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中達集團控股有限公司

CENTRAL WEALTH GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board of directors (the “Board”) of Central Wealth Group Holdings Limited (the “Company”) announces the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2019 (the “Period”) together with comparative figures for the six months ended 30 June 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the six months ended 30 June 2019 (Unaudited) HK\$'000	For the six months ended 30 June 2018 (Unaudited) HK\$'000
	<i>Notes</i>	
REVENUE		
Financial investments and services	(8,929)	3,125
Brokerage and commission income	621,386	55,215
Property investments	1,350	3,950
Advisory fee income	4,339	–
	3	62,290
Brokerage and commission expenses	(329,818)	(2,592)
	(329,818)	(2,592)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

		For the six months ended 30 June 2019 (Unaudited) HK\$'000	For the six months ended 30 June 2018 (Unaudited) HK\$'000
	<i>Notes</i>		
Gross profit		288,328	59,698
Other income and gains or losses	3	6,098	2,300
Administrative expenses		(77,342)	(35,854)
Equity-settled share option arrangements		(66,809)	(44,918)
Other operating expenses		(4,800)	(2,747)
Finance costs	5	(30,052)	(36,036)
Unrealised fair value loss on equity investments at fair value through profit or loss		(5,937)	–
Unrealised fair value gains on debt investments at fair value through profit or loss		906	–
Realised losses on equity investments at fair value through profit or loss		(444)	–
Realised losses on debt investments at fair value through profit or loss		(467)	–
Impairment losses on other financial assets and contract assets		(31,200)	–
Gain on disposal of a subsidiary		–	80,793
Loss on disposal of an associate		(9,750)	–
Share of profits of an associate		2,726	–
		71,257	23,236
PROFIT BEFORE TAX	4	71,257	23,236
Income tax expense	6	(27,566)	(5,143)
		43,691	18,093
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		43,691	18,093
DIVIDENDS	7	–	–
		–	–
PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		HK0.30 cent	HK0.14 cent
Diluted		HK0.30 cent	HK0.14 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June 2019 (Unaudited) <i>HK\$'000</i>	For the six months ended 30 June 2018 (Unaudited) <i>HK\$'000</i>
PROFIT FOR THE PERIOD	43,691	18,093
OTHER COMPREHENSIVE LOSS		
Exchange differences:		
Exchange differences on translation of foreign operations	(288)	–
	(288)	–
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(288)	–
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income:		
Changes in fair value, net of tax	(483,982)	(556,045)
	(483,982)	(556,045)
Share of other comprehensive loss of an associate	(38,798)	–
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(522,780)	(556,045)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	(479,377)	(537,952)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2019 (Unaudited) HK\$'000	At 31 December 2018 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		3,021	4,104
Investment property		435,000	435,000
Right-of-use assets		18,061	–
Intangible assets		500	500
Investment in an associate		154,521	225,194
Equity investments at fair value through other comprehensive income	9	698,228	1,296,154
Deferred tax assets		2,734	2,734
Deposits		13,266	12,799
		1,325,331	1,976,485
CURRENT ASSETS			
Loan receivables from money lending business	10	327,254	299,497
Trade receivables from securities and futures dealing business	11	419,770	395,294
Trade receivables from placing and asset management business	12	318,725	6,294
Prepayments, deposits and other receivables		77,559	21,432
Equity investments at fair value through profit or loss	13	62,661	21
Debt investments at fair value through profit or loss		111,812	–
Cash and bank balances		213,913	100,910
Bank balances held on behalf of clients		102,055	90,966
		1,633,749	914,414
CURRENT LIABILITIES			
Trade payables	14	146,724	99,486
Lease liabilities		15,105	–
Third party interest in consolidated investment fund		59,381	–
Other payables and accruals	15	334,364	35,225
Other borrowings	16	494,660	472,178
Bank borrowings	16	77,918	142,298
Bank overdrafts	16	121,202	45,095
Tax payable		30,365	4,859
		1,279,719	799,141
NET CURRENT ASSETS		354,030	115,273
TOTAL ASSETS LESS CURRENT LIABILITIES		1,679,361	2,091,758

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

		At 30 June 2019 (Unaudited) <i>HK\$'000</i>	At 31 December 2018 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Notes payable		86,574	86,574
Bank borrowings	<i>16</i>	152,346	156,362
Lease liabilities		4,187	–
		<hr/>	<hr/>
Total non-current liabilities		243,107	242,936
		<hr/>	<hr/>
Net assets		1,436,254	1,848,822
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>17</i>	147,167	147,167
Reserves		1,289,087	1,701,655
		<hr/>	<hr/>
Total equity		1,436,254	1,848,822
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements have not been audited by the Company's auditors but have been reviewed by the Company's Audit Committee (the "Audit Committee").

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

The accounting policies and basis of preparation used in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended 31 December 2018 except for the adoption of the new standards and interpretations as noted below.

1.1 Changes In Accounting Policies and Disclosures

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2019:

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</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>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Saved as further explained below, the adoption of the other new and revised HKFRSs has had no significant financial effect on the unaudited condensed interim financial statements of the Group.

Impact and changes in accounting policies of application on 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 Group is the lessor.

The Group 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 profits 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 Group 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 Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various office properties and staff quarters. As a lessee, the Group previously classified leases as operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies 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 Group has 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 Group recognises 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 Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has 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
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics

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

	<i>HK\$'000</i>
	<i>Unaudited</i>
Assets	
Increase in right-of-use assets and total assets	19,756
	<u><u>19,756</u></u>
Liabilities	
Increase in lease liabilities and total liabilities	20,492
	<u><u>20,492</u></u>

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

	<i>HK\$'000</i>
	<i>Unaudited</i>
Operating lease commitments as at 31 December 2018	22,726
Less: commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(1,355)
	<u>21,371</u>
Weighted average incremental borrowing rate as at 1 January 2019	5.325%
	<u>20,492</u>
Discounted operating lease commitment as at 1 January 2019	<u><u>20,492</u></u>

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

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. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease property for additional terms of one year. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

Amounts recognised in the unaudited condensed interim consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follows:

	Right-of-use assets – Premises HK\$'000 Unaudited	Lease liabilities HK\$'000 Unaudited
As at 1 January 2019	19,756	20,492
Additions	6,687	6,687
Depreciation charge	(8,382)	–
Interest expense	–	563
Payments	–	(8,450)
	<hr/>	<hr/>
As at 30 June 2019	18,061	19,292
	<hr/> <hr/>	<hr/> <hr/>
Analysed for reporting purpose as:		
Non-current	18,061	4,187
Current	–	15,105
	<hr/>	<hr/>
	18,061	19,292
	<hr/> <hr/>	<hr/> <hr/>

The Group recognised rental expenses from short-term leases of HK\$807,000 for the period ended 30 June 2019.

2. SEGMENT INFORMATION

For the management purpose, the Group is currently organized into four operating segments – financial investments and services, brokerage and commission, property investments and corporate and others. An analysis of the Group's revenue and results by business segment for the Period and the six months ended 30 June 2018 are as follows:

For the six months ended 30 June 2019

	Financial investments and services (Unaudited) <i>HK\$'000</i>	Brokerage and commission (Unaudited) <i>HK\$'000</i>	Property investments (Unaudited) <i>HK\$'000</i>	Corporate & others (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
Segment revenue:					
External	(8,929)	621,386	1,350	4,339	618,146
Intersegment sales	–	1,971	–	–	1,971
	<u>(8,929)</u>	<u>623,357</u>	<u>1,350</u>	<u>4,339</u>	<u>620,117</u>
Elimination	–	(1,971)	–	–	(1,971)
Total	<u>(8,929)</u>	<u>621,386</u>	<u>1,350</u>	<u>4,339</u>	<u>618,146</u>
Segment results	<u>(8,109)</u>	<u>185,646</u>	<u>1,191</u>	<u>(69,790)</u>	<u>108,938</u>
<i>Reconciliation:</i>					
Bank interest income					59
Loss on disposal of an associate					(9,750)
Unallocated expenses					(664)
Finance costs					(30,052)
Share of profit of an associate					2,726
					<u>71,257</u>
Income tax expense					(27,566)
					<u>43,691</u>
Assets and liabilities					
Segment assets	1,093,290	1,036,433	106,551	283,651	2,519,925
<i>Reconciliation:</i>					
Unallocated assets					439,155
					<u>2,959,080</u>
Total assets					<u>2,959,080</u>
Segment liabilities	1,906	444,127	650	47,868	494,551
<i>Reconciliation:</i>					
Unallocated liabilities					1,028,275
					<u>1,522,826</u>
Total liabilities					<u>1,522,826</u>

For the six months ended 30 June 2018

	Electronic and accessory products (Unaudited) <i>HK\$'000</i>	Financial investments and services (Unaudited) <i>HK\$'000</i>	Brokerage and commission (Unaudited) <i>HK\$'000</i>	Property investments (Unaudited) <i>HK\$'000</i>	Corporate and others (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
Segment revenue:						
External	–	3,125	55,215	3,950	–	62,290
Intersegment sales	–	–	5,231	–	–	5,231
	–	3,125	60,446	3,950	–	67,521
Elimination	–	–	(5,231)	–	–	(5,231)
Total	–	3,125	55,215	3,950	–	62,290
Segment results	(10)	674	27,441	3,744	(52,623)	(20,774)
<i>Reconciliation:</i>						
Bank interest income						4
Gain on disposal of a subsidiary						80,793
Unallocated expenses						(751)
Finance costs						(36,036)
Profit before tax						23,236
Income tax expense						(5,143)
Profit for the period						18,093
Assets and liabilities						
Segment assets	–	2,434,322	655,902	430,519	10,593	3,531,336
<i>Reconciliation:</i>						
Unallocated assets						43,683
Total assets						3,575,019
Segment liabilities	745	245,016	278,106	169,498	247,007	940,372
<i>Reconciliation:</i>						
Unallocated liabilities						204,534
Total liabilities						1,144,906

3. REVENUE AND OTHER INCOME AND GAINS OR LOSSES

	For the six months ended 30 June 2019 (Unaudited) <i>HK\$'000</i>	For the six months ended 30 June 2018 (Unaudited) <i>HK\$'000</i>
Revenue		
Advisory fee income	4,339	–
Losses on disposal of equity investments at fair value through profit or loss	(24,646)	(14,357)
Interest income from money lending business	15,717	17,482
Interest income from securities margin financing	15,126	19,376
Commission income from securities and futures dealing	5,454	15,787
Commission from placing	600,806	20,052
Property rental income	1,350	3,950
	<u>618,146</u>	<u>62,290</u>
Other income and gains or losses		
Bank interest income	59	4
Gain on disposal of property, plant and equipment	–	6
Write back of impairment on loan receivables and trade receivables	–	14
Handling fee income	3,040	–
Bond interest income	3,047	–
Third party interest in consolidated investment fund	(1,030)	–
Others	982	2,276
	<u>6,098</u>	<u>2,300</u>

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June 2019 (Unaudited) <i>HK\$'000</i>	For the six months ended 30 June 2018 (Unaudited) <i>HK\$'000</i>
Depreciation for property, plant and equipment	1,100	1,006
Depreciation for right-of-use asset	8,382	–
	<u>9,482</u>	<u>1,006</u>

5. FINANCE COSTS

	For the six months ended 30 June 2019 (Unaudited) HK\$'000	For the six months ended 30 June 2018 (Unaudited) HK\$'000
Interest on bank borrowings	4,134	6,359
Interest on other borrowings	8,535	18,526
Interest on bank overdrafts	845	1,314
Interest on security overdrafts	13,267	7,666
Interest on notes payable	2,184	2,166
Interest on lease liabilities	563	–
Others	524	5
	<u>30,052</u>	<u>36,036</u>

6. INCOME TAX EXPENSE

	For the six months ended 30 June 2019 (Unaudited) HK\$'000	For the six months ended 30 June 2018 (Unaudited) HK\$'000
Current – Hong Kong Charge for the period	<u>27,566</u>	<u>5,143</u>
	<u>27,566</u>	<u>5,143</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2019.

7. DIVIDEND

The Board has resolved not to pay any interim dividend for the Period (2018: Nil).

8. PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amount is based on the profit attributable to owners of the parent for the Period of HK\$43,691,000 (2018: HK\$18,093,000) and the weighted average number of ordinary shares in issue of 14,716,650,461 (2018: 12,981,843,831) during the Period.

No adjustment has been made to the basic earnings per share amounts presented for the period ended 30 June 2019 and period ended 30 June 2018 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

9. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2019 (Unaudited) <i>HK\$'000</i>	At 31 December 2018 (Audited) <i>HK\$'000</i>
Equity investments at fair value through other comprehensive income		
Listed equity investments, at fair value:	<u>698,228</u>	<u>1,296,154</u>

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

10. LOAN RECEIVABLES FROM MONEY LENDING BUSINESS

	At 30 June 2019 (Unaudited) <i>HK\$'000</i>	At 31 December 2018 (Audited) <i>HK\$'000</i>
Loan receivables	338,314	301,271
Impairment	<u>(11,060)</u>	<u>(1,774)</u>
	<u>327,254</u>	<u>299,497</u>

Loan receivables represented loans of HK\$327,254,000 (31 December 2018: HK\$299,497,000) granted by the Group to a number of independent third parties. The loans bore interest at rates ranging from 5% to 12% per annum (31 December 2018: ranging from 5% to 12% per annum) and were repayable from one to two years. The grants of these loans were approved and monitored by the Group's management.

The Group holds collateral or other credit enhancement over its loan receivable balances of approximately HK\$231,844,000 (31 December 2018: HK\$179,485,000). The carrying amount of the loan receivables approximates their fair values.

11. TRADE RECEIVABLES FROM SECURITIES AND FUTURES DEALING BUSINESS

	At 30 June 2019 (Unaudited) <i>HK\$'000</i>	At 31 December 2018 (Audited) <i>HK\$'000</i>
Trade receivables arising from the securities and futures dealing business		
– Clearing houses	38	2,833
– Cash clients	18,210	18,819
– Margin clients	436,204	379,993
– Brokers	<u>100</u>	<u>202</u>
	454,552	401,847
Impairment	<u>(34,782)</u>	<u>(6,553)</u>
	<u>419,770</u>	<u>395,294</u>

Trade receivables from cash clients, clearing houses and brokers arising from the securities and futures dealing business are repayable on demand subsequent to the settlement date. The normal settlement terms of the said trade receivables are, in general, within 2 days after the trade date. The Group allows a credit period mutually agreed with the contracting parties for receivables from margin clients.

Except for receivables from margin clients, the Group does not hold any collateral or other credit enhancements over these balances. The Group is allowed to dispose of the securities or futures deposited by the customers with the Group to settle any overdue amount.

Trade receivables are unsecured, interest free and repayable on the settlement date of the relevant trades, except for the receivables from margin clients of HK\$436,204,000 (31 December 2018: HK\$379,993,000) which bears interest at a range of 7% to 12.25% (31 December 2018: at a range of 7% to 12.25%) per annum and are secured by investments held by margin clients of approximately HK\$727,800,000 (31 December 2018: HK\$705,157,000) as at 30 June 2019. The carrying amount of the trade receivables approximates their fair values.

The Group maintains accounts with the clearing houses through which it conducts securities and futures trading transactions and settlement on a net basis.

No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the business nature.

Other than the margin client and cash client receivables, no credit loss allowance has been provided for other trade receivable as the related credit loss allowances were immaterial.

12. TRADE RECEIVABLES FROM PLACING AND ASSET MANAGEMENT BUSINESS

	At 30 June 2019 (Unaudited) HK\$'000	At 31 December 2018 (Audited) HK\$'000
Trade receivables arising from the placing and asset management business		
– Corporate clients	317,085	6,553
– Investment funds	4,421	392
	<u>321,506</u>	<u>6,945</u>
Impairment	(2,781)	(651)
	<u><u>318,725</u></u>	<u><u>6,294</u></u>

Trade receivables from corporate clients and investment funds which are past due but not credit-impaired represent receivables arising from placing and asset management business which have not yet been settled by clients after the Group's normal credit period.

Except for the impairment loss provided, the outstanding trade receivables from corporate clients and investment funds as at 30 June 2019 were considered not to be credit impaired as the credit rating and reputation of the trade counterparty are sound.

No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of business nature.

13. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2019 (Unaudited) <i>HK\$'000</i>	At 31 December 2018 (Audited) <i>HK\$'000</i>
Listed equity investments in Hong Kong, at fair value	<u>62,661</u>	<u>21</u>

The above equity investments at 30 June 2019 and 31 December 2018 were classified as fair value through profit or loss as they were held for trading. The fair values of listed equity investments are based on quoted market prices.

14. TRADE PAYABLES

	At 30 June 2019 (Unaudited) <i>HK\$'000</i>	At 31 December 2018 (Audited) <i>HK\$'000</i>
Trade payable arising from the business of trading and distribution of electronic and accessory products	<u>502</u>	<u>502</u>
Trade payables arising from the securities and futures dealing business		
– Clearing houses	57,808	6,188
– Cash clients	29,303	41,444
– Margin clients	<u>59,111</u>	<u>51,352</u>
	<u>146,724</u>	<u>99,486</u>

Trade payables arising from securities dealing business bear interest at 0.01% per annum and repayable on the settlement day of the relevant trades. The carrying amounts of trade payables approximate their fair value.

Trade payables arising from futures dealing business are non-interest bearing and repayable on the settlement day of the relevant trades. The carrying amounts of trade payables approximate their fair value.

No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in the view of the business nature.

15. OTHER PAYABLES AND ACCRUALS

The Group's payables and accruals are non-interest-bearing and are normally settled within three months. The carrying amount of financial liabilities included in other payables and accruals approximates their fair values.

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 30 June 2019			At 31 December 2018		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Bank overdrafts – secured	5.1 to 5.9	on demand	<u>121,202</u>	4.9 to 5.25	on demand	<u>45,095</u>
Bank loans – secured	3.0 to 5.0	2019	<u>70,000</u>	2.2 to 3.7	2019	<u>134,500</u>
Current portion of long term bank loans – secured	3.1 to 3.6	2019 – 2020	<u>7,918</u>	3.2 to 3.6	2019	<u>7,798</u>
			77,918			142,298
Other loans – unsecured	8.0	on demand	<u>215,000</u>	8.0	on demand	<u>172,000</u>
Other loans – secured	8.4 – 13.1	2019 – 2020	<u>279,660</u>	7.3 to 13.1	2019	<u>300,178</u>
			494,660			472,178
			693,780			659,571
Non-current						
Bank loans – secured	3.1 to 3.6	2020 – 2037	<u>152,346</u>	3.2 to 3.6	2020 – 2037	<u>156,362</u>
			846,126			815,933

17. SHARE CAPITAL

	At 30 June 2019 (Unaudited) HK\$'000	At 31 December 2018 (Audited) HK\$'000
Authorised:		
80,000,000,000 (31 December 2018: 80,000,000,000) ordinary shares of HK\$0.01 each	<u>800,000</u>	<u>800,000</u>
Issued and fully paid:		
14,716,650,461 (31 December 2018: 14,716,650,461) ordinary shares of HK\$0.01 each	<u>147,167</u>	<u>147,167</u>

There was no movements of the Company's issued share capital and share premium amount during the Period.

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS AND NON-FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	At 30 June 2019 <i>HK\$'000</i>	At 31 December 2018 <i>HK\$'000</i>	At 30 June 2019 <i>HK\$'000</i>	At 31 December 2018 <i>HK\$'000</i>
Financial assets				
Equity investments at fair value through other comprehensive income	698,228	1,296,154	698,228	1,296,154
Equity investments at fair value through profit or loss	62,661	21	62,661	21
Debt investments at fair value through profit or loss	111,812	–	111,812	–
	872,701	1,296,175	872,701	1,296,175

Management has assessed that the fair values of cash and bank balances, bank balances held on behalf of clients, loan receivables, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, other borrowings, bank borrowings and bank overdrafts approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the notes payable has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, which approximate to their carrying amounts.

The fair values of equity investments at fair value through other comprehensive income, equity investments at fair value through profit or loss and debt investments at fair value through profit or loss are based on quoted market prices.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments and non-financial instruments measured at fair value:

Assets measured at fair value

At 30 June 2019

	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Fair value measurement using Significant observable input (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Investment property	–	–	435,000	435,000
Equity investments at fair value through other comprehensive income	698,228	–	–	698,228
Equity investments at fair value through profit or loss	62,661	–	–	62,661
Debt investments at fair value through profit or loss	111,812	–	–	111,812
	<u>872,701</u>	<u>–</u>	<u>435,000</u>	<u>1,307,701</u>

At 31 December 2018

	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Fair value measurement using Significant observable input (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Investment property	–	–	435,000	435,000
Equity investments at fair value through other comprehensive income	1,296,154	–	–	1,296,154
Equity investments at fair value through profit or loss	21	–	–	21
	<u>1,296,175</u>	<u>–</u>	<u>435,000</u>	<u>1,731,175</u>

During the six months ended 30 June 2019, there were no transfers of fair value measurements between Level 1 and Level 2 (31 December 2018: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 June 2019 and 31 December 2018.

19. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these unaudited interim condensed consolidated financial statements, the Group had the following material transactions with related parties during the Period.

	For the six months ended 30 June 2019 (Unaudited) HK\$'000	For the six months ended 30 June 2018 (Unaudited) HK\$'000
Interest income on margin financing from directors arising from securities dealing transactions	1,401	897
Commission income received from directors arising from securities dealing transactions	—	76
	<u>1,401</u>	<u>973</u>

Compensation of key management personnel of the Group:

	For the six months ended 30 June 2019 (Unaudited) HK\$'000	For the six months ended 30 June 2018 (Unaudited) HK\$'000
Salary, allowances and benefits in kind	12,167	4,238
Equity-settled share option expense	11,159	29,444
Pension scheme contribution	39	58
	<u>23,365</u>	<u>33,740</u>

20. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 29 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results

The Group recorded a revenue of approximately HK\$618.1 million for the six months ended 30 June 2019 (the “Period”), compared to a revenue of approximately HK\$62.3 million for the six months ended 30 June 2018. It was mainly attributable to the commission income generated from the provision of Debt Capital Market (“DCM”) services of approximately HK\$600.8 million. The net profit before tax for the Period was approximately HK\$71.3 million as compared to the net profit before tax of approximately HK\$23.2 million for the six months ended 30 June 2018. The significant increase in revenue and net profit before tax for the Period was mainly attributable to the outstanding performance in the provision of DCM services.

The net profit after tax for the Period was approximately HK\$43.7 million as compared to the net profit after tax of approximately HK\$18.1 million for the six months ended 30 June 2018. Basic earnings per share attributable to ordinary equity holders of the parent for the Period was approximately HK0.3 cent (30 June 2018: basic earnings per share of approximately HK0.14 cent).

Economy Review

The global economy had a weak start in 2019 due to US-China trade tensions. During the Period, US-China trade tensions have escalated again, as the US has raised the rate of additional tariffs on billion worth of imports from China and indicated its intention to further extend the scope of these tariffs. US also banned Huawei and other Chinese enterprises from purchasing from US companies. China has also announced countermeasures. Lately, the situation has no sign of improvement as President Xi Jinping and President Donald Trump both imposed additional tariffs to each other.

The Hong Kong economy expanded modestly in the first half of 2019. Exports were adversely affected by the weaker performance of the global economy and various external factors. Domestic demand also decreased, reflecting cautious local economic sentiment.

In contrast to the performance of the real economy, the local stock market rebounded in the first half as investor sentiment improved. This is mainly attributable to the receding concerns about further US interest rate hikes. The residential property market also rebounded, with trading activities picking up and flat prices reverting to an increase.

Regarding the China’s bond market in which our business focus on, the scale of issuance and the demand for the offshore US dollar denominated bonds rose. Due to the weak performance of the global economy, high yield bonds are attractive to investors, especially the bonds issued by the local government financing vehicle (the “Chengtou Bonds”) since they carry high yield with credit from the Chinese local government. Also, the domestic debt will be at the peak of repayment in the coming few years. It is likely that more companies will choose the offshore market financing in future.

Business Review

In 2017, we saw opportunities and potentials in the China's bond market especially the Chengtou Bonds market. We have transformed opportunities into sustainable progress through our continuing effort and the competence of our professional team. During the Period, the issue size of the DCM projects we participated and the income generated from the DCM business have been soaring. Our DCM business is getting on track.

In 2018, we have obtained type 4 (advising on securities) and type 9 (asset management) regulated activities licenses under the Securities and Futures Ordinance to further expand our business to asset management. In future, we would continue to obtain other relevant financial license(s) in order to provide more comprehensive services to our clients. We will further expand our business by leveraging our strength in linking China and other Asian countries with the global financial market through facilitating the development of the DCM.

Brokerage and Placing Commission

Brokerage & margin financing

The business are carried on through Instant Achieve Limited ("IAL"), a wholly-owned subsidiary of the Group, which in turn owned 100% equity interest in Central Wealth Securities Investment Limited ("CWSI") and Central Wealth Futures Limited ("CWF"). CWSI and CWF are incorporated in Hong Kong with limited liability and are carrying on business in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 5 (advising on futures contracts) regulated activities under the Securities and Futures Ordinance.

During the Period, the commission income from securities and futures dealing was approximately HK\$5.5 million (30 June 2018: HK\$15.8 million) and the interest income from the securities margin financing was approximately HK\$15.1 million (30 June 2018: HK\$19.4 million). The Group will maintain its prudent credit policy and risk management approach with a view to achieve a sustainable business environment.

Debt capital market business

The business are carried on through IAL, which in turn owned 100% equity interest in CWSI. CWSI is incorporated in Hong Kong with limited liability and is carrying on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance.

The Group through CWSI has been providing DCM services to support debt financing need of China domiciled companies since July 2017. The Company has so far participated in 46 debt issues with roles of joint global coordinator, joint book-runner, joint lead manager or placing agent with an aggregate issue size of approximately US\$8,050 million as at 30 June 2019. The debts are issued through either private or public offerings with coupon rates ranging from 5% to 10% per annum. According to the information published on Bloomberg as of 29 August 2019, CWSI ranked as the 40th manager in the issuance of offshore China bonds in the first half of 2019 based on the issuance volume credited to each involved party. During the Period, the provision of DCM services has recorded a commission income of approximately HK\$600.8 million. The Group will continue to strengthen our services in the coming period and broaden our service range with an aim to provide one stop service to our customers.

Asset management

The business are carried on through IAL, which in turn owned 100% equity interest in Central Wealth Asset Management Limited (“CWAM”). CWAM is incorporated in Hong Kong with limited liability and is carrying on business in type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance.

During the Period, the Group engages in the provision of investment management services on diversified and comprehensive investment products including private funds and discretionary accounts to individual, corporate and institutional clients. Currently, our investment fund, namely the Central Wealth Investment Fund SPC (“CWIF”), mainly focus on the China’s bond market as it is the third largest bond market in the world and offers attractive yield opportunities. It is expected that the market will continue to grow and transform with the global economy. The Group believes it will become more capital market oriented and open to foreign investors. Besides, CWAM also served as an investment advisor for clients providing advice for one equity fund and two fixed income funds.

About Central Wealth Investment Fund SPC

CWIF is a segregated portfolio company incorporated in Cayman Islands with limited liabilities in June 2018. CWIF has five segregated portfolios as at 30 June 2019. The investment objectives of CWIF are to achieve a high rate of return through capital appreciation and seek fixed income returns with a high degree of security.

Investment strategies

The investment manager seeks to achieve the investment objectives by investing in fixed income financial tools, fixed income instruments traded in the bond market, bond funds, money market funds, bond initial offerings, structured products and derivatives. The portfolios now mainly invest in offshore US dollar denominated bonds issued by Chinese institutions. The investment manager will seek to diversify the investment portfolios when opportunities arise.

Fund growth

As at 30 June 2019, the assets under management have reached approximately US\$266.9 million (31 December 2018: US\$197.1 million). The management and advisory fee income is approximately HK\$4.3 million during the Period.

Property Investments

The Group principally focuses on the luxury property investments in Hong Kong market and currently holds one luxury property located at No. 2 Lincoln Road, Kowloon Tong in Hong Kong (“No. 2 Lincoln Road Property”). During the Period, the rental income from No. 2 Lincoln Road Property was approximately HK\$1.4 million. The Group will continue to monitor its property portfolio with an aim to generate the stable rental income and the capital appreciation.

Financial Investments and Services

Financial investments and trading

During the Period, the Hang Seng Index starts at 25,824 points and closed at 28,542 points. Despite the local stock market rebounded, the Group recorded unrealized losses on equity investments at fair value through profit or loss of approximately HK\$5.9 million and realized losses on disposal of equity investments at fair value through profit or loss of approximately HK\$24.6 million.

As at 30 June 2019, the Group has subscribed a bond and the Fortune China bond SP II which have a aggregate fair value of approximately HK\$111.8 million, During the Period, the interest income from bonds amounted to approximately HK\$3.0 million.

Money lending business

During the Period, the interest income from the money lending business was approximately HK\$15.7 million. The net balance of loan book recorded an increase of approximately HK\$27.8 million to approximately HK\$327.3 million as compared to approximately HK\$299.5 million as at 31 December 2018. The money lending business charged annual interest rates at a range from 5% to 12% (30 June 2018: range from 5% to 12%). The Group will continue to maintain its prudent credit policy and risk management approach with a view to achieve a sound financial management and sustainable business environment.

Prospects

In August 2019, the situation heats up again as the US imposed 10 percent tariffs on another US\$300 billion of Chinese goods starting from 1 September 2019. If imposed, this round of tariffs will affect nearly all China's imports to the US, including electronic and clothing consumer goods. China announced revenge afterwards. Looking ahead, continuing political and economic uncertainties remain on a number of fronts. Trade tensions between the US and China, as well as uncertainty of President Trump's policies could derail the global economic recovery.

Besides, we shall not overlook the downside risks due to the expectation of US interest hike and the threat of geopolitical tension which continue to cloud the global economic recovery. Also the Group will evaluate the economic impact of a weaker yuan as China may use it as the countermeasure to US tariffs.

In light of these macroeconomic challenges, the Group will continue to stay alert, but positive, to pursue its prudent investment strategy in developing its existing and new businesses.

Financial Review

The Group for the Period recorded a revenue of approximately HK\$618.1 million as compared to the revenue of approximately HK\$62.3 million last period. The Group's revenue principally comprised the interest income from money lending business of approximately HK\$15.7 million, commission income from provision of DCM services of approximately HK\$600.8 million, commission income from securities and futures dealing of approximately HK\$5.5 million, interest income from securities margin financing of approximately HK\$15.1 million and property rental income of approximately HK\$1.4 million.

The Group recorded other comprehensive loss of approximately HK\$523.1 million for the Period (other comprehensive loss for the six months ended 30 June 2018: approximately HK\$556.0 million). It was mainly attributable to a fair value loss of approximately HK\$484.0 million on equity investments at fair value through other comprehensive income (for the six months ended 30 June 2018: approximately HK\$556.0 million). As at 30 June 2019, the Group's net asset value was approximately HK\$1,436.3 million (31 December 2018: HK\$1,848.8 million).

Liquidity and Financial Resources

During the Period, the Group generally financed its operation with internally generated cash flow, overdrafts, bank and other borrowings and other fund raising activities. The Group's cash and bank balances as at 30 June 2019 were approximately HK\$213.9 million (31 December 2018: HK\$100.9 million).

As at 30 June 2019, the Group had bank overdrafts of approximately HK\$121.2 million (31 December 2018: HK\$45.1 million), interest-bearing bank borrowings of approximately HK\$230.3 million (31 December 2018: HK\$298.7 million), interest-bearing other borrowings of approximately HK\$494.7 million (31 December 2018: HK\$472.2 million) and non-current notes payable of approximately HK\$86.6 million (31 December 2018: HK\$86.6 million).

As at 30 June 2019, the Group's current ratio was approximately 1.28 times (31 December 2018: 1.14 times) based on current assets of approximately HK\$1,633.7 million (31 December 2018: HK\$914.4 million) and current liabilities of approximately HK\$1,279.7 million (31 December 2018: HK\$799.1 million). As at 30 June 2019, the Group has no capital commitment (31 December 2018: Nil). The Group also had no other contingent liabilities (31 December 2018: Nil).

Capital Structure

As at 30 June 2019, the Group's gearing ratio was approximately 64.9% (31 December 2018: 48.82%). Gearing ratio equals total borrowings divided by net asset value as at the end of the reporting period. The total borrowings of approximately HK\$932.7 million includes bank and other borrowings, bank overdraft and notes payable.

The Group's bank balance, borrowings and interest payment are mainly denominated in Hong Kong and US dollars. Most of the Group's revenue are made in Hong Kong dollars. Therefore, the exchange risks that the Group is exposed to are insignificant.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Significant Investments

As at 30 June 2019, the Group maintained a portfolio of investments including equity investments at fair value through other comprehensive income, equity investments at fair value through profit or loss and debt investments at fair value through profit or loss with total carrying amount of approximately HK\$872.7 million. The details of the portfolio of equity investments and debt investments as at 30 June 2019 are set out as follows:

30 June 2019

Stock Code	Name of Securities	Percentage of shareholding in the listed securities held by the Group as at 30 June 2019	Percentage of the fair value of the investment in listed securities to total assets of the Group as at 30 June 2019	Fair value gains/ (losses) for the period ended 30 June 2019 HK\$'000	Carrying value of the investment in listed securities as at 30 June 2019 HK\$'000	Fair value of the investment in listed securities as at 30 June 2019 HK\$'000	Realised gain/(loss) for the period ended 30 June 2019 HK\$'000
Equity investments at fair value through other comprehensive income							
1141	CMBC Capital Holdings Limited	7.34%	23.55%	(560,340)	1,257,132	696,792	(55,215)
N/A	Others	N/A	0.05%	(5,600)	7,036	1,436	(22,628)
	Total			<u>(565,940)</u>	<u>1,264,168</u>	<u>698,228</u>	<u>(77,843)</u>
Equity investments at fair value through profit or loss							
1141	CMBC Capital Holdings Limited	0.48%	1.52%	(7,026)	52,127	45,101	-
N/A	Others	N/A	0.59%	1,089	16,471	17,560	3,260
	Total			<u>(5,937)</u>	<u>68,598</u>	<u>62,661</u>	<u>3,260</u>
Debt investments at fair value through profit or loss							
NA	Fortune China Bond SP II – Debt investments	N/A	3.57%	928	104,666	105,594	-
	Others	N/A	0.21%	(22)	6,240	6,218	-
	Total			<u>906</u>	<u>110,906</u>	<u>111,812</u>	<u>-</u>

Performance and prospects of the investees

1. CMBC Capital Holdings Limited (“CMBC”)

CMBC together with its subsidiaries (the “CMBC Group”) are principally engaged in (i) securities business, (ii) investment and financing and (iii) asset management and advisory business. As mentioned in its annual report for the year ended 31 December 2018, the CMBC Group recorded a total revenue and other income of approximately HK\$799 million for the year. The CMBC Group has reported a net profit of approximately HK\$245 million attributable to shareholders of CMBC. The basic and diluted earnings per share were both HK0.53 cent. As at 31 December 2018, the audited consolidated net asset value of the

CMBC Group was approximately HK\$1,876 million. CMBC Group has declared a final dividend of HK0.2 cents per ordinary share for the year ended 31 December 2018. Dividend was received by the Group in July 2019.

In May 2017, China Minsheng Banking Corp. Ltd. became the ultimate controlling shareholder of CMBC and since then the CMBC Group started its rapid development. Subsequently in August 2017 and October 2017, the CMBC Group acquired the entire issued share capital of CMBC Capital Finance Limited and CMBC International Capital Limited, respectively and as a result, the CMBC Group is licensed to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities, as well as the licensed money lending business and has all material licenses required for services expected to be required by most of its potential clients at current stage.

Leveraging on the strong reputation, expertise and capability of the China Minsheng Bank, and the licenses it possesses, the CMBC Group has achieved rapid growth in its financial performance. The Company has strong confidence in the experienced and competent management team of CMBC that they can lead CMBC to perform much better in the future and improve the earnings. The management of the Group considers the investment in CMBC is for long term purpose. However, the Group would not rule out the possibility of realizing the investments from time to time where to do so is to be in the best interests of the Group or where the terms on which such realization to be particularly favorable to the Group.

As at 30 June 2019, the Group held 3,501,465,829 shares of CMBC. CMBC closed at HK\$0.199 as at 28 June 2019 as compared to HK\$0.325 as at 31 December 2018.

2. *Fortune China Bond SP II*

Fortune China Bond SP II now mainly invests in the US dollar denominated bonds including the Chengtuo Bonds issued by Chinese institutions. The coupon rate of the bonds range from 4.875% to 8.75% per annum with maturity period range from three years to perpetual.

The investment objectives of Fortune China Bond SP II are to achieve a high rate of return through capital appreciation and seek fixed income returns with a high degree of security. The investment manager seek to achieve the investment objectives by investing in fixed income financial tools, fixed income instruments traded in the bond market, bond funds, money market funds, bond initial offerings, structured products and derivatives.

In recent years, the Chinese government has done a series of fruitful work in simplifying the overseas debt issuance approval process and procedures. It has further implemented measures in the area of bond connection, capital use, and financing leverage. The Chinese government maintains a relatively loose regulatory policy for China's bond market and encourages Chinese companies to raise funds overseas. This helps to accelerate the internationalization of Reminbi and Chinese enterprises.

Since China's bond yield is lower than that of last year, the return for investors is not attractive. Although the Chengtuo Bonds is limited by its lower credit rating, it has local government's credit and pays a higher yield. It is expected that the demand and issuance of the Chengtuo Bonds will rise in the future.

As at 30 June 2019, the Group held 4,945 shares of Fortune China Bond SP II representing 40.21% of shares of Fortune China Bond SP II.

Details of Charges on Assets

As at 30 June 2019, the Group had pledged certain listed equity investments of approximately HK\$777.9 million (31 December 2018: HK\$1,276.4 million) to secure the other borrowings. As at 30 June 2019, the Group had pledged its investment properties with a carrying amount of approximately HK\$435 million to secure the bank borrowings (31 December 2018: HK\$435.0 million).

Change of Company Name and Stock Short Name

To better reflect the current status of the Group's business and its direction of future development, the Company's English name has been changed to "Central Wealth Group Holdings Limited" and the Company's secondary name in Chinese has been changed to "中達集團控股有限公司". Shares have been traded on the Stock Exchange under the new stock short name "CENTRALWEALTHGP" in English and "中達集團控股" in Chinese, with effect from 11 February 2019. The stock code of the Company remains unchanged as "139".

For details, please refer to the announcements of the Company dated 29 November 2018, 27 December 2018 and 1 February 2019, and the circular of the Company dated 30 November 2018.

Employment, Training and Development

As at 30 June 2019, the Group had a total of 91 employees. The Group is committed to staff training and development and structured training programs for all employees. Remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Bonuses and share options are awarded to certain employees according to individual performance and industry practice.

CORPORATE GOVERNANCE

The Board is committed to maintaining good corporate governance, consistently enhancing transparency and effective accountability in order to maximize shareholders' benefit. Detailed disclosure of the Company's corporate governance practices was stated in its last published Annual Report for the year ended 31 December 2018.

The Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Listing Rules throughout the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE

The Audit Committee meets at least twice a year to monitor and review the integrity and effectiveness of the Company's financial reporting. The Audit Committee has reviewed the Company's unaudited interim condensed consolidated financial statements for the Period and discussed auditing, financial and internal control, and financial reporting matters of the Company. The Audit Committee comprises three members, namely, Mr. Kwok Chi Kwong (Chairman of the Audit Committee), Mr. Chen Youchun and Mr. Wu Ming, all of whom are independent non-executive directors of the Company.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted its code of conduct regarding directors' dealings in the securities of the Company (the "Own Code") on terms no exacting than the required standard set out in the Model Code. Having made specific enquiry of all directors of the Company, the directors have confirmed that they have complied with the requirements set out in the Model Code and the Own Code during the Period.

On behalf of the Board
Central Wealth Group Holdings Limited
Chen Xiaodong
Chairman

Hong Kong, 29 August 2019

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Chen Xiaodong, Mr. Xu Ke, Mr. Yu Qingrui and Ms. Lam Hay Yin; and three independent non-executive directors, namely, Mr. Kwok Chi Kwong, Mr. Chen Youchun and Mr. Wu Ming.