



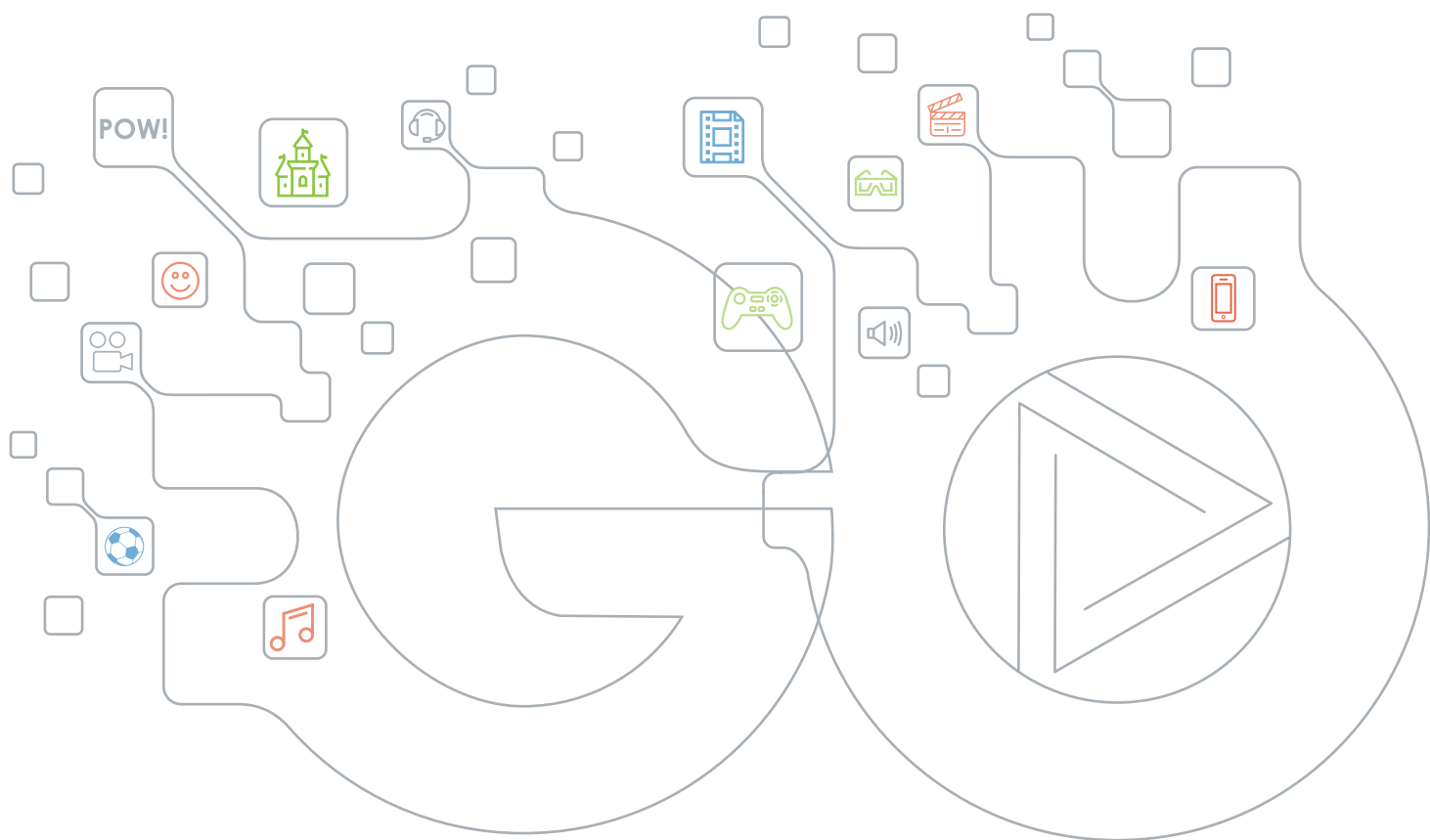
美好發展集團

MH DEVELOPMENT

MH Development Limited

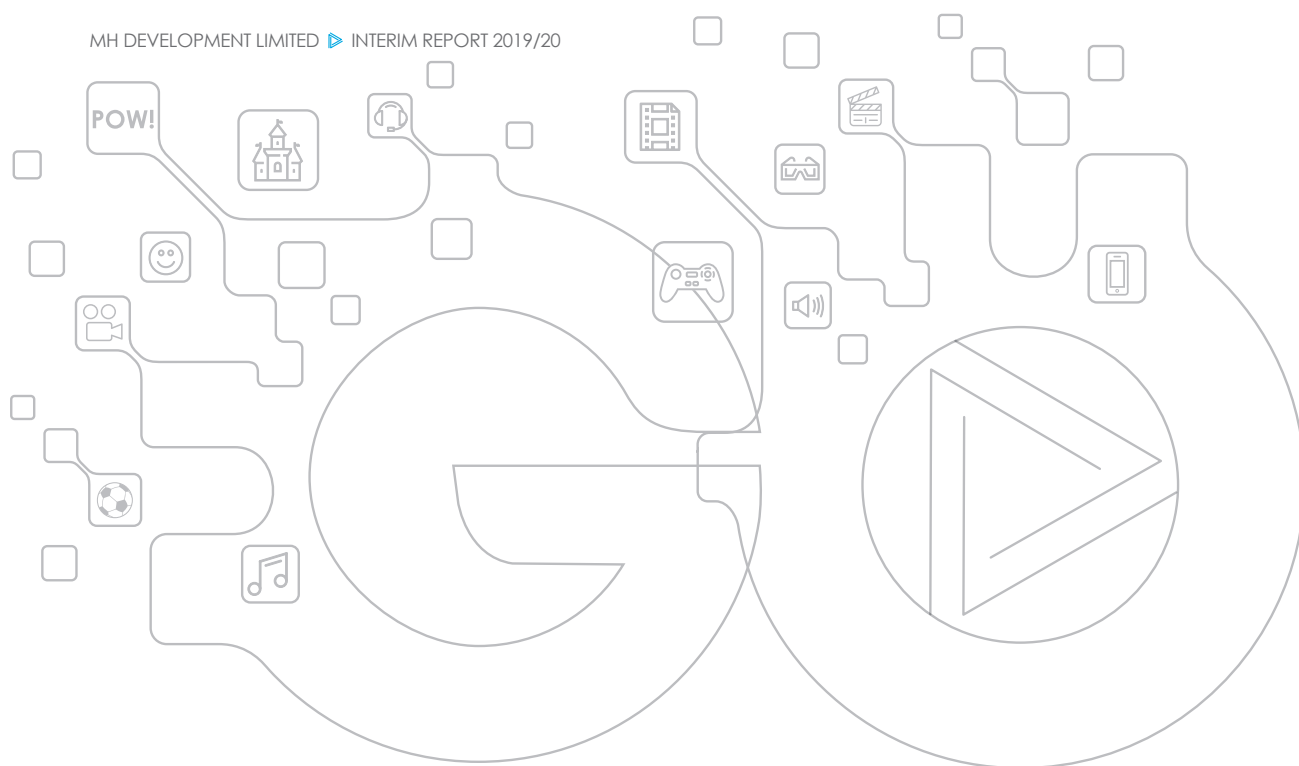
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2662



2019/20

INTERIM REPORT



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MANAGEMENT DISCUSSION & ANALYSIS

OVERALL RESULTS

Reference is made to the announcement of MH Development Limited (formerly known as Camsing International Holding Limited) (the "Company", together with its subsidiaries, the "Group") dated 5 July 2019 in relation to the holding of Ms. Lo Ching ("Ms. Lo"), the former chairman (the "Chairman") of the board (the "Board") of directors (the "Director(s)") of the Company and an executive Director in criminal custody by the Yangpu Branch of the Shanghai Public Security Bureau (上海市公安局楊浦分局) in the People's Republic of China (the "PRC"). The Chinese police searched an office premises of Ms. Lo in Guangzhou, the PRC and seized certain documents (comprising documents both related and unrelated to the Group) kept there. After making reasonable inquiries about this situation, the Company learned that most of the accounting records involved in the operation of the Group were seized by the police as well. In view of this, this section is about the discussion and analysis performed by the management with a prudent attitude.

	Six months ended 31 December			
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	YoY Growth/Decline HK\$'000	
				%
Revenue	5,956	2,131,327	(2,125,371)	-99.7%
Gross profit	1,605	175,880	(174,275)	-99.1%
Profit/(Loss) for the period	(59,771)	144,023	(203,794)	-141.5%
Basic (loss)/earnings per share (HK\$)	(0.05)	0.14	(0.19)	-135.7%

The Group's business shrank significantly due to Ms. Lo's incident. During the six months ended 31 December 2019 (the "Reporting Period"), the Group realised revenue of approximately HK\$6.0 million, a decrease of approximately 99.7% for the same period year-on-year ("yoy") as compared to the financial information in the second half of 2018. Gross profit was approximately HK\$1.6 million, a decline of approximately 99.1% yoy. The loss for the period was approximately HK\$59.8 million, and the basic loss per share was approximately HK\$0.05.

BUSINESS REVIEW

	Six months ended 31 December			
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	YoY Growth/Decline HK\$'000	
				%
IP licensing and content creation	5,956	22,831	(16,875)	-73.9%
Theme events services	-	36,954	(36,954)	-100.0%
Marketing services	-	13,027	(13,027)	-100.0%
Sales and distribution of IP derived products and mobile devices	-	2,058,515	(2,058,515)	-100.0%
Total	5,956	2,131,327	(2,125,371)	-99.7%

Management Discussion & Analysis

During the Reporting Period, marketing services, theme events services, sales and distribution of IP derived products and mobile devices remained stagnant, and only IP licensing and content creation business still remain in operations. Since Ms. Lo's incident mainly affected operations in the PRC and Hong Kong and Pow! Entertainment, LLC ("Pow! Entertainment"), a subsidiary of the Group in the US still operating independently, the Group's revenue for the period was all generated by Pow! Entertainment. During the Reporting Period, the Group's realised revenue of approximately HK\$6.0 million, a decrease of approximately HK\$2.1 billion or approximately 99.7%.

FUTURE OUTLOOK

Although the operations of the Group has been affected by Ms. Lo's incident, the Group remains optimistic about the prospects of the IP-centred pan-entertainment sector. However, in view of a series of uncertainties in the current global economy, the Group will seek progress while maintaining stability to ensure its business development in the coming year by focusing on the improvement of the existing businesses' operating efficiency and core competitiveness.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Reporting Period, the Group's total assets amounted to approximately HK\$47.8 million, a decline of approximately 49.8% as compared to the same as at 30 June 2019, net liabilities amounted to approximately HK\$174.7 million, an increase of approximately 47.8%; and the liabilities-to-assets ratio reached 365.5%, increased by 241.4 percentage points. The Group had bank balances and cash of approximately HK\$731,000 as at 31 December 2019. The gearing ratio of the Group was negative 0.06 (30 June 2019: negative 0.08) due to Company's negative equity position, which was calculated based on the Group's total borrowing and bonds amounting to HK\$10,401,000 (30 June 2019: HK\$9,776,000) and the negative equity attributable to owners of the Company amounting to negative HK\$174,238,000 (30 June 2019: negative HK\$122,388,000).

SUBSTANTIAL ACQUISITION AND DISPOSAL OF ASSETS AND MERGER ISSUES

The Group had no substantial acquisition and disposal of assets and merger issues during the Reporting Period.

CAPITAL COMMITMENTS

The Group did not have any capital commitments as at 31 December 2019.

STAFF

As at 31 December 2019, the Group employed a total of 20 staff members, of which 12 were employed in the PRC, 2 were employed in Hong Kong and 6 were employed in the US. The Group has implemented remuneration package, bonus and share option scheme as part of the remuneration policy designed to motivate individual staff by linking part of the staff's compensation with their respective performance. In addition, fringe benefits such as insurance, medical allowance and pensions were provided to ensure the competitiveness of remuneration packages offered by the Group.

Management Discussion & Analysis

SIGNIFICANT INVESTMENT HELD

Save as disclosed herein, during the Reporting Period, the Group did not hold any significant investment.

FOREIGN EXCHANGE RISK EXPOSURE

The Group's exposure to currency risk mainly arises from fluctuation of foreign currencies against the functional currency of the relevant group entities, including HK\$, US dollars and RMB.

CHARGE ON GROUP'S ASSETS

During the Reporting Period, none of the assets of the Group was pledged or charged (30 June 2019: nil).

CONTINGENT LIABILITIES

During the Reporting Period, the Group did not have any contingent liabilities (30 June 2019: nil).

DIVIDEND

The Board does not recommend the payment of dividend in respect of the six months ended 31 December 2019 (as of 31 December 2018: nil).

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2019, the interests and short position of the Directors, the chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) required (a) 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; (b) or pursuant to Section 352 of the SFO to be recorded in the register to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long position

Ordinary shares of HK\$0.1 each of the Company (the "Shares")

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ms. Lo Ching ("Ms. Lo") (Note 1)	Interest of controlled corporations (Note 2)	698,769,952	64.87%

Note:

- (1) The office of Ms. Lo as an Executive Director of the Company has been vacated with effect from 22 September 2020.
- (2) Out of the total 698,769,952 Shares, 676,864,150 Shares are registered in the name of and beneficially owned by China Base Group Limited ("China Base"), a company incorporated in the British Virgin Islands. The entire issued share capital of China Base is beneficially owned by Ms. Lo. The remaining 21,905,802 Shares are beneficially owned by Creative Elite Holdings Limited ("Creative Elite") and Ms. Lo owns the entire issued Share capital of Creative Elite. Accordingly, Ms. Lo is deemed to be interested in 698,769,952 Shares held by China Base and Creative Elite respectively under the SFO. The office of Ms. Lo as an executive Director and the Chairman has been vacated with effect from 22 September 2020.

Save as disclosed above, as at 31 December 2019, none of the Directors nor chief executive and their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to 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.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 31 December 2019, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Other Information

Long position

Ordinary shares of HK\$0.1 each of the Company

Name of Shareholder	Capacity	Total Interests	Percentage of the Issued Share Capital of the Company (Note 9)
China Base Group Limited ("China Base") (Note 1)	Beneficial Owner	676,864,150	62.84%
Founder Securities Co., Ltd. (Notes 2 and 3)	Security Interest	196,766,400	18.27%
Changjiang Securities International Financial Group Limited (Notes 2 and 4)	Security Interest	196,766,400	18.27%
Changjiang Securities Company Limited (Notes 2 and 5)	Interest of controlled corporations	196,766,400	18.27%
創世核心企業系列私募基金 (Note 6)	Security Interest	676,864,150	62.84%
上海歌斐資產管理有限公司 (Note 6)	Fund manager of 創世 核心企業系列私募基金	676,864,150	62.84%
上海諾亞投資管理有限公司 (Notes 6 and 7)	Interest of controlled corporations	676,864,150	62.84%
Wang Jingbo (Notes 6 and 7)	Interest of controlled corporations	676,864,150	62.84%
諾亞(上海)融資租賃有限公司 (Note 8)	Security Interest	676,864,150	62.84%
Noah Holdings Limited (Note 8)	Interest of controlled corporations	676,864,150	62.84%

Notes:

- The entire issued share capital of China Base Group Limited is owned by Ms. Lo.
- A facility agreement, an account charge and a debenture had been entered among China Base as borrower and both Founder Securities Financial Service (Cayman) Limited and Changjiang Finance (HK) Limited as the lenders. Pursuant to the facility agreement, China Base provided the shares of the Company as security of the loan (the "Security"). Due to the failure of repayment of loan, Founder Securities (Hong Kong) Limited proceeded its right to the Security.
- Founder Securities (Hong Kong) Limited and Founder Securities Financial Service (Cayman) Limited is wholly owned by Founder Securities (Hong Kong) Financial Holdings Limited of which is wholly owned by Founder Securities Co., Ltd.
- Changjiang Finance (HK) Limited is wholly owned by Changjiang Securities International Financial Group Limited.
- Changjiang Finance (HK) Limited is wholly owned by Changjiang Securities International Financial Group Limited. Changjiang Securities International Financial Group Limited is a company owned 64.18% by Changjiang Securities Company Limited, a company listed in Shenzhen Stock Exchange.
- 上海歌斐資產管理有限公司 is a fund manager of 創世核心企業系列私募基金. 上海歌斐資產管理有限公司 is wholly owned by 歌斐資產管理有限公司 of which is wholly owned by 上海諾亞投資管理有限公司.
- 上海諾亞投資管理有限公司 is a company owned 46% by Wang Jingbo.
- 諾亞(上海)融資租賃有限公司 is wholly owned by Noah Group Honest Asia Limited of which is wholly owned by Noah Holdings Limited.
- The approximate percentages were calculated based on 1,077,128,000 Shares in issue as at 31 December 2019.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2019.

CORPORATE GOVERNANCE

The Board confirms that the Group has complied with all material code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 14 to the Listing Rules except for the deviations as stated herein. For details of non-compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) regarding the insufficient number of independent non-executive Directors, please refer to the sub-paragraph headed “Insufficient independent non-executive Directors” below.

The Company was not in compliance with the following CG Code during the Reporting Period:

CG Code provision	Reason for the non-compliance and improvement actions took or to be taken
A.1.1, A.2.7	Since the custody of Ms. Lo and the suspension of Ms. Lo’s administrative and executive duties and powers as the Chairman and executive Director on 29 July 2019, (i) the Board did not hold regular meetings quarterly; and (ii) the Chairman did not hold meetings with the independent non-executive Directors without the presence of other directors. The Company will appoint a Chairman as soon as practicable arrange such meetings to be held.
A.4.1, A.4.2	No general meeting was held since 24 November 2018. Therefore, no Directors have been subject to retirement and reelection by the shareholders at the general meeting. General meeting will be held in due course for the retirement and re-election of Directors.
C.1.1, C.1.2	Since certain accounting records of the Group were seized by the police due to Ms. Lo’s custody, the Group was unable to prepare for its interim results. Due to the above reasons, there were no interim results of the Group for the Reporting Period presented to regular Board meetings for approval.
E.1.1, E.1.2, E.1.3, E.2.1	No general meeting was held since 24 November 2018. General meeting of the Company will be arranged in due course.

Insufficient independent non-executive Directors

On 3 December 2019, Mr. Lei Jun has tendered his resignation as independent non-executive Director with effect from 3 December 2019.

Following the resignation of Mr. Lei, the Company fails to meet the requirements of (i) having at least three independent non-executive Directors on the Board under Rule 3.10(1) of the Listing Rules; and (ii) the audit committee comprising only non-executive Directors with a minimum of three members under Rule 3.21 of the Listing Rules.

In order to ensure compliance with the Listing Rules, the Company will make its best endeavour to identify suitable candidate(s) to fill the casual vacancies on the Board for the position of independent non-executive Director as soon as possible pursuant to Rule 3.11 of the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate.

Other Information

Delay in publication of the interim results and delay in despatch of interim report

Pursuant to Rules 13.49(6) and 13.48(1) of the Listing Rules, the Company is required to publish its preliminary results for the six months ended 31 December 2019 no later than 29 February 2020 and despatch its interim report for the same financial period to the shareholders on or before 31 March 2020. The delay in publication of the preliminary results for the six months ended 31 December 2019 and delay in despatch of interim report for the six months ended 31 December 2019 constitute non-compliance of Rules 13.49(6) and 13.48(1) of the Listing Rules, respectively.

Save as disclosed above, the Company met all the applicable code provisions of the CG Code during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code contained in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 31 December 2019, all Directors have fully complied with the required standard set out in the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES OR DEBENTURE

At no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Reporting Period, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the Listing Rules) of the Company or their respective close associates (as defined in the Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Reporting Period, there was no purchase, sale or redemption of the Group's listed securities by the Group.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on an extraordinary general meeting of the Company 17 December 2018 (the "Adoption Date") for the primary purpose of providing incentives and rewards to directors and eligible persons for their contribution to the growth of the Group, and will expire on 16 December 2028. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

Other Information

The subscription price in respect of the Scheme shall, subject to any adjustments in the event of any alteration in the capital structure of the Company, be a price determined by the board of directors of the Company and notified to each grantee but may not be less than the higher of:

- (i) the average of the closing price of the shares as stated in the Stock Exchange daily quotation sheets for the five business days immediately preceding the date of grant; and
- (ii) the closing price of the shares as stated in the Stock Exchange daily quotation sheet on the date of grant, which must be a business day, provided that in the event of fractional prices, the subscription price shall be rounded upwards to the nearest whole cent.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme shall not, in aggregate, exceed ten percent of the total number of the issued shares as at the Adoption Date.

No share option was granted since the adoption of the Scheme and there are no outstanding share options as at 31 December 2019.

AUDIT COMMITTEE

The Company has formed an audit committee (the "Audit Committee") to assist the Board in providing an independent review of the effectiveness of the financial reporting process and the internal control and risk management systems of the company. On 3 December 2019, Mr. Lei Jun resigned as independent non-executive Director, chairman of the nomination committee, and a member of each of the Audit Committee and the remuneration Committee of the Board. The existing committee comprises Mr. Ross Yu Limjoco, as the chairman, and Mr. Zheng Yilei, all of whom are independent non-executive Directors. The Audit Committee is provided with sufficient resources to discharge its duties and meets regularly with the management and external auditors and review their reports. The Audit Committee has reviewed the unaudited condensed consolidated financial statements and results announcement of the Company for the Reporting Period which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements and adequate disclosures have been made.

REVIEW OF INTERIM RESULT

The Company's unaudited interim results for the six months ended 31 December 2019 have been reviewed by the Company's auditor and the Audit Committee.

By order of the Board
MH Development Limited
(formerly known as Camsing International Holding Limited)
Liu Hui
Executive Director

Hong Kong, 14 January 2021

As at the date of this report, the Board comprises Ms. Liu Hui, Mr. Guo Ben and Mr. Shen Yang as the executive Directors and Mr. Ross Yu Limjoco and Mr. Zheng Yilei as the independent non-executive Directors.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2019

	Notes	Six months ended 31 December	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	5,956	2,131,327
Costs of sales		(4,351)	(1,955,447)
Gross profit		1,605	175,880
Other income		51	1,202
Other gains and losses, net		(45,692)	(883)
Distribution costs		(1,581)	(9,244)
General and administrative expenses		(14,365)	(28,039)
Finance costs		(849)	(553)
(Loss)/profit before income tax		(60,831)	138,363
Income tax credit/(expense)	5	1,060	(34,801)
(Loss)/profit for the period from continuing operations		(59,771)	103,562
Discontinued operations			
Profit for the period from discontinued operations	7(a)	-	40,461
(Loss)/profit for the period	6	(59,771)	144,023
Other comprehensive income/(expense)			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		500	(22,251)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		2,723	8,601
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries		-	(10,369)
		2,723	(1,768)
Total other comprehensive income/(expense) for the period		3,223	(24,019)
Total comprehensive (expense)/income for the period		(56,548)	120,004

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Note	Six months ended 31 December	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
(Loss)/profit for the period attributable to:			
Owners of the Company			
— from continuing operations		(55,058)	105,018
— from discontinued operations		—	40,461
		(55,058)	145,479
Non-controlling interests			
— From continuing operations		(4,713)	(1,456)
		(59,771)	144,023
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		(51,850)	121,456
Non-controlling interests		(4,698)	(1,452)
		(56,548)	120,004
Basic and diluted (loss)/earnings per share	9		
— from continuing and discontinued operations		HK\$(0.05)	HK\$0.14
— from continuing operations		HK\$(0.05)	HK\$0.10
— from discontinued operations		N/A	HK\$0.04

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	219	14,144
Right-of-use assets		4,311	–
Interest in an associate		–	886
Intangible assets		40,766	45,135
Goodwill		772	774
		46,068	60,939
Current assets			
Inventories		–	9,956
Trade and other receivables	11	1,013	12,044
Bank balances and cash		731	12,349
		1,744	34,349
Current liabilities			
Trade and other payables	12	150,260	144,456
Tax liabilities		47,328	47,969
Lease liabilities		906	–
Bonds		10,401	9,776
		208,895	202,201
Net current liabilities		(207,151)	(167,852)
Total assets less current liabilities		(161,083)	(106,913)
Non-current liabilities			
Lease liabilities		3,470	–
Deferred tax liabilities	13	10,192	11,284
		13,662	11,284
NET LIABILITIES		(174,745)	(118,197)

Condensed Consolidated Statement of Financial Position

As at 31 December 2019

	Note	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Capital and reserves			
Share capital	14	107,712	107,712
Reserves		(281,950)	(230,100)
Equity attributable to owners of the Company		(174,238)	(122,388)
Non-controlling interests		(507)	4,191
TOTAL DEFICIT		(174,745)	(118,197)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Attributable to owners of the Company							Sub-total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Contributed surplus HK\$'000 (note i)	Special reserve HK\$'000 (note ii)	Exchange reserve HK\$'000	Accumulated losses HK\$'000			
At 1 July 2018, as previously reported (audited)	107,712	366,526	-	11,478	6,400	249	(11,184)	481,181	5,331	486,512
Effect of change on accounting policies	-	-	-	-	-	-	(5,314)	(5,314)	-	(5,314)
At 1 July 2018, as restated (audited)	107,712	366,526	-	11,478	6,400	249	(16,498)	475,867	5,331	481,198
Profit/(loss) for the period	-	-	-	-	-	-	145,479	145,479	(1,456)	144,023
Exchange differences arising on translation	-	-	-	-	-	(13,654)	-	(13,654)	4	(13,650)
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries	-	-	-	-	-	(10,369)	-	(10,369)	-	(10,369)
Total comprehensive expense for the period	-	-	-	-	-	(24,023)	145,479	121,456	(1,452)	120,004
Dividend recognised as distribution (note 8)	-	(12,926)	-	-	-	-	-	(12,926)	-	(12,926)
Foreign currency translation reserve not be reclassified to profit or loss upon disposal of subsidiaries (note 7)	-	-	-	-	-	16,584	(16,584)	-	-	-
At 31 December 2018 (unaudited)	107,712	353,600	-	11,478	6,400	(7,190)	112,397	584,397	3,879	588,276
At 1 July 2019 (audited)	107,712	353,600	47,553	11,478	6,400	7,496	(656,627)	(122,388)	4,191	(118,197)
Loss for the period	-	-	-	-	-	-	(55,058)	(55,058)	(4,713)	(59,771)
Exchange differences arising on translation	-	-	-	-	-	3,208	-	3,208	15	3,223
Total comprehensive loss for the period	-	-	-	-	-	3,208	(55,058)	(51,850)	(4,698)	(56,548)
At 31 December 2019 (unaudited)	107,712	353,600	47,553	11,478	6,400	10,704	(711,685)	(174,238)	(507)	(174,745)

Notes:

- (i) The contributed surplus represents the difference between the fair value of the underlying assets of a subsidiary acquired and the nominal value of the shares issued by the Company in exchange in December 2004.
- (ii) The special reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of the subsidiaries acquired pursuant to a group reorganisation in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited in 2005.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2019

	Notes	Six months ended 31 December	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES		(9,624)	(45,339)
Cash flow from investing activities			
Interest received		3	126
Proceeds from disposals of property, plant and equipment	10	59	–
Purchase of property, plant and equipment	10	–	(3,460)
Proceeds from disposal of subsidiaries	7	–	16,631
NET CASH GENERATED FROM INVESTING ACTIVITIES		62	13,297
Cash flow from financing activities			
Repayment to a related company		(1,042)	(1,699,614)
Advance from a related company		–	1,716,605
Dividend paid		–	(12,926)
Interest paid		(262)	(40)
Repayment of lease liabilities		(447)	–
Repayment to a non-controlling shareholder		(90)	–
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(1,841)	4,025
NET DECREASE IN CASH AND CASH EQUIVALENTS		(11,403)	(28,017)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		12,349	54,077
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(215)	(637)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		731	25,423
Analysis of cash and cash equivalents			
Bank balances and cash		731	25,423

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2019

1. GENERAL INFORMATION

MH Development Limited (formerly known as "Camsing International Holding Limited") (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2001 Second Revision) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Referring to the announcements of the Company dated on 5 July 2019, 9 July 2019, 16 July 2019 and 18 July 2019, the Company has, among others, clarified certain statements made by the media with regard to the criminal custody of Ms. Lo Ching ("Ms. Lo"), a former executive director and the chairman (the "Chairman") of the board (the "Board") of directors (the "Director(s)") of the Company. Referring to the announcement of the Company dated on 19 July 2019, the trading of ordinary shares of the Company on the Stock Exchange has been halted since 19 July 2019 pending the release of a clarification announcement.

Referring to the announcement of the Company dated on 29 July 2019, the Board has resolved on 24 July 2019 to suspend all administrative and executive duties and powers of Ms. Lo as the Chairman and executive director with immediate effect until further notice.

Referring to the announcement of the Company dated on 15 August 2019, the Company has been notified by the Stock Exchange of the resumption guidance (the "Initial Resumption Guidance") for the Company including (i) to disclose details of the criminal custody of Ms. Lo, (ii) to demonstrate that there is no reasonable regulatory concern about management integrity and/or any persons with substantial influence over the Company's management and operations which will pose a risk to investors and damage market confidence, (iii) to demonstrate its compliance with Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") to warrant the continued listing of the Company's shares, (iv) to clarify the Company's current shareholding structures, and (v) to announce all material information for the Company's shareholders and investors to appraise its position.

Referring to the announcement of the Company dated on 4 September 2019, the Board announced that special committee was formed and professional adviser was appointed for the purpose of, among other things, taking active steps to remedy the issues causing the trading suspension.

Referring to the announcement of the Company dated on 10 October 2019, the Company received additional resumption guidance from the Stock Exchange that, in addition to the Initial Resumption Guidance, the Company is required to publish all outstanding financial results and address any audit modifications (with the Initial Resumption Guidance, together as "Resumption Guidance").

Referring to the announcement of the Company dated on 25 September 2020, having considered that Ms. Lo has not been able to discharge her duties as the Chairman and an executive director and has been absent from the meetings of the Board for more than six consecutive months, the Board resolved on 22 September 2020 that the office of Ms. Lo as the Chairman and an executive director shall be vacated with immediate effect. As such, Ms. Lo shall cease to be a member of the nomination committee of the Board with effect from 22 September 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

1. GENERAL INFORMATION (Continued)

Referring to the announcement of the Company dated on 13 January 2021, the name of the Company was changed from Camsing International Holding Limited to MH Development Limited.

The functional currency of the Company is Renminbi ("RMB"). The Directors selected Hong Kong dollars ("HK\$") as the presentation currency because the shares of the Company are listed on the Stock Exchange and HK\$ has been adopted as presentation currency in the Group's condensed consolidated financial statements for periods. These condensed consolidated financial statements are presented in thousands of Hong Kong dollars ("HK\$'000"), unless otherwise stated.

2. GOING CONCERN BASIS

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Company and its subsidiaries (the "Group") incurred a loss attributable to owners of the Company from continuing operations of approximately HK\$55,058,000 for the six months ended 31 December 2019; and as at 31 December 2019, the Group had net current liabilities and net liabilities of approximately HK\$207,151,000 and approximately HK\$174,745,000 respectively. Also, the Group recorded net cash outflows in operating activities of approximately HK\$9,624,000 for the six months ended 31 December 2019. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have prepared the condensed consolidated financial statements based on going concern on the assumptions and measures that:

- (a) The Group applies cost control measures in cost of sales, administrative expenses and capital expenditures.
- (b) The Group is also maximising its sales effort, including seeking new customers and sales orders and implementing comprehensive policies to improve operating cash flows.
- (c) The Company may conduct fund raising activities (including debt and/or equity financing) as and when necessary. Referring to the announcements of the Company dated on 18 September 2020, 16 October 2020 and 1 December 2020, total amount of HK\$2,000,000 of unsecured loan facility with terms of interest rate of 10% p.a. and repayable on 31 May 2021 and total amount of HK\$18,000,000 of secured loan facility with terms of interest rate of 10% p.a. and repayable on 15 June 2021 have been granted by a then independent third party, namely Runjing Holdings Limited, a company wholly-owned by Mr. Shen Yang who become an executive director since 16 October 2020. Up to the reporting date, the unsecured loan of HK\$2,000,000 and the secured loan of HK\$18,000,000 were drawn down by the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

2. GOING CONCERN BASIS (Continued)

The Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2019. After taking into account the above assumptions and measures, the Directors consider that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2019 and believe that the Group will continue as a going concern and consequently have prepared the condensed consolidated financial statements on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

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

Application of new and amendments to HKFRSs

In the current interim period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 July 2019. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior periods except as stated below.

HKFRS 16

The Group was initially applied HKFRS 16 "Leases" with effect from 1 July 2019 and has taken transitional provisions and methods not to restate comparative information for prior period.

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under HKAS 17 "Leases", resulted in changes in the condensed consolidated amounts reported in the financial statement as follows:

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

HKFRS 16 (Continued)

The significant accounting policies applied in the preparation of these condensed consolidated financial statements are set out below.

	1 July 2019 <i>HK\$'000</i>
Increase in right-of-use assets	17,678
Increase in lease liabilities	17,678
	1 July 2019 <i>HK\$'000</i>
Operating lease commitment at 30 June 2019	20,281
Less:	
Discounting at 4.01%	(813)
Recognition exemption for leases with less than 12 months of lease term at transition	(1,790)
Lease liabilities as at 1 July 2019	17,678

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and condensed consolidated financial position.

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the business of provision of (i) sales and distribution of intellectual property ("IP") derived products and mobile devices; and (ii) IP licensing and comprehensive services, including IP licensing and content creation, provision of theme events services and marketing services.

During the year ended 30 June 2018, the Group entered into an agreement for the First Disposal Transaction (as defined in note 7(a)). Upon completion of the First Disposal Transaction, i.e. 19 November 2018, the Group ceased to operate the pure assembly services and procurement and assembly services.

The information reported to the chief operating decision maker ("CODM") (i.e. the executive directors) in respect of the Group's business is based on the operating and reportable segments mentioned above. These divisions are the basis on which information reported to the CODM to allocate resources and to assess performance.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

4. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue from contracts with customers:		
Sales of goods	–	2,104,144
Rendering of services	–	191,684
Licensing fee income	5,956	22,831
	5,956	2,318,659
Representing:		
Continuing operations	5,956	2,131,327
Discontinued operations (note 7(a))	–	187,332
	5,956	2,318,659

Disaggregation of revenue from contracts with customers:

Segments	Continuing operations	Total HK\$'000 (Unaudited)
	IP licensing and comprehensive services HK\$'000 (Unaudited)	
For the six months ended 31 December 2019		
Major service		
Licensing fee income		
IP licensing fee income	5,956	5,956

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

4. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue (Continued)

For the six months ended 31 December 2019, all the revenue are recognised over time.

Segments	Continuing operations			Discontinued operations (Note 7(a))	Total
	Sales and distribution of IP derived products and mobile devices HK\$'000 (Unaudited)	IP licensing and comprehensive services HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Pure assembly services and procurement and assembly services HK\$'000 (Unaudited)	
For the six months ended 31 December 2018					
Major products/service					
<i>Sales of goods</i>					
IP derived products and mobile devices	2,038,089	20,426	2,058,515	–	2,058,515
Pure assembly related products	–	–	–	45,629	45,629
<i>Rendering of services</i>					
Procurement and assembly services	–	–	–	141,703	141,703
Theme events services	–	36,954	36,954	–	36,954
Marketing services	–	13,027	13,027	–	13,027
<i>Licensing fee income</i>					
IP licensing-content creation income	–	12,679	12,679	–	12,679
IP licensing fee income	–	10,152	10,152	–	10,152
	2,038,089	93,238	2,131,327	187,332	2,318,659
Timing of revenue recognition					
At a point in time	2,038,089	20,426	2,058,515	45,629	2,104,144
Over time	–	72,812	72,812	141,703	214,515
Total	2,038,089	93,238	2,131,327	187,332	2,318,659

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

4. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue (Continued)

Geographical information

	Revenue by external customers Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
The People's Republic of China (the "PRC")	–	2,280,653
Hong Kong	–	32,600
The United States of America (the "US")	5,956	5,406
	5,956	2,318,659

(b) Reconciliations of reportable segment revenue and profit or loss:

	Continuing operations		
	Sales and distribution of IP derived products and mobile devices HK\$'000 (Unaudited)	IP licensing and comprehensive services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
For the six months ended 31 December 2019			
Revenue from external customers	–	5,956	5,956
Segment loss	(23,324)	(28,992)	(52,316)
Unallocated operating expenses			(7,098)
Unallocated other income and gains and losses, net			(568)
Finance costs			(849)
Condensed consolidated loss before income tax			(60,831)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Reconciliations of reportable segment revenue and profit or loss: (Continued)

	Continuing operations		Sub-total	Discontinued operations	Total
	Sales and distribution of IP derived products and mobile devices	IP licensing and comprehensive services		(Note 7(a))	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
For the six months ended 31 December 2018					
Revenue from external customers	2,038,089	93,238	2,131,327	187,332	2,318,659
Segment profit	134,948	40,932	175,880	40,461	216,341
Unallocated operating expenses					(37,283)
Unallocated other income and gains and losses, net					384
Finance costs					(553)
Share of results of an associate					(65)
Less:					
Profit before income tax for the period from discontinued operations (note 7(a))					(40,461)
Condensed consolidated profit before income tax					138,363

The segment revenue is all from external customers and there are no inter-segment sales for both periods.

Segment profit represents the profit earned by each segment without allocation of other income, other gains and losses, net, share of results of an associate, distribution costs, general and administrative expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Analysis of segment assets and liabilities has not been presented as it is not regularly reviewed by CODM.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

5. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax		
Hong Kong Profits Tax	-	3,283
PRC enterprise income tax (the "EIT")	-	32,223
PRC withholding tax on licensing fee income	-	186
	-	35,692
Deferred tax (note 13)	(1,060)	(891)
	(1,060)	34,801
Representing:		
Continuing operations	(1,060)	34,801

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the six months ended 31 December 2019 and 2018. No provision for Hong Kong Profits Tax has been made for the six months ended 31 December 2019 as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 31 December 2019.

Other jurisdictions mainly included the US. Taxation arising in other jurisdictions of which the US is at 21% is calculated at the rates prevailing in the respective jurisdictions for the six months ended 31 December 2019 and 2018.

Under the Enterprise Income Tax Law of the PRC, the EIT rate for the Company's subsidiaries established in the PRC was 25% for the six months ended 31 December 2019 and 2018.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

6. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is stated after charging/(crediting) the following:

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Continuing operations		
Depreciation of property, plant and equipment	47	366
Depreciation of right-of-use assets	1,905	–
Amortisation of intangible assets (included in cost of sales)	4,239	4,245
Net exchange loss	570	777
Impairment loss recognised in respect of contract assets	–	51
Impairment loss on trade and other receivables	7,650	–
Impairment loss on inventories	9,742	–
Impairment loss on property, plant and equipment	13,548	–
Impairment loss on interest in an associate	867	–
Written off of prepayments	2,826	–
Loss of assets	8,236	–
Gain on termination of lease	(191)	–
Reversal of impairment loss recognised in respect of trade receivables	–	(10)
Gain on disposal of a subsidiary (Note 7(b))	–	5
Interest income	(3)	(107)
Discontinued operations		
		Period from 1 July 2018 to 19 November 2018 HK\$'000
Total staff costs		18,177
Depreciation of property, plant and equipment		1,611
Loss on disposals of property, plant and equipment		63
Cost of inventories recognised as an expense (included in cost of sales under discontinued operations)		172,425
Impairment loss on inventories		8
Interest income		(19)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

7. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY

(a) Discontinued operations — Disposal of Fitec (BVI) Limited and its subsidiaries

On 11 April 2018, a direct wholly-owned subsidiary of the Company entered into a sale and purchase agreement with a company (the "First Disposal Transaction Purchaser") which is wholly owned by Mr. Lam Chi Ho, who is a director of the Disposal Group (as defined below) and was a former executive director. The Group has agreed to sell and the First Disposal Transaction Purchaser has agreed to purchase the entire issued share capital of Fitec (BVI) Limited ("Fitec BVI") and its subsidiaries (collectively referred to as the "Disposal Group") from the Group at a cash consideration of HK\$140,000,000 (the "First Disposal Transaction").

The Disposal Transaction was completed on 19 November 2018 (the "First Disposal Completion Date").

The Disposal Group is engaged in the business of pure assembly services and procurement and assembly services which has been discontinued by the Group after completion of the disposal. The Disposal Group had been classified as disposal group held for sale for the year ended 30 June 2018.

(i) Analysis of the profit from the discontinued operations:

	Period from 1 July 2018 to 19 November 2018 HK\$'000
Profit from discontinued operations	2,803
Gain on disposal of discontinued operations	37,658
	40,461

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

7. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY (Continued)

(a) Discontinued operations — Disposal of Fitec (BVI) Limited and its subsidiaries (Continued)

(i) Analysis of the profit from the discontinued operations: (Continued)

	Period from 1 July 2018 to 19 November 2018 HK\$'000
Revenue	187,332
Cost of sales	(172,425)
Gross profit	14,907
Other income	537
Other gains and losses	450
Distribution costs	(2,975)
General and administrative expenses	(10,116)
Profit before tax	2,803
Income tax expense	–
Profit for the period from discontinued operations	2,803

No tax charge or credit arose on gain on disposal of the Disposal Group.

(ii) The major classes of assets and liabilities of the Disposal Group as at 30 June 2018, which had been presented separately in the consolidated statement of financial position, are as follows:

	As at 30 June 2018 HK\$'000
Property, plant and equipment	25,008
Inventories	33,749
Trade and other receivables	130,581
Bank balances and cash	17,534
Total assets classified as held for sale	206,872
Trade and other payables	89,935
Tax liabilities	1,981
Total liabilities associated with assets classified as held for sale	91,916

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

7. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY (Continued)

(a) Discontinued operations — Disposal of Fittec (BVI) Limited and its subsidiaries (Continued)

(iii) Disposal of Disposal Group:

	As at First Disposal Completion Date HK\$'000
Net assets disposed of	
Property, plant and equipment	23,156
Inventories	29,106
Trade and other receivables	107,997
Bank balances and cash	21,235
Trade and other payables	(68,936)
Tax liabilities	(1,981)
Net assets disposed of	110,577
Release of exchange reserve upon disposal	(10,369)
Gain on disposal of subsidiaries	37,658
Transaction costs and expenses directly attributable to the First Disposal Transaction	2,134
Total consideration	140,000
Net cash inflow arising from the disposal:	
	HK\$'000
Bank balances and cash disposed of	(21,235)
Cash paid for direct cost	(2,134)
Cash consideration received during the year ended 30 June 2019	40,000
	16,631

Deposits of HK\$100,000,000 for the First Disposal Transaction was received from the First Disposal Transaction Purchaser during the year ended 30 June 2018.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

7. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY (Continued)

(b) Disposal of 廣州秉迅體育發展有限公司 (Guangzhou Bingxun Sports Development Company Limited) ("Bingxun")

On 13 December 2018, First Creative International Limited ("First Creative"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the "Second Disposal Transaction Purchaser"). The Group has agreed to sell and the Second Disposal Transaction Purchaser has agreed to purchase the entire issued share capital of Bingxun from the Group at a cash consideration of RMB1,260,000 (equivalent to approximately HK\$1,437,000) and loan assignment of RMB780,000 (equivalent to approximately HK\$891,000) due from First Creative. Bingxun is principally engaged in sports events organising business. The transaction was completed on 13 December 2018 (the "Second Disposal Completion Date").

(i) Disposal of Bingxun:

	As at Second Disposal Completion Date HK\$'000
Net assets disposed of	
Trade and other receivables	2,931
Amount due from First Creative	891
Trade and other payables	(1,499)
Net assets disposed of	2,323
Loan assignment	(891)
Gain on disposal of a subsidiary	5
Total consideration	1,437

Included in the loss for the year from continuing operation is loss of approximately HK\$260,000 attributable to Bingxun and no revenue for the period is attributable to Bingxun.

As at 31 December 2019, consideration receivables of HK\$1,437,000 were included in other receivables.

8. DIVIDEND

No final dividend was declared and paid during the six months ended 31 December 2019. During the six months ended 31 December 2018, a final dividend of HK1.2 cents per ordinary share out of the share premium account of the Company in respect of the year ended 30 June 2018 was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid during the six months ended 31 December 2018 amounted to approximately HK\$12,926,000.

No interim dividend was proposed during the six months ended 31 December 2019 and 2018.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

9. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share are as follows:

	Six months ended 31 December			2018		
	2019	2019	2019	2018	2018	2018
	Loss for the period attributable to owners of the Company HK\$'000 (Unaudited)	Weighted average number of ordinary shares '000	Basic loss per share HK\$ (Unaudited)	Profit for the period attributable to owners of the Company HK\$'000 (Unaudited)	Weighted average number of ordinary shares '000	Basic earnings per share HK\$ (Unaudited)
From continuing operations	(55,058)	1,077,128	(0.05)	105,018	1,077,128	0.10
From discontinued operations	N/A	N/A	N/A	40,461	1,077,128	0.04
From continuing and discontinued operations	(55,058)	1,077,128	(0.05)	145,479	1,077,128	0.14

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share are not presented for the six months ended 31 December 2019 and 2018 as there is no potential ordinary share outstanding during both periods or at the end of the reporting period.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2019, the Group did not acquire property, plant and equipment for the continuing operation (2018: approximately HK\$3,460,000 for both continuing and discontinued operations).

During the six months ended 31 December 2019, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately HK\$59,000 for proceeds of approximately HK\$59,000, resulting in no gain or loss on disposal from the continuing operations (no property, plant and equipment was disposed of for continuing operation during the six months ended 31 December 2018).

11. TRADE AND OTHER RECEIVABLES

	At 31 December 2019 HK\$'000 (Unaudited)	At 30 June 2019 HK\$'000 (Audited)
Trade receivables	16,980	16,384
Less: allowance for doubtful debts	(16,384)	(14,483)
	596	1,901
Prepayments	399	1,130
Deposits and other receivables	18	9,013
	1,013	12,044

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

12. TRADE AND OTHER PAYABLES

	At 31 December 2019 HK\$'000 (Unaudited)	At 30 June 2019 HK\$'000 (Audited)
Trade payables	20,605	20,932
Contract liabilities	45,966	44,577
Accruals and other payables (note)	83,689	78,947
	150,260	144,456

Note: As at 31 December 2019, included in accruals and other payables, approximately HK\$53,592,000 (30 June 2019: approximately HK\$53,398,000) was due to a related company in which Ms. Lo has significant influence, and approximately HK\$2,178,000 (30 June 2019: approximately HK\$2,275,000) was due to a non-controlling shareholder of a subsidiary of the Company. The balances are non-trade in nature, unsecured, interest-free and repayable on demand.

13. DEFERRED TAX LIABILITIES

	Revaluation of assets upon acquisition of a subsidiary HK\$'000
At 1 July 2018 (audited)	11,303
Credited to profit or loss	(1,781)
Effect of change in tax rate (note)	1,806
Exchange realignment	(44)
At 30 June 2019 and 1 July 2019 (audited)	11,284
Credited to profit or loss	(1,060)
Exchange realignment	(32)
At 31 December 2019	10,192

Note: During the year ended 30 June 2019, the management planned and started to expand its IP licensing and comprehensive services in PRC. Deferred taxation recognised from the revaluation of assets as at 30 June 2019 has been adjusted to the new tax rate accordingly.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

14. SHARE CAPITAL

	Number of Shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 July 2018, 30 June 2019, 1 July 2019 and 31 December 2019	3,000,000,000	300,000
Issued and fully paid:		
At 1 July 2018, 30 June 2019, 1 July 2019 and 31 December 2019	1,077,128,000	107,712

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, non-controlling interests, retained profits and other reserves) and includes some forms of subordinated debts.

15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, there are certain updates in respect of the status of suspension of trading in the shares of the Company, and further details of which are stated in note 1 to the condensed consolidated financial statements.

16. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Board on 14 January 2021.