes of fair value	–	(8,130)	(8,130)
As at 31 December 2019 and 1 January 2020 (audited)	290,000	1,370	291,370
Gain arising on changes of fair value	–	(1,270)	(1,270)
As at 30 June 2020 (unaudited)	290,000	100	290,100

**16. Convertible notes and derivative financial instruments (Continued)**

The fair values of the derivative financial liabilities are calculated using the binomial model. The inputs into the model were as follows:

	<b>Ping An CB</b>	<b>2017 CB1</b>	<b>2017 CB2</b>
<b>30 June 2020</b>			
Share price	HK\$0.029	HK\$0.029	N/A
Conversion price	HK\$0.8	HK\$0.2365	N/A
Expected volatility (note (a))	77.78%	123.93%	N/A
Expected life (note (b))	0.24 years	0.66 years	N/A
Risk free rate (note (c))	0.098%	0.172%	N/A
<b>31 December 2019</b>			
Share price	HK\$0.032	HK\$0.032	HK\$0.032
Conversion price	HK\$0.8	HK\$0.236	HK\$0.384
Expected volatility (note (a))	166.03%	136.15%	137.55%
Expected life (note (b))	0.73 years	1.16 years	0.16 years
Risk free rate (note (c))	1.85%	1.77%	1.91%

Notes:

- (a) Expected volatility was determined by calculating the historical volatility of the Company's share price.
- (b) Expected life was the expected remaining life of the convertible notes.
- (c) The risk-free rate is determined by reference to the yield of the Hong Kong Exchange Fund Bills and Notes.

The higher the expected volatility percentage, the higher the fair value of the derivative financial liabilities. Changes in other inputs might not bring significant impact to the fair value.



## 17. Share capital

	No. of shares	Per share HK\$	Amount HK\$'000
<b>Authorised</b>			
At 1 January 2019	15,000,000,000	0.2	3,000,000
Capital increase	285,000,000,000	–	–
At 31 December 2019 and 30 June 2020	300,000,000,000	0.01	3,000,000
<b>Issued and fully paid</b>			
At 1 January 2019	5,165,863,003	0.2	1,033,172
Capital reduction (note a)	–	–	(981,513)
At 31 December 2019 and 30 June 2020	5,165,863,003	0.01	51,659

On 19 September 2019, the Company completed a capital reduction. The par value of each issued share was reduced from HK\$0.2 to HK\$0.01 (“Capital Reduction”). The credit arising from the Capital Reduction amounted to HK\$981,513,000 was transferred to the Contributed Surplus reserve of the Company.

## 18. Fair value measurements of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

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

	30 June 2020			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative financial instruments	–	–	100	100
<b>31 December 2019</b>				
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets at fair value through profit or loss</b>				
Equity securities listed in Hong Kong	78	–	–	78
Unlisted investment funds	260	–	–	260
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative financial instruments	–	–	1,370	1,370

## 18. Fair value measurements of financial instruments (Continued)

During the six months ended 30 June 2020 and the year ended 31 December 2019, there were no transfers between all levels.

Reconciliation of Level 3 fair value measurements of financial assets and liabilities

	<b>Derivative financial liabilities – Embedded conversion option of convertible notes</b> <i>HK\$'000</i>
At 1 January 2019 (audited)	1,400
Arising on changes in fair value	(8,130)
Recognition upon extension of 2017 CB1	8,100
	<hr/>
At 31 December 2019 and 1 January 2020 (audited)	1,370
Arising on changes in fair value	(1,270)
	<hr/>
At 30 June 2020 (unaudited)	100
	<hr/>

## 19. Related party transactions

Except as disclosed in the condensed consolidated financial statements elsewhere, the Group entered into the following transactions with its related parties:

- (i) During the six months ended 30 June 2020, the remuneration for key management personnel of the Group was approximately HK\$2,281,000 (six months ended 30 June 2019: approximately HK\$6,940,000).

## 20. Capital commitments

	<b>30.6.2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.12.2019 (Audited) HK\$'000
Contracted but not provided for	<b>214,517</b>	218,319

## 21. Contingent liabilities

The Group had the following contingent liabilities at the end of the reporting period:

- i) Chain Billion Limited ("Chain Billion") had received a writ of summons from a third party claims against it for damages in the sum of approximately USD6,397,300 (equivalent to approximately HK\$49,823,000) for breach of an investment framework agreement. The directors of the Company believe, after considering legal advice, that the aforementioned case is at a very early stage and would not be necessary for provision making. Please refer to the Company's announcement dated 30 January 2020 for details of the case.
- ii) On 8 May 2020 and 14 May 2020, PASL and Chain Billion had received writ of summons from third parties, who claim against them for damages in the sum of approximately HK\$89,200,000 for breached duty of care and breached certain agreements respectively. The directors of the Company believe, after considering legal advice, that the aforementioned case is at a very early stage and would not be necessary for provision making. Please refer to the Company's announcement dated 11 May 2020 and 15 May 2020 for details of the case.
- iii) On 28 May 2020, the Company received a writ of summons issued from the High Court of Hong Kong by the landlord (the "Plaintiff") of its former office premises alleges that the Company has breached a lease relating to an office premises located at 18th Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong entered into on 19 April 2018 between the Plaintiff as the landlord and the Company as the tenant. The Plaintiff claims against the Company for an amount of approximately HK\$30,000,000 in total. Please refer to the Company's announcement dated 29 May 2020 for details of the case. Lease liabilities amount of HK\$12,668,000 were recorded in the condensed consolidated financial statements as at 30 June 2020.

Save and except for the matters specified above and legal case subsequent to the financial period as stated in note 22, the Group does not have any litigations or claims of material importance and, so far as the directors of the Company are aware, no litigation or claims of material importance are pending or threatened by or against any companies of the Group.

## **22. Events after the end of the reporting period**

- i) On 8 July 2020, the Company received two statutory demands from two creditors, each demanding the Company to pay an amount of HK\$600,000, being the outstanding interest of the bonds issued by the Company to each of the creditors, within 21 days from the date of service of the statutory demands, failing which each of the creditors may commence winding up proceedings against the Company. Please refer to the Company's announcement dated 8 July 2020 for details of the case. Interest accrual was recorded in the condensed consolidated financial statements as at 30 June 2020.
- ii) On 27 July 2020, the Company received a petition filed with the High Court of the Hong Kong Special Administrative Region on 15 July 2020 by a creditor applying for winding up of the Company. The Petition was filed against the Company on the principal ground that the Company has failed to pay the amount of HK\$10,000,000, being the principal amount of the bond issued by the Company to the Petitioner together with interest accrued thereon. Please refer to the Company's announcement dated 27 July 2020 for details of the case. The above mentioned outstanding balance and respective loan interest accrual had been recorded as other borrowings in the condensed consolidated financial statements as at 30 June 2020.



## BUSINESS REVIEW

For the six months ended 30 June 2020 (“HY2020”), the Group recorded a turnover of HK\$783,000 while the turnover for the six months ended 30 June 2019 (“HY2019”) was HK\$45,464,000. The Group’s unaudited consolidated loss for HY2020 was HK\$190,739,000, representing a decrease of approximately 25% when compared with the loss of HK\$255,907,000 for HY2019.

For the period under review, the Company’s principal activity continued to be investment holding, whilst its subsidiaries were mainly engaged in the business of provision of securities brokerage, securities underwriting and placements and financial advisory services, insurance brokerage service and property development.

For HY2020, the Group recorded a turnover of HK\$783,000 (HY2019: HK\$45,464,000), representing a decrease of approximately 98% when compared with HY2019. Same as HY2019, the Group’s investment properties are still under development, no turnover was generated from this sector.

Due to the unfavourable financial status of the Group, Ping An Securities Limited (“PASL”), our principal subsidiary for provision of financial services, cannot operate at a normal scale except executing sell orders from its clients. As a result of the above matter, the turnover for financial services decreased by HK\$9,316,000 or approximately 99% in HY2020 as compared to HY2019.

Besides, as a result of the disposal of a non-wholly owned subsidiary with principal operation as provision of data verification service in 2019, no turnover was generated by this sector in HY2020 (HY2019: HK\$13,089,000).

Moreover, as all loan receivables were fully impaired in 2019, no interest income arising from these loans was recognised as turnover of loan financing sector in HY2020 (HY2019: HK\$20,351,000).

The Group’s unaudited consolidated loss for HY2020 amounted to HK\$190,739,000, representing a decrease of approximately 25% when compared with the loss of HK\$255,907,000 for HY2019. The decrease in loss was mainly attributable to (i) the measures to tighten cost controls over various operating costs and the downsizing of the operating scale in HY2020 resulting in the decrease of administrative expenses of approximately HK\$45,913,000; (ii) the substantial decrease in agency fee, value added tax and property tax expenses recognized as distribution costs in connection with lesser pre-leasing of investment properties under development in Foshan, Guangdong Province in the period under review; (iii) as compared to HY2019, the loss from change in fair value of investment properties under development decreased by HK\$73,560,000 in the period under review; (iv) as a result of the decrease in loss from change in fair value of investment properties under development as mentioned in (iii), the deferred tax credit (included in income tax credit) arising thereof decrease from HK\$32,849,000 to HK\$1,508,000 in the period under review; and (v) due to the deconsolidation of Super Harvest Global Fund SPC (“SH Fund”) during HY2020, interest expenses arising on senior notes issued by SH Fund amounting to HK\$40,192,000 were recognised in HY2020 (HY2019: Nil).

The performance of the property sector of the Group was less than satisfactory and there were no pre-leasing activities during the period. No rental income from pre-leasing was recognized. The property sector had recorded a loss of approximately HK\$102,111,000.

As our principal subsidiary for provision of financial services cannot operate at a normal scale except sell orders from its clients, it recorded a loss of 12,616,000 in HY2020.

Besides, as the subsidiary engaged in data verification services was disposed of in 2019, no segment result was recognized in HY2020.

### **PROSPECTS AND OUTLOOK**

The Group has experienced a very difficult time since the fourth quarter of 2019. The Sino-US trade war standoff and the social unrest in the city was a big hit to the economy, and to no exception the Group was hard hit. Looking forward, we expect that economy of mainland China and Hong Kong will continue to slow down amid the uncertainties of conflicts between major economies and geopolitical tensions. The outbreak of novel coronavirus has further dragged the pace of economic recovery.

With the failure to raise fund at the end of last year, the Group has been in stringent financial position. The lack of fund has resulted in halt of construction works of our Foshan property project. The unfavourable financial situation of the Group has hindered the resumption of normal operations of PASL, a principal wholly-owned subsidiary of the Company, although the financial situation of PASL is intact in its own right.

In order to tackle the plagued situation, the Company is planning to look for debt and/or equity fundraising opportunities so as to strengthen its capital base and improve its financial position. In the meantime, the Company is endeavouring to seek fund providers for the Foshan project, and/or some business partners who can help complete the construction of the project on a profit sharing basis. The Company does not rule out the possibility of disposing of the Foshan project where appropriate, so as to focus the resources of the Group on our financial services business.

Despite the uncertainty over the general economy, the management is optimistic in the prospect of financial services business in Hong Kong, as Hong Kong is still the preferred listing destination for many corporations, mainly from mainland China. Established in 1970, PASL has weathered many turbulent storms in the securities industry over the years and has ample experience in providing various financial services, in particular placing and underwriting services. The Company will regard PASL as the main driver for generating revenue and profits for the Group in future.



While remaining cautious about the Group's business outlook, the management is confident that its effort to improve the situation will not be unrewarded and the Group will be back into shape soon.

### **FINANCIAL REVIEW**

As mentioned in business review section, the Group recorded a turnover of HK\$783,000 (HY2019: HK\$45,464,000) comprising commission and brokerage income and underwriting income and insurance brokerage income.

As mentioned in business review section, the substantial decrease in distribution costs from HK\$61,433,000 to HK\$17,935,000 in HY2020 was mainly attributable to the recognition of agency fee, value added tax and property tax expenses for lesser pre-leasing of investment properties under development launched by a PRC subsidiary.

The measures to tighten cost controls over various operating costs and the downsiding of the operating scale in HY2020 resulting in the decrease of administrative expenses to HK\$49,779,000 in the period under review (HY2019: HK\$95,692,000).

The loss from change in fair value of investment properties under development located in Foshan City decreased to HK\$62,538,000 in the period under review (HY2019: HK\$136,098,000).

As a result of the loss from change in fair value of investment properties under development as mentioned above, the deferred tax credit (included in income tax credit) arising thereof decrease to HK\$1,508,000 (HY2019: HK\$32,849,000).

Due to the deconsolidation of Super Harvest Global Fund SPC ("SH Fund") during HY2020, interest expenses arising on senior notes issued by SH Fund amounting to HK\$40,192,000 were recognised in HY2020 (HY2019: Nil).



## **LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS AND GEARING, CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 30 June 2020, the Group's current assets and current liabilities were HK\$67,357,000 and HK\$1,422,465,000 respectively.

As at 30 June 2020, bank balances of approximately HK\$4,396,000 included in pledged bank deposit were pledged to secure borrowings from the tenants of a PRC subsidiary of the Group.

The Group's gearing ratio as at 30 June 2020 was 165%, which is calculated on the Group's total liabilities divided by its total assets.

As at 30 June 2020, capital commitments contracted but not provided for were approximately HK\$214,517,000.

As at 30 June 2020, details of contingent liabilities are set out in note 21.

### **EXCHANGE RISK**

The Group's operations are principally in the PRC and Hong Kong, and all assets and liabilities are denominated either in Renminbi or HK dollars. In view of the recent fluctuations of Renminbi, the Group will manage its foreign exchange exposure in this regard by performing regular review and by taking prudent measures to minimize the currency translation risk, where appropriate.

### **HUMAN RESOURCES**

As at 30 June 2020, the Group had a total of approximately 68 employees (30 June 2019: 158 employees), who were remunerated according to nature of the job and market trend, as well as individual qualifications and performance. The employees are covered by the Mandatory Provident Fund Scheme and medical insurance in Hong Kong and the social security fund in the PRC.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2020, the interests of the Directors and the chief executive of the Company or their associates had any interest or short position in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of 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 for Securities Transactions by Directors of Listed Companies (the "Model Code").

### Long position in Shares:

#### (a) Interest in Shares:

Name of Director	Nature of interests	Number or attributable number of shares held or short positions	Approximate percentage or attributable percentage of shareholding
Mr. Cheung Kam Fai	Beneficial owner	147,050,000	2.85%

#### (b) Long position in underlying shares:

Name of Director	Nature of interests	Description of securities	Number of underlying shares	Approximate% of interests
Mr. Cheung Kam Fai	Beneficial owner	Convertible Bonds	31,250,000	0.60%

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2020, the interests of substantial shareholders (other than the Directors or chief executives) in the Shares or the underlying shares of the Company which were required to be notified to the Company pursuant to Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

## Long position in Shares:

### (a) Interest in Shares:

Name of substantial shareholder	Nature of interests	Number or attributable number of shares held or short positions	Approximate percentage or attributable percentage of shareholding
Well Up (Hong Kong) Limited ("Well Up") (Note)	Beneficial owner	2,880,015,658	55.75%
King Focus International Limited ("King Focus") (Note)	Interests of controlled corporation	2,880,015,658	55.75%
Ever Step Holdings Limited ("Ever Step") (Note)	Interests of controlled corporation	2,880,015,658	55.75%
Chong Sing Holdings FinTech Group Limited ("Chong Sing") (Note)	Interests of controlled corporation	2,880,015,658	55.75%
Cui Xintong ("Ms. Cui") (Note)	Founder of discretionary trust who can influence how the trustee exercise his discretion	2,880,015,658	55.75%
Lee Ken-yi Terence ("Mr. Lee") (Note)	Spouse	2,880,015,658	55.75%
TMF (Cayman) Limited ("TMF") (Note)	Trustee	2,880,015,658	55.75%
Deep Wealth Holdings Limited ("Deep Wealth") (Note)	Interests of controlled corporation	2,880,015,658	55.75%
Charm Success Group Limited ("Charm Success") (Note)	Interests of controlled corporation	2,880,015,658	55.75%

<b>Name of substantial shareholder</b>	<b>Nature of interests</b>	<b>Number or attributable number of shares held or short positions</b>	<b>Approximate percentage or attributable percentage of shareholding</b>
Finest Achieve Limited ("Finest Achieve") (Note)	Interests of controlled corporation	2,880,015,658	55.75%
HongDa Financial Holdings Limited ("HongDa") (Note)	Interests of controlled corporation	2,880,015,658	55.75%
Yen Ching Wai ("Mr. Yen") (Note)	In the capacity as a joint and several receiver	2,880,015,658	55.75%
So Kit Yee Anita ("Ms. So") (Note)	In the capacity as a joint and several receiver	2,880,015,658	55.75%

Note:

*Well Up is wholly-owned by King Focus. King Focus, which is in turn owned as to 49% by Charm Success, 37% by Ever Step and 14% by Finest Achieve, respectively.*

*Charm Success is wholly-owned by Deep Wealth, which is in turn wholly-owned by TMF as a trustee. Ms. Cui is the founder of the Trust and Mr. Lee is the spouse of Ms. Cui.*

*Ever Step is wholly-owned by Chong Sing.*

*Therefore each of King Focus, Ever Step, Chong Sing, Charm Success, Deep Wealth, TMF, Ms. Cui and Mr. Lee is deemed to be interested in 58% of the entire issued share capital of the Company. Through such interests, each of them is therefore deemed to be interested in Shares in which Well Up is interested for the purpose of the SFO.*

*Mr. Yen and Ms. So were appointed as the joint and several receivers on 28 February 2020 pursuant to the Share Charge dated 20 January 2017 created by Well Up (Hong Kong) Limited (the Chargor) in favour of Haitong International Securities Company Limited (the Chargee).*

**(b) Interests in underlying shares:**

<b>Name of substantial shareholder</b>	<b>Nature of interests</b>	<b>Description of securities</b>	<b>Number of underlying shares</b>	<b>Approximate% of interests</b>
Topsouce International Holding Co., Limited ("Topsouce")	Beneficial owner	Convertible Bonds (Note)	640,966,348	12.41%
Shanghai Xinhua Distribution Group Co., Ltd. ("Shanghai Xinhui")	Interest of controlled corporation	Convertible Bonds (Note)	640,966,348	12.41%

*Note: Since Topsouce is wholly-owned by Shanghai Xinhua, and Shanghai Xinhui is deemed to be interested in the same number of shares in which Topsouce was interested under the SFO.*

Save as disclosed above, as at 30 June 2020, there was no other person (other than the Directors or chief executives of the Company) who had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK.

### **SHARE OPTION SCHEME**

During the period, no share options were granted nor outstanding pursuant to the share option scheme adopted at the annual general meeting of the Company held on 23 June 2011.

### **CORPORATE GOVERNANCE**

The Directors consider that the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2020, except the following deviation:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same person. Since the resignation of Mr. Teng Wei on 15 April 2019, the Company has not appointed a chairman. Decisions were made collectively by the Executive Directors. The Board believes that this arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment.



## **MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS**

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

## **AUDIT COMMITTEE**

The Audit Committee comprises all Independent Non-executive Directors and is responsible for review of the Group's financial information and oversight of the Group's financial reporting system and internal control procedures. The Committee is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. In performing its duties, it has unrestricted access to personnel, records and external auditors and senior management.

The unaudited interim results for the period ended 30 June 2020 have been reviewed by the Audit Committee before recommendation to the Board for approval.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2020.

By Order of the Board  
**Ping An Securities Group (Holdings) Limited**  
*(Carrying on business in Hong Kong as PAN Securities Group Limited)*  
**Cheung Kam Fai**  
*Executive Director & CEO*

Hong Kong, 28 August 2020