



香港金融集團

HONG KONG FINANCE INVESTMENT HOLDING GROUP LIMITED

香港金融投資控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code : 7)



2019

INTERIM
REPORT

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Corporate Information

HONORARY CHAIRMAN AND SENIOR CONSULTANT

Dr. HATOYAMA Yukio

BOARD OF DIRECTORS

Executive Directors:

Dr. HUI Chi Ming G.B.S., J.P. (*Chairman*)

Mr. BUSH Neil (*Deputy Chairman*)

Dr. CHUI Say Hoe (*Managing Director*)

Mr. REN Qian

Mr. XU Jun Jia

Mr. CAO Yu

Mr. LAM Kwok Hing M.H., J.P.

Mr. NAM Kwok Lun

Independent Non-Executive Directors:

Mr. NGAN Kam Biu Stanford

Mr. CHAN Tsang Mo

(appointed on 25 February 2019)

Mr. MA Kin Ling (appointed on 10 May 2019)

Mr. TAM Chak Chi

(appointed on 19 August 2019)

Mr. CHEN Wei-Ming Eric

(resigned on 25 February 2019)

Mr. YIM Kai Pung (resigned on 10 May 2019)

Mr. NG Chi Kin David

(resigned on 19 August 2019)

AUDIT COMMITTEE

Mr. TAM Chak Chi (*Chairman*)

(appointed on 19 August 2019)

Mr. NG Chi Kin David

(resigned on 19 August 2019)

Mr. YIM Kai Pung (resigned on 10 May 2019)

Mr. MA Kin Ling (appointed on 10 May 2019)

Mr. NGAN Kam Biu Stanford

NOMINATION COMMITTEE

Dr. HUI Chi Ming G.B.S., J.P. (*Chairman*)

Mr. MA Kin Ling (appointed on 10 May 2019)

Mr. TAM Chak Chi

(appointed on 19 August 2019)

Mr. YIM Kai Pung (resigned on 10 May 2019)

Mr. NG Chi Kin David

(resigned on 19 August 2019)

REMUNERATION COMMITTEE

Mr. MA Kin Ling (*Chairman*)

(appointed on 10 May 2019)

Mr. YIM Kai Pung (*Chairman*)

(resigned on 10 May 2019)

Dr. CHUI Say Hoe

Mr. NG Chi Kin David

(resigned on 19 August 2019)

Mr. TAM Chak Chi

(appointed on 19 August 2019)

COMPANY SECRETARY

Mr. FU Wing Kwok Ewing

AUTHORISED REPRESENTATIVES

Dr. CHUI Say Hoe

Mr. FU Wing Kwok Ewing

RESIDENT REPRESENTATIVE AND ASSISTANT SECRETARY

Estera Services (Bermuda) Limited

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Corporate Information

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 1910-12, 19th Floor
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Management (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of Communications (Hong Kong) Limited
China Citic Bank International Limited
Chong Hing Bank Limited
Dah Sing Bank
Hang Seng Bank Limited
United Overseas Bank Limited
OCBC Wing Hang Bank Limited

SOLICITORS

Sidley Austin Brown & Wood International
Law Firm

AUDITOR

Elite Partners CPA Limited
Certified Public Accountants

STOCK CODE

7

CONTACTS

Telephone: (852) 2587 7007
Facsimile: (852) 2587 7807
Website: www.hkfig.com

Management Discussion and Analysis

RESULTS

During the six months ended 30 June 2019, the total revenue for the Group was approximately HK\$318 million, representing an increase of approximately HK\$181 million or 132% as compared with approximately HK\$137 million in 2018. The increase was mainly attributable to an increase in sales of electronic products during the period review.

For the six months ended 30 June 2019, the profit attributable to the owners of the Company from continuing operations decreased to HK\$142 million, an decrease of HK\$3,130 million from the profit of HK\$3,272 million recorded for the six months ended 30 June 2018. The decrease was primarily due to the decrease of the fair value of investment properties of HK\$2.23 million (2018: HK\$4,390 million).

For the period under review, the earnings per share, basic and diluted, was approximately HK\$0.035. As at 30 June 2019, the net asset value per share was approximately HK\$0.8 (31 December 2018: HK\$0.77).

FINANCIAL REVIEW

Revenue

The Group's unaudited consolidated revenue for the six months ended 30 June 2019 was HK\$318 million (2018: HK\$137 million) representing a increase of 132% as compared to the same period of last year.

Gross profit

The resulting gross profit margin decreased from 20.8% for the six months ended 30 June 2018 to 6.24% for the six months ended 30 June 2019. The decrease was mainly due to increase in trading business which generate lower profit margin.

Administration expenses

Administration expenses, which represented 9.5% (2018: 25.06%) of the Group's revenue, decrease in percentage by 15.56% because less administrative expenses incurred from trading business during the period under review.

Management Discussion and Analysis

FINANCIAL REVIEW — continued

Finance Costs

As no significant borrowing incurred during the six months ended 30 June 2019 and the Group recorded similar level of finance costs of HK\$15 million for the six months ended 30 June 2019 as compared for the corresponding period last year.

Liquidity, financial resources and funding

As at 30 June 2019, the Group's cash and cash equivalents (excluding the restricted cash) were HK\$34,668,000 (31 December 2018: HK\$41,155,000).

The net current assets of the Group (without the disposal group held for sale) were HK\$1.82 billion (31 December 2018: HK\$1.84 billion), which consisted of current assets of HK\$2.2 billion (31 December 2018: HK\$2.3 billion) and current liabilities of HK\$4.3 million (31 December 2018: HK\$4.83 million), representing a current ratio of 5.2 (31 December 2018: 4.8).

During the period ended 30 June 2019, additional HK\$3 million corporate bond was issued. As at 30 June 2019, the Group has issued with maximum maturity 7.5 years corporate bonds with aggregate principal amount of HK\$24 million bearing interest rate of 7% per annum. The corporate bonds are unsecured.

The Group manages its capital structure to finance its overall operation and growth by using different sources of funds. As at 30 June 2019, the Group's other borrowings and corporate bonds amounted to HK\$344,574,000 (31 December 2018: HK\$340,090,000).

The gearing ratio of the Group as at 30 June 2019 (defined as total interest-bearing liabilities divided by the Group's total equity) was 0.107 (31 December 2018: 0.11).

Management Discussion and Analysis

BUSINESS REVIEW

Investment property

Zhanjiang

The Group holds the entire issued share capital of New Guangdong Merchants Investment Holding Group Limited, the major assets of which were the land use rights of five land parcels located in Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhangjiang City, Guangdong Province, the PRC with total site area and total planned gross floor area of approximately 266,000 sq.m. and 1.3 million sq.m. respectively (the “Zhanjiang project”). The lands are divided into two portions: the portion held for sale (non-commercial portion) and the portion held for investment purpose (including the commercial portion and the car parking spaces).

According to the valuation report issued by a recognized valuer at the end of the year, the lands were valued higher by approximately 0.9 billion at approximately RMB4.0 billion, the portion of lands at approximately RMB3.1 billion will be used for residential purpose which are classified as inventories and another portion of lands at approximately RMB0.9 billion will be used for commercial building development purpose which are classified as investment properties in the statement of financial position as at 30 June 2019. Therefore, the fair value gain of approximately RMB223.0 million of the investment properties were recognised in the statement of profit or loss and other comprehensive income for the period ended 30 June 2019.

During the period under review, the contractor had commenced with construction works. With the commencement of the construction, the Group expects the Zhanjiang Project will reach the conditions for sale in the near future. While generating substantial profits by selling residential units, the Group will retain approximately 227,000 square meters of commercial properties and over 10,700 parking spaces for rental purposes. Such move will bring stable income to the Group and create favorable conditions for the Group to distribute dividends in the future.

With the commencement of the operation/construction of large-scaled projects in Donghai Dao such as the steel industrial projects, refinery and petrochemical projects, Donghai hospital project, Donghai secondary school project etc., it is expected that there are demands for quality residential property. Moreover, in July 2018, under the joint witness of Chinese and German leaders, BASF and Guangdong Province signed a non-binding memorandum of understanding on cooperation. BASF plans to build an integrated, fine chemical industry base in Zhanjiang, Guangdong Province, China, with a total investment of US\$10 billion. BASF’s chemical industry base plan has a very positive impact on the Group’s property development project in Zhanjiang.

Management Discussion and Analysis

BUSINESS REVIEW — continued

Investment property — continued

Zhanjiang — *continued*

The Lands are located at the central business district of Donghai Dao, being a part of Zhanjiang Economic and Technological Development Zone (“ZETDZ”) established in 1984 with the approval of the State Council and combined with Zhanjiang Donghai Dao Economic Development Test Zone in 2009 with a total area of 469 square kilometer. ZETDZ comprises three zones, including the established zone located in the center of Zhanjiang City and the industrial zone and the tourist zone of Donghai Dao. According to “Zhanjiang City Master Plan (2011-2020)” approved by the State Council in June 2017, Donghai Dao is one of the seven key strategic development areas of Zhanjiang City. Donghai Dao is aiming to develop into a modern city favourable for industrial, commercial as well as residential with six major functional areas, namely steel industry zone, petrochemical zone, hi-tech industrial zone, modern manufacturing zone, central business district and tourism and leisure zone. Central business district, being one of the major functional areas, is located at the center of Donghai Dao and an aggregate of 500 acres of land of which has been planned for hotel, residential and commercial integrated projects. With the commencement of the operation/construction of large-scaled projects in Donghai Dao such as the steel industrial projects, refinery and petrochemical projects, Donghai hospital project, Donghai secondary school project etc., it is expected that there are demands for quality residential property.

Beijing

The rental income of leasing the property covers an area of approximately 16,300 sq.m. at the Rong Ning Yuan Community of No. 60 Guang An Men Nan Jie, Xicheng District, Beijing, PRC. These rental incomes have consolidated into the Group’s revenue since the end of 2016. The rental income recorded by this Beijing property was approximately RMB6.8 million (2018: RMB9.0 million) for the six months ended 30 June 2019.

Management Discussion and Analysis

BUSINESS REVIEW — continued

Financial Business

The revenue of financial business of the Group generated from securities, futures and options broking business, underwriting commission, advisory for financial management business and interest income from securities margin loan portfolio and record loss of about HKD\$2 million for the six months under review amid the worsening Sino-American relationships. Market was firstly very volatile and vulnerable to the development of Sino-American relationship. Sentiment reversed negatively after Trump suddenly lifted up the import tax of US\$200 bn Chinese goods from 10% to 25% and China retaliated to raise tariffs on American goods of US\$60 bn in early May. The trade tension intensified further as President Trump excused national securities to ban the purchase of Huawei products by US corporations and the Commerce Department blacklisted Huawei to source software and parts from US supplier. More Chinese technological companies were blacklisted casting great uncertainties. Subsequent Fed FOC meetings from June showed possible interest rate cuts and this at one time underpinned the market. On 29 June 2019, President Xi and Trump met in the G20 summit in Japan and reached a temporary truce where both countries agreed to continue negotiations on the trade deal and USA will hold up putting new tariffs and allow US company to supply parts to Huawei. Global stock market rebounded sharply thereafter. The market sentiment was still sensitive to the reading of Sino-US trade deal and the extent of interest cut in USA. Coupled with the slide in Dow on recession fears, HSI dived to below 25,000 testing the level of last October. Market sentiment became bearish on gloomy outlook.

We have expanded into the algorithmic securities trading business in spite of the gloomy market outlook. In the meantime, the weekly trading volume is HK\$80M per week and the Group expects the trading volume to increase substantially in the near future.

Trading Business

During the period under review, the group owns 60% interest in Shenzhen Qianhai Jiameijing Industrial Company Limited (深圳市前海嘉美靜實業有限公司) which recorded revenue of approximately HK\$300.0 million (2018: 111.4 million). Shenzhen Qianhai Jiameijing principally engages in the business of trading, importing and exporting of electronic products.

Management Discussion and Analysis

BUSINESS REVIEW — continued

Oil and gas and mineral mining business

The Group owns 100% of the exploration, exploitation and operation rights as well as the profit sharing right of Madagascar Oilfield Block 2101 which is an onshore site with total area of 10,400 square kilometers in the northern part of Madagascar. Pursuant to the exploration, exploitation and oil and gas production sharing contract and depending on the rate of liquid petroleum production of Madagascar Oilfield Block 2101, the Group will share the remaining petroleum profit after government royalty and recovery of petroleum costs according to the sharing ratios in the range of 40% to 72.5% as set out in the profit sharing right.

The Group owns 65% interest in the rights granted under the Licence 253 in respect of Kenya Mine 253, an area of approximately 1,056 square kilometers situated in Kitui District Eastern Province, Kenya, and the Licence 341 in respect of Kenya Mine 341, an area of approximately 417 square kilometers situated in Nandi County, Kenya. Pursuant to the Licence 253 and relevant provisions of the Mining Act of Kenya, the Group is authorized to prospect, explore and mine industrial minerals (including but not limited to copper) in Kenya Mine 253. The Group was also granted the Licence 341 for prospecting and exploration of gold, iron ore and non-precious minerals in Kenya Mine 341. Both Licence 253 and 341 are still valid and the expiry dates are 19 May 2020 and 2 January 2020 respectively.

MATERIAL ACQUISITION OR DISPOSAL

The Group had no material acquisition or disposal of subsidiaries during the period under review.

EVENTS AFTER REPORTING DATE

The Group did not have any significant contingent liability during the period under review.

Management Discussion and Analysis

PROSPECT

The Group will continue to expand its business into property development and investment alongside its existing trading, energy-related and financial services businesses. Especially, the property development in Zhanjiang has already, with an immediate effect, contributed substantially to the profitability of the Group by way of value appreciation before the development has even been carried out. It will be the major growth factor of the Group in the years to come. Furthermore, while generating substantial profits by selling residential units, the Group will retain commercial properties and parking spaces for rental purposes. Such move will bring stable and long-term income to the Group and create favorable conditions for the Group to distribute dividends in the future. In addition, we will expand our algorithmic securities trading services and diversify our financial services into other areas.

EXCHANGE RATE RISK

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly to the risk of fluctuations in the Hong Kong dollar and U.S. dollar against RMB. We have not used any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

CONTINGENT LIABILITIES

The Company has given guarantee to bank in respect of the securities margin financing facilities granted to subsidiary. As at 30 June 2019, no such facilities were utilised by the subsidiary to facilitate daily operation (31 December 2018: nil).

CHARGE ON ASSETS

As at 30 June 2019, the term loan of principal value HK\$250 million were secured by (i) the guarantee from Guangdong Hoifu Wai Yip Investment Management Limited (廣東凱富偉業投資管理有限公司); (ii) the personal guarantee from the Guarantor (Dr. Hui Chi Ming) and Beijing Yinghe Property Development Limited (北京盈和房地產綜合開發有限公司) respectively; and (iii) the charge/pledge to be granted by several subsidiaries of the Company.

The Group held banking facilities from various banks as at 30 June 2019. The Group's banking facilities were secured by guarantees given by the Group's bank deposits and the Company. As at 30 June 2019, bank deposits amounting to approximately HK\$5,257,000 (31 December 2018: HK\$5,251,000) were pledged to secure banking facilities granted to a subsidiary.

Management Discussion and Analysis

PURSUANT TO RULE 13.18 OF THE LISTING RULES

In November 2017, The Company obtained a term loan facility in an aggregate amount of HK\$250,000,000 for a term of 36 months during the year. Pursuant to the terms of the facility agreement, the occurrence of change of control event constitutes an event of default which the Lender may cancel the facility.

CAPITAL STRUCTURE

As at 30 June 2019, the total number of issued ordinary shares of the Company was 4,000,000,000 of HK\$0.10 each (31 December 2018: 4,000,000,000 shares of HK\$0.10 each).

APPOINTMENT OF EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTOR

With effect from 25 February 2019, Mr. Chan Tsang Mo has been appointed as an Independent non-executive Director of the Company and Mr. Chen Wei-Ming Eric has tendered his resignation as an independent non-executive Director of the Company respectively.

With effect from 10 May 2019, Mr. Ma Kin Ling has been appointed as an Independent non-executive Director of the Company and Mr. Yim Kai Pung has tendered his resignation as an independent non-executive Director of the Company respectively.

With effect from 19 August 2019, Mr. Tam Chak Chi has been appointed as an Independent non-executive Director of the Company and Mr. Ng Chi Kin David has tendered his resignation as an independent non-executive Director of the Company respectively.

HUMAN RESOURCES

As at 30 June 2019, the Group employed a total of 153 staff (2018: 146) of which 20 were commission based (2018: 20) and the total related staff cost amounted to HK\$17,056,000 (2018: HK\$15,308,000). The Group's long-term success rests primarily on the total integration of the company core value with the basic staff interest. In order to attract and retain high caliber staff, the Group provides competitive salary package and other benefits including mandatory provident fund, medical schemes and bonus. The future staff costs of the sales will be more directly linked to the performance of business turnover and profit. The Group maintained organic overhead expenses to support the basic operation and dynamic expansion of its business enabling the Group to respond flexibly with the changes of business environment.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the period ended 30 June 2019 (2018: Nil).

Disclosure of Interests

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As 30 June 2019, the interests of the Directors and chief executives and their associates in the shares of the Company and its associated corporations (with the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in the ordinary Shares and underlying Shares of the Company

| Name of Directors | Capacity | Number of issued ordinary shares held | Percentage of the issued share capital of the Company | Number of underlying shares held | Percentage of the Company's enlarged issued share capital |
|-------------------|------------------------------------|---|--|--|--|
| Dr. Hui Chi Ming | Interest of controlled corporation | 2,972,028,542 <i>(Note 1)</i> | 74.30% | 148,065,054 <i>(Note 2)</i> | 3.70% |

Note 1: These Shares included 939,953,143 Shares held by Hong Kong Finance Equity Management Limited, 944,089,115 Shares held by Hong Kong Finance Equity Holding Limited, 149,640,000 Shares held by Hong Kong Finance Investment Limited and 938,346,284 Shares held by Hong Kong Finance Equity Investment Limited respectively.

The issued share capital of Hong Kong Finance Equity Management Limited, Hong Kong Finance Equity Holding Limited and Hong Kong Finance Equity Investment Limited are indirectly wholly owned by Dr. Hui Chi Ming. The issued share capital of Hong Kong Finance Investment Limited is directly wholly owned by Dr. Hui Chi Ming.

Note 2: Pursuant to an agreement dated 28 July 2017 entered into among the Company as purchaser, Hong Kong Finance Equity Holding Limited (formerly known as "Hoifu Group Investment Holdings Limited") as vendor for the sale and purchase of Sale Shares, representing the entire equity interest of New Guangdong Merchants Investment Holding Group Limited (which was completed on 28 February 2018), convertible bonds in the principal amount of RMB1,000,000,000 were issued to Hong Kong Finance Equity Holding Limited (being a company wholly and beneficially owned by Dr. Hui Chi Ming), which are convertible into 1,652,000,000 conversion shares upon full exercise at an initial conversion price of HK\$0.70 per conversion share.

As at 30 June 2019, there are outstanding convertible bonds in the principal amount of RMB91,173,063 (convertible into 148,065,054 conversion shares at the initial conversion price, subject to adjustment), representing approximately 3.70% of the share capital of the Company as enlarged by the conversion of the outstanding convertible bonds.

Disclosure of Interests

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

— continued

Long positions in the ordinary Shares and underlying Shares of the Company — continued

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

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors or chief executives or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder had notified the Company of relevant interests in the issued share capital of the Company.

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS — continued

Long positions in the ordinary shares and underlying Shares of the Company

| Name of shareholder | Capacity | Number of issued ordinary shares held | Percentage of the share capital of the Company | Number of underlying shares held | Percentage of the Company's enlarged issued share capital |
|---|------------------|---------------------------------------|--|----------------------------------|---|
| Hong Kong Finance Equity Management Limited (<i>Note 1</i>) | Beneficial owner | 939,953,143 | 23.50% | – | – |
| Hong Kong Finance Equity Investment Limited (<i>Note 1</i>) | Beneficial owner | 938,346,284 | 23.46% | – | – |
| Hong Kong Finance Equity Holding Limited (<i>Note 1</i>) | Beneficial owner | 944,089,115 | 23.60% | 148,065,054 | 3.70% |
| Hong Kong Finance Investment Limited (<i>Note 2</i>) | Beneficial owner | 149,640,000 | 3.74% | – | – |

Note 1: The entire issued share capital is indirectly owned by Dr. Hui Chi Ming.

Note 2: The entire issued share capital is directly owned by Dr. Hui Chi Ming.

Save as disclosed above, no person (other than the Directors of the Company whose interests are set out under the heading "Directors' Interests in Shares" above) had an interest or a short position in the shares and underlying shares of the Company that was required to be recorded under Section 336 of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the period under review was the Company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Corporate Governance and Other Information

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors subsequent to the date of the 2018 annual report of the Company are set out below:

With effect from 25 February 2019, Mr. Chan Tsang Mo has been appointed as an Independent non-executive Director of the Company and Mr. Chen Wei-Ming Eric has tendered his resignation as an independent non-executive Director of the Company respectively.

With effect from 10 May 2019, Mr. Ma Kin Ling has been appointed as an Independent non-executive Director of the Company and Mr. Yim Kai Pung has tendered his resignation as an independent non-executive Director of the Company respectively.

With effect from 19 August 2019, Mr. Tam Chak Chi has been appointed as an Independent non-executive Director of the Company and Mr. Ng Chi Kin David has tendered his resignation as an independent non-executive Director of the Company respectively.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CHANGES OF MEMBERS OF THE BOARD

The changes of the members of the Board up to the date of the interim report are as follows:

With effect from 10 May 2019, Mr. Yim Kai Pung ceased to be the Chairman of Remuneration committee member, a member of Audit committee and Nomination committee and Mr. Ma Kin Ling has been appointed as the Chairman of Remuneration committee member, a member of Audit committee and Nomination committee.

With effect from 19 August 2019, Mr. Ng Chi Kin David ceased to be the Chairman of Audit committee member, a member of Remuneration committee and Nomination committee and Mr. Tam Chak Chi has been appointed as the Chairman of Audit committee member, a member of Remuneration committee and Nomination committee.

Save as disclosed above, there is no other change of the members of the Board up to the date of this interim report.

Corporate Governance and Other Information

CORPORATE GOVERNANCE

The Company is aware of the importance that complying with the relevant statutory and regulatory requirements and maintaining good corporate governance standards are important to the effective and efficient operation of the Company. The Company has, therefore, adopted and implemented relevant measures to ensure that the relevant statutory and regulatory requirements are complied with and that a high standard of corporate governance practices is maintained.

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the interim report except for the deviation from code provision A.4.2. of the Code which every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, according to Byelaws of the Company, the Chairman or Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that the roles of Chairman and Managing Director provides the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategies, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months period ended 30 June 2019, the Company has adopted the Model Code under Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transaction. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code and the Code during the period under review.

Corporate Governance and Other Information

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

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws or the Laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PUBLIC FLOAT

As at 30 June 2019 and the date of this report, the Company complied with the 25% public float requirement under the Listing Rules.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim report is published on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the official website of the Company (www.hkfigh.com) for corporate communication.

Corporate Governance and Other Information

REVIEW OF INTERIM RESULTS

The Company's audit committee (the "Audit Committee") comprises Mr. Tam Chak Chi, Mr. Ma Kin Ling and Mr. Ngan Kam Biu Stanford, all of whom are independent non-executive Directors. The principal responsibilities of the Audit Committee are to review, together with management and the Company's external auditor, the accounting principles and practices adopted by the Company and discuss internal controls and financial reporting matters. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019.

BOARD OF DIRECTORS

As at the date of this report, the Honorary Chairman and Senior Consultant of the Company is Dr. Yukio Hatoyama; the Board comprises eight executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Dr. Chui Say Hoe, Mr. Xu Jun Jia, Mr. Cao Yu, Mr. Ren Qian, Mr. Lam Kwok Hing, M.H., J.P., and Mr. Nam Kwok Lun; and four independent non-executive Directors, namely, Mr. Chan Tsang Mo, Mr. Ngan Kam Biu, Stanford, Mr. Tam Chak Chi and Mr. Ma Kin Ling.

By order of the Board

Dr. Hui Chi Ming, G.B.S., J.P.

Chairman

30 August 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

| | NOTES | Six Months ended 30 June | |
|---|-------|---------------------------------|---------------------------------|
| | | 2019 HK\$'000 (Unaudited) | 2018 HK\$'000 (Unaudited) |
| Continuing operations | | | |
| Revenue | | | |
| | 3 | 318,589 | 137,558 |
| Cost of goods sold and direct cost | | (298,704) | (108,929) |
| Gross profit | | 19,885 | 28,629 |
| Other income | | 1,290 | 1,127 |
| Other gains or losses | 4 | (25) | (880) |
| Fair value change on investment properties | | 223,022 | 4,394,245 |
| Selling and distribution expenses | | (600) | (602) |
| Administrative expenses | | (30,202) | (34,469) |
| Profit from operation | | 213,370 | 4,388,050 |
| Finance costs | 6 | (15,045) | (15,176) |
| Profit before taxation | 7 | 198,325 | 4,372,874 |
| Taxation | 8 | (56,105) | (1,098,670) |
| Profit for the period from continuing operations | | 142,220 | 3,274,204 |
| Discontinued operations | | | |
| Loss for the period from discontinued operations | | – | (418) |
| Profit for the period | | 142,220 | 3,273,786 |
| Other comprehensive expenses | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange difference arising on translation | | (9,159) | (227,024) |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Fair value gain on investment in equity instruments | | (234) | (18) |
| Other comprehensive expenses for the period | | (9,393) | (227,042) |
| Total comprehensive income for the period | | 132,827 | 3,046,744 |

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

| | NOTES | Six Months ended 30 June | |
|---|-------|---------------------------------|---------------------------------|
| | | 2019 HK\$'000 (Unaudited) | 2018 HK\$'000 (Unaudited) |
| Profit/(loss) for the period attributable to owners of the Company: | | | |
| from continuing operations | | 141,800 | 3,272,048 |
| from discontinued operations | | – | (418) |
| Profit for the period attributable to owners of the Company | | 141,800 | 3,271,630 |
| Profit for the period attributable to non-controlling interests: | | | |
| from continuing operations | | 420 | 2,156 |
| from discontinued operations | | – | – |
| Profit for the period attributable to non-controlling interests | | 420 | 2,156 |
| | | 142,220 | 3,273,786 |
| Total comprehensive income for the period attributable to: | | | |
| Owners of the Company | | 132,592 | 3,044,498 |
| Non-controlling interests | | 235 | 2,246 |
| | | 132,827 | 3,046,744 |
| Earnings per share | 11 | | |
| From continuing and discontinued operations | | | |
| – Basic and diluted | | 0.035 | 1.082 |
| From continuing operations | | | |
| – Basic and diluted | | 0.035 | 1.082 |

Consolidated Statement of Financial Position

As at 30 June 2019

| | NOTES | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Audited) |
|---|-------|--|--|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 114,370 | 116,648 |
| Investment properties | 12 | 1,630,175 | 1,416,547 |
| Right-of-use assets | | 6,572 | – |
| Investment in equity instrument at fair value through other comprehensive income | | 1,332 | 1,566 |
| Deposit paid for construction | | 160,000 | 160,000 |
| Statutory deposits | | 4,030 | 4,075 |
| Loans receivable | | 12,993 | 12,993 |
| | | 1,929,472 | 1,711,829 |
| CURRENT ASSETS | | | |
| Properties for sale | | 1,846,550 | 1,846,586 |
| Accounts receivable | 13 | 180,326 | 273,689 |
| Loans receivable | | 7,522 | 7,513 |
| Other receivables, prepayments and deposits | | 65,714 | 43,162 |
| Pledged fixed deposits (general accounts) | 14 | 5,257 | 5,251 |
| Bank balances (trust and segregated accounts) | | 108,131 | 104,231 |
| Bank balances (general accounts) and cash | | 34,668 | 41,155 |
| | | 2,248,168 | 2,321,587 |
| CURRENT LIABILITIES | | | |
| Accounts payable | 15 | 228,832 | 303,524 |
| Other payables and accrued expenses | | 27,551 | 26,393 |
| Lease liabilities | | 2,108 | – |
| Contract liabilities | | 5,649 | – |
| Amounts due to Directors | | 101,398 | 85,491 |
| Borrowings | | 66,000 | 66,021 |
| Tax payable | | 643 | 1,868 |
| | | 432,181 | 483,297 |

Consolidated Statement of Financial Position

As at 30 June 2019

| | NOTES | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Audited) |
|--|-------|--|--|
| NET CURRENT ASSETS | | 1,815,987 | 1,838,290 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 3,745,459 | 3,550,119 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | | 4,484 | – |
| Deferred tax liability | | 156,260 | 102,224 |
| Corporate bonds | | 23,437 | 19,560 |
| Borrowings | | 255,137 | 254,509 |
| Convertible bonds | | 103,646 | 104,055 |
| | | 542,964 | 480,348 |
| Net assets | | 3,202,495 | 3,069,771 |
| CAPITAL AND RESERVES | | | |
| Share capital | 16 | 400,000 | 400,000 |
| Reserves | | 2,799,173 | 2,666,684 |
| Equity attributable to owners of the Company | | 3,199,173 | 3,066,684 |
| Non-controlling interests | | 3,322 | 3,087 |
| Total equity | | 3,202,495 | 3,069,771 |

Consolidated Statement of Changes in Equity

For the Six Months ended 30 June 2019

| | Share capital | Share premium | Non-distributable reserve | Contributed surplus | Capital redemption reserve | AFS reserve/ FVTOCI reserve | Currency translation reserve | (Accumulated losses)/ Retained profits | Sub-total | Non-controlling interests | Total |
|---|----------------|------------------|---------------------------|----------------------|----------------------------|--------------------------------|------------------------------|---|------------------|---------------------------|------------------|
| | HK\$'000 | HK\$'000 | HK\$'000 (Note a) | HK\$'000 (Note b) | HK\$'000 (Note c) | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2018 (audited) | 252,128 | 691,085 | - | 311,544 | 5,587 | (101) | 18,708 | (442,459) | 836,492 | 21,867 | 858,359 |
| Profit for the period | - | - | - | - | - | - | - | 3,271,630 | 3,271,630 | 2,156 | 3,273,786 |
| Exchange difference | - | - | - | - | - | - | (227,114) | - | (227,114) | 90 | (227,024) |
| Fair value gain investment in equity interment | - | - | - | - | - | (18) | - | - | (18) | - | (18) |
| Total comprehensive income for the period | - | - | - | - | - | (18) | (227,114) | 3,271,630 | 3,044,498 | 2,246 | 3,046,744 |
| Conversion of convertible bonds | 147,872 | 887,232 | - | - | - | - | - | - | 1,035,104 | - | 1,035,104 |
| Deemed contribution from controlling shareholders | - | - | 1,136,770 | - | - | - | - | - | 1,136,770 | - | 1,136,770 |
| At 30 June 2018 (unaudited) | 400,000 | 1,578,317 | 1,136,770 | 311,544 | 5,587 | (119) | (208,406) | 2,829,171 | 6,052,864 | 24,113 | 6,076,977 |
| At 31 December 2018 (audited) | 400,000 | 1,578,317 | 1,260,308 | 311,544 | 5,587 | 137 | (207,609) | (281,600) | 3,066,684 | 3,087 | 3,069,771 |
| New adoption of HKFRS 16 | - | - | - | - | - | - | - | (103) | (103) | - | (103) |
| At 1 January 2019 (restated) | 400,000 | 1,578,317 | 1,260,308 | 311,544 | 5,587 | 137 | (207,609) | (281,703) | 3,066,581 | 3,087 | 3,069,668 |
| Profit for the year | - | - | - | - | - | - | - | 141,800 | 141,800 | 420 | 142,220 |
| Exchange differences | - | - | - | - | - | - | (9,089) | - | (9,089) | (70) | (9,159) |
| Fair value loss on investment in equity instruments | - | - | - | - | - | (119) | - | - | (119) | (115) | (234) |
| Total comprehensive expenses for the period | - | - | - | - | - | (119) | (9,089) | 141,800 | 132,592 | 235 | 132,827 |
| At 30 June 2019 (unaudited) | 400,000 | 1,578,317 | 1,260,308 | 311,544 | 5,587 | 18 | (216,698) | (139,903) | 3,199,173 | 3,322 | 3,202,495 |

Notes:

- (a) The non-distributable reserve represents the aggregate of deemed contributions to the controlling shareholder in respect of the acquisition of subsidiaries during the year ended 31 December 2018.
- (b) The contributed surplus represented the aggregate of:
- the difference of HK\$29,140,000 between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the reorganisation of the Group;
 - the credit arising from the reduction of shares premium of HK\$359,162,000 transferred to the contributed surplus account of the Company pursuant to the special resolutions passed by the shareholders of the Company at a special general meeting held on 20 October 2012; and
 - a distribution of shares of a subsidiary of an amount of HK\$76,758,000 on 7 November 2012.
- (c) The capital redemption reserve arose from the repurchase of shares. The amount represents the nominal amount of the shares repurchased.

Consolidated Statement of Cash Flows

For the Six Months ended 30 June 2019

| | Six Months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2019 HK\$'000 (Unaudited) | 2018 HK\$'000 (Unaudited) |
| NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES | (21,880) | 28,195 |
| NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (251) | – |
| Acquisition of subsidiary | – | 418 |
| Placement in pledged fixed deposits | (6) | (3) |
| Interest received on bank deposits | 11 | – |
| | (246) | 415 |
| NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES | | |
| Increase/(decrease) in amount due to Directors | 14,208 | (15,146) |
| Early repayment of convertible bonds | – | (90,000) |
| Drawdown of borrowings | 8,000 | 36,000 |
| Repayment of borrowings | (8,000) | (30,000) |
| Proceed from issuance of corporate bonds (net of issuance cost) | 3,000 | – |
| | 17,208 | (99,146) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (4,918) | (70,536) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD | 41,155 | 164,679 |
| Effect of foreign exchange rate changes | (1,569) | 2,077 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | 34,668 | 96,220 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances (general accounts) and cash | 34,668 | 51,090 |
| Cash and cash equivalents included in disposal group held for sale | – | 45,130 |
| | 34,668 | 96,220 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

1. BASIS OF PREPARATION

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) include trading of natural resources, petrochemical production, oil and gas exploration and production, mineral mining business, provision of financial services and property investment.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month ended 30 June 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|-----------------------|---|
| HKFRS 16 | <i>Leases</i> |
| HK(IFRIC)-Int 23 | <i>Uncertainty over Income Tax Treatments</i> |
| Amendments to HKFRS 9 | <i>Prepayment Features with Negative Compensation</i> |
| Amendments to HKAS 19 | <i>Plan Amendment, Curtailment or Settlement</i> |
| Amendments to HKAS 28 | <i>Long-term Interests in Associates and Joint Ventures</i> |
| Amendments to HKFRSs | <i>Annual Improvements to HKFRSs 2015-2017 Cycle</i> |

Except as described below, the application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases — continued

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 — continued

As a lessee — continued

Allocation of consideration to components of a contract — continued

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of a car park and a flat that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases — continued

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 — continued

As a lessee — continued

Allocation of consideration to components of a contract — continued

Right-of-use assets — continued

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”) — continued

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases — continued

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 — continued

As a lessee — continued

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 *Revenue from Contracts with Customers* (“HKFRS 15”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases — continued

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease by – lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities approximately of HK\$1,063,000 and right-of-use assets approximately of HK\$960,000 at 1 January 2019.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases — continued

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 — continued

As a lessee — continued

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee’s incremental borrowing rate applied is 5.125%.

| | At 1 January 2019 HK\$'000 |
|--|---|
| Operating lease commitments disclosed as at 31 December 2018 | 3,137 |
| Less: | |
| Recognition exemption-short-term leases | (2,222) |
| Add: | |
| Non-lease components | 163 |
| | 1,078 |
| Lease liabilities as at 1 January 2019 discounted at relevant incremental borrowing rates | 1,063 |
| Of which are: | |
| – Current lease liabilities | 1,063 |

The Group renewed the leases of offices by entering into new lease contracts which commence after date of initial application, these new contracts are accounted as lease modifications of the existing contracts upon application of HKFRS 16.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases — continued

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 — continued

As a lessee — continued

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

| | Note | Right-of-use assets HK\$'000 |
|--|------|------------------------------------|
| Right-of-use assets relating to operating leases recognised upon application of HKFRS 16 | | 1,063 |
| By class: | | |
| Office: | | 1,063 |

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases — continued

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 — continued

As a lessor — continued

- (b) Before application of HKFRS 16, refundable rental deposits received where considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and should be adjusted to reflect the discounting effect at transition. However, the adjustments to present value is insignificant to be recognised at the date of initial application, 1 January 2019.

The application of HKFRS 16 as a lessor does not have a material impact on the retained profits at 1 January 2019.

No adjustments have been made, in the application of HKFRS 16 as a lessor, on the Group’s condensed consolidated statement of financial position as at 1 January 2019 and 30 June 2019 and its condensed consolidated statement of profit or loss and other comprehensive income and cash flows for the current interim period.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

| | Carrying amounts previously reported at 31 December 2018 HK\$ | Adjustments HK\$ | Carrying amounts under HKFRS 16 at 1 January 2019 HK\$ |
|----------------------------|---|---------------------|--|
| Non-current Assets | | | |
| Right-of-use assets | – | 960,000 | 960,000 |
| Current Liabilities | | | |
| Lease liabilities | – | 1,063,000 | 1,063,000 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

3. REVENUE

| | Six Months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2019 HK\$'000 (Unaudited) | 2018 HK\$'000 (Unaudited) |
| Continuing operations | | |
| Revenue from contracts with customers within the scope of HKFRS 15, disaggregated by major products or services lines: | | |
| Trading Business: | | |
| Sales of electronic products | 300,109 | 111,409 |
| Financial Business: | | |
| Commission and brokerage income | 4,351 | 9,158 |
| Advisory and consultancy fee | 775 | 1,050 |
| | 305,235 | 121,617 |
| Revenue from other sources outside the scope of HKFRS 15: | | |
| Financial Business: | | |
| Interest income arising from financial business | 4,630 | 4,501 |
| Property investment: | | |
| Rental income | 8,724 | 11,440 |
| | 13,354 | 15,941 |
| | 318,589 | 137,558 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

4. OTHER GAINS OR LOSSES

| | Six Months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2019 HK\$'000 (Unaudited) | 2018 HK\$'000 (Unaudited) |
| Continuing operations | | |
| Provision of allowance for bad and doubtful debts | (25) | (183) |
| Fair value change on convertible bonds | – | (431) |
| Loss of redemption of convertible bonds | – | (266) |
| | (25) | (880) |

5. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable segment for the period under review:

For the six months ended 30 June 2019:

| | Trading business HK\$'000 | Mineral mining, oil and gas business HK\$'000 | Financial business HK\$'000 | Property investment HK\$'000 | Consolidated HK\$'000 |
|--|---------------------------------|---|-----------------------------------|------------------------------------|--------------------------|
| REVENUE: | | | | | |
| Segment revenue | 300,109 | – | 9,756 | 8,724 | 318,589 |
| Segment profit/(loss) | 1,322 | (48) | (2,069) | 4,140 | 3,345 |
| Other income | | | | | 1,290 |
| Fair value change of investment properties | | | | | 223,022 |
| Corporate and administration costs | | | | | (29,332) |
| Profit before taxation from continuing operations | | | | | 198,325 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

5. SEGMENT INFORMATION — continued

For the six months ended 30 June 2018:

| | Trading business HK\$'000 | Mineral mining, oil and gas business HK\$'000 | Financial business HK\$'000 | Property investment HK\$'000 | Consolidated HK\$'000 |
|--|---------------------------------|---|-----------------------------------|------------------------------------|--------------------------|
| REVENUE: | | | | | |
| Segment revenue | 111,409 | – | 14,709 | 11,440 | 137,558 |
| Segment profit/(loss) | 4,636 | (1,385) | 1,280 | 9,275 | 13,806 |
| Other income | | | | | 1,127 |
| Fair value change of investment properties | | | | | 4,394,245 |
| Corporate and administration costs | | | | | (36,304) |
| Profit before taxation from continuing operations | | | | | 4,372,874 |

Segment profit represents the financial results by each segment without allocation of corporate administrative costs. This is the measure reported to the Board of Directors for the purpose of resources allocation and performance assessment.

The geographical information of revenue is shown as follows:

| | Six Months ended 30 June | |
|-----------|--------------------------|-------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| PRC | 308,013 | 121,889 |
| Hong Kong | 9,756 | 14,707 |
| Others | 820 | 962 |
| | 318,589 | 137,558 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

6. FINANCE COSTS

Continuing operations

Interest on borrowings wholly repayable within five years:

| | Six Months ended 30 June | |
|-------------------------|--------------------------|-------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Corporate bonds | 877 | 1,005 |
| Borrowing | 12,426 | 12,456 |
| Amount due to Directors | 1,699 | 1,715 |
| Lease liabilities | 43 | – |
| | 15,045 | 15,176 |

7. PROFIT BEFORE TAXATION

Continuing operations

Profit before taxation is arrived at after charging/(crediting):

| | Six Months ended 30 June | |
|--|--------------------------|-------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Amortisation | – | 1,201 |
| Depreciation of property, plant and equipment | 3,439 | 164 |
| Depreciation of right-of-use assets | 218 | – |
| Staff cost, including Directors' remuneration | 17,056 | 15,308 |
| Contributions to retirement benefits scheme (included in staff costs) | 363 | 371 |
| Cost of inventories recognised as expenses | 297,351 | 106,670 |
| Operating lease in respect of office premises | – | 2,870 |
| Expense relating to short-term leases | 1,560 | – |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

8. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for the six months ended 30 June 2018 and 2019 as the companies within the Group either had no assessable profits arising from Hong Kong or the assessable profits were wholly absorbed by estimated losses brought forward. Under the Enterprise Income Tax Law of the PRC, the enterprise income tax rate applicable to the Group's companies operating in the PRC, the tax rate is 25% from 1 January 2008 onwards. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

| | Six Months ended 30 June | |
|---------------------------|---------------------------------|-------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Current tax | | |
| PRC enterprise income tax | 350 | 469 |
| Deferred tax liabilities | 55,755 | 1,098,201 |
| | 56,105 | 1,098,670 |

9. DISCONTINUED OPERATIONS

During the period ended 30 June 2018, the directors resolved to dispose of the Group's operation in mineral mining operation in the PRC. Negotiations with several interested parties have subsequently taken place. The assets and liabilities attributable to the business, which were sold on 24 July 2018.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

9. DISCONTINUED OPERATIONS — continued

The loss for the period from the discontinued mineral mining operation in the PRC is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-presented the mineral mining operation in the PRC as a discontinued operation.

| | Six Months ended 30 June | |
|---|---------------------------------|-------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Revenue | – | – |
| Cost of Sales | – | – |
| Gross profit | – | – |
| Other income | – | 5 |
| Selling and distribution expenses | – | – |
| Administrative expenses | – | (422) |
| Loss from operation | – | (417) |
| Finance cost | – | (1) |
| Loss before taxation | – | (418) |
| Taxation | – | – |
| Loss for the period | – | (418) |
| Loss for the period from discontinued operations including the following: | | |
| Depreciation | – | – |
| Amortisation | – | – |
| Interest income | – | 5 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

10. DIVIDEND

No dividends were paid, declared or proposed during the period. The Directors do not recommend the payment of an interim dividend (2018: Nil).

11. EARNINGS PER SHARE For continuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

| | Six Months ended 30 June | |
|---|--------------------------|-----------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share | 141,800 | 3,272,048 |
| Weighted average number of shares | '000 | '000 |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share | 4,000,000 | 3,024,717 |

The computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in an increase in earnings per share from continuing operations for the six months ended 30 June 2019 and 30 June 2018.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

11. EARNINGS PER SHARE — continued

For continuing and discontinued operations

The calculation of the basic earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

| | 2019 HK\$'000 | 2018 HK\$'000 |
|---|------------------|------------------|
| Earnings | | |
| Earnings for the purposes of basic earnings per share | 141,800 | 3,271,630 |

For discontinued operations

During the six months ended 30 June 2018, basic loss per share for the discontinued operations is HK\$0.01 cents per share, based on the loss for the year from the discontinued operations of approximately HK\$418,000 and the denominators details above for both basic (loss)/earnings per share.

12. INVESTMENT PROPERTIES

| | 30 June 2019 HK\$'000 |
|--|-----------------------------|
| As at 1 January 2018 | 598,151 |
| Acquired on an acquisition of a subsidiary | 607,695 |
| Addition | 6,628 |
| Fair value change | 289,004 |
| Exchange adjustment | (84,931) |
| As at 31 December 2018 and 1 January 2019 | 1,416,547 |
| Fair value change | 223,022 |
| Exchange adjustment | (9,394) |
| As at 30 June 2019 | 1,630,175 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

12. INVESTMENT PROPERTIES — continued

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Investment properties represent (a) a commercial unit located in the Beijing, PRC and (b) a commercial unit and car parking spaces located in Zhanjiang, PRC.

The fair values of the Group's investment properties at 30 June 2019 have been arrived at on the basis of a valuation carried out on that day by Century 21 Surveyors Limited (31 December 2018: Malcolm & Associates Appraisals Limited), an independent qualified professional valuer that is not connected with the Group.

The fair value was determined based on the "Comparison Method" and "Investment Method", where the value is assessed by reference to the comparable properties of sales evidence as available in the relevant market, factoring in all the respective advantages and disadvantages of each property in order to arrive at the comparison of capital value.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

13. ACCOUNTS RECEIVABLE

| | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Audited) |
|---|--|--|
| Accounts receivable consist of: | | |
| Accounts receivable arising from business of trading electronic products | 73,050 | 179,912 |
| Accounts receivable arising from business of trading natural resource and petrochemical | 629 | 629 |
| Less: Loss allowance for ECL | (629) | (629) |
| | – | – |
| Accounts receivable arising from business of properties investment | 18,576 | 10,031 |
| Accounts receivable arising from the business of dealing in securities: | | |
| – Cash clients | 17,100 | 10,674 |
| Less: Loss allowance for ECL | (10) | (6) |
| | 17,090 | 10,668 |
| – Hong Kong Securities Clearing Company Limited (“HKSCC”) | – | 2,614 |
| Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited (“HKFECC”) arising from the business of dealing in futures contracts | 1,137 | 1,844 |
| Loans to securities margin clients | 70,510 | 68,646 |
| Less: Loss allowance for ECL | (45) | (32) |
| | 70,465 | 68,614 |
| Accounts receivable arising from the business of advisory for financial management | 8 | 6 |
| | 180,326 | 273,689 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

13. ACCOUNTS RECEIVABLE — continued

Accounts receivable arising from trading of natural resources and petrochemicals were aged within 90 days. The average credit period for accounts receivable from property investment business is 30 days. The accounts receivable from property investment business aged within 90 days. The settlement terms of accounts receivable from cash client, HKSCC and HKFECC are usually one to two days after the trade date. Except for the accounts receivable from cash clients as mentioned below, the accounts receivables from HKSCC and HKFECC were aged within 30 days.

Loans to securities margin clients are repayable on demand and bear interest at Hong Kong Prime Rate quoted by OCBC Wing Hang Bank Limited plus 3% equivalent to 8.125% (31 December 2018: Hong Kong Prime Rate quoted by OCBC Wing Hang Bank Limited plus 3% equivalent to 8.125%) per annum. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value. The loans are secured by pledged marketable securities at fair value of approximately HK\$21,842,000 (31 December 2018: HK\$196,132,000). The percentage of collateral over the outstanding balance at 30 June 2018 ranged 2% to 8,964% (31 December 2018: 100% to 6,465%). The Group is permitted to sell or repledge the marketable securities if the customer defaults the payment as requested by the Group.

A credit period based on dates of delivery of goods for accounts receivable from trading of electronic products is 90 days. The aged analysis of accounts receivable arising from trading of electronic products is as follow:

| | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Unaudited) |
|---------------|--|--|
| 0 to 90 days | 11,116 | 148,003 |
| 91 – 180 days | 58,900 | 31,909 |
| Over 180 days | 3,034 | – |
| | 73,050 | 179,912 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

13. ACCOUNTS RECEIVABLE — continued

The average credit period for accounts receivable from investment property business is 30 days. The aged analysis of accounts receivable arising from investment property business is as follow:

| | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Unaudited) |
|---------------|--|--|
| 0 to 90 days | 4,263 | 3,105 |
| 91 – 180 days | 4,573 | 4,280 |
| Over 180 days | 9,740 | 2,646 |
| | 18,576 | 10,031 |

The settlement terms of cash clients are usually one to two days after the trade date. The aged analysis of accounts receivable arising from cash clients is as follows:

| | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Audited) |
|---------------|--|--|
| 0 – 90 days | 14,458 | 9,050 |
| 91 – 180 days | 623 | 1,618 |
| Over 180 days | 2,009 | – |
| | 17,090 | 10,668 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

13. ACCOUNTS RECEIVABLE — continued

The Group does not provide any credit term to its advisory for financial management clients. The aged analysis of accounts receivable arising from clients under the business of advisory for financial management is as follow:

| | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Audited) |
|--------------|--|--|
| 0 to 90 days | – | – |
| Over 90 days | 8 | 6 |
| | 8 | 6 |

14. PLEDGED FIXED DEPOSITS (GENERAL ACCOUNTS)

The Group pledged fixed deposits to banks to secure general banking facilities granted to the Group. The pledged fixed deposits carry interest rates at 0.225% (31 December 2018: 0.225%) per annum and will be released upon the expiry of relevant banking facilities.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

15. ACCOUNTS PAYABLE

| | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Audited) |
|---|--|--|
| Accounts payable from trading of electronic products | 102,109 | 186,705 |
| Accounts payable from properties investment | 7,113 | 6,636 |
| Accounts payable arising from the business of dealing in securities: | | |
| – Cash clients | 103,958 | 95,250 |
| – HKSCC | 9,169 | 1,116 |
| Accounts payable to clients arising from the business of dealing in futures contracts | 2,045 | 2,968 |
| Amounts due to securities margin clients | 4,365 | 10,847 |
| Accounts payable arising from the business of advisory for financial management | 73 | 2 |
| | 228,832 | 303,524 |

The settlement term of accounts payable to cash client and HKSCC is two days after the trade date and aged within 30 days.

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the HKFECC. The excess of the outstanding amounts over the required margin deposits stipulated by the HKFECC are repayable to clients on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

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15. ACCOUNTS PAYABLE — continued

Amounts due to securities margin clients are repayable on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

An average credit period for accounts payables from trading business is 30 days. The accounts payable from trading business aged within 30 days.

The accounts payable amounting to approximately of HK\$108,131,000 (31 December 2018: HK\$104,231,000) were payable to clients or other institutions in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

The aged analysis of amounts payable from trading of electronic products presented based on the receive date is as follow:

| | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Unaudited) |
|---------------|--|--|
| 0 – 90 days | 8,053 | 186,217 |
| 91 – 180 days | 86,150 | 488 |
| Over 180 days | 7,906 | – |
| | 102,109 | 186,705 |

The aged analysis of accounts payables arising from properties investment is as follow:

| | 30 June 2019 HK\$'000 (Unaudited) | 31 December 2018 HK\$'000 (Audited) |
|---------------|--|--|
| 0 – 90 days | – | 206 |
| 90 – 180 days | 502 | 6,430 |
| Over 180 days | 6,611 | – |
| | 7,113 | 6,636 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

16. SHARE CAPITAL

| | Number of shares | HK\$'000 |
|--|---------------------|-----------|
| | '000 | |
| Ordinary shares of HK\$0.1 each | | |
| <i>Authorised:</i> | | |
| At 1 January 2018, 31 December 2018, 1 January 2019, 30 June 2019 | 10,000,000 | 1,000,000 |
| <i>Issued and fully paid:</i> | | |
| At 1 January 2018 | 2,521,280 | 252,128 |
| Conversion of issued convertible bonds (<i>note a</i>) | 1,478,720 | 147,872 |
| At 31 December 2018, 1 January 2019 and at 30 June 2019 | 4,000,000 | 400,000 |

Notes:

- a) On 9 April 2018, 30 April 2018 and 9 May 2018, the bondholder of the CB have converted the CB with the aggregate principal amount approximately of RMB112,495,000, RMB423,558,000 and RMB299,970,000 representatively at conversion price of HK\$0.7 per share into 200,000,000, 750,000,000 and 528,719,115 ordinary shares of the Company respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

17. RELATED PARTY TRANSACTIONS

Transactions with related parties:

- a) During the period, the Group received commission income and other securities dealing income from securities dealing of approximately HK\$31,000 (2018: HK\$3,000) from close family members of two Directors, Messrs. Lam Kwok Hing and Nam Kwok Lun.

During the period, the Group received commission income and other securities dealing income from securities dealing of approximately HK\$2,000 (2018: HK\$Nil) from Asia Tele-Net and Technology Corporation Limited ("ATNT"), in which two Directors, Messrs. Lam Kwok Hing and Nam Kwok Lun, have controlling interests.

- b) As at 30 June 2019, outstanding advances from a Director, Mr. Nam Kwok Lun, amounted to HK\$67,987,000 (31 December 2018: HK\$65,789,000). During the period, the Group paid finance cost of HK\$1,699,000 (2018: HK\$1,714,000) to the Director.
- c) During the period, the Group paid rental fee amounting to HK\$1,260,000 (2018: HK\$1,260,000) to a company in which Dr. Hui Chi Ming, a Director, has beneficial interest.
- d) As at 30 June 2019, outstanding advance from PAL Finance Limited, a wholly-owned subsidiary of ATNT, amounted to HK\$66,000,000 (31 December 2018: HK\$66,000,000). During the period, the Group paid finance costs approximately of HK\$1,686,000 (2018: HK\$1,853,000) to PAL Finance Limited.

The remuneration of key management personnel who are the Directors of the Company during the period was as follow:

| | Six Months ended 30 June | |
|--------------------------|---------------------------------|-----------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Audited) |
| Short-term benefits | 6,128 | 3,462 |
| Post-employment benefits | 63 | 45 |
| | 6,191 | 3,507 |