



長城一帶一路
Great Wall Belt & Road

Great Wall Belt & Road Holdings Limited
長城一帶一路控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 524)





減廢證書
Wastewi\$e
—Certificate—



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CORPORATE INFORMATION

BOARD OF DIRECTORS EXECUTIVE DIRECTORS

Zhao Ruiyong (*Chairman*)
Li Bing (*Chief Executive Officer*)
Cheung Ka Heng Frankie (*Vice-Chairman*)
Cheung Siu Fai (appointed with effect from 20 February 2020)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Huang Tao
Fong Wai Ho (appointed with effect from 20 February 2020)
Leung Wai Kei (appointed with effect from 20 February 2020)
Lam Chik Shun Marcus
(appointed with effect from 20 February 2020)

COMPANY SECRETARY

Law Hoi Ching

AUDITOR

Mazars CPA Limited
Certified Public Accountants

LEGAL ADVISERS

Conyers Dill & Pearman
King & Wood Mallesons (as to Hong Kong laws)

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1402, 14/F
Henley Building
No.5 Queen's Road Central
Central
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 524

WEBSITE

www.gwbrhk.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

The board (the "Board") of directors (the "Directors") of Great Wall Belt & Road Holdings Limited (the "Company") herein presents the unaudited interim results (the "Interim Results") of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2020 (the "Period"), together with comparative figures for the corresponding period in 2019. The Interim Results are unaudited but have been reviewed by the audit committee (the "Audit Committee") of the Company.

		Six months ended 30 June	
		2020	2019
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	2	40,439	35,304
Cost of sales		(37,311)	(26,110)
Gross profit		3,128	9,194
Other revenue and income	3	38,384	1,274
		41,512	10,468
Selling and distribution expenses		(517)	(711)
Business promotion and marketing expenses		(107)	(146)
Operating and administrative expenses		(11,630)	(17,978)
Other operating expenses		(225)	(9,939)
Profit/(loss) from operations		29,033	(18,306)
Finance costs	4	(23)	(71)
Impairment loss on goodwill		–	(4,485)
Financial assets at FVPL – net loss on disposal and fair value changes		–	(3,337)
Financial assets at FVPL held at the end of the period – net loss on fair value changes		(1,051)	(110,297)
Gain on disposal of property, plant and equipment		–	5
Gain on disposal of interest in an associate		–	195
Profit/(loss) before taxation	4	27,959	(136,296)
Income tax credit	5	100	876
Profit/(loss) for the period		28,059	(135,420)
Profit/(loss) for the period attributable to:			
Equity holders of the Company		28,031	(135,128)
Non-controlling interests		28	(292)
Profit/(loss) for the period		28,059	(135,420)
		HK cents	HK cents
Earnings/(loss) per share	7		
Basic and diluted		2.7	(12.9)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit/(loss) for the period	28,059	(135,420)
Other comprehensive (loss)/income for the period		
<i>Item that will not be subsequently reclassified to profit or loss:</i>		
Designated FVOCI – net movement in investment revaluation reserves	(66)	447
<i>Items that are or may be subsequently reclassified to profit or loss:</i>		
Derecognition of exchange reserve upon deregistration/disposal of a subsidiary	–	62
Exchange differences on translation of foreign subsidiaries	24	36
Share of other comprehensive loss of associates		
– Exchange difference on translation	(1,001)	–
Total comprehensive income/(loss) for the period	27,016	(134,875)
Total comprehensive income/(loss) for the period attributable to:		
Equity holders of the Company	26,932	(134,579)
Non-controlling interests	84	(296)
Total comprehensive income/(loss) for the period	27,016	(134,875)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	<i>Notes</i>	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		109	202
Right-of-use assets		–	–
Interest in associates		–	56,079
Intangible assets		–	–
Goodwill		–	–
Designated FVOCI	14	2,318	2,384
		2,427	58,665
Current assets			
Financial assets at FVPL	14	397	1,571
Trade and other receivables	9	11,865	12,813
Tax recoverable		154	52
Pledged bank deposits	8	716	738
Bank balances and cash		4,238	6,672
		17,370	21,846
Assets classified as disposal group held for sale	11	55,184	–
		72,554	21,846
Current liabilities			
Trade and other payables	10	43,790	75,560
Lease liabilities		2,093	3,052
		45,883	78,612
Liabilities classified as disposal group held for sale	11	183	–
		46,066	78,612
Net current assets/(liabilities)		26,488	(56,766)
NET ASSETS		28,915	1,899
Capital and reserves			
Share capital	12	10,503	10,503
Reserves		21,444	(5,488)
Equity attributable to equity holders of the Company		31,947	5,015
Non-controlling interests		(3,032)	(3,116)
TOTAL EQUITY		28,915	1,899

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Equity attributable to equity holders of the Company											
	Reserves											Total equity (Unaudited) HK\$'000
	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Investment revaluation reserves (non-recycling) (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total reserves (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	
As at 1 January 2020	10,503	290,303	(5,479)	(5,502)	25	(64)	83,489	(368,260)	(5,488)	5,015	(3,116)	1,899
Profit for the period	-	-	-	-	-	-	-	28,031	28,031	28,031	28	28,059
Other comprehensive income/(loss) for the period												
<i>Item that will not be subsequently reclassified to profit or loss:</i>												
Designated FVOCI – net movement in investment revaluation reserves	-	-	-	(66)	-	-	-	-	(66)	(66)	-	(66)
<i>Items that are or may be subsequently reclassified to profit or loss:</i>												
Exchange differences on translation of foreign subsidiaries	-	-	(32)	-	-	-	-	-	(32)	(32)	56	24
Share of other comprehensive loss of associates – exchange differences on translation	-	-	(1,001)	-	-	-	-	-	(1,001)	(1,001)	-	(1,001)
Total comprehensive income/(loss) for the period	-	-	(1,033)	(66)	-	-	-	28,031	26,932	26,932	84	27,016
As at 30 June 2020	10,503	290,303	(6,512)	(5,568)	25	(64)	83,489	(340,229)	21,444	31,947	(3,032)	28,915
As at 1 January 2019	10,503	290,303	(4,072)	(5,223)	25	(64)	83,489	(149,233)	215,225	225,728	3,017	228,745
Loss for the period	-	-	-	-	-	-	-	(135,128)	(135,128)	(135,128)	(292)	(135,420)
Other comprehensive income/(loss) for the period												
<i>Item that will not be subsequently reclassified to profit or loss:</i>												
Designated FVOCI – net movement in investment revaluation reserves	-	-	-	447	-	-	-	-	447	447	-	447
<i>Items that are or may be subsequently reclassified to profit or loss:</i>												
Derecognition of exchange reserve upon deregistration of a subsidiary	-	-	62	-	-	-	-	-	62	62	-	62
Exchange differences on translation of foreign subsidiaries	-	-	40	-	-	-	-	-	40	40	(4)	36
Total comprehensive income/(loss) for the period	-	-	102	447	-	-	-	(135,128)	(134,579)	(134,579)	(296)	(134,875)
As at 30 June 2019	10,503	290,303	(3,970)	(4,776)	25	(64)	83,489	(284,361)	80,646	91,149	2,721	93,870

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Net cash used in operating activities		(1,407)	(888)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3)	–
Proceeds from disposal of property, plant and equipment		–	5
Proceeds from disposal of investment in an associate		–	195
Release of pledged bank deposits, net		5	159
Net cash generated from investing activities		2	359
FINANCING ACTIVITY			
Repayment of lease liabilities		(945)	(1,726)
Net cash used in financing activity		(945)	(1,726)
Net decrease in cash and cash equivalents		(2,350)	(2,255)
Cash and cash equivalents as at 1 January		6,672	13,915
Exchange gain on cash and cash equivalents		22	18
Cash and cash equivalents as at 30 June		4,344	11,678
Represented by:			
Bank balances and cash		4,238	11,678
Assets classified as disposal group held for sales	11	106	–
		4,344	11,678

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements (the “Interim Financial Statements”) of the Group for the six months ended 30 June 2020 are unaudited and have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Interim Financial Statements are unaudited, but have been reviewed by the Audit Committee.

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 for the six months ended 30 June 2020 are consistent with those in the preparation of the Group’s annual financial statements for the year ended 31 December 2019.

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily 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 a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards 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.

2. REVENUE AND SEGMENTAL INFORMATION

The Group’s management, who are the chief operating decision-makers, determine the operating segments for the purposes of resource allocation and performance assessment. The business segments of the Group comprise telecommunication services, financial payment processing solution and software development services, distribution business through e-commerce platform, property development & tourism.

Segment results represent the results before taxation earned by each segment without allocation of central operating and administrative expenses. All assets are allocated to reportable segments other than unallocated assets which are mainly financial assets at fair value through profit or loss, bank balances and cash. All liabilities are allocated to reportable segments other than corporate liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

2. REVENUE AND SEGMENTAL INFORMATION *(continued)*

Analyses of the Group's segmental information by business and geographical segments during the period are set out below.

(a) By business segments

	Six months ended 30 June 2020			
	Telecom- munication services (Unaudited) HK\$'000	Financial payment processing solution and software development services and distribution business (Unaudited) HK\$'000	Property development and tourism (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue				
External sales	40,439	–	–	40,439
Results				
Segment results	(237)	178	(1)	(60)
Finance costs	(3)	–	–	(3)
	(240)	178	(1)	(63)
Unallocated other operating income and expenses				28,022
Profit before taxation				27,959

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

2. REVENUE AND SEGMENTAL INFORMATION *(continued)* (a) By business segments *(continued)*

	Six months ended 30 June 2019			
	Telecom- munication services (Unaudited) HK\$'000	Financial payment processing solution and software development services and distribution business (Unaudited) HK\$'000	Property development and tourism (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue				
External sales	31,076	4,228	–	35,304
Results				
Segment results	(779)	(3,796)	(5)	(4,580)
Impairment loss on goodwill	–	(4,485)	–	(4,485)
Finance costs	(21)	–	–	(21)
	(800)	(8,281)	(5)	(9,086)
Unallocated other operating income and expenses				(127,210)
Loss before taxation				(136,296)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

2. REVENUE AND SEGMENTAL INFORMATION *(continued)* (a) By business segments *(continued)*

	As at 30 June 2020			Total (Unaudited) HK\$'000
	Telecom- munication services (Unaudited) HK\$'000	Financial payment processing solution and software development services and distribution business (Unaudited) HK\$'000	Property development and tourism (Unaudited) HK\$'000	
Assets				
Segment assets	10,705	481	–	11,186
Assets classified as disposal group held for sale				55,184
Unallocated assets				8,611
				74,981
Liabilities				
Segment liabilities	(10,502)	(967)	–	(11,469)
Liabilities classified as disposal group held or sale				(183)
Unallocated liabilities				(34,414)
				(46,066)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

2. REVENUE AND SEGMENTAL INFORMATION *(continued)* (a) By business segments *(continued)*

	As at 31 December 2019			Total (Audited) HK\$'000
	Telecom- munication services (Audited) HK\$'000	Financial payment processing solution and software development services and distribution business (Audited) HK\$'000	Property development and tourism (Audited) HK\$'000	
Assets				
Assets before following item:	11,000	365	108	11,473
Interests in associates	–	–	56,079	56,079
Segment assets	11,000	365	56,187	67,552
Unallocated assets				12,959
				80,511
Liabilities				
Segment liabilities	(10,872)	(1,211)	(188)	(12,271)
Unallocated liabilities				(66,341)
				(78,612)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

2. REVENUE AND SEGMENTAL INFORMATION *(continued)*

(b) By geographical information

The Group's operations are principally located in Hong Kong, Singapore and the PRC. The following table provides an analysis of the Group's revenue from external customers by geographical market in which the operations are located:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	1,468	20,576
The PRC	–	4,228
Singapore	38,971	10,500
	40,439	35,304

The following is an analysis of the carrying amounts of non-current assets (excluding financial instruments) by geographical area in which the assets are located:

	As at	As at
	30 June	31 December
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	106	202
The PRC	–	–
Singapore	3	–
	109	202

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. OTHER REVENUE AND INCOME

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Compensation entitled (<i>Note</i>)	37,172	–
Interest income arising from financial assets at FVPL	1	9
Interest income from bank	13	76
Interest income from loan receivables from a non-controlling interest	243	257
Subleasing income	–	704
Others	955	228
	38,384	1,274

Note: The wholly owned subsidiary of the Company claimed for the losses against the vendor by the issuance of claim notice in the sum of approximately RMB31,578,000 (equivalent to approximately HK\$37,172,000) during the year. The Directors obtained a legal opinion that the vendor did not response to the claim notice within the prescribed timeframe, then vendor is deemed to have agreed with the claimed amount as stated in the claim notice (the "Deemed Agreed Claim Amount") and the remaining balance of consideration recorded in other payable is entitled to offset the Deemed Agreed Claim Amount. Please refer to the announcement published by the Company on 12 June 2020 for further detail.

4. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is stated after charging the following:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Finance costs		
Interest expenses on lease liabilities	23	71
Other items		
Amortisation of intangible assets	–	7,602
Amortisation of right-of-use assets	–	1,652
Depreciation of property, plant and equipment	96	353

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

5. TAXATION

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax		
Overseas income taxes	100	(844)
Deferred tax		
Origination and reversal of temporary differences		
– Depreciation allowances	–	1,720
Total tax credit	100	876

Origination and reversal of temporary differences Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the six months ended 30 June 2020 and 2019.

Overseas (including the PRC and Singapore) taxation represents income tax provisions in respect of certain subsidiaries, calculated at the tax rates prevailing in the countries in which the subsidiaries operate.

6. INTERIM DIVIDEND

The Board does not recommend payment of a dividend for the six months ended 30 June 2020 and 2019.

7. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share for the six months ended 30 June 2020 is based on the profit for the period attributable to equity holders of the Company of approximately HK\$28,031,000 (30 June 2019: loss of approximately HK\$135,128,000) and the number of 1,050,280,000 ordinary shares (30 June 2019: 1,050,280,000 ordinary shares) in issue during the period.

The Company has no dilutive potential ordinary shares in issue during the current and prior periods and, therefore, the diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share for the periods presented.

8. PLEDGED BANK DEPOSITS

As at 30 June 2020, the Group had pledged bank deposits amounting to approximately HK\$716,000 (31 December 2019: approximately HK\$738,000). At the end of the reporting period, bank guarantees of approximately HK\$716,000 (31 December 2019: approximately HK\$738,000) were issued to suppliers for operational requirements. The directors do not consider it is probable that a claim will be made against the Group under these guarantees.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

9. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Trade receivables			
From third parties		13,836	15,559
Loss allowances		(9,249)	(9,332)
	<i>(a)</i>	4,587	6,227
Other receivables			
Deposits		2,161	2,263
Prepayments		505	376
Other debtors	<i>(b)</i>	21,180	21,721
Due from securities brokers		3	3
Due from an associate	<i>(c)</i>	2,267	1,350
Loan and interest receivable from a non-controlling interest of a subsidiary	<i>(d)</i>	11,717	11,825
		37,833	37,538
Loss allowances on other debtors and due from an associate and a non-controlling interest of a subsidiary		(30,555)	(30,952)
		7,278	6,586
		11,865	12,813

Notes:

- (a) The Group's credit terms on sales mainly range from 30 to 90 days. Included in trade and other receivables are trade debtors (net of allowances for doubtful debts) with the following ageing analysis by invoice date:

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Less than 1 month	2,905	4,625
1 to 3 months	1,120	875
More than 3 months but less than 12 months	372	286
More than 12 months	190	441
	4,587	6,227

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

9. TRADE AND OTHER RECEIVABLES *(continued)*

Notes: (continued)

- (b) In 2019, a PRC subsidiary of the Group had made several payments to 6 individuals and entities in aggregate of RMB4,544,000 (equivalent to HK\$5,090,000) for the purpose of relationship building with those individuals and entities for business referral. Impairment losses on the payments to the individuals or entities, together with other debtors with carrying amounts RMB4,744,000 (equivalent to HK\$5,314,000) as at 31 December 2019, in aggregate of RMB9,288,000 (equivalent to HK\$10,404,000) were made in 2019. In view of these debts were overdue and prolonged outstanding without settlement, the management considers their financial position of these debtors may have been deteriorated and that the recoverability of these receivables is in doubt. Therefore, full loss allowances of RMB9,288,000 (equivalent to HK\$10,218,000) have been made.

Included in other debtors as at 30 June 2020 was a receivable of HK\$4,889,000 (31 December 2019: HK\$5,049,000) in relation to a management fee income due from a public company, in which the Company's former director, Mr. Yeung has beneficial interest. In view of deterioration in the financial position of the debtor and the result of negotiation, the management considers the recoverability of the amounts due is in doubt. Therefore, loss allowances of approximately HK\$3,244,000 were made.

Included in other debtors as at 30 June 2020 was a receivable of HK\$4,304,000 (31 December 2019: HK\$4,304,000) due from a third party which was arising from the proceeds from the disposal of financial assets at fair value through profit or loss in 2017. In view of the prolonged outstanding and lost contact with the debtor, the management considers that the recoverability of these receivables is in doubt. Therefore, full loss allowances of HK\$4,304,000 have been made.

- (c) As at 30 June 2020, total amount due from an associate of HK\$2,267,000 of which HK\$1,000,000 was the consideration receivable from the disposal of assets of a business unit in 2017 and advance to the associate of HK\$1,267,000 was unsecured, interest-free and repayable on demand. At the end of the reporting period, the business of the associate was closed due to unsatisfactory performance. In view of the financial position of the associate has been deteriorated, the management considers that the recoverability of these receivables of HK\$2,267,000 was in doubt. Therefore, loss allowances of HK\$1,175,000 were made.
- (d) As at 30 June 2020, loan and interest receivable of RMB10,652,000 (equivalent to HK\$11,717,000) (31 December 2019: RMB10,558,000 (equivalent to HK\$11,825,000)) from a non-controlling interest of a subsidiary is unsecured, interest bearing at the fixed rate of 4.35% per annum and repayable in December 2020. In view of the default of repayment of principal and interest of the loan, prolonged outstanding without settlement, the management considers it is probable that the recoverability of the loan receivable was in doubt. Therefore, loss allowances of RMB10,558,000 (equivalent to HK\$11,614,000) (31 December 2019: RMB10,558,000 (equivalent to HK\$11,825,000)) were made.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

10. TRADE AND OTHER PAYABLES

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Trade payables	3,020	3,925
Other payables		
Accrued charges and other creditors	17,845	17,253
Contract liabilities	1,711	1,579
Cash consideration payable for acquisition of a subsidiary (<i>note a</i>)	–	37,172
Deposit received for disposal of subsidiary (<i>note c</i>)	2,750	–
Due to a former director (<i>note b</i>)	12,393	12,393
Due to associates	232	398
Loans from directors	5,839	2,840
	40,770	71,635
	43,790	75,560

Included in trade payables are trade creditors with the following ageing analysis by invoice date:

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Less than 1 month	586	968
1 to 3 months	1,009	1,483
More than 3 months but less than 12 months	380	416
More than 12 months	1,045	1,058
	3,020	3,925

- (a) The cash consideration payable for a business combination in 2016 is unsecured, interest-free and payable on demand. During the period, the amount of cash consideration payable to the vendor is entitled to setoff the Deemed Agreed Claim Amount as disclosed in note 3.
- (b) The amount due to former director, Mr. Yeung Chun Wai Anthony ("Mr. Yeung"), represented the remaining balance of consideration received from the disposal of 5,700,000 ordinary shares of SingAsia Holdings Limited (Stock Code: 8293) (the "SingAsia Shares") on 9 June 2017, which was finally not approved at the special general meeting of the Company held on 29 December 2017 ("SingAsia Disposal").

As at 31 December 2017, the total amount of approximately HK\$41,552,000 received from Mr. Yeung was accounted for as "other payables" and the 5,700,000 SingAsia Shares held by Mr. Yeung on behalf of the Group carried at a fair value approximately of HK\$101,802,000 are classified as "financial assets at FVPL".

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

10. TRADE AND OTHER PAYABLES (continued)

(b) (continued)

In March 2018, the 5,700,000 SingAsia Shares were sub-divided into 28,500,000 shares after sub-division of the issued share capital of SingAsia Holdings Limited ("Sub-divided SingAsia Shares"), of which 20,000,000 Sub-divided SingAsia Shares were returned to the Group by Mr. Yeung in exchange of consideration of approximately HK\$29,159,000 previously received by the Group.

As at 30 June 2020 and 31 December 2019, 8,500,000 Sub-divided SingAsia Shares were held by Mr. Yeung and the related balance of consideration received of approximately HK\$12,393,000 was accounted for as "due to a former director". As disclosed in the announcement of the Company dated 12 March 2019, in view of the prolonged period of delay in the settlement of the remaining SingAsia Shares by Mr. Yeung, the Company had, through its solicitors, issued the Writ of Summons to commence legal proceedings against Mr. Yeung on 12 March 2019 to request for specific performance by Mr. Yeung of its obligations under the settlement agreement for the transfer of the remaining SingAsia Shares and damages for breach of contract, which may include the fair value losses in the SingAsia Shares in view of the recent drop in the price of SingAsia Shares. As at the date of this interim report, the Group and Mr. Yeung are in the process of preparation and exchange of statement of claims and defences for the legal proceedings.

(c) Pursuant to the sales and purchase agreement on 13 May 2020, a deposit of RMB2,500,000 (equivalent to HK\$2,750,000) was received from the purchaser in relation to the major disposal in note 11 and note 16.

11. DISPOSAL GROUP HELD FOR SALE

On 13 May 2020, the Company and the purchaser entered into the sales and purchase agreement, pursuant to which the Company conditionally agreed to sell and the purchaser conditionally agreed to acquire the entire issued share capital of the subsidiary of the Company (the "Target Company") at a consideration of RMB50,000,000. The Target Company also holds 25% of the equity interest in an associate company of the Group.

The financial results of the associate company have not been consolidated in the results of the Group and have been accounted for using the equity method. Immediately after the Disposal, the Group will cease to hold any interest in the Target Company and the associate company.

Assets and liabilities of the Disposal Group were classified as "Assets classified as disposal group held for sale" and "Liabilities classified as disposal group held for sale" respectively in accordance with *HKFRS 5* as 30 June 2020.

Assets classified as disposal group held for sale

	As at 30 June 2020 HK\$'000 (Unaudited)
Interests in associates	55,078
Bank balances and cash	106
Total assets of the disposal group held for sale	55,184

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

11. DISPOSAL GROUP HELD FOR SALE *(continued)* Liabilities classified as disposal group held for sale

	As at 30 June 2020 HK\$'000 (Unaudited)
Trade and other payables	(183)
Total liabilities of the disposal group held for sale	(183)

12. SHARE CAPITAL

	Number of shares		Amount	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Ordinary share of HK\$0.01 each				
Authorised:				
At the beginning and at end of the period/year	12,000,000,000	12,000,000,000	120,000	120,000
Issued and fully paid:				
At the beginning and at end of the period/year	1,050,280,000	1,050,280,000	10,503	10,503

13. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these condensed consolidated financial statements, during the period, the Group had the following transactions with related parties:

	Six months ended 30 June 2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Nature of transactions		
Sundry income from an associate	–	5
Management fee expense to an associate	–	960
IT Supporting fee expense to an associate	–	72
Interest income from loan receivable from non-controlling interest of a subsidiary	243	257

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

14. FAIR VALUE MEASUREMENTS

The following presents the Group's financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy as 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; and
- Level 3 (lowest level): unobservable inputs for the asset or liability.

(i) ASSETS MEASURED AT FAIR VALUE

	Level 1 (Unaudited) HK\$'000	Level 2 (Unaudited) HK\$'000	Level 3 (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
As at 30 June 2020				
Designated FVOCI				
Unlisted equity securities	–	–	2,318	2,318
Financial assets at FVPL				
Equity investments listed in Hong Kong	397	–	–	397
	Level 1 (Audited) HK\$'000	Level 2 (Audited) HK\$'000	Level 3 (Audited) HK\$'000	Total (Audited) HK\$'000
As at 31 December 2019				
Designated FVOCI				
Unlisted equity securities	–	–	2,384	2,384
Financial assets at FVPL				
Equity investments listed in Hong Kong	1,448	–	–	1,448
Unlisted investment fund	–	–	123	123

During the period ended 30 June 2020 and the year ended 31 December 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

14. FAIR VALUE MEASUREMENTS *(continued)* (i) ASSETS MEASURED AT FAIR VALUE *(continued)* *Movements in Level 3 fair value measurements*

	Designated FVOCI		Financial asset at FVPL		Total	
	Unlisted equity securities		Unlisted investment fund			
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
At the beginning of the reporting period	2,384	2,663	123	1,448	2,507	4,111
Purchases	–	–	54	3,013	54	3,013
Redemption	–	–	(178)	(4,358)	(178)	(4,358)
Total gains/(losses)						
– in profit or loss	–	–	1	20	1	20
– in other comprehensive income	(66)	(279)	–	–	(66)	(279)
At the end of the reporting period	2,318	2,384	–	123	2,318	2,507
Change in unrealised gains or loss for the period included in						
– profit or loss for asset held at the end of the reporting period	–	–	1	20	1	20
– other comprehensive income	(66)	(279)	–	–	(66)	(279)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

14. FAIR VALUE MEASUREMENTS *(continued)*

(i) ASSETS MEASURED AT FAIR VALUE *(continued)*

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement

The quantitative information of the significant unobservable input and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurements, are as follows:

Description	Fair value at 30 June 2020 HK\$'000 (Unaudited)	Valuation techniques	Unobservable input	Range (weighted average, if applicable)	Sensitivity of fair value to changes in unobservable inputs
Assets					
Designated FVOCI – unlisted equity securities	2,318	Net asset value as reported by Management of Investee companies	n/a	n/a	n/a

Valuation processes of the Group

The fair values of assets and liabilities traded in active markets (such as equity investments at FVPL) are based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price quoted by source of market prices e.g. stock exchanges.

The fair values of assets and liabilities that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows and net asset value, are used to determine fair value for other assets and liabilities.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(ii) FINANCIAL ASSETS AND LIABILITIES CARRIED AT AMOUNTS OTHER THAN FAIR VALUE

The carrying amounts of the financial assets and liabilities of the Group carried at amounts other than their fair values are not materially different from their fair values as at 30 June 2020 and 31 December 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

15. CAPITAL EXPENDITURE COMMITMENTS

In April 2018, the Group entered into an agreement with a third party to develop and operate a characteristic cultural town in Yibin City of Sichuan Province in the PRC. In April 2018, Yibin Xianyuan Lake Small Towns Cultural Tourism Company Limited* (宜賓仙源湖小鎮文旅有限公司) (“Yibin Company”) was incorporated in the PRC with registered capital of RMB200,000,000, for which the Group has committed to contribute RMB70,000,000 before 3 April 2028, representing equity interest in 35% of Yibin Company. As at the end of the reporting period and up to the date of this report, no contribution has been made by the Group.

Other than the above, the Group had no other significant capital commitments at the end of the reporting period (31 December 2019: Nil).

16. EVENTS AFTER THE REPORTING PERIOD

Major disposal

On 13 May 2020, the Company had entered into a sales and purchase agreement with purchaser for the proposed disposal of the entire issued share capital of the subsidiary of the Company (the “Target Company”) which holds 25% of the equity interest in an associate company of the Group. The Company conditionally agreed to sell and the purchaser conditionally agreed to acquire the Target Company at a consideration of RMB50,000,000.

Please refer to the announcement for the details of the sales and purchase agreement dated 13 May 2020.

As at the date of issuance of these condensed consolidated financial statements, the disposal has not yet completed.

OVERVIEW

During the Period, the Group's revenue increased by approximately 14.4% to approximately HK\$40.4 million compared to approximately HK\$35.3 million for the prior period. Due to more efficient management of cost control and the compensation claimed for the losses against the vendor of Diamond Frontier Investments Limited, profit from operations for the Period was approximately HK\$29.0 million, compared to loss of approximately HK\$18.3 million for the previous period.

Profit attributable to equity holders of the Company of approximately HK\$28.0 million was recorded for the Period compared to loss of approximately HK\$135.1 million for the previous period. The significant change of the loss situation is due to the combined effect of (1) the substantial decrease in net loss on disposal of listed securities and unrealized fair value losses in respect of investment in listed securities held for trading by approximately 99.0% to approximately HK\$1.1 million during the Period compared to prior period; and (2) the other income of approximately HK\$37.2 million arising from the setting-off of the outstanding balance of the consideration of approximately HK\$37.2 million regarding the acquisition of the entire issued share capital of Diamond Frontier Investments Limited against the loss suffered by the Group, as disclosed in the announcement of the Company dated 12 June 2020.

TELECOM BUSINESS (TELECOMMUNICATION AND INFORMATION TECHNOLOGY BUSINESS)

Total revenue recorded by the Telecom Business, which comprises the telecommunications and information technology businesses in Singapore and Hong Kong, and remains as the Group's major revenue contributor in the Period, was approximately HK\$40.4 million, representing a 29.9% increase compared to approximately HK\$31.1 million for the prior period, mainly attributable to the increase in revenue of the wholesale voice telecommunications segment of the Telecom Business. The outbreak of COVID-19 causes disruptions to the business operations in the Telecom Business while the business environment, in general, deteriorates. Having said that, by comparison the adverse impact on the wholesale voice telecommunications segment was minor and the global demand for wholesale voice traffic remained relatively robust. The Group will continue sustaining the Telecom Business while striving to rationalise its cost structure. The Group anticipates that the level of business activities of the Telecom Business for the year 2020 will be comparable to that in the past year.

The economic and social disruption caused by the pandemic also force people across the globe to reshape their business and social life, relying heavily on information technology for information, working from home and online shopping and social interactions. The growing 5G and high speed broadband connectivity industry and telecommunication technologies will empower the transformation of people's living and working pattern globally. Therefore, the Group will keep pursuing different opportunities that may expand the business portfolio of the Group in the Telecommunications, Media & Technology (TMT) sector.

IT AND DISTRIBUTION BUSINESS (FINANCIAL PAYMENT PROCESSING SOLUTION AND SOFTWARE DEVELOPMENT SERVICES, AND DISTRIBUTION BUSINESS)

During the period, there was no revenue generated from the IT and Distribution Business due to the impact of COVID-19 that significantly slowed down the business operation resulting in that no business opportunities were materialized during the Period, compared to approximately HK\$4.2 million for the previous period. Meanwhile, as disclosed in the Company's announcement dated 12 June 2020, the Group has set off an outstanding balance of consideration related to the acquisition of Diamond Frontier Investments Limited on 24 June 2016, that significantly reduces the financial burden of the Group.

At the date of this report, the Group has already appointed a new director to the board of Hangzhou Susong Technology Company Limited* (杭州蘇頌科技有限公司) in order to expedite the process of taking further necessary actions to recover the outstanding receivables in the second half of this year. Meanwhile, the Group will strive to improve the effectiveness of taking further actions that is still impacted by travel restrictions due to COVID-19 as the new director cannot go to Hangzhou to execute necessary actions as at the date of this report. As we expect that IT and Distribution Business will keep on facing increasingly challenging and uncertain business environment in the second half of 2020, and the Company will continue to negotiate with the potential buyer in relation to potential disposal of entire equity interest in Stage Charm Limited.

PROPERTY DEVELOPMENT AND TOURISM BUSINESS

During the Period, the construction plan for the characteristic town in Wusu city has been further delayed due to the outbreak of COVID-19 in Xinjiang province. Though the new construction land for Wusu characteristic town project is under planning and discussion status, we expect that the characteristic town project in Wusu city will not generate investment returns to the Group in the short term.

As disclosed in the announcement of the Company dated 13 May 2020, the Company has entered into the legally-binding sales and purchase agreement with an independent third party in relation to potential disposal of the entire equity interest in B&R Investment Holding Limited, which in turn holds 25% equity interest in a PRC company engaging in the development of the aforesaid characteristic town project. The potential disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to its shareholders' approval. We believe the potential disposal is an opportunity to enable the Group's capital resources to be utilised more efficiently to support the Group's operation and business plan.

OUTLOOK

Looking ahead, facing increasing uncertainties arising from US-China tensions escalation and the global economic downturn due to the pandemic, the Group will carry on striving to maintain the sustainability of the Telecom Business in the competitive market. As people across the globe demand for technology products and services more than ever before the pandemic, it will inevitably speed up the process of global digital transformation of more people's working and living pattern. Therefore, the Group will strive to protect its business reputation and to improve service quality so as to maintain its competitiveness in Telecom Business. Meanwhile, the Group will continue looking for business development opportunities in the industries of new emerging technology, information technology and 5G technology.

Through actively pursuing other investment opportunities to improve business performance, increasing operational efficiency and realising business synergy, it is expected that sustainable and steady business growth can be achieved and a more promising return can be offered to the Group and its shareholders as a whole.

REVENUE AND RESULTS

The Group's revenue for the Period amounted to approximately HK\$40.4 million, representing an increase of approximately 14.4% from the corresponding period in the prior year. The increase is attributable to the expansion of wholesale voice telecommunications segment of the Telecom Business.

The gross profit for the Period decreased by approximately 66.3% to approximately HK\$3.1 million, compared to approximately HK\$9.2 million for the previous corresponding period. The overall gross profit margin of the Group for the Period dropped to approximately 7.7% (period ended 30 June 2019: approximately 26.0%). The decrease in gross profit and gross profit margin was mainly due to the stagnant IT and distribution business during the Period and the increased proportion of the Group's wholesale voice telecommunications segment of the Telecom Business during the Period which has lower gross profit margin.

Total operating expenses of the Group for the Period amounted to approximately HK\$12.5 million, representing a decrease of approximately 56.6% over the same period in the prior year. The decrease was mainly due to the streamlined cost structure and absence of depreciation on right-of-use assets and amortization of intangible assets for the Period.

The operating profit of the Group for the Period amounted to approximately HK\$29.0 million, compared to a loss of approximately HK\$18.3 million for the previous corresponding period. The operating profit was mainly attributable to the setting-off of the outstanding balance of consideration amounting to approximately HK\$37.2 million related to the acquisition of Diamond Frontier Investments Limited in 2016.

The Group recorded unrealised net loss on fair value changes of approximately HK\$1.1 million (period ended 30 June 2019: approximately HK\$110.3 million of unrealised net loss on fair value changes and approximately HK\$3.3 million of net loss on disposal and fair value changes) in respect of financial assets at FVPL for the Period.

The consolidated profit attributable to equity holders of the Company for the Period amounted to approximately HK\$28.0 million, compared to a loss of approximately HK\$135.1 million for the prior period.

IMPACT OF CORONAVIRUS DISEASE 2019 ("COVID-19")

In view of the outbreak of COVID-19 in January 2020 in the PRC, the PRC authority has taken nation-wide prevention and control measures. The COVID-19 has certain impacts on the business operation of the Group and the global economy in general. The extent of such impacts depends on the duration of the pandemic and the implementation of regulatory policies and relevant protective measures. The Group would closely monitor the development and status of the outbreak of the COVID-19 and continue to assess its impacts on the financial position and operating results of the Group and take necessary actions to mitigate any potential impact brought by the outbreak of COVID-19.

At the date of authorisation of these consolidated financial statements, the Group was unable to reliably estimate the financial impact of the outbreak of COVID-19.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCING

As at 30 June 2020, the net assets of the Group amounted to approximately HK\$28.9 million compared to approximately HK\$1.9 million as at 31 December 2019.

Bank balances and cash (excluding pledged bank deposits) amounted to approximately HK\$4.2 million as at 30 June 2020 (31 December 2019: approximately HK\$6.7 million). As at 30 June 2020, approximately HK\$0.7 million (31 December 2019: approximately HK\$0.7 million) was pledged as bank deposits. In addition, bank guarantees of approximately HK\$0.7 million as at 30 June 2020 (31 December 2019: approximately HK\$0.7 million) were issued to suppliers for operations requirements.

The Group had loan from directors of approximately HK\$5.8 million as at 30 June 2020 (31 December 2019: approximately HK\$2.8 million). As at 30 June 2020, the Group had lease liabilities of approximately HK\$2.1 million (31 December 2019: approximately HK\$3.1 million).

As at 30 June 2020, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of net assets was approximately 27.3% (31 December 2019: approximately 310.3%). The decrease in gearing ratio mainly attributable to the setting-off of the outstanding balance of consideration amounting to approximately HK\$37.2 million resulted in the increase in net assets.

FOREIGN EXCHANGE EXPOSURE

The Group has certain assets, liabilities, and transactions which are denominated in Singapore dollars and Renminbi. The Group continues to closely monitor the exchange rates of each of Singapore dollar, Hong Kong dollar and Renminbi and will, whenever appropriate, take appropriate action to mitigate such exchange risks. As at 30 June 2020, no related currency hedges had been undertaken by the Group.

CONTINGENT LIABILITIES AND COMMITMENTS

In April 2018, the Group entered into an agreement with a third party to develop and operate a characteristic cultural town in Yibin City of Sichuan Province in the PRC. In April 2018, Yibin Xianyuan Lake Small Towns Cultural Tourism Company Limited (宜賓仙源湖小鎮文旅有限公司) ("Yibin Company") was incorporated in the PRC with registered capital of Yibin Company of RMB200,000,000, for which Group has committed to contribute RMB70,000,000 before 3 April 2028, representing equity interest in 35% of Yibin Company. As at the end of the reporting period and up to the date of this report, no contribution has been made by the Group.

Other than the above, there were no material contingent liabilities or capital commitments.

SIGNIFICANT INVESTMENTS HELD AND PERFORMANCE

As at 30 June 2020, the Group held listed investments in securities in Hong Kong (collectively, the "Investments") with a market value of approximately HK\$0.4 million (31 December 2019: approximately HK\$1.4 million), which comprised an investment portfolio of five (31 December 2019: five) listed equities in Hong Kong. The Group recorded unrealised net loss on fair value changes of approximately HK\$1.1 million (period ended 30 June 2019: approximately HK\$110.3 million of unrealised net loss on fair value changes and approximately HK\$3.3 million of net loss on disposal and fair value changes) in respect of financial assets at FVPL for the Period.

The details of the Investments as at 30 June 2020 were as follows:

	Company name	Stock code	Number of shares held	% of shareholdings in equity investment	Unrealised loss on fair value change for the period HK\$'000	Fair value as at 1 January 2020 HK\$'000	Fair value as at 30 June 2020 HK\$'000	% of net assets	Principal activities
1	New Provenance Everlasting Holdings Limited	02326	1,000,000	0.01%	(4)	17	13	0.04%	Sourcing and sales of metal minerals and related industrial materials, production and sale of industrial products and utilities, sale of electrical and electronic consumer products, provision of logistics services.
2	SingAsia Holdings Limited	08293	8,500,000	0.57%	(239)	494	255	0.88%	Provide manpower outsourcing services, manpower recruitment services and manpower training services based in Singapore.
3	China Saite Group Company Limited	00153	5,040,000	0.17%	(796)	796	-	0.00%	Construction of steel structure and prefabricated construction projects
4	Haitian Energy International Limited	01659	2,576,000	0.03%	-	-	-	0.00%	Hydropower generation and provision of power operation, repair and maintenance services
5	Sino Harbour Holdings Group Limited	01663	1,000,000	0.04%	(12)	141	129	0.45%	Property development and car parking spaces operation
					(1,051)	1,448	397		

During the Period, the Group had not received dividend from the securities held (period ended 30 June 2019: Nil).

The Board considers that the performance of the above equities may be affected by the degree of volatility in the Hong Kong stock market and susceptible to other external factors that may affect their values. Accordingly, in order to mitigate possible financial risks related to the equities, the Board maintains a diversified investment portfolio across various segments of the market and also closely monitors the performance of its investment portfolio.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2020, the interests and short positions of the Directors and the chief executives of the Company 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, the "SFO") as were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or 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 Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

Name of director	Capacity	Number of Shares [#] interested	Approximate percentage of shareholding
Zhao Ruiyong	Interest of a controlled corporation	222,820,000 (Note 1)	21.22%

[#] "Shares" means ordinary shares of HK\$0.01 each in the share capital of the Company.

Note 1: The 222,820,000 Shares are beneficially owned by Great Wall Belt & Road (HK) Limited ("Great Wall HK"), which is wholly-owned by Great Wall Film & Culture Company Group Limited* (長城影視文化企業集團有限公司) ("Great Wall Group"). Great Wall Group is in turn owned as to 66.67% and 33.33% by Mr. Zhao Ruiyong and Mr. Zhao Feifan respectively. Therefore, each of Great Wall Group, Mr. Zhao Ruiyong and Mr. Zhao Feifan is deemed to be interested in the 222,820,000 Shares held by Great Wall HK pursuant to Part XV of the SFO.

All interests disclosed above represent long positions in the shares of the Company and there were no underlying shares or debentures of the Company held by the Directors or the chief executives of the Company as at 30 June 2020.

INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF ASSOCIATED CORPORATIONS

Name of director	Name of associated corporation	Capacity	Amount of Registered Capital [#] interested	Approximate percentage of shareholding
Zhao Ruiyong	Wusu Silk Road Small Towns Cultural Tourism Company Limited* (烏蘇絲路小鎮文旅有限公司) ("Wusu Company") (Note 2)	Interest of a controlled corporation	RMB150,000,000	75.00%

[#] "Registered Capital" means the registered capital of Wusu Company in RMB, and Wusu Company has no shares, underlying shares or debentures.

Note 2: Wusu Company is owned as to 25% and 75% by the Company and Great Wall Group respectively. Great Wall Group is in turn owned as to 66.67% by Mr. Zhao Ruiyong. Therefore, Wusu Company is an associated corporation of the Company and Mr. Zhao Ruiyong is deemed to be interested in the Registered Capital of RMB150,000,000 held by Great Wall Group pursuant to Part XV of the SFO.

All interests disclosed above represent long positions.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

Save as disclosed above, as at 30 June 2020, none of the Directors or the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as were recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, the interests and short positions of the persons, other than the Directors or the chief executives of the Company, in the shares and underlying shares of the Company which were required to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of Shares [#] interested	Approximate percentage of shareholding
Great Wall HK	Beneficial owner	222,820,000 <i>(Note 1 above)</i>	21.22%
Great Wall Group	Interest of a controlled corporation	222,820,000 <i>(Note 1 above)</i>	21.22%
Zhao Feifan	Interest of a controlled corporation	222,820,000 <i>(Note 1 above)</i>	21.22%
Pang Ming	Beneficial owner	65,900,000	6.27%
Tsao Fai Freddy	Beneficial owner	61,420,000	5.85%
Wong Hok Man	Beneficial owner	53,330,000	5.08%

[#] "Shares" means ordinary shares of HK\$0.01 each in the share capital of the Company.

Note 3: According to the disclosure on the website of the Stock Exchange, Ms. Tam Yuk Ching Jenny has a security interest in 543,500,000 Shares.

All interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, as at 30 June 2020, no other person, other than the Directors and the chief executives of the Company, had any interest or short position in the shares and underlying shares of the Company which were required to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO or otherwise notified to the Company.

SHARE OPTION SCHEME

The Share Option Scheme shall be valid and effective for a period of 10 years up to 27 June 2028. The maximum number of share options which can be granted under the Share Option Scheme is 105,028,000, representing 10% of the issued shares of the Company as at the date of the adoption of the Share Option Scheme. The summary of the principal terms of the Share Option Scheme is set out in the circular of the Company dated 28 May 2018.

During the six months ended 30 June 2020, no share option was outstanding or had been granted or agreed to be granted under the Share Option Scheme.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Directors are committed to maintaining high standards of corporate governance in performing their obligations to act in the best interests of shareholders and enhance long-term shareholder value. Save as disclosed below, the Directors are not aware of any information which would reasonably indicate that the Company is not, or was not at any time during the six months ended 30 June 2020, acting in compliance with the code provisions (the "Code Provisions") of the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") as set out in Appendix 14 to the Listing Rules.

Pursuant to Code Provision C.1.2 of the Corporate Governance Code, management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

During the six months ended 30 June 2020, in view of the disruption to the normal office work arrangement due to the impact of COVID-19 in the first half of 2020, the management of the Company did not provide monthly management accounts of the Group's subsidiaries to the Directors in a timely manner. The management of the Company will provide monthly updates on the Group's performance, position and prospects and will try its best endeavors to provide management accounts of the Group's subsidiaries to the Directors in the future. Although the management account of the Group's subsidiaries was not provided to the directors in a timely manner, the management of the Company had arranged telephone call with the management of the Group's subsidiaries regularly to obtain an understanding of the latest business affairs and conditions of the subsidiaries. The management of the Company will provide with all members of the Board, in a timely manner, updates upon becoming aware of any material changes to the performance and position of the Group and give explanatory information for matters brought before the Board. The management of the Company will also communicate with the Directors, including independent non-executive Directors, by email or by phone on any material development of the Group from time to time. The Company considered that the above measures will enable all members of the Board to have access to the Group's latest development and affairs in a timely manner.

COMPLIANCE WITH 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 its own code of conduct regarding Directors' transactions in securities of the Company. All Directors have confirmed, following specific enquiries made by the Company, that they have fully complied with the required standard set out in the Model Code throughout the six months ended 30 June 2020.

DISCLOSURES PURSUANT TO RULES 13.13 AND 13.15 OF THE LISTING RULES ADVANCES TO ZHEJIANG HONG LAN

During the period from July 2016 to December 2018, Hangzhou Susong, a non-wholly-owned subsidiary of the Company, had made a number of tranches of advancements to Zhejiang Hong Lan Investment Company Limited* (浙江宏瀾投資有限公司) (“Zhejiang Hong Lan”) in the aggregate amount of RMB38,099,466 (the “Hong Lan Advancements”). The Hong Lan Advancements do not have maturity period and shall be repayable by Zhejiang Hong Lan on demand. As at the date of this report, the outstanding amount of advancement owed by Zhejiang Hong Lan to Hangzhou Susong amounted to RMB38,099,466.

Zhejiang Hong Lan is a company established in the PRC with limited liability. According to the business licence of Zhejiang Hong Lan, it is principally engaged in various services including industrial investment, investment management and investment consulting (except securities and futures).

As advised by Hangzhou Susong, during the year ended 31 December 2017, Hangzhou Susong made advancements of RMB17,516,161 to Zhejiang Hong Lan which was proposed to provide human resources management and administration services to Hangzhou Susong; during the year ended 31 December 2018, Hangzhou Susong further strengthened the cooperation with Zhejiang Hong Lan in which Zhejiang Hong Lan agreed to provide assistance to Hangzhou Susong in developing and promoting the financial payment processing solution business in the PRC; in view of the aforesaid cooperation, Hangzhou Susong had further advanced an aggregate of RMB20,583,305 to Zhejiang Hong Lan with no interests charged.

The Hong Lan Advancements did not carry any interests. Hangzhou Susong did not obtain any security in respect of any of the Hong Lan Advancements.

Mr. Song Xiaodong (宋曉東) (“Mr. Song”), a director of Hangzhou Susong, had provided an indemnity in favour of Hangzhou Susong, pursuant to which Mr. Song agreed to undertake the repayment obligation for an amount of approximately RMB20,583,000 of the outstanding amount of the Hong Lan Advancements as at 31 December 2018 in the event that Zhejiang Hong Lan fails to fulfil such repayment obligation.

As the applicable percentage ratios for the Hong Lan Advancements, on an aggregate basis, are more than 5% but less than 25%, the Hong Lan Advancements constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements. The Hong Lan Advancements also constituted a connected transaction of the Company under Chapter 14A of the Listing Rules and advances to an entity under Rule 13.13 of the Listing Rules.

For details of the Hong Lan Advancements, please refer to the announcement of the Company dated 28 April 2019.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020 have been reviewed by the Audit Committee before they were duly approved by the Board.

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

Details of the important events affecting the Group which have occurred since the end of the Period are set out in note 16 to the condensed consolidated interim financial statements.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the directors of the Company subsequent to the date of the annual report of the Company for the year ended 31 December 2019 are as follows:

- (a) Mr. Cheung Siu Fai, an executive director of the Company, has been appointed as an executive director of CT Environmental Group Limited (stock code: 1363) (the shares of which are listed on the Stock Exchange) ("CT Environmental") since 3 August 2020;
- (b) Mr. Fong Wai Ho, an independent non-executive director of the Company, has been appointed as an independent non-executive director and a member of each of the audit committee, nomination committee and remuneration committee of the board of CT Environmental since 3 August 2020.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2020, the Group had 23 (31 December 2019: 41) employees in China, Hong Kong and Singapore and its total staff costs for the six months ended 30 June 2020 were approximately HK\$6.9 million (30 June 2019: approximately HK\$9.2 million).

The Group's remuneration policies and structure have remained unchanged since the date of the 2019 Annual Report of the Company. A new share option scheme was adopted by the Company on 28 June 2018 as set out in the section headed "Share Option Scheme" on page 31 of this report.

ENVIRONMENTAL AWARENESS

Over the years, the Group has made considerable endeavours in reducing waste in the course of its operations. Since 2015, the Company has participated in the “Wastewi\$e Certificate” of the Hong Kong Green Organisation Certification, which is a recognition scheme established by, among others, the Environmental Protection Department and Environmental Campaign Committee to encourage Hong Kong businesses and organisations in adopting structured measures to reduce the amount of waste generated within their establishments or generated through the services and products they provide.

* *For identification purpose only*

By Order of the Board

Zhao Ruiyong

Chairman and Executive Director

Hong Kong, 31 August 2020