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## **MING LAM HOLDINGS LIMITED**

### **銘霖控股有限公司**

*(formerly known as Sino Haijing Holdings Limited 中國海景控股有限公司)*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01106)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019**

### **HIGHLIGHTS**

- Revenue for the six months ended 30 June 2019 (the “Period”) was approximately HK\$465.6 million, representing decrease of approximately 16.6% as compared to approximately HK\$558.6 million for the corresponding period in last year.
- Gross profit for the Period was approximately HK\$100.2 million, representing a decrease of approximately 10.5% as compared to approximately HK\$112.0 million for the corresponding period in last year. The overall profit margin for the Period increased from 20.1% to 21.5%.
- Loss attributable to equity holders of the Company for the Period was approximately HK\$83.1 million, representing a significant decrease of approximately 5,620.3% as compared to the profit approximately HK\$1.5 million for the corresponding period in last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019.

## INTERIM RESULTS

The board of Directors (the “Board”) of Ming Lam Holdings Limited (the “Company”) (formerly known as Sino Haijing Holdings Limited) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2019, together with unaudited comparative figures for the corresponding period in 2018 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		<b>Six months ended 30 June</b>	
		<b>2019</b>	2018
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited) (Represented)
<b>Continuing operations</b>			
Revenue	3	<b>465,576</b>	558,608
Cost of sales		<b>(365,347)</b>	(446,578)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>100,229</b>	112,030
Other income	5	<b>11,811</b>	11,808
Loss on disposal on subsidiary		<b>(5,460)</b>	–
Net Loss on financial assets at fair value through profit or loss		<b>(3,872)</b>	(7,578)
Administrative and other operating expenses		<b>(127,147)</b>	(67,089)
Share of results of an associate		<b>(1,451)</b>	–
		<hr/>	<hr/>
<b>(Loss)/profit from operations</b>		<b>(25,890)</b>	49,171
Finance costs		<b>(53,301)</b>	(31,525)
		<hr/>	<hr/>
<b>(Loss)/profit before tax</b>	6	<b>(79,191)</b>	17,646
Income tax expense	7	<b>(1,376)</b>	(9,970)
		<hr/>	<hr/>
<b>(Loss)/profit for the period from continuing operations</b>		<b>(80,567)</b>	7,676
<b>Discontinued operations</b>			
<b>(Loss) for the period from discontinued operations</b>		<b>(4,971)</b>	(7,596)
		<hr/>	<hr/>
<b>(Loss)/profit for the period</b>		<b>(85,538)</b>	80
		<hr/>	<hr/>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** *(Continued)**For the six months ended 30 June 2019*

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Represented)</b>
<b>Other comprehensive income/(loss)</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Exchange differences arising on translation of foreign operations	<b>1,455</b>	(40,279)
	<hr/>	<hr/>
<b>Total comprehensive loss for the period</b>	<b>(84,083)</b>	(40,199)
	<hr/>	<hr/>
<b>Profit/(loss) for the period attributable to the equity holders of the Company:</b>		
– from continuing operations	<b>(79,104)</b>	8,582
– from discontinued operations	<b>(3,977)</b>	(7,077)
	<hr/>	<hr/>
	<b>(83,081)</b>	1,505
	<hr/>	<hr/>
<b>Loss for the period attributable to non-controlling interests:</b>		
– from continuing operations	<b>(1,463)</b>	(906)
– from discontinued operations	<b>(994)</b>	(519)
	<hr/>	<hr/>
	<b>(2,457)</b>	(1,425)
	<hr/>	<hr/>
Profit/(loss) for the period	<b>(85,538)</b>	80
	<hr/>	<hr/>
<b>Total comprehensive loss attributable to the equity holders of the Company:</b>		
– from continuing operations	<b>(77,654)</b>	(31,732)
– from discontinued operations	<b>(3,977)</b>	(7,077)
	<hr/>	<hr/>
	<b>(81,631)</b>	(38,908)
	<hr/>	<hr/>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** *(Continued)**For the six months ended 30 June 2019*

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Represented)</b>
<b>Total comprehensive income/(loss) attributable to non-controlling interests:</b>		
– from continuing operations	<b>(1,458)</b>	(772)
– from discontinued operations	<b>(994)</b>	(519)
	<b>(2,452)</b>	(1,291)
<b>Total comprehensive loss for the period</b>	<b>(84,083)</b>	(40,199)
<b>(Loss)/profit per share</b>		
– Basic and Diluted	<i>10</i>	
– from continuing operations	<b>(HK\$0.55) cents</b>	HK\$0.10 cents
– from discontinued operations	<b>(HK\$0.027) cents</b>	(HK\$0.09) cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

		As at <b>30 June</b> <b>2019</b> <b>HK\$'000</b> <b>(Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited) (Represented)
<b>Non-current assets</b>			
Investment properties		<b>9,596</b>	9,911
Property, plant and equipment	11	<b>172,263</b>	172,707
Intangible assets		<b>129,147</b>	134,132
Interest in an associate		<b>18,810</b>	18,861
Right-of-use assets		<b>23,039</b>	–
Lease premiums for land		<b>25,303</b>	25,611
Available-for-sale financial assets	12	<b>416</b>	2,139
Deposits for potential acquisition of subsidiaries		<b>258,965</b>	258,893
Deposits for acquisition of land and plant and machinery		<b>15,837</b>	15,847
Goodwill		<b>97,087</b>	–
Promissory notes receivable	13	<b>77,966</b>	75,751
Security deposits		<b>11,764</b>	11,763
Deferred tax assets		<b>7,624</b>	7,624
		<b>847,817</b>	733,239
<b>Current assets</b>			
Inventories		<b>27,695</b>	31,592
Lease premiums for land		<b>662</b>	663
Trade and other receivables	14	<b>537,866</b>	525,425
Loans and interest receivables	15	<b>668,496</b>	628,237
Financial assets at fair value through profit or loss	16	<b>27,573</b>	73,140
Pledged bank deposits		<b>1,457</b>	13,681
Cash and cash equivalents		<b>131,256</b>	126,467
		<b>1,395,005</b>	1,399,205
Assets classified as held for sale		<b>184,127</b>	185,025
		<b>1,579,132</b>	1,584,230

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (Continued)

At 30 June 2019

		<b>As at 30 June 2019</b>	As at 31 December 2018
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Audited) (Represented)
<b>Current liabilities</b>			
Trade and other payables	17	<b>273,464</b>	227,987
Lease liabilities		<b>9,344</b>	–
Notes payable	18	<b>437,760</b>	440,000
Bank and other borrowings	19	<b>210,565</b>	227,000
Income tax payable		<b>27,228</b>	27,830
		<b>958,361</b>	922,817
Liabilities classified as held for sales		<b>52,512</b>	51,503
		<b>1,010,873</b>	974,320
<b>Net current assets</b>			
		<b>568,259</b>	609,910
<b>Total assets less current liabilities</b>			
		<b>1,416,076</b>	1,343,149
<b>Non-current liabilities</b>			
Bonds payable	20	<b>155,582</b>	134,955
Lease liabilities		<b>14,137</b>	–
Deferred tax liabilities		<b>1,982</b>	2,018
		<b>171,701</b>	136,973
		<b>1,244,375</b>	1,206,176
<b>Capital and reserves</b>			
Share capital	21	<b>186,106</b>	166,575
Reserves		<b>1,034,227</b>	1,016,234
<b>Equity attributable to equity holders of the Company</b>			
		<b>1,220,333</b>	1,182,809
Non-controlling interests		<b>24,042</b>	23,367
<b>TOTAL EQUITY</b>			
		<b>1,244,375</b>	1,206,176

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to equity holders of the Company												Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Available-for sale financial assets revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Statutory surplus reserve HK\$'000	Convertible instrument reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	
Balance at 31 December 2017 as originally presented	148,292	1,171,546	117	16,632	6,691	-	38,223	98,464	33,346	(269,832)	1,243,479	24,617	1,268,096
Change in accounting policy	-	-	-	-	(6,691)	(3,805)	-	-	-	10,496	-	-	-
Balance as at 1 January 2018 as restated	148,292	1,171,546	117	16,632	-	(3,805)	38,223	98,464	33,346	(259,336)	1,243,479	24,617	1,268,096
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	1,505	1,505	(1,425)	80
<b>Other comprehensive income (loss) for the period</b>													
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	-	(40,413)	-	(40,413)	134	(40,279)
<b>Total comprehensive loss for the period</b>	-	-	-	-	-	-	-	-	(40,413)	1,505	(38,908)	(1,291)	(40,199)
Conversion of convertible bonds	7,000	91,464	-	-	-	-	-	(98,464)	-	-	-	-	-
Equity-settled share option arrangements	-	-	-	842	-	-	-	-	-	-	842	-	842
At 30 June 2018 (Unaudited)	155,292	1,263,010	117	17,474	-	(3,805)	38,223	-	(7,067)	(257,831)	1,205,413	23,326	1,228,739

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2019

	Attributable to equity holders of the Company											
	Share capital	Share premium	Capital reserve	Share option reserve	Available-for sale financial assets revaluation reserve	Statutory surplus reserve	Convertible instrument reserve	Translation reverse	Accumulated losses	Sub-total	Non-controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019	166,575	1,499,040	117	43,107	(6,473)	46,670	-	8,402	(574,629)	1,182,809	23,367	1,206,176
Loss for the year	-	-	-	-	-	-	-	-	(83,081)	(83,081)	(2,457)	(85,538)
<b>Other comprehensive loss for the year</b>												
Exchange difference arising from translation of foreign operations	-	-	-	-	-	-	-	1,450	-	1,450	5	1,455
Reclassification adjustment relating to AFS financial assets disposed during the year	-	-	-	-	1,975	-	-	-	(1,975)	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	-	1,975	-	-	1,450	(85,056)	(81,631)	(2,452)	(84,083)
<b>Transaction with equity holders of the Company</b>												
Contributions and destructions:												
Issue of share for acquisition of subsidiaries	19,531	77,344	-	-	-	-	-	-	-	96,875	-	96,875
Equity-settled share option arrangements	-	-	-	22,280	-	-	-	-	-	22,280	-	22,280
Transfer of share option reserve upon forfeiture share option	-	-	-	(200)	-	-	-	-	200	-	-	-
Non-controlling interests disposals from business combination	-	-	-	-	-	-	-	-	-	-	3,127	3,127
<b>Total transactions with equity holders</b>	19,531	77,344	-	22,080	-	-	-	-	200	119,155	3,127	122,282
At 30 June 2019	186,106	1,576,384	117	65,187	(4,498)	46,670	-	9,852	(659,485)	1,220,333	24,042	1,244,375



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1. BASIS OF PREPARATION

The Company's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and applicable disclosure requirements under Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

### 2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

The accounting policies used in preparing these unaudited condensed consolidated financial statements are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new/revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are relevant to the Group's operations and are effective for the Group's financial year beginning on 1st January 2019 as described below.

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

#### HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Groups are the lessor.

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

*(Continued)*

### **2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES** *(Continued)*

#### **HKFRS 16 Leases** *(Continued)*

The Groups adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

#### **New definition of a lease**

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Groups elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Groups allocate the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Groups have adopted, not to separate non-lease components and to account for the lease and the associated nonlease components (e.g., property management services for leases of properties) as a single lease component.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*(Continued)*

### 2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES *(Continued)*

#### **As a lessee – Leases previously classified as operating leases**

##### ***Nature of the effect of adoption of HKFRS 16***

The Groups have lease contracts mainly for properties. As a lessee, the Groups previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Groups. Under HKFRS 16, the Groups apply a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Groups have elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Groups recognise the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Groups elected to present the right-of-use assets separately in the statement of financial position.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*(Continued)*

### 2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES *(Continued)*

#### **As a lessee – Leases previously classified as operating leases** *(Continued)*

##### ***Nature of the effect of adoption of HKFRS 16*** *(Continued)*

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and stated at cost less accumulated depreciation and accumulated impairment losses, the Groups have continued to include them as investment properties at 1 January 2019.

The Groups have used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application;
- excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease.

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

The Group recognised lease liabilities of HK\$25 million and right-of-use assets of HK\$25 million at 1 January 2019.

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 8%.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES** (Continued)

**As a lessee – Leases previously classified as operating leases** (Continued)

**Nature of the effect of adoption of HKFRS 16** (Continued)

As a lessee

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	<b>HK\$'000</b> (Unaudited)
Operating lease commitments as at 31 December 2018	18,958
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	<u>(2,715)</u>
	<u>16,243</u>
Lease liabilities discounted at relevant incremental borrowing rates relating to operating lease recognised upon application of HKFRS 16 as at 1 January 2019	<u>13,792</u>
Analysed as	
Current lease liabilities	4,769
Non-current lease liabilities	<u>9,023</u>
	<u>13,792</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES** (Continued)

**As a lessee – Leases previously classified as operating leases** (Continued)

**Nature of the effect of adoption of HKFRS 16** (Continued)

As a lessee (Continued)

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

	<b>HK\$'000</b> (Unaudited)
Right-of-use assets relating to operating lease recognised upon application of HKFRS 16	13,792
Reclassified from lease premiums for land (Note)	26,274
	<hr/>
	40,066
	<hr/>
By class:	
Leasehold lands	26,274
Leasehold land and buildings	13,792
	<hr/>
	40,066
	<hr/>

Note: leasehold land lease payment in PRC were classified as lease premiums for land as at 31 December 2018. Upon the application of HKFRS 16, the land use right of HK\$26.3 million were reclassified to right-of-use assets.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES** (Continued)

**As a lessee – Leases previously classified as operating leases** (Continued)

**Nature of the effect of adoption of HKFRS 16** (Continued)

As a lessee (Continued)

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

	<b>Carrying amounts previously report as at 31 January 2018 HK\$'000</b>	<b>Adjustment HK\$'000</b>	<b>Carrying amounts under HKFRS 16 as at 1 January 2019 HK\$'000</b>
<b>Non-current assets</b>			
Lease premiums for land	25,611	(25,611)	–
Right-of-use assets	–	40,066	40,066
<b>Current assets</b>			
Lease premiums for land	663	(663)	–
<b>Current liabilities</b>			
Lease liabilities	–	4,769	4,769
<b>Non-current liabilities</b>			
Lease liabilities	–	9,023	9,023

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 3. REVENUE

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Represented)
<b>Continuing operations</b>		
Sale of packaging products	<b>381,652</b>	381,044
Loan interest income from money lending business	<b>36,981</b>	38,459
Sale of air-tickets in tourism and travel business	<b>34,179</b>	136,226
Tour revenue from tourism and travel business	<b>1,523</b>	2,879
Storage fee income from storage and logistic service business	<b>6,785</b>	–
Service fee income from storage and logistic service business	<b>4,456</b>	–
	<hr/>	
	<b>465,576</b>	558,608
	<hr/>	
<b>Discontinued operations</b>		
Admission fee income from in scenic spot business	<b>583</b>	898
	<hr/>	
	<b>583</b>	898
	<hr/>	
	<b>466,159</b>	559,506
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## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

*(Continued)*

### **4. SEGMENT REPORTING**

#### **SEGMENT INFORMATION**

The chief operating decision maker has evaluated the performance of operating segments and allocated resources to those segments based on the Group's internal reporting in respect of these segments. The Group's operating segments are structured and managed separately according to the nature of their businesses. The Group's reportable segments are as follows:

#### **Continuing operations**

- (a) Manufacturing and sale of packaging products ("Packaging Business");
- (b) Securities trading and other investing activities ("Securities Investments");
- (c) Tourism and travel business ("Tourism and Travel");
- (d) Money lending business ("Money Lending");
- (e) Storage and logistic service business ("Storage and Logistic").

#### **Discontinued operations**

Segment results represent the results from each reportable segment. The following analysis is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**4. SEGMENT REPORTING** (Continued)

**BY BUSINESS SEGMENTS**

An analysis of the Group's revenue and results by reportable segments are set out below:

	Continuing operations											
	Packaging Business		Securities Investments		Tourism and Travel		Money Lending		Storage and logistic service		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30 June (unaudited)												
Segment revenue												
Revenue from external customers	381,652	381,044	-	-	35,702	139,105	36,981	38,459	11,241	-	465,576	558,608
Segment profit (loss)	11,040	3,115	(6,714)	(7,475)	(1,547)	2,453	35,886	40,359	5,149	-	43,814	38,452

Reconciliation of segment profit or loss:

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Segment profit presented above	43,814	38,452
Other income	11,294	5
Loss on disposal of subsidiary	(5,460)	-
Share of losses of associate	(1,451)	-
Net loss on fair value change of financial assets at fair value through profit or loss	(3,872)	(7,578)
Unallocated amounts		
– Unallocated finance costs	(94,001)	(16,327)
– Corporate expenses	(34,459)	(4,502)
(Loss)/profit before tax	(84,135)	10,050

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**4. SEGMENT REPORTING** (Continued)

**BY BUSINESS SEGMENTS** (Continued)

An analysis of the Group's assets and liabilities by reportable segments is set out below:

	Continuing operations											
	Packaging Business		Securities Investments		Tourism and Travel		Money Lending		Logistic and storage service		Total	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Segment assets	614,195	668,677	25,460	105,261	745,210	228,960	39,079	617,837	37,642	-	1,461,586	1,620,735
Segment liabilities	250,843	320,188	93,223	6,379	346,725	28,989	13,935	14,007	34,438	-	739,164	369,563

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited) (Represented)
Total segment assets	<b>1,461,586</b>	1,620,735
Unallocated assets	<b>987,877</b>	511,709
	<b>2,449,463</b>	2,132,444

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited) (Represented)
Total segment liabilities	<b>739,164</b>	369,563
Unallocated liabilities	<b>465,924</b>	690,227
	<b>1,205,088</b>	1,059,790

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 4. SEGMENT REPORTING (Continued)

#### GEOGRAPHICAL INFORMATION

The Group operates in two principal geographical areas: Hong Kong and the PRC.

The following table sets out information about geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets excluding financial instruments. The geographical location of customers is based on the location at which the services are provided or the goods are delivered. The geographical location of non-current assets is based on the physical location of the assets.

	Revenue from external customers		Non-current assets	
	Six months ended 30 June		As at 30 June	As at 31 December
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited) (Represented)
<b>Continuing operations</b>				
Hong Kong	<b>72,684</b>	38,749	<b>619,190</b>	603,752
The PRC	<b>392,892</b>	519,859	<b>228,627</b>	53,607
<b>Discontinued operations</b>				
The PRC	<b>583</b>	898	-	173,107
	<b>466,159</b>	559,506	<b>847,817</b>	830,466

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
*(Continued)*

**5. OTHER INCOME**

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Continuing operations</b>		
Interest income	<b>5,076</b>	6,470
Rental income	<b>1,136</b>	1,731
Government grants	<b>1,190</b>	2,065
Gain on disposal of property, plant and equipment	<b>485</b>	–
Sundry income	<b>3,645</b>	1,542
Exchange gains	<b>279</b>	–
	<hr/>	<hr/>
Other income from continuing operations	<b>11,811</b>	11,808
	<hr/>	<hr/>
<b>Discontinued operations</b>		
Sundry income	<b>4</b>	–
	<hr/>	<hr/>
	<b>11,815</b>	11,808
	<hr/>	<hr/>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**6. PROFIT/(LOSS) BEFORE TAX**

The Group's profit/(loss) before tax is stated after charging the following items:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>a) Finance costs:</b>		
Interest expenses on bank and other borrowings	<b>2,388</b>	7,290
Interest expenses on notes payable	<b>23,293</b>	23,200
Overdue interest expenses on notes payable	<b>15,605</b>	–
Interest expenses on bonds	<b>11,010</b>	1,035
Interest expenses on lease liabilities	<b>1,005</b>	–
	<b>53,301</b>	31,525
	<b>39,523</b>	128,126
<b>b) Other items:</b>		
Cost of services	<b>39,523</b>	128,126
Cost of inventories	<b>330,722</b>	320,789
Amortisation of intangible assets	<b>5,030</b>	4,478
Depreciation of property, plant and equipment	<b>8,536</b>	11,585
Depreciation of investment properties	<b>315</b>	314
Staff costs	<b>(23,525)</b>	21,474

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 7. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at 16.5% on the Group's estimated assessable profits arising from Hong Kong for the six months ended 30 June 2019 and 2018. The income tax provision in respect of operations in the PRC is calculated at the applicable tax rates of 25% on the estimated assessable profits for the six months ended 30 June 2019 and 2018 based on existing legislation, interpretations and practices in respect thereof.

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing operations</b>		
Hong Kong Profits Tax		
– Current period	<b>843</b>	6,659
– Deferred tax	<b>–</b>	–
	<b>843</b>	6,659
PRC enterprise income tax		
– Current period	<b>2,838</b>	3,311
– Over provision in prior period	<b>(2,305)</b>	–
	<b>533</b>	3,311
Total income tax expense from continuing operations	<b>1,376</b>	9,970
<b>Discontinued operations</b>		
Current tax	<b>27</b>	–
Deferred tax	<b>–</b>	–
Total income tax credit from discontinued operations	<b>27</b>	–
<b>Income tax expense</b>	<b>1,403</b>	9,970

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 8. DISCONTINUED OPERATIONS

On 13 March 2019, the Group entered into the agreement with LanLing International Co., Limited, an independent third party, pursuant to which the Company has conditionally agreed to sell 80% of the issued share capital of Golden Truth Limited, a subsidiary of the Company, at a cash consideration of HK\$140,000,000. Accordingly, all assets and liabilities attributable to Golden Truth Limited and its subsidiary (“Disposal Group”) have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position as at 30 June 2019. The Disposal Group has been presented as a discontinued operation in the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2019.

Accordingly, the comparative figures have been represented in accordance with HKFRS 5 “Non-Current Asset Held for Sales and Discontinued Operations” issued by HKICPA.

The results of the discontinued operations included in the loss for the six months ended 30 June 2019 are set out below.

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue	<b>583</b>	898
Cost of sales	<b>(4,898)</b>	(2,337)
Gross loss	<b>(4,315)</b>	(1,439)
Other income	<b>4</b>	–
Administrative expenses	<b>(633)</b>	(6,157)
Loss before tax	<b>(4,944)</b>	(7,596)
Income tax credit	<b>(27)</b>	–
Loss for the period	<b>(4,971)</b>	(7,596)
Loss for the period attributable to:		
– equity holders of the Company	<b>(3,977)</b>	(7,077)
– non-controlling interests	<b>(994)</b>	(519)
	<b>(4,971)</b>	(7,596)



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 9. INTERIM DIVIDEND

For the six months ended 30 June 2019, the Board does not recommend the payment of any interim dividend (six months ended 30 June 2018: Nil).

### 10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the equity holders of the Company are based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Earnings/(loss)		
(i) From continuing and discontinued operations		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share		
Earnings/(loss) for the period attributable to the owners of the Company	<b>(83,081)</b>	1,505
(ii) From continuing operations		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share		
Earnings/(loss) for the period attributable to the owners of the Company	<b>(79,104)</b>	8,582

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 10. EARNINGS/(LOSS) PER SHARE (Continued)

	Six months ended 30 June	
	2019	2018
	Number of shares '000	Number of shares '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for basic earnings/(loss) per share	<b>14,504,277</b>	12,107,780
Earnings/(loss) per share from continuing operations:		
– Basic	<b>HK\$0.55 cents</b>	HK\$0.10 cents
– Diluted	<b>HK\$0.55 cents</b>	HK\$0.10 cents
Earnings/(loss) per share from discontinued operations:		
– Basic	<b>HK\$0.027 cents</b>	(HK\$0.09 cents)
– Diluted	<b>HK\$0.027 cents</b>	(HK\$0.09 cents)

Diluted loss per share from continuing operations and from discontinued operations were the same as the basic loss per share for the six months ended 30 June 2018 because the potential ordinary shares from the outstanding share options under the Company's share option scheme had an anti-dilutive effect on the basic loss per share during the period.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group had additions to property, plant and equipment amounted to approximately HK\$12,726,000 (six months ended 30 June 2018: HK\$2,562,000) and disposals of property, plant and equipment with the carrying amount of approximately HK\$1,970,000 (six months ended 30 June 2018: HK\$4,894,000).

### 12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Irredeemable convertible preference shares listed outside Hong Kong, at fair value (note (a) and (b))	–	1,720
Equity shares listed outside Hong Kong, at fair value (note (b))	<b>416</b>	419
	<b>416</b>	2,139

- (a) The amount represents 140,000,000 irredeemable convertible preference shares (“ICPS”) of Yong Tai, which are listed on the Main Market of Bursa Malaysia Securities Berhad. The ICPS are convertible into ordinary shares of Yong Tai at the option of the holder from time to time after the 3rd anniversary of the date of issue on 28 November 2016 and up to the maturity date, which is the 10th anniversary of the date of issue of the ICPS. All issued ICPS that remain outstanding after the maturity date will be automatically converted into ordinary shares of Yong Tai. Since the ICPS are prohibited from conversion within 3 years from the date of issue and the Group has no intention to convert the ICPS into Yong Tai’s ordinary shares until the maturity date, the investment in ICPS in Yong Tai has been accounted for as available-for-sale financial asset and measured at fair value at the end of the report period.

During the six months ended 30 June 2019, the Group disposed 2,500,000 ICPS through its securities broker on the Main Market of Bursa Malaysia Securities Berhad at aggregate consideration of MYR593,297 (equivalent to approximately HK\$1,120,488) with loss on disposal of approximately HK\$592,229 was recognised in the consolidated statement of comprehensive income and the Group does not hold any ICPS upon the disposal.

- (b) The fair value of listed securities is based on quoted markets prices in active markets at the end of the reporting period.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 13. PROMISSORY NOTES RECEIVABLE

As at 30 June 2018, the Group had promissory notes receivables (“PN1” and “PN2”) with principal amounts of HK\$88,000,000 and HK\$80,000,000 respectively, of which PN1 is secured by 100% equity interest of a company incorporated in the PRC, the principal assets of which is a piece of land in Beijing, and carries interests of 2% per annum while PN2 is secured by the 697,000,000 ordinary shares of the Company held by the buyer of Xian Tai Group and carries interest of 2% per annum. PN1 and PN2 will mature on 16 November 2019 and 30 November 2019 respectively.

	<b>PN1</b> <i>HK\$'000</i>	<b>PN2</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January 2018	81,846	71,691	153,537
Imputed interest income for the year	5,417	4,146	9,563
Impairment loss recognised during the year	(87,263)	–	(87,263)
At 31 December 2018	–	75,837	75,837
Imputed interest income for the period	–	2,215	2,215
At 30 June 2019 (Unaudited)	–	78,052	78,052
Less: allowance of promissory notes receivable	–	(86)	(86)
	–	77,966	77,966

At initial recognition, the fair value of PN1 and PN2 was HK\$81,452,000 and HK\$71,331,000 respectively which was measured based on the present value of their expected future cash flows. In obtaining the present value, a risk-adjusted discount rate of 6% per annum and 8% per annum was applied to PN1 and PN2 respectively. The risk-adjusted discount rates were estimated by an external valuer based on the interest rate of note issuers with similar credit rating of the buyers. Subsequently, PN1 and PN2 are measured at amortised cost by using the effective interest method.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 14. TRADE AND OTHER RECEIVABLES

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited) (Represented)
Trade receivables ( <i>note a</i> )	<b>276,472</b>	301,420
Less: Allowance for trade receivables	<b>(84)</b>	(84)
	<b>276,388</b>	301,336
Bills receivable ( <i>note b</i> )	<b>137,826</b>	159,137
Other receivables	<b>15,043</b>	11,632
Prepayments and deposits	<b>108,609</b>	53,320
	<b>537,866</b>	525,425

- (a) The ageing analysis of the trade receivables by invoice date at the end of the reporting period is as follows:

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited) (Represented)
Within 3 months	<b>198,325</b>	273,094
Over 3 months but within 6 months	<b>38,498</b>	26,659
Over 6 months but within 1 year	<b>39,423</b>	1,440
Over 1 year	<b>226</b>	227
	<b>276,472</b>	301,420
Less: Allowance for trade receivables	<b>(84)</b>	(84)
	<b>276,388</b>	301,336

The normal credit period granted to the customers of the Group is 90 to 120 days (2018: 90 to 120 days). Allowance for trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

- (b) All bills receivables were not past due and there was no history of default. The normal terms granted by the banks are 90 to 120 days (2018: 90 to 120 days).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 15. LOANS AND INTEREST RECEIVABLE

An analysis of the loans receivable is as follows:

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Unsecured loans to third parties		
– Principal	<b>409,818</b>	454,484
– Interest	<b>79,932</b>	63,478
	<b>489,750</b>	517,962
Secured loans to third parties		
– Principal	<b>124,150</b>	76,606
– Interest	<b>34,252</b>	13,822
	<b>158,402</b>	90,428
Guaranteed loans to third parties		
– Principal	<b>15,120</b>	16,628
– Interest	<b>5,224</b>	3,219
	<b>20,344</b>	19,847
Total	<b>668,496</b>	628,237

The Group's loans receivable mainly arise from the money lending business in Hong Kong, which are denominated in US dollars and Hong Kong dollars.

The loan and interest receivables that were neither past due nor impaired as at 30 June 2019 relate to a number of borrowers for whom there was no recent history of default.

Interest income of approximately HK\$36,981,000 (six months ended 30 June 2018: HK\$38,459,000) have been recognised in the consolidated statement of comprehensive income for the period ended 30 June 2019.

At the end of the reporting period, loans receivable carried fixed interest rates and had effective interest rates ranging from 6% to 16% per annum (31 December 2018: 6% to 16% per annum).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Equity securities, held for trading:		
Listed in Hong Kong	<b>27,414</b>	72,948
Listed outside Hong Kong	<b>159</b>	192
	<b>27,573</b>	73,140

The fair value of listed equity securities is based on quoted market prices in active markets at the end of the reporting period. During the six months period ended 30 June 2019, net loss of approximately HK\$3,872,000 (2018: approximately HK\$7,578,000) of these securities was recognised in the condensed consolidated statement of comprehensive income.

### 17. TRADE AND OTHER PAYABLES

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited) (Represented)
Trade payables ( <i>note a</i> )	<b>72,758</b>	98,673
Bills payables	<b>2,578</b>	22,944
Accrued interest on notes payable	<b>81,908</b>	48,433
Accrued interest on promissory notes payable	<b>51,812</b>	–
Other payables and accruals	<b>64,408</b>	57,937
	<b>273,464</b>	227,987

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 17. TRADE AND OTHER PAYABLES (Continued)

- (a) The ageing analysis of the trade payables by invoice date at the end of the reporting period is as follows:

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Within 3 months	<b>59,293</b>	80,401
Over 3 months but within 6 months	<b>9,020</b>	12,930
Over 6 months but within 1 year	<b>1,231</b>	2,434
Over 1 year	<b>3,214</b>	2,908
	<b>72,758</b>	98,673

### 18. NOTES PAYABLE

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
8.6% 1-year notes (note a)	<b>280,000</b>	280,000
13% 1-year notes (note b)	<b>61,760</b>	64,000
13% 1-year notes (note b)	<b>96,000</b>	96,000
	<b>437,760</b>	440,000

- (a) The notes are interest-bearing at 8.6% per annum, maturing on 21 April 2018 and secured by an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company which is incorporated under the laws of the British Virgin Islands. The notes holder is an independent third party.

On 21 April 2018, the Group and the only holder of the notes entered into deeds of the amendment of the instrument of the notes (the Deeds of Amendment"). Pursuant to the Deed of Amendment, the maturity date of the notes is extended from 21 April 2018 to 21 July 2018 with the interest rate of 8.6% per annum for the extended period.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 18. NOTES PAYABLE (Continued)

(a) (Continued)

On 20 July 2018, the Group and the holder of the notes entered into deeds for the amendment of the instrument of the notes (the “Deeds of Amendment”). Pursuant to the Deeds of Amendment, conditional upon the Group’s payment of the sum of HK\$12,000,000 to the noteholder (which was paid by the Group) as part of the interest payable under the Notes, the maturity date of the notes is extended from 21 July 2018 to 21 January 2019. The notes are overdue since 22 January 2019. The management is currently seeking to negotiate with the noteholder regarding a further of extension of maturity date.

(b) Pursuant to a note purchase agreement entered between the Company and an independent party on 22 November 2016, the Company issued secured notes in two tranches with the principal amount of HK\$80,000,000 (“Note Tranche A”) and HK\$120,000,000 (“Note Tranche B”). The notes are interest-bearing at 10% per annum, maturing in 12 months from the issue dates. The notes holder is an independent third party.

On 22 November 2017, the Company and note holder agreed that the maturity date of the Note Tranche A is extended to 23 November 2018 with the interest rate on the note for the extended period of 12 months being increased to 13% per annum.

The Note Tranche A is secured by the pledge of 697,000,000 ordinary shares of the Company provided by a shareholder of the Company. On 5 December 2017, the Company partially repaid Note Tranche A with the principal amount of HK\$16,000,000 and such note with the principal amount of HK\$64,000,000 remained outstanding as at 31 December 2017 and 31 December 2018. the Note Tranche A was overdue since 24 November 2018.

During the six months ended 30 June 2019, the Group repaid the principal of HK\$2,240,000 and the management is currently seeking to negotiate with the noteholder regarding a further of extension of maturity date.

The Note Tranche B is secured by the pledge of 700,000,000 ordinary shares of the Company provided by shareholders of the Company. On 2 January 2018, the Company and the noteholder agreed that the maturity date of the Note Tranche B is extended to 4 January 2019, with the interest rate on the note for the extended period of 12 months be increased to 13% per annum.

On 4 January 2018, the Company partially repaid the Note Tranche B with the principal amount of HK\$24,000,000 and such note with the principal amount of HK\$96,000,000 remained outstanding since then.

The Note Tranche B was overdue since 5 January 2019 and under the management is currently seeking to negotiate with the noteholder regarding a further of extension of maturity date.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 19. BANK AND OTHER BORROWINGS

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
<b>Current</b>		
Bank borrowings – secured	<b>153,370</b>	160,621
Other borrowings – secured	<b>7,195</b>	6,379
Other borrowings – unsecured	<b>50,000</b>	60,000
	<b>210,565</b>	227,000

At 30 June 2019 and 31 December 2018, all of the bank and other borrowings were repayable within one year.

The secured bank and other borrowings are interest-bearing at fixed or variable interest rates. The ranges of effective interest rates on the Group's borrowings are as follows:

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
<b>Effective interest rates per annum</b>		
Bank borrowings – secured	<b>3.63% to 5.45%</b>	4.35% to 5.66%
Other borrowings – secured	<b>8.375% to 9.55%</b>	7.875% to 9.125%
Other borrowings – unsecured	<b>16.8%</b>	16.8%

During the six months ended 30 June 2019, the maturity date of unsecured other borrowing was mutually agreed to extend up to 15 May 2019. On 28 March 2019, the Group repaid the principal of HK\$10,000,000. Such borrowing was overdue since and the management is currently seeking to negotiate with the lender regarding a further of extension of maturity date.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**20. BONDS PAYABLE**

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Bonds - unsecured	<b>155,582</b>	134,955

On 5 June 2017, the Company and a placing agent entered into a placing agreement pursuant to which the placing agent has agreed to procure placees to subscribe for the bonds in an aggregate principal amount of HK\$10,000,000. On the same date, an independent third party has subscribed the bonds issued by the Company. The bonds carry a fixed coupon rate of 6% per annum, paid annually and due 4 June 2024.

On 14 June 2018, the Company and a Placing Agent entered into a Placing Agreement pursuant to which the Placing Agent has subscribe for the Bonds in an aggregate principal amount of HK\$112,500,000. On the same date, the independent third parties have subscribed the Bonds of HK\$55,000,000 issued by the Company. The bonds carry a fixed coupon rate of 6% per annum with interest bearing, paid annually and are due on 13 June 2020.

On 20 May 2019, the Company and a Placing Agent entered into a Placing Agreement pursuant to which the Placing Agent has agreed to subscribe for the Bonds in an aggregate principal amount of up to HK\$10,000,000. On the same date, the independent third party have subscribed the Bonds of HK\$10,000,000 issued by the Company. The bonds carry a fixed coupon rate of 3% per annum with interest being, paid semi-annually and are due on 19 May 2026.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**21. SHARE CAPITAL**

	As at 30 June 2019		As at 31 December 2018	
	<i>No. of shares</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>No. of shares</i> (Audited)	<i>HK\$'000</i> (Audited)
<b>Authorised:</b>				
Ordinary shares of HK\$0.0125 each (2018: HK\$0.0125 each)	<b>30,000,000,000</b>	<b>375,000</b>	30,000,000,000	375,000
<b>Issued and fully paid:</b>				
At beginning of the period/year	<b>13,325,998,183</b>	<b>166,575</b>	11,863,360,252	148,292
Issue of new shares for acquisition of subsidiaries	<b>1,562,500,000</b>	<b>19,531</b>	889,137,931	11,114
Issue of new shares on conversion of convertible bonds ( <i>Note a</i> )	-	-	560,000,000	7,000
Issue of remuneration shares	-	-	12,500,000	156
Issue of new shares upon exercise of option	-	-	1,000,000	13
At end of the period/year	<b>14,888,498,183</b>	<b>186,106</b>	13,325,998,183	166,575

- (a) On 13 April 2018, the convertible bonds with the principal amount of HK\$112,000,000 were converted into 560,000,000 new shares of the Company at the conversion price of HK\$0.20 per share upon fulfillment of the profit guarantee requirements in the acquisition of Arch Partners Holdings Limited and its subsidiaries on 21 April 2017.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 22. ACQUISITION OF SUBSIDIARY

On 12 February 2019, the Group acquired 100% of the equity interest of Dong Tai You Bang Wu Liu (Hai Wai) Company Limited (“Dong Tai”) from an individual, which is an independent third party of the Company, at a consideration of approximately HK\$185,000,000. Dong Tai is principally engaged in the provision of warehousing and logistic service in the. The acquisition was completed on 12 February 2019.

The provisional fair value of the identifiable assets acquired and liabilities assumed with the provisional goodwill arising are as follows:

	<b>HK\$'000</b>
Property, plant and equipment	787
Right-to-use assets	5,822
Trade and other receivables	74,256
Cash and cash equivalents	577
Trade and other payables	(11,554)
Lease liabilities	(5,822)
Bank and other borrowings	(14,245)
	<hr/>
Total identifiable net assets acquired	49,821
Provisional goodwill on acquisition	97,087
	<hr/>
Fair value of the consideration	146,908
	<hr/>
Consideration satisfied by:	
Promissory notes	50,033
Consideration shares	96,875
	<hr/>
	146,908
	<hr/>

Provisional goodwill arose from the above acquisition because the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Dong Tai. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the provisional goodwill arising from this acquisition is expected to be deductible for tax purpose.

The provisional goodwill arising from the above acquisition is determined on a provisional basis as the Group is in the process of completing the identification of separable intangible assets and the independent valuation to assess the provisional fair value identifiable assets acquired. It may be adjusted upon the completion of initial accounting year which shall not exceed one year from the respective acquisition date.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 23. MARGIN FACILITIES

As at 30 June 2019, margin facilities of HK\$25,070,560 (31 December 2018: HK\$59,152,000) from a regulated securities broker in Hong Kong was granted to the Group under which financial assets at fair value through profit and loss of approximately HK\$27,413,880 (31 December 2018: HK\$72,947,360) was treated as collateral for the facilities granted. The Group did not utilise the margin facilities as at 30 June 2019 and 31 December 2018.

### 24. OPERATING LEASE COMMITMENTS

#### THE GROUP AS LESSEE

The Group leases certain of its office premises under operating lease arrangements. The leases run for an average term of one to three years (2018: one to two years). The terms of the leases require the Group to pay security deposits.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Within one year	<b>17,402</b>	8,277
In the second to fifth year inclusive	<b>15,847</b>	10,681
	<b>33,249</b>	18,958

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 24. OPERATING LEASE COMMITMENTS (Continued)

#### THE GROUP AS LESSOR

The Group leases its investment properties under an operating lease with a lease term of one years (2018: one years). The future aggregate minimum rental receivables under non-cancellable operating lease are as follows:

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Within one year	<b>2,083</b>	2,796
In the second to fifth year inclusive	<b>528</b>	1,577
	<b>2,611</b>	4,373

### 25. CAPITAL COMMITMENTS

The Group had the following capital commitments outstanding at the end of the reporting period but not provided for in the condensed consolidated financial statements:

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Contracted but not provided for		
Purchase of property, plant and equipment	<b>26,545</b>	26,545
Acquisition of subsidiaries	<b>7,981</b>	7,981
Purchase of intangible assets	<b>16,400</b>	16,400
	<b>50,926</b>	50,926

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 26. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these condensed consolidated financial statements on a recurring basis at 30 June 2018 across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

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

	As at 30 June 2019 (Unaudited)				As at 31 December 2018 (Audited)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Financial assets</b>								
Available-for-sale financial assets	416	-	-	416	2,139	-	-	2,139
<b>Financial assets at fair value through profit or loss</b>								
Equity securities, listed in Hong Kong	27,414	-	-	27,414	72,948	-	-	72,948
Equity securities, listed outside Hong Kong	159	-	-	159	192	-	-	192
	<b>27,989</b>	-	-	<b>27,989</b>	75,279	-	-	75,279

During the period ended 30 June 2019 and year ended 31 December 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.



## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

*(Continued)*

### **27. EVENTS AFTER THE REPORTING PERIOD**

#### **Placing of Convertible Bonds Under General Mandate**

On 14 June 2019, the Company and the Placing Agent, Chung Sun Financial Holding Limited which is in turn a 40%-owned associated corporation of the Group, entered into the CB Placing Agreement and CB Placing Supplemental Agreement pursuant to which the parties agreed to extend the Long Stop Date of the CB Placing from 12 July 2019 to 31 July 2019. Pursuant to the CB Placing Supplemental Agreement, the Placing Agent will continue to place, on a best effort basis, the Convertible Bonds in the aggregate principal amount of up to HK\$297,769,963.60 to not less than six CB Placees. The conversion price is HK\$0.10 with an interest of twelve per cent. (12%) per annum, provided that no interest is payable for any part of the Convertible Bonds which are converted into Conversion Shares pursuant to the conditions of the Convertible Bonds. For Details, please refer to the Company's announcement dated 14 June and 12 July 2019.

#### **Grant of Share Options**

On 4 July 2019, the Board had resolved to grant share options to certain eligible participants to subscribe for a total of 1,488,849,818 ordinary shares of the Company of HK\$0.0125 each under the share option scheme adopted by the Company on 5 June 2015. For Details, please refer to the Company's announcement dated 4 July 2019.

#### **ISSUE OF BOND**

On 8 August 2019, the Company entered into the Subscription Agreement with the Subscriber, whereby the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for Bonds with a principal amount of up to HK\$300,000,000.

### **28. APPROVAL OF FINANCIAL STATEMENTS**

The interim financial statements were approved and authorised for issue by the Board of Directors on 30 August 2019.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

In the past, the principal activities of the Group mainly focus on the production and sale of expanded polystyrene (“EPS”) packaging products for household electrical appliances (“Packaging Business”) in the PRC. Started from year 2016, in order to diversify the business of the Group, the Group has been exploring for appropriate opportunities for different investment projects, including, but not limited to the tourism and travel industry, entertainment and cultural industry and money lending business.

### **PACKAGING BUSINESS**

The revenue for the period from Packaging Business was approximately HK\$381.7 million, representing an increase of 0.18% as compared to approximately HK\$381.0 million for the corresponding period in 2018.

Gross profit of the Packaging Business was approximately HK\$50.9 million for the period 2019, representing an decrease of approximately 15.6% as compared to approximately HK\$60.3 million for the corresponding period in 2018. The overall gross profit margin was decreased from 15.8% in 2018 to 13.3% in 2019. During the period, the Packaging Business recorded segment profit of approximately HK\$11.0 million (2018: approximately HK\$3.1 million).

### **TOURISM AND TRAVEL BUSINESS**

The revenue for the period from Tourism and Travel Business, including travel agency and scenic spot, was approximately HK\$35.7 million (2018: approximately HK\$139.1 million) and the gross loss was approximately HK\$0.3 million (2018: gross profit of approximately HK\$16.4 million). The revenue from Tourism and Travel Business was significantly decreased as compared to the corresponding period in 2018. During the period, the Tourism and Travel Business recorded segment loss of approximately HK\$1.5 million (2018: profit of approximately HK\$2.5 million). The loss is mainly due to the slow down of business during the first half of the year after the break out of the trade war.

The Group will keep looking for the opportunities to explore different potential investments for tourism and travel industry from time to time.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **SECURITIES INVESTMENTS**

The Group has invested in a portfolio of listed securities in Hong Kong, China, Australia and Malaysia. The investments are designated and accounted for as financial assets at fair value through profit or loss, available-for-sale financial assets and investment in an associate in the consolidated financial statements.

During the period, the Group recorded a loss of approximately HK\$6.7 million (2018: approximately HK\$7.5 million), which was primarily due to the net realised loss on disposal of 2,500,000 ICPS of Yong Tai Berhad and the net loss on listed securities in Hong Kong and China. In view of the volatile stock market in recent years, the Group will closely monitor the performance of investment portfolio and adopt relatively conservative investment strategy to minimise the risk exposure and uncertainty of returns from securities investments.

### **MONEY LENDING BUSINESS**

As at 30 June 2019, the loan portfolio was approximately HK\$668.5 million (31 December 2018: approximately HK\$628.2 million) with terms of one year at effective interest rates ranging from 6% to 16% (2018: 6% to 16%) per annum. For the period ended 30 June 2019, the Group recorded interest income from the loan portfolio of approximately HK\$37.0 million (2018: approximately HK\$38.5 million). The Group will continue to develop money lending business as it will provide opportunities to increase the turnover and profit for the Group.

### **STORAGE AND LOGISTIC**

On 12 February 2019, the Group acquired 100% of the equity interest of Dong Tai You Bang Wu Liu (Hai Wai) Company Limited (“Dong Tai”). Dong Tai is principally engaged in the provision of warehousing and logistic service in the PRC. The revenue for the period from storage and logistic service was approximately HK\$11.2 million and a segment profit of approximately HK\$5.1 million.

### **REVENUE**

Revenue for the period was approximately HK\$465.6 million, representing a decrease of approximately 16.6% as compared to approximately HK\$558.6 million for the corresponding period in 2018. This was primarily due to the revenue from Tourism and travel Business was declined by HK\$103.7 million, compared to corresponding period in 2018.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **GROSS PROFIT**

Gross profit for the period was approximately HK\$100.2 million, representing an increase of approximately 10.5% as compared to approximately HK\$112.0 million for the corresponding period in 2018. The decrease was primarily due to the slowdown from Tourism and travel Business, which recorded gross loss of approximately HK\$0.3 million (2018: gross profit of approximately HK\$16.4 million) during the period. The overall profit margin for the period decreased from 11.7% to 0.9%.

### **OTHER REVENUE AND OTHER INCOME**

Other revenue and other income was approximately HK\$11.8million for the period, representing a slightly increase of approximately 0.03% as compared to approximately HK\$11.8 million for the corresponding period in 2018.

### **NET LOSS ON FINANCIAL ASSETS AT FAIR VALUE**

During the period, the Group recorded a net loss on financial assets at fair value through profit or loss of approximately HK\$3.9 million (2018: approximately HK\$7.6 million). The Board will closely monitor the performance of the investment portfolio and will diversify the investment portfolio across various segment of the market.

### **ADMINISTRATIVE AND OTHER OPERATING EXPENSES**

Administrative expenses increased by 89.4% to approximately HK\$127.1 million in 2019 from approximately HK\$67.1 million (included both continuing operations and discontinued operations), in the corresponding period of 2018, The increase mainly due to the newly acquired subsidiaries related to storage and logistic business in 2019 which fully accounted for during the period and the addition of new subsidiary, sharebase payment and advertisement and professional fee on disposal and acquisition.

### **FINANCE COSTS**

Finance costs for the period were approximately HK\$53.3 million, representing a increase of approximately 69.2% as compared to approximately HK\$31.5 million for the corresponding period in 2018. The increase of finance costs was mainly due to the increase of borrowings for general working capital of the Group during the period.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY FOR THE PERIOD**

As a result of the factors described above, loss attributable to equity holders of the Company for the period was approximately HK\$83.1 million, a significant decrease of approximately 5,620.3% as compared to the profit of approximately HK\$1.5 million for the corresponding period last year.

### **BUSINESS REVIEW AND OUTLOOK**

During the first half of 2019, the Group's Packaging Business, representing production and sale of expanded polystyrene packaging products for household electrical appliances in the PRC, continued to provide steady revenue and cash flow to the Group and recorded revenue of approximately HK\$381.7 million, representing an increase of 0.18% compared to the corresponding period last year. On the other hand, the Group recorded a loss in the Securities Investments segment of approximately HK\$6.7 million (2018: approximately HK\$7.5 million). The Group is continuously engaged in investments in various securities in the first half of 2019 for the purpose of capital appreciation. In future, the Group will continue to exercise due professional care in selecting investment targets.

The Group's Money Lending Business with the money lender licence in Hong Kong under the Money Lenders Ordinance during the period, has contributed interest income of approximately HK\$37.0 million (2018: approximately HK\$38.5 million) from loan receivable was recognised in the income statement. The interest rate charged during the period was ranging from 6% to 16% (2018: 6% to 16%) per annum. It is expected that such business will contribute steady returns to the Group.

During the period, the contribution from our travel agency subsidiary – Incola Travel Limited contributed revenue of approximately HK\$1.5 million to the Group. The contribution from our outbound travel, aircraft charter and business travel subsidiary – Arch Partners Holdings Limited contributed revenue of approximately HK\$34.2 million to the Group.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **BUSINESS REVIEW AND OUTLOOK** *(Continued)*

On 12 February 2019, The Company has completed the acquisition of the entire issued share capital of Dong Tai You Bang Wu Liu (Hai Wai) Company Limited (“Dong Tai”) involving the issue of the 1,562,500,000 consideration shares under general mandate and the issue of the promissory note of HK\$60,000,000. Dong Tai is principally engaged in the provision of storage and logistic service in the. The revenue for the period from Dong Tai was approximately HK\$11.2 million and a segment profit of approximately HK\$5.2 million.

On 13 March 2019, our subsidiary, Click Smart Limited (“Vendor”) and LanLing International Co., Limited (“Purchaser”), entered into the agreement which the Vendor has agreed to sell and the Purchaser has agreed to purchase 80% of the issued capital in Golden Truth Enterprises Limited (“Golden Truth”) at the Consideration of HK\$140,000,000 subject to fulfillment of conditions precedent. This represents the Group entire ownership of Golden Truth, which is principally engaged in scenic spot investment & management business etc. in Guangxi Province.

Due to the financial difficulties which the Group is facing currently, The Company has decided to dispose its investment in Cambodian MJ Airlines Co., Ltd. The operation of a show tentatively titled “Dream Memory-Halong Bay” in Halong City, Vietnam (the “show”) on halt until further capital injection or adequate partnership can be obtained.

### **EVENTS AFTER THE REPORTING PERIOD**

#### **Placing of Convertible Bonds Under General Mandate**

On 14 June 2019, the Company and the Placing Agent, Chung Sun Financial Holding Limited which is in turn a 40%-owned associated corporation of the Group, entered into the CB Placing Agreement and CB Placing Supplemental Agreement pursuant to which the parties agreed to extend the Long Stop Date of the CB Placing from 12 July 2019 to 31 July 2019. Pursuant to the CB Placing Supplemental Agreement, the Placing Agent will continue to place, on a best effort basis, the Convertible Bonds in the aggregate principal amount of up to HK\$297,769,963.60 to not less than six CB Placees. The conversion price is HK\$0.10 with an interest of twelve per cent. (12%) per annum, provided that no interest is payable for any part of the Convertible Bonds which are converted into Conversion Shares pursuant to the conditions of the Convertible Bonds. For Details, please refer to the Company’s announcement dated 14 June and 12 July 2019.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Grant of Share Options**

On 4 July 2019, the Board had resolved to grant share options to certain eligible participants to subscribe for a total of 1,488,849,818 ordinary shares of the Company of HK\$0.0125 each under the share option scheme adopted by the Company on 5 June 2015. For Details, please refer to the Company's announcement dated 4 July 2019.

### **ISSUE OF BOND**

On 8 August 2019, the Company entered into the Subscription Agreement with the Subscriber, whereby the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for Bonds with a principal amount of up to HK\$300,000,000.

### **SETTLEMENT OF PROFESSIONAL FEE BY MEANS OF ISSUE OF REMUNERATION SHARES**

Mr. Han Ning has been the PRC legal advisor to the Company for the provision of the PRC legal advisory service to the Company. For the PRC legal advisory service provided to the Company by Mr. Han Ning, the PRC legal advisory fee has been settled by the issue of 12,500,000 remuneration shares to Mr. Han Ning at the market price of HK\$0.20 per remuneration share on 11 July 2018. The above newly issued shares rank pari passu in all respects with the existing shares.

### **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL**

During the reporting period, save as disclosed above, the Group did not have any significant investments, material acquisitions and disposals.

## **OTHER INFORMATION**

### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group adopts conservative treasury policies in cash and financial management. As at 30 June 2019, the Group's current assets amounted to approximately HK\$1,579.1 million (31 December 2018: approximately HK\$1,584.2 million) of which approximately HK\$27.6 million (31 December 2018: approximately HK\$73.1 million) were financial assets at fair value through profit or loss and approximately HK\$131.3 million (31 December 2018: approximately HK\$126.5 million) were cash and bank balances. Cash and bank balances is mostly denominated in Hong Kong dollars and Renminbi. The Group's current liabilities amounted to approximately HK\$1,010.9 million (31 December 2018: approximately HK\$974.3 million) of which mainly comprised its trade and other payables of approximately HK\$273.5 million (31 December 2018: approximately HK\$228.0 million), notes payable of HK\$437.8 million (31 December 2018: HK\$440 million) and interest-bearing bank and other borrowings of approximately HK\$210.6 million (31 December 2018: approximately HK\$227.0 million), while the Group's non-current liabilities amounted to approximately HK\$171.7 million which mainly comprised of the deferred tax liabilities and bonds payable (31 December 2018: approximately HK\$137.0 million).

As at 30 June 2019, the Group's interest-bearing bank and other borrowings of approximately HK\$210.6 million (31 December 2018: approximately HK\$227.0 million) were repayable within one year, which were secured by the Group's buildings, lease premium for land, trade receivables and pledged bank deposits. As at 30 June 2019, HK\$13.3 million (31 December 2018: 66.4) and HK\$118.0 million (31 December 2018: HK\$160.6 million) were denominated in HK\$ and RMB, respectively. As at 30 June 2019, bank and other borrowings of approximately HK\$210.6 million (31 December 2018: HK\$126.0 million) and HK\$nil million (31 December 2018: HK\$101.0 million) were interest-bearing at fixed and variable interest rates of 3.63% to 5.45% and 8.375% to 9.55% (2018: 4.35% to 5.66% and 7.875% to 9.125%) respectively.

As at 30 July 2018, the Group had two outstanding interest-bearing notes. One with principal amount of HK\$280.0 million (31 December 2017: HK\$280.0 million) which was interest-bearing at 8.6% (2017: 8.6%) per annum, originally maturing on 21 April 2017. On 21 April 2017, 21 July 2017, 21 April 2018 and 20 July 2018, the Group and the only holder of the notes entered into deeds for the amendment of the instrument of the notes (the "Deeds of Amendment"). Pursuant to the Deeds of Amendment, the maturity date of the notes is extended from 21 July 2018 to 21 January 2019 with interest rate of 8.6% per annum for the extended period. Further extension is still under negotiation. The notes were secured by an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company. Another interest-bearing note was issued in two tranches on 23 November 2016 and 4 January 2017 respectively, with aggregate principal amount of HK\$200.0 million which was interest-bearing at 10% per annum with a maturity of 1 year. The maturity date of the notes can be extended to 24 months, with the interest rate be increased to 13% per annum for the extended 12 months. The note was pledged by 1,397,000,000 ordinary shares of the Company provided by shareholders of the Company.



## **OTHER INFORMATION** *(Continued)*

### **LIQUIDITY AND FINANCIAL RESOURCES** *(Continued)*

Furthermore, on 5 June 2017, the Company issued Bonds in an aggregate principal amount of HK\$10.0 million which carries 6% interest per annum with maturity date on 4 June 2024. On 14 June 2018, the Company and a Placing Agent entered into a Placing Agreement pursuant to which the Placing Agent has agreed to subscribe for the Bonds in an aggregate principal amount of up to HK\$150,000,000. On the same date, the independent third parties have subscribed the Bonds of HK\$55,000,000 issued by the Company. The bonds carry a fixed coupon rate of 6% per annum with interest being, paid annually and are due on 13 June 2020. On 20 May 2019, the Company and a Placing Agent entered into a Placing Agreement pursuant to which the Placing Agent has agreed to subscribe for the Bonds in an aggregate principal amount of up to HK\$10,000,000. On the same date, the independent third party have subscribed the Bonds of HK\$10,000,000 issued by the Company. The bonds carry a fixed coupon rate of 3% per annum with interest being, paid semi-annually and are due on 19 May 2026.

### **GEARING RATIO**

As at 30 June 2019, the total tangible assets of the Group were approximately HK\$2,297.8 million (31 December 2018: approximately HK\$2,183.3 million) whereas the total liabilities were approximately HK\$1,182.6 million (31 December 2018: approximately HK\$1,111.3 million). The gearing ratio (total liabilities divided by total tangible assets) was approximately 51.5% (31 December 2018: approximately 50.9%).

Most of the Group's assets and liabilities are denominated in Hong Kong dollars and Renminbi, which are the functional currencies of respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

## **OTHER INFORMATION** *(Continued)*

### **PLEDGE OF ASSETS**

In addition to the information disclosed elsewhere in the notes to the condensed consolidated interim financial information, as at 30 June 2019, the Group pledged assets with aggregate carrying value of HK\$58.9 million (as at 31 December 2018: HK\$47.2 million) to secure banking and other facilities and other borrowings. In addition, the Group has placed an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly owned subsidiary of the Company, to secure the notes payable of HK\$280.0 million (31 December 2018: HK\$280.0 million)

### **INTERIM DIVIDEND**

The Board has resolved not to recommend any dividend for the six months ended 30 June 2019 (2018: Nil).

### **CAPITAL STRUCTURE**

The Group adopt stringent financial management policies to maintain its financial condition. As at 30 June 2019, the Group's net assets were financed by internal resources, bank and other borrowings, bonds payable and notes payable. The Company's authorised share capital was HK\$375,000,000 divided into 30,000,000,000 shares of HK\$0.0125 each, of which 14,888,498,183 ordinary shares were issued and fully paid.

### **CONTINGENT LIABILITIES**

As at 30 June 2019, the Group did not have any significant contingent liabilities.

## **OTHER INFORMATION** *(Continued)*

### **HEDGING**

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2019, the Group had a total of around 805 (31 December 2018: 764) staff. The Group remunerates its employees based on their performance, experience and industry practices.

The employees' remuneration policy was determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. Pursuant to a share option scheme adopted on 5 June 2015 (the "Share Option Scheme"), the Board may offer to grant any employee or director of the Company for the Share Option Scheme on the basis of his or her contribution to the Group, to subscribe for shares of the Company. For the year ended 31 December 2018, 1,310,181,125 share options were granted. As at 31 December 2018, 1,310,181,125 shares options were granted but not yet lapsed or exercised, 1,000,000 shares options were exercised and 1,000,000 share options were lapsed.

During the period, no shares options were further granted and 2,009,000 share options were forfeited. As at 30 June 2019, 1,308,172,125 share options were outstanding. Subsequent to the end of the period, 1,488,849,818 additional share options have been granted to the employee, director and consultant of the Group.

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

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as the code for Directors' securities transactions ("the Model Code"). Having made specific enquiry, all the Directors confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 June 2019.

### **PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES**

During the six months ended 30 June 2019, neither the Company, nor any of its subsidiaries purchased, disposed of or redeemed any of the Company's listed securities.

## **OTHER INFORMATION** *(Continued)*

### **CORPORATE GOVERNANCE**

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Corporate Governance Code (the “Code”), set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Company has complied with applicable code provisions of Code for the six months ended 30 June 2019, except for certain deviations which are summarized below:

#### **CODE PROVISION A.6.7**

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

For the annual general meetings held on 23 June 2019, Ms. Lee Yin Ting being the independent non-executive Directors, was unable to attend the meeting due to her busy business schedules or other engagements.

The Company will endeavour to arrange the future general meeting with the presence of the non-executive directors and independent non-executive directors so as to fulfill the requirement of Code Provision A.6.7.

#### **CODE PROVISION E.1.2**

Under Provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company, and the chairman of the board committees and failing whom, another member of the relevant committee should be available to answer questions thereat. Due to prior business engagements, Ms. Lee Yin Ting, the member of the remuneration committee, was not able to attend the AGM held on 23 June 2019 in person, but she has already delegated to another member of the remuneration committee to answer questions on her behalf.

## **OTHER INFORMATION** *(Continued)*

### **BOARD COMPOSITION**

The Board currently comprises 8 directors, of which 3 are independent non-executive Directors.

During the six months ended 30 June 2019 and up to date of this report, changes of Board members are as follows.

On 10 June 2019, Mr. Chan Wai Keung has been appointed as Executive Director.

On 17 July 2019, Mr. Chui Kwong Kau has been appointed as an executive Director and Mr. Chan Wai Keung has resigned as an executive Director.

### **AUDIT COMMITTEE**

In accordance with the requirement of the Listing Rules, the Group established an Audit Committee comprising three independent non-executive directors of the Company. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The Audit Committee currently comprises three independent non-executive directors, namely Mr. Lee Tao Wai, Mr. Lam Hoi Lun and Ms. Lee Yin Ting.

The Group's unaudited condensed consolidated interim results for the six months ended 30 June 2019 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

By order of the Board of  
**Ming Lam Holdings Limited**  
**Li Zhenzhen**  
*Chairman*

Hong Kong, 30 August 2019

*As at the date of this announcement., the Board comprises of Ms. Li Zhenzhen, Mr. Lam Wai Hung, Mr. Wang Xin, Mr. Wei Liyi and Mr. Chui Kwong Kau as the executive Directors; Mr. Lee Tao Wai, Mr. Lam Hoi Lun and Ms. Lee Yin Ting as the independent non-executive Directors.*

*This announcement. is published on the HKExnews website at <http://www.hkexnews.hk> and on the website of the Company at [www.1106hk.com](http://www.1106hk.com).*